

**“THE EFFECT OF EMPLOYEE RELATIONSHIP  
MANAGEMENT ON EMPLOYEE’S PERFORMANCE”: STUDY  
ON ETHIOPIAN INSURANCE SECTOR.**

**A Thesis Submitted To The College of Business and Economics to The Graduate  
Program of The Department of Masters of Business Administration and The  
College of Business and Economics of Addis Ababa University.**

**In Partial Fulfillment of The Requirement For The Degree of  
Masters of Business Administration  
In Management**

**By:  
Yalew Alemayehu**

**Addis Ababa, Ethiopia  
June, 2019**

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**Advisor: Tilahun Teklu (PhD)**

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**June, 2019**

## APPROVAL SHEET

**Addis Ababa University**  
**College Business and Economics**  
**Department of Master of Business Administration**

We, the undersigned, members of the Board of Examiners of the final open defense by **Yalew Alemayehu** have read, evaluated and examined his/her thesis entitled “**The Effect of Employee Relationship Management on Employee’s Performance: study on Ethiopian insurance sector**”. Therefore, this is to certify that the thesis has been accepted in partial fulfillment of the requirements for the degree of Masters of Business Administration in management.

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Final approval and acceptance of the thesis is contingent upon the submission of final copy of the thesis to council of graduate studies (CGS) through the departmental or school graduate committee (DGC or SGC) of the candidate.

## **STATEMENT OF DECLARATION**

I hereby declare that this thesis /Project work/entitled “**The Effect of Employee Relationship Management on Employee’s Performance: Study on Ethiopian Insurance Sector**” submitted to the Department of Masters of Business Administration, College Of Business and Economics, Addis Ababa University for the award of the Degree of Masters of Business Administration in Management is based on my original research work carried out by me myself under the supervision and guidance of Tilahun Teklu (PhD). I declare that this study is my original work and has not been submitted earlier in full or in a part there, for the award of other similar degree, Diploma, Fellowship, Associate-ship or any other similar titles to this or any other University or Institution.

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**Date:** \_\_\_\_\_

## STATEMENT OF CERTIFICATION

This is to certify that **Yalew Alemayheu** has carried out his research work entitled “**The Effect of Employee Relationship Management on Employee’s Performance: study on Ethiopian Insurance sector**” for the partial fulfillment of Degree of Masters of Business Administration at Addis Ababa University college of Business and Economics. This study is original and is not submitted for any degree in this university or any other institutions and it is suitable for submission of Masters of Business Administration.

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Yalew Alemayehu

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## Abbreviations and Acronyms

<b>ANOVA:</b>	Analysis of Variance
<b>AVE:</b>	Average Variance Explained
<b>CIPD:</b>	Chartered Institute of Personnel & Development
<b>df:</b>	Degree of freedom
<b>EIC:</b>	Ethiopian Insurance Corporation
<b>ER:</b>	Employee Relation
<b>ERM:</b>	Employee Relationship Management
<b>GDP:</b>	Gross Domestic Product
<b>Ha:</b>	Alternative Hypothesis
<b>Ho:</b>	Null Hypothesis
<b>HRM:</b>	Human Resource Management
<b>NPP:</b>	Normal Probability Plot
<b>PM:</b>	Performance Management
<b>RSS:</b>	Residual Sum squares
<b>SD:</b>	Standard Deviation
<b>SET:</b>	Social Exchange Theory
<b>SPSS:</b>	Statistical Packages for Social science
<b>TSS:</b>	Total Sum of Squares
<b>UK:</b>	United Kingdom
<b>USA:</b>	United State of America
<b>VIF:</b>	Variance Inflation Factor
<b><math>\alpha</math>:</b>	Alpha Coefficient of an equation
<b><math>\beta</math>:</b>	Beta Coefficient of an equation
<b><math>\varepsilon</math>:</b>	Error

## **Definition of Terms**

### **▪ Employee Relationship Management**

Interdisciplinary field that encompasses the processes of regulation and control over workplace relations, the organization of tasks, and the relations between employers and their representatives, and employees and their representatives, and is the sum of economic, social and political interactions in workplaces where employees provide manual and mental labour in exchange for employability, rewards as well as the institutions established for the purpose of governing workplace relations (Gospel & Palmer, 2004).

### **▪ Communication**

Communication is the downward, horizontal, or upward exchange of information, ideas, feelings, thoughts and emotions through informal or formal channels that enables managers to achieve their goals. Communication refers to the process by which information is transmitted and understood between two or more people (McShane & Von Glinow, 2005).

### **▪ Conflict Management**

Conflict management is an organizational tool which, broadens understanding of the problem, increases the resolutions and tend to work towards consensus and to seek a genuine commitment to decision making (Knippen, Yohan, and Ghalla, 2011).

### **▪ Leadership Style**

Leadership style is the manner and approach of providing direction, implementing plans, and motivating people. As seen by the employees, it includes the total pattern of explicit and implicit actions performed by their leader (Newstrom and Davis, 1993).

### **▪ Shared Goal/value**

shared values is defined as the extent to which partners have beliefs in common about what behaviors, goals, and policies are important or unimportant, appropriate or inappropriate, and right or wrong (Herington et al., 2009).

- **Trust**

The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party (Mayer, 1995).

- **Employee Performance**

It is the total or aggregate output of an employee activities and actions in an organization (Coulter, 2006).

- **Practice**

It refers to repeated performance or systematic exercise for the purpose of acquiring skill or proficiency (Jung, 2010).

- **Insurance Sector**

It is business in service sector which systematically allows people who suffer loss or accident to be paid financial compensation for the effects of that misfortune. These payments come out of a fund which is built up from the contribution of the people who participate in the system of insurance for that particular risk (Downey, 1991). *(For this study the term sector and industry is used interchangeable)*

## **Abstract**

*The main purpose of this study is to examine the effect of employee relationship management and its components such as communication, conflict management, leadership style, shared goal/value and trust on employee's performance in Ethiopian insurance sector. The study employed deductive Quantitative research approach and cross sectional Descriptive research design, further the study used stratified and random sampling technique to choose among insurances companies and gather data from respondents respectively. The study distributed structured questionnaires and collected data through survey research strategy and then generated quantitative data with SPSS version 25 which was analyzed using descriptive analysis with Measure of Central Tendency and inferential analysis using Pearson correlation matrix and multiple regression models. The study established a multiple coefficient correlation of 0.837 (83.7%) between employee relationship management and employee's performance. The study concludes that employee relationship management has significant positive effect on employee's performance in Ethiopian insurance sector and further recommendations forwarded for management and stakeholders of the sector to strategically re-consider their practice of communication, conflict management, leadership style, shared goal/value and trust variables that predicted to determine the quality of employee relationship management and consequently affect the performance of employees in the sector. The study also comes up with specific initiatives to be performed by government, human resource professionals, management and employees to maintain and sustain sound employee relationship management in the sector. Since employee relationship management is not well examined from different economic sectors and dimensions therefore the study recommends further study to be covered.*

**Key Word:** *Employee Relationship Management, employee performance, communication, conflict management, leadership style. Shard goal/value, trust, insurance sector*

# CHAPTER ONE

---

## **Introduction**

This study focuses on the Effect of employee relationship management on Employee's performance in Ethiopian insurance sector. Chapter one provides background information on the topic under study, the statement of the problem, general and specific objectives of the study, research question, research hypothesis, scope of the study, study area, significance of the study and organization of the paper.

## **1.1 Background of the study**

### **1.1.1 Employee Relationship Management**

As per the discussion of Boxall (1992) Harvard model of HRM, the concept of human resource management was explained more precisely as all managerial function that involve making decisions that affect the nature of the relationship between the organization and its employees – its human resources. Understanding employee management helps to establish good relationship among employees and maintain high morale to provide good working conditions in an organization (Bajaj et al., 2013)

Most recent studies revealed the dynamism of the work environment and its fast moving changes, which has resulted profound shift of work and its management. The significant change over the past couple of decades occurred due to the national contexts being increasingly subject to global economic influences is changing the working and employment conditions. Managers, as a consequence, are being asked to think in new and more sophisticated ways about how to better organize and allocate work, and how to better direct and utilize those in their charge, specially employee's of the organization (Keith, A., 2006).

This is why Managing employees is considered as the most crucial and central point of the organization function, since effective management of employees can lead the organizations to attain its objective, as result of this strengthening employee relationship management is imperative and precious to the organizational success and achieving spirited benefit (Rahman & Taniya, 2017).

Employees are among an organization's most important resources and coined as most valuable assets and one more suitable mechanism to retain and motivate them is through effective Employee Relationship Management (ERM) practice (Vineet et al., 2013).

The concept of ERM had its root in UK and USA, the economical and political challenges and recessions occurred in UK and USA during 1980s had laid ground for the emergency of the idea of employee relation as separated and distinctive field of study in area of human resource management and organizational relationship.

According to CIPD (Chartered Institute of Personnel & Development) Employee relations is a broad term that incorporates many issues from collective bargaining, negotiations, employment legislation to more recent considerations such as work-life balance, equal opportunities and managing diversity. It comprises of the practices or initiatives for ensuring that Employees are happy and are productive. Employee Relations offers assistance in a variety of ways including employee recognition, policy development and interpretation, and all types of problem solving and dispute resolution. It involves handling the pay-work bargain, dealing with employment practices, terms and conditions of employment, issues arising from employment, proving employees with a voice and communicating with employees. Employee relations is concerned with maintaining employee-employer relation, which contributes to satisfactory productivity, increase in employee morale and motivation.

In most case ERM discussed in association with HRM functions, ERM as major component of management, it has benefit for employees and employer, it provide good working environment and satisfaction for employees and increased attraction, retention, motivation and performance improvement for employers (Strohmeier, 2013). Moreover as of Bajaj et al. (2013) expression, ERM promotes Commitment, facilitates employees in achievement of organizational objectives, minimizes workplace conflict and increases trust, which will promote organizational improvement.

### **1.1.2 Overview of Ethiopian Insurance Sector**

According to (UNCTAD, 2007) insurance plays a crucial role in fostering commercial and infrastructural businesses. Major contribution of insurance to the country's economic development includes; promoting financial stability and reduce anxiety, substituting for

government security programs, facilitating trade and commerce, mobilizing national savings, enabling risks to be managed more efficiently having economic incentives to help insured persons to reduce losses and fostering a more efficient allocation of country's capital. This implies that the insurance sector has the major role in developing economies of the country which, must also retain and satisfy its employees to contribute their effort and increase performance of the sector as well as their owns.

“The history of modern insurance industry in Ethiopia dates back to the 1950s. The first domestic insurance company in Ethiopia was called Imperial Insurance Company which was established in 1951. Starting from 1974 to late 1991 only one insurance company that was Ethiopian Insurance Corporation was allowed to operate in the country (Hailu Zeleke, 2007).

After 1991 the insurance business that was monopolized by EIC was opened to private companies to operate the insurance business. After 1991 there have been 17 domestic insurance companies which are locally owned share companies, because this sector is not opened to be owned by foreign investors (Temesgen, 2015). Newly emerging insurance companies are operating with and serving customers of the market through competing and strengthening the sector performance (Medin, 2010).

## **1.2 Statement of the Problem**

According to the Study of UNCTAD (2007) insurance markets grow faster than national income and for emerging market economies insurance has been growing by a multiple of three or four times than growth in the economy as a whole, despite the fact of the study Ethiopian insurance sector has different truth. According to Mezgebe (2010) Ethiopian insurance sector is not growing in line with the growth of the Ethiopian economy; penetration rate of the industry is continually decreasing from year to year.

In reference to latest publication, Ethiopian insurance penetration and density are still low, the industry's aggregate contribution to national GDP (penetration) is around 0.5 percent and the status depicts the low level of insurance development, even by East African standards. According to sources, contribution of insurance companies is very much limited when compared to the size of the population. Furthermore, lack of enabling environment for the business to

flourish further is impeding the insurance sector to play its due role and the major challenge for this includes lack of skilled man power and deterioration of employee's performance in the sector, lack of dynamism, unethical competition and price undercutting (Bilal, 2017).

There are challenges faced by insurance companies among other types of challenge the following are the major obstacles; lack of experienced and qualified staff which makes their operation continues underdeveloped, domestic financial market and incapability to retain existing customer and employees (Temesgen, 2015).

Different local studies recommend performance of insurance sector must not only be assessed using; reinsurance business, financial transactions, financial leverage and availing foreign exchange and also it is difficult to make conclusion only on these bases. Other factors like professional expertise, employee relations and knowledge transfer that are more of human aspect dimension of the organization must be taken in to consideration (Mezgebe, 2010). Result of local empirical studies indicates the existence of problems in insurance sector which, require further studies to identify and recommend possible solutions (Temesgen, 2015). This entail that there is still a demand for additional study to be conducted to examine what constraints are specifically hindering the performance of employees as well as the sector at general.

Most recent studies reveal the justification for loss of profit and customer as weak employee and employer relationship, particularly employees of banking and finance sector; they do not put up their best performance if there is unhealthy relationship between them and their employers (Bratton & Gold, 2003).

Nonetheless there are no studies undertaken in Ethiopia as well as at global level to examine the relationship between employees performance and employee relationship management from insurance sector prospective. Therefore there is implication for shortage of literature and empirical evidence explaining Employee relationship management from insurance business prospective at local and global level.

Given the early and still emerging state there is little knowledge and agreement regarding employee relationship management (Strohmeier, 2013). Moreover researchers who attempted to study the concept recommended further review and studies to be taken (see; Purcell, Kinnie,

Hutchinson, Rayton, & Swart, 2007; Wright, Gardner, Moynihan, & Allen, 2005; Katou, et al., 2008).

There are also argument on components ERM and their effects on employee's performance, which has lead researchers to adopt and use various independent variables to measure its effect. Even though there had been empirical studies conducted to measure the effect of communication, trust, shared goal/value, leadership style and conflict management on employees performance (Kumar and Manjula, 2017; Brown, Gray, McHardy, and Taylor, 2015; Chinomana and Jandata, 2013; Babatunde and Emem, 2015; and Okechukwu, 2013) respectively, but there is no attempt taken to understand the comprehensive effect of all these variables together on employee's performance.

Reviewed local literature has shown only single review of literature on ERM and its influence on employee's performance was undertaken by Hagos & Shimels (2018). Actual empirical study and investigation is not yet available in Ethiopian context and this ascertained that employee relationship management and its effect on employee's performance had not given attention by researchers and academicians and therefore the area lacked empirical evidence to examine the practice of employee relationship management and its effects.

In the reviewed body of knowledge most studies were undertaken in developed states and the case of employee relationship management is not much studied in Africa and other developing countries moreover communication, conflict management, leadership style, shared goal/value and trust had not been analyzed with relation to insurance sector as basic components of employee relationship management.

Therefore this study emphasized on understanding employee relationship management practices, its underlying factors, issues and its effect on employee performance in Ethiopian insurance sector and further the study define future research areas and implication of the study.

### **1.3 Research Question**

On base of the above research problem and preliminary review of literature on ERM area, this study aimed to find answer for the following general and specific research questions;

### **General Research Question:**

What is the effect of Employee Relationship Management and its components (conflict management, shared goal/value, trust, leadership style and communication) on Employee's performance?

### **Specific Research Questions**

1. What is the effect of *communication* on employee's performance?
2. What is the effect of *conflict management* on employee's performance?
3. What is the effect of *leadership style* on employee's performance?
4. What is the effect of *shared goal/value* on employee's performance?
5. What is the effect of *trust* on employee's performance?

## **1.4 Objective of the Study**

### **1.4.1 General Objective;**

- The major objective of this study is to examine and understand the effect of Employee's relationship management and its components on Employee's performance in Ethiopian Insurance Sector.

### **1.4.2 Specific Objective;**

- To examine the effect of Communication on employee's performance in Ethiopian insurance sector.
- To understand the effect of conflict management on employee's performance in Ethiopian insurance sector.
- To determine the effect of leadership style on employee's performance in Ethiopian insurance sector.
- To investigate the effect of shared goal/value on employee's performance in Ethiopian insurance sector.
- To examine the effect of trust on employee's performance in Ethiopian Insurance sector.
- To identify how employee relationship management is being practiced in Ethiopian insurance sector.
- To provide recommendations and suggestions on how to apply employee relationship management in the organizations.

- Identify future research areas and establish comprehensive literature source on the studies related with ERM.

## **1.5 Research Hypothesis**

On the base of literature reviews and analysis of local and international empirical studies, the researcher proposed the following theoretical tentative explanation of phenomenon's (hypothesis).

- **Ha1:** Employee Relationship Management has significant positive effect on employee's performance in Ethiopian insurance sector.
- **Ha2:** Communication has significant positive effect on employee's performance in Ethiopian insurance sector.
- **Ha3:** Conflict management has significant positive effect on employee's performance in Ethiopian insurance sector.
- **Ha4:** Leadership style has significant positive effect on employee's performance in Ethiopian insurance sector.
- **Ha5:** Shared goal/value has significant positive effect on employee's performance in Ethiopian insurance sector.
- **Ha6:** Trust has significant positive effect on employee's performance in Ethiopian insurance sector.

## **1.6 Scope of the study**

This study was limited to examining the effect of ERM on employee's performance in Ethiopian insurance sector. Even though there are multiple and diversified studies on Employee Relationship Management with diversified independent variables, research methodologies and industries, still there are no any attempt undertaken to identify the relationship between ERM and employee's performance in insurance industry and particularly in Ethiopian context. Therefore, this particular research paper tried to investigate the effect ERM through the following components of employee relationship management practice; communication, conflict management, leadership style, shared goal/value and trust on employee's performance specific to context of Ethiopian insurance sector.

## **1.7 Significance/Justification of the Study**

The purpose of the study is to know how employee relationship management affects the performance of employee's in Ethiopian insurance sector. Among the total available insurance companies the most prominent government and private insurances companies were selected based on their contribution to the economic, political, social and sectorial impacts. The study will help stockholders of insurance sector; investors, governments, managers, human resource professionals and employees to get insight on the co-relation between employee's performance and the existing relationship in the organization. It shall also assist human resource practitioners to get new knowledge or improve existing ones on communication, conflict management, shared goal/value, trust and leadership style and their relationship with employee's performance. It will bring opportunity for insurance companies to re-consider the organizational human resource strategy, reformulate the existing relationship and utilize employee's performance to enhance their service and productivity. The study may also assist other researcher on conceptualizing employee relationship management practices. The study findings will form part of reference to other researchers and form a basis for further research in the area of employee relationship management and employee's performance. It will also assist students undertaking courses in management, HRM and employee relations theory and practice.

## **1.8 Organization of the Paper**

This research paper comprised around five chapters. The first chapter discusses the introduction part which includes; Background of the study, Statement of the Problems, research question, Objectives of the Study, research hypothesis, Significance of the Study, Scope of the Study, limitation of the study and Organization of the Study.

The second chapter explains relevant literature review that defines concepts and explains principles related with the topic and sub topics and additionally it cover the discussion on major empirical studies that defined the research gap that this study is expected to fill.

The third chapter contains research design and methodology that is used to conduct the study which includes Research Design, Population and Sampling Technique, Instrument of Data Collection, Procedure of Data Collection, Ethical consideration and Method of data Analysis. The fourth chapter basically focuses on analysis of the data that were obtained from primary and

secondary sources. The main component discussed in this chapter are; summarization, presentation, analysis and interpretation, finding and discussion of findings.

The fifth and last chapter of this study deals with the activity of summarizing findings and making conclusions and recommendations on base of major study findings. Furthermore on this chapter the researcher tried to state limitation of the study, future research areas and forwarded the implication of the study for different groups.

## CHAPTER TWO

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### **Literature Review**

This chapter reviewed empirical literatures and theoretical foundations of employee relationship management and the postulated variables. It reviewed the meaning of the concept from the perspectives of various scholars regionally and globally. The chapter also highlighted the gaps in the existing literature whose investigations was the subject of the current study. The chapter has eight sections. The first section is the introduction section; the second section is the theoretical frameworks which covered the theories and models of selected employee relationship management such as unitary theory, human relation, social Exchange, dimension of employee relation and others. The third section has the conceptual framework and the fourth and fifth section discuss employee performance and effect of ERM on it. The sixth, seventh and eighth sections cover ERM components effect on employee's performance, empirical studies and research critiques and research gap respectively.

### **2 Introduction**

The concept of employment relation, which also specifically expressed as employee - employer relationship (ER) came to exist on the process of finding common denominator and representative concept for the basic components of industry; labour and capitalist and the process that this two parties interact to satisfy their common objective. The ER is historically specific to the last three centuries, starting in Europe (particularly Britain), is institutionally specific to the legal contract of employment, and includes both social classes of capital owners and labour owners as employers and employees (Abbott, 2006).

Unlike the previous industrial relation concepts ER has got wide acceptance and approval from prominent scholars on the area of employment. Further, the ER is certainly capable of theorization, as started by Adam Smith, carried forward by Karl Marx, extended by Emile Durkheim, Hugo Sinzheimer, and John Commons, and carried into recent years by a wide range of scholars across disciplines and countries (see; Fox, 1966; Friedmann, 1976).

ERM has got more acceptance and recognition and its preference is due to its collective characteristics; it encompass individual and managerial relationship of the organization, allow both union and non-union members to take opportunity in employment relation, focus on mutual

objective than sole interest of employer and it is inclusive; it include the function and objective of industrial relation and basically it is contemporary concept with possessing contingency quality.

## **2.1 Definition of Employee Relationship Management**

Employee Relationship is defined as a relationship between employer or the representative manager and employees, aimed towards maintaining commitment, morale and trust so as to create productive and secure workplace environment (Bajaj et al., 2013).

ERM is all about effective organizational communications, which can build employee confidence, trust and loyalty, enabling managements to realize the potential, the skills and knowledge within the organization. It is a powerful business tool that enables employees to do their job better (Rai & Pareek, 2012).

On book written by Gennard and Judge (2002), employee relation was defined as follow; “Employee relations is a study of the rules, regulations and agreements by which employees are managed both as individuals and as a collective group, the priority given to the individual as opposed to the collective relationship varying from company to company depending upon the values of management. As such it is concerned with how to gain people’s commitment to the achievement of an organization’s business goals and objectives in a number of different situations”. The definition clearly explains the comprehensiveness of the concept through discussing the concern of ER for individual, collective group, management, and the entire rule and regulation of the organization.

According to Yongcai (2010) ERM was defined as organization social process that comprises; labour relation management, communication management, employee participation management, employee information management and enterprise culture contraction. Table 2.1; show the Summery of Yongcai ERM basic components.

**Table 2. 1: Basic Content of Employee Relationship Management**

<b>Category</b>	<b>Basic content</b>
<b>Labour relationship management</b>	As the key part, it include the about dispute solution, labour interview of admission or severance, labour pleading, personnel dispute and emergency solution.
<b>Communication management</b>	Guarantee the smooth of communication channel; adopt the effective way of communication to guide the two way exchange between enterprise and the staff.
<b>Employee participation management</b>	Build good staffs participating environment, take the effective management style to give play to the staff's intelligent and wisdom, fully realize the self-value, and bring about an advance in harmonious enterprise of the labour and capital.
<b>Employee information management</b>	Set up employee information management system offers information support for the enterprise strategy and human resource management, and promote the information sharing of every department, promote the communication inside enterprise.

*Source: Yongcai, "Employee Relationship Management of Small and Medium-sized Enterprises", 2010, p. 941*

In net shell Employee relationship management includes various activities on which an organization implements by the management so as to develop friendly cooperative relationship with its employees. It helps to create cohesive work environment in which all employees work together in collaboration to ensure the realization of its goals. Besides, it promotes commitment, facilitates employees in achievement of organizational objectives minimizes workplace conflict and increases trust (Bajaj et al., 2013).

## **2.2 Goals and function of ERM**

ERM through facilitating achievement of organizational goal and improving the working condition it promotes commitment, moral and trust of employees. Promoting smooth relationship between employee and employer it minimizes conflicts. ERM serve as motivation mechanism for high performance and quality of work life (Vineet et al., 2013). ERM has tremendous significances and importance for organization and its employee's, some fundamental goals of ERM as described by Singh & Kumar (2011) are summarized as follow;

- Establishing a link and a congruency between employee contract and the employment relationship through a psychological commitment.
- Create principle of fairness to ensure organizational objectives as well as individual needs and aspirations are fulfilled.
- Defining and clarifying performance management expectations and standards to enable employees to strategize and plan for the achievement of tasks and targets set for their job positions.
- Developing effective communication channels and systems that ensure the information needs of employees are met.

On other hand Kumar & Manjula (2017) summarized the main function of ERM as listed below:

- Build healthy and balanced relationship with the organization
- Build moral values and confidence to encourage employees for better performance
- Make employee more productive and effective in their work
- Treat all employees equally without any discrimination
- Motivate employees in order to bring out their inner potential to innovate new things.

### **2.3 Theoretical Framework**

This part considered prominent theories and models that laid ground for the foundation of employee relationship management concepts and initiated the interest of the study. A theory is a contemplative rational type of abstract or generalized thinking, or the results of such thinking, and provides a yard stick for evaluating practice, though it in turn may be adjusted by findings from practice that show the theory to be inadequate (Halvorson, 2012). A model is a graphical or symbolic representation or simplified version of a concept, phenomenon, structure, system, or an aspect of the real world (Business Dictionary, 2013). Theories and models provide guidelines to the researcher in pointing out the area which is most fruitful to conduct research; summarize known facts; increase the meaningfulness of the research; and helps in prediction (Cauvery, 2010).

## **2.3.1 Theories of Employment Relationships**

### **2.3.1.1 Unitary theory**

The basic assumption and view of unitary is that organization and its employees hold common, values, interests, and objective that define entities to be considered as large social system governed by certain group with authorized power to make decision on behalf of others. The foundation of unitary theory is the large social system, which comprise other sub- system as integrated part of the whole system that share the characteristic and behavior of the large unitary organization system. Therefore either employer or employee who accept and hold such viewpoints and assumptions, they will consider the organization as a system that exist and operate as a team or family that emphasize on shared values, shared goals and common destiny (Fajana, 2000).

### **2.3.1.2 Human Relations Theory**

The human relation theory enforce human work force to be treated as qualitatively different to other resources used in production. Thus, if workers are denied autonomy on the job, or are reduced to acting as mere extensions of the machinery, or are given work that inhibits their capacity to create and think, it is argued that they will invariably find ways to subvert the methods of control that enforce these conditions (Abbott, 2006). Ultimate message of human relation theory is that all managerial approach needs to ensure availability of employee relationship management practice which, seeks to minimize internal tensions by developing the sense of workplace satisfaction felt by employees through techniques that involve them in the organization and regulation of work (Abbott, 2006).

### **2.3.1.3 System Theory**

The most famous theory drawing on a pluralist frame of reference is Dunlop's (1958) systems theory, which argues that industrial relations are best regarded as a sub-system of the wider social system. The theory claim that work and interaction of employees including recruitment, holidays, performance, wages, hours, conflict resolution and other employment relation are governed by diversified formal and informal rules and regulations. According to the theory assertion industrial relation results from four major parties that make the wider system; first are industrial actors which consist of employers, employees, their representatives and external agencies with an interest in industrial relations like the government; second is the environmental

context which is made up of prevailing economic and technological conditions, markets, and distribution of power in wider society; third is procedural and substantive rules governing the employment relationships between the actors and; fourth is binding ideology which is a set of common beliefs and understandings that serve to encourage compromises on the part of each actor for the sake of making the system operable (Abott, 2006).

#### **2.3.1.4 Social Exchange Theory**

According to this theory, individuals regulate their interactions with other individuals based on a self-interest analysis of the costs and benefits of such an interaction. SET argues that when workplace relationships are effective, then the organization benefits. Thus people calculate the overall worth of a particular relationship by subtracting its costs from the rewards it provides.

According to Cropanzano and Mitchell (2005), the implication of SET is all about mutually agreed benefit that results from the loyal interaction between employees, employer and organization.

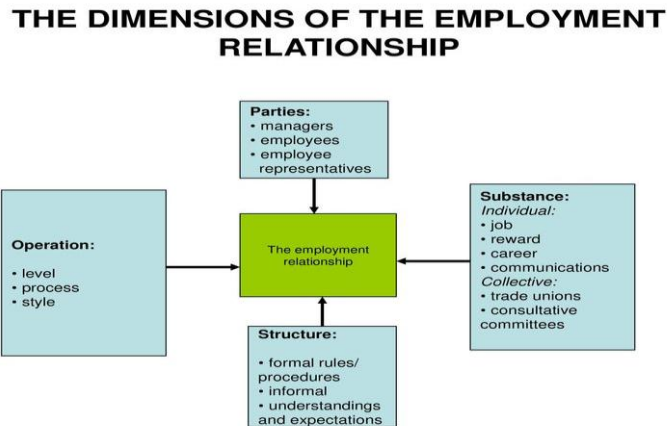
#### **2.3.2 Employment Relationship Models**

The researcher referred the existing model to get insight on major factors and components of ERM and made comprehensive comparisons and integration with all possible reviewed studies that enabled to finally adopt specific conceptual framework of the study. The basic reason and significance of referring and using Model is to set limit and scope of the study.

##### **2.3.2.1 Dimension of Employment Relationship Model**

The dimensions of the employment relationship as described by Kessler and Undy (1996) comprise four basic components of employment relationship as dimension of employment relationship. The dimension has defined employment relationship as integration of, structure, substance, operation and parties.

**Figure 2. 1: Figure: The dimension of the employment relationship**



Source: S Kessler and R Undy (1996) *The New Employment Relationship: Examining the Psychological Contract*, London, IPD

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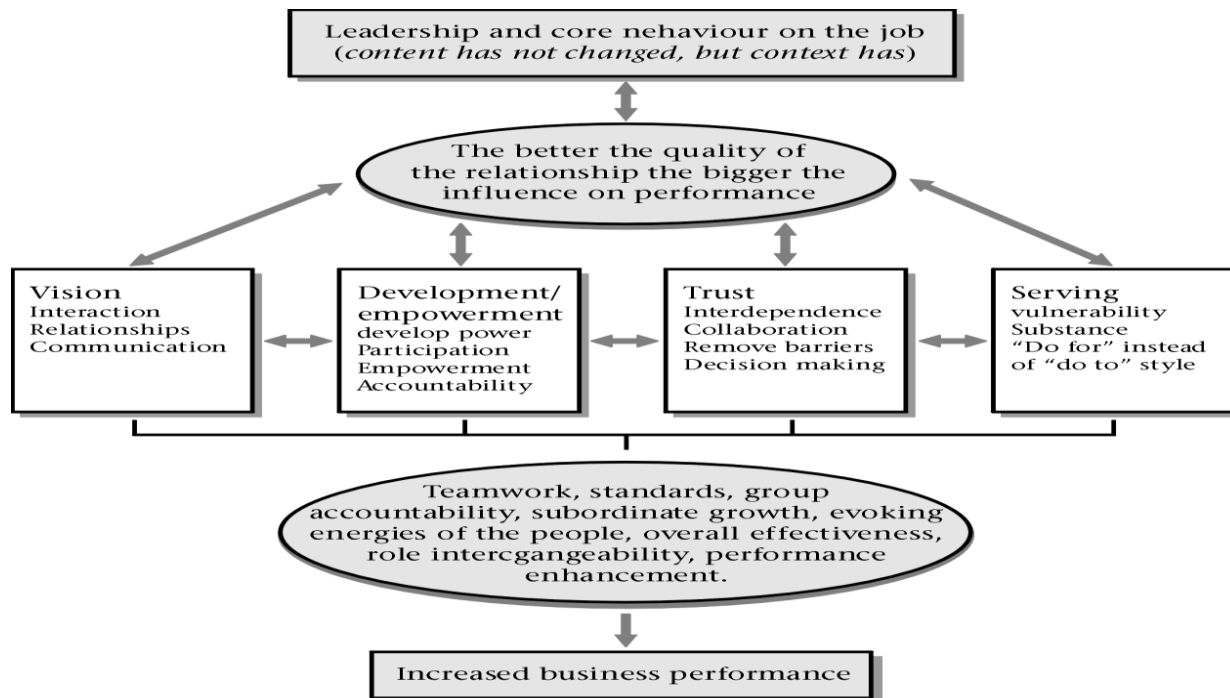
*Source: Kessler and Undy (1996)*

“The parties are managers, employees and employee representatives. The ‘substance’ incorporates the job, reward and career of individuals and the communications and culture of the organization as it affects them. It can also include collective agreements and joint employee relations machinery (works councils and the like). The formal dimensions include rules and procedures, and the informal aspect covers understanding, expectations and assumptions. Finally, the employment relationship exists at different levels in the organization (management to employees generally, and managers to individual employees and their representatives or groups of people). The operation of the relationship will also be affected by processes such as communications and consultation, and by the management style prevailing throughout the organization or adopted by individual managers” (Armstrong, 2010).

### **2.3.2.2 Employee relationship Model**

The model was basically postulated by Carstens & Barnes (2006), with the objective of investigating the existing relationship between leader/employee relationship effects on business performance. “The model takes concepts such as vision, trust, empowerment, servant hood and links them to the quality of the relationship between leader and employee. The premise is that the quality of the relationships has an influence on issues like teamwork, group accountability, performance standards, subordinate growth or role interchangeability which, in turn, influence business performance”.

**Figure 2. 2: Employment Relationship Model**

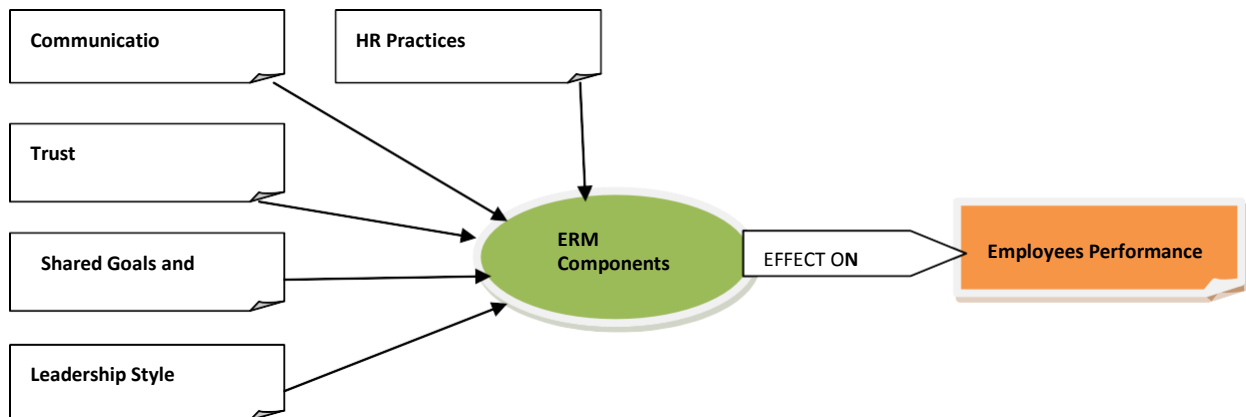


*Source: Carstens & Barnes (2006, p. 12)*

### 2.3.2.3 Employee Relationship Management Framework

Rahman (2017) and Al-Khozondar (2015) undertaken studies in banking and telecommunication sector of Bangladeshi and Gaza respectively and both researchers adopted the same ERM model to examine the effect of ERM on employee’s performance. Here researchers tried to measure the influence of ERM referring to the same model which, comprised leadership style, trust, shared value/goal, communication and HR practice as a major component of ERM. The study of Wael (2015) and Wargborn (2008) referred the following elements as major components of ERM; communication, labour relation, team work, coaching compensation, discipline, participation, and motivation. The model used imply that the variables mentioned as components of ERM has major contribution for the effectiveness of employee relationship practice and also have significant impact on employee’s performance. Review of body of literature indicated the practice of communication, leadership; trust, shared value and conflict management are most frequently referred practices as component of ERM. Thus researcher considered the contextual factors and local literature to make decision either to directly adopt or adapt the mentioned models during the study.

**Figure 2. 3: Employee Relationship Management Frameworks**

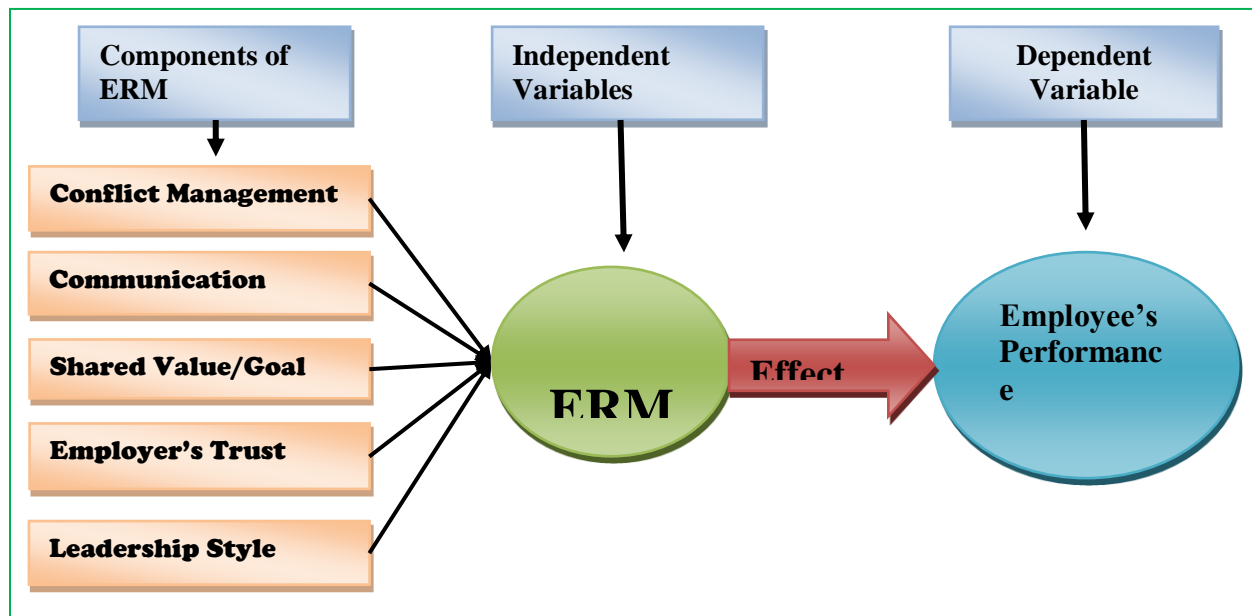


*Source; Rahman (2017, p.90 -96)*

## **2.4 Conceptual Framework**

Conceptual framework is hypothesized model portraying the relationship between variables diagrammatically that helps in quickly seeing the proposed relationship and establish the significance of the proposed relationship (Mugenda, 2008). Based on the literature reviewed, this study had developed its conceptual framework based on five diverse component/dimensions of ERM, which were considered as independent variables of the study; conflict management, trust, shared value/goal, communication and leadership style that were assumed to affect the dependent variable of the study; employees performance in Ethiopian insurance sector. The dependent variable of the study (Employee performance) was measured considering dimension of employee's performance. Demographic characteristics of the respondents such as gender, age, educational level, experience, and functional level were held to be constant.

**Figure 2. 4: Conceptual Relationship of the study Variable**



*Source; Researcher Articulated conceptual Framework*

### **Meaning of the conceptual framework;**

The above conceptual framework express the articulated relationship between the independent variable and the dependent variable of the study, as it shown on above diagram the researcher conceptualized to examine the effect of employee relationship management (ERM) on employee's performance through five components of ERM (communication, conflict management, leadership style, shared goal/value and trust).

## **2.5 Components of Employee Relationship Management**

### **2.5.1 Communication**

Communication covers all activities that an individual does when he/she wants to make a transformation in someone else's mind. Communication is a process that contains expressing, listening and understanding (Banerji and Dayal, 2005). Communication in an organization deals with the extent of exchanging information among employees to aware about the important aspects of the organization which includes institutional policy, strategy, procedures and manuals that help them to understand what is expected of them and how they are going to accomplish their duties.

Communication is important in organization since 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 (Daniel, 2003).

Communication plays a pivotal role in strengthening employee relationship since it serve as a key to open the door of interaction in the organization. In an organization communication helps to foster the relation and create harmony as it builds trust among employees of different departments in the organization (Chinomon and sandata, 2013). Transparency in communication is crucial for healthy employee- employer relationship as it initiates group activities in the work place (Kumar and Manjula, 2017).

### **2.5.2 Conflict management**

Hellriegel (2010), define conflict management as a process whereby managers design plans, and implement policies and procedures to ensure that conflict situations are resolved effectively. In considering the significance of conflict management in organizational context; Knippen, Yohan, and Ghalla (2011), expressed conflict management as organizational tool which, broadens understanding of the problem, increases the resolutions and tend to work towards consensus and to seek a genuine commitment to decision making.

Conflict management is an integral part of the entire organizational functions that closely related with employment and employee relation practice, which effectively contributes to organizational and employee's performance (Buchele & Christiansen, 2007).

### **2.5.3 Leadership style**

Leadership is defined as the ways in which leaders guide their followers in the direction that enable them to achieve organizational goals through motivating, participate in decision making and offering continuous training. Leadership style is the recurring pattern of behaviours exhibited by a leader (Schermerhorn, Davidson, Poole, Simon, Woods and Chau, 2011). DuBrin (2006) defines leadership style as the typical pattern of behaviour that a leader uses to influence his or her employees to achieve organizational goals. Leadership style is the manner in which a leader provides direction, implements plans and motivates people, and their approach to each of the functions (Jooste, 2009).

The way managers treat, supervise and communicate their employees have potential of determining the outcome of employees productivity and their relationship with organization (Sahedur and Khatun, 2017).

#### **2.5.4 Shared goal/value**

shared values is defined as the extent to which partners have beliefs in common about what behaviors, goals, and policies are important or unimportant, appropriate or inappropriate, and right or wrong (Herington et al., 2009). The concept of shared goal indicates the communality among the employees and management of the organizations towards the central goal which is expected to be realized by the organization (Kontabutra and Avery, 2009).

Shared values can have a significant influence in motivating organizational members to achieve their objectives and goals through enhancing mutual understanding and creating harmonious working environment. Sharing goal and value helps to understand how work is related across all units of the organization as well as aligning the work of employees with the strategic direction of the organization, which will foster the effort of employee's toward remarkable performance achievement (Pulakos and O'Leary, 2011).

#### **2.5.5 Trust**

On Oxford English Dictionary (2013) trust is defined as “firm belief in the reliability, truth, or ability of someone or something”. Most studies of business referred meaning of trust as it articulated by Mayer and colleagues; “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (1995).

On the other hand at organizational context trust can be defied from various level; individual and team and organizational (Ashley, Fulmer, Michele, Gelfand, 2012). Trust at the organizational level involves the aggregated degree of trust shared with sufficient consensus among members in an organization. In employee employer relationship trust is the level of reliance one can place upon the information received from another person and confidence in the relationship partner. As such, trust is a key relationship element (Herington et al., 2009). According to Driks and Ferrin (2002) trust is a critical variable which influence the performance, effectiveness and efficiency of the organization. Trust promotes cooperative behavior, minimizes conflict and develops employees' positive perceptions to their managers which in turn enhance employee job

satisfaction and cultivates a positive work environment, which consecutively promotes good employee relationship in organization (Gills, 2008).

## **2.6 Employee's performance**

The concept of performance has been expressed by Brumbrach (1988) as follows: "Performance means both behaviours and results; behaviours emanate from the performer and transform performance from abstraction to action. Not just the instruments for results, behaviours are also outcomes in their own right – the product of mental and physical effort applied to tasks – and can be judged apart from results". The discussion of Rabindra and Lalatendu (2017) expressed employee performance in three dimensions; task, adaptive and contextual performance.

Task performance comprises of job explicit behaviors which includes fundamental job responsibilities assigned as a part of job description. An individual's ability to acclimatize and provide necessary support to the job profile in a dynamic work situation is referred to as adaptive performance. Contextual performance is a kind of prosocial behavior demonstrated by individuals in a work set-up, these kind of unstated expectations are called prosocial behavior or extra role behavior.

Armstrong (2010) citing The Oxford English Dictionary, defined performance as follow 'The accomplishment, execution, carrying out, working out of anything ordered or undertaken.' Coulter (2006) describes employee performance as the total or aggregate output of an employee activities and actions in an organization. She explained attributed to be used to measure performance as follow; effectiveness, efficiency, quality, innovation, creativity, commitments, satisfaction, cohesiveness, flexibility, customer relations, communication patterns and employee efforts towards the goals of an organization.

The term "employee performance" signifies individual's work achievement after exerting required effort on the job which is associated through getting a meaningful work (task performance), engaged profile (adaptive performance), and compassionate colleagues/employers around (contextual performance) (Hellriegel, Jackson, & Slocum, 1999; Karakas, 2010). In order to achieve best result of employees, effective employee performance management system is imperative for a business organization.

### **2.6.1 Performance Management**

Armstrong and Murlis (1998) described performance management as a process of aligning individual objectives to organizational objectives and ensuring that individuals uphold corporate core values. It provides for expectations to be defined and agreed in terms of role responsibilities and accountabilities (expected to do), skills (expected to have) and behaviours (expected to be). On the same way Weiss and Hartle (1997) explained performance management as: ‘a process for establishing a shared understanding about what is to be achieved and how it is to be achieved, and an approach to managing people that increases the probability of achieving success.’

Performance management takes the form of a continuous self-renewing cycle, it involve three sequences; performance development agreement, performance review and assessment and managing performance throughout the year Armstrong (2009).

A successful performance management system is one that requires full participation between employees and managers through effective communication and goal agreement, resulting in complete common understanding and not unfounded expectations. A well-executed performance management system is a medium for managers and employees to develop an understanding of what work the mission of the organization requires, the manner in which this work should be accomplished, and to what extent it has been achieved. Employees should be empowered and receive support from their manager without removing any of the employee’s responsibility (Hayward, 2005).

### **2.6.2 Performance Appraisals**

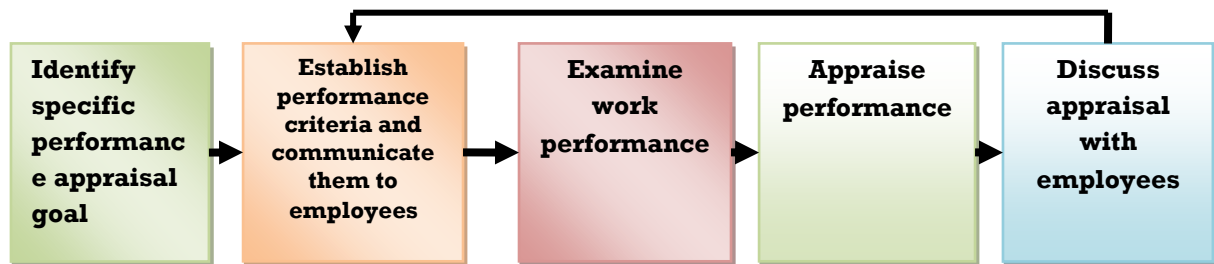
Performance appraisal is a critical element in the performance management system. Performance appraisal is a sub-set of performance management and relates to the formal process of assessing and measuring employee performance against agreed objectives. The performance measures should relate to strategic goals, focus on outputs, indicate the evidence that is available as the basis of measurement and provide a sound basis for feedback (Pilbeam & Corbridge, 2002).

#### **2.6.2.1 Processes of Performance Appraisal**

According to Mondy (2012) the starting point for the performance appraisal process is identifying specific performance goals. The next step in this ongoing cycle continues with establishing performance criteria (standards) and communicating these performance expectations to those concerned. Then the work is performed and the supervisor appraises the performance. At

the end of the appraisal period, the appraiser and the employee together review work performance and evaluate it against established performance standards. This review helps determine how well employees have met these standards, determines reasons for deficiencies, and develops a plan to correct the problems, since the process is continuous once feedback provided it get back to standard establishment for next performance appraisal. The above process is presented on figure 2.6 below;

**Figure 2. 5: Process of performance appraisal**



Source: Mondy (2012, p. 240)

Depending on the purpose of the performance appraisal, managers employ and use different methods to appraise the performance of employees, most commonly used methods include; 360 degree feedback evaluation method, graphic rating scales method, critical incident method, essay method, work standards method, ranking method, forced distribution method, behaviorally anchored rating scale method, results-based system, visual method of assessment, calibration (peer reviews), monitoring, and training (see: Mondy, 2012; Dessler, 2008; Deb, 2006; Saiyadain, 2003; Goel, 2008; Armstrong, 2009).

## **2.7 Effect of ERM on Employee’s Performance**

The direct relationship between ERM and employee’s performance was confirmed by Vineet et al. (2013) the researcher found that, good employee relationship management as an imperative factor that contributes significantly to the success of the organization and create world class organization through proactively filling the gap of productivity.

Rahman and Khatun (2017) and Al-Khozondar (2015) studied the effect of ERM on employee’s performance and their study finding indicated; ERM can build and enhance relationships and reinforce commitment to the company and improve the employees’ performance. The

relationship revealed employees performance is dependent to employee relationship management components and it is positively influenced by good ERM practice.

In the research study conducted by Sequeira and Dhriti (2015) it was identified that employee relations practices followed in the organization had a direct impact on the performance of employees in the organization. Employees with higher level of satisfaction with the existing organization practices are more productive and resistive towards changing the current organization. The study also entailed that improving the employee relations practices an organization can improve the performance of employees and thereby the overall productivity of the organization.

Other argument on ERM and employees performance revealed, employee relationship management practices as a potential organizational function that have potential effects on strengthening corporate communication, fostering learning, increasing employee involvement, providing real time access to information encouraging loyalty and commitment, raising productivity, encouraging innovation, reducing turnover, retaining human talent and improving both organization and employees performance (Ritesh and Mehrotra, 2017).

On base of the above argument the researcher under this study proposed to test following hypothesis;

**Ha1:** Employee Relationship Management has significant positive effect on employee's performance in Ethiopian insurance sector.

## **2.8 Empirical Review on Components of ERM and Their Effect on Employee's performance**

### **2.8.1 Communication and Employee's performance**

A study carried out by Abduwarda (2010) revealed that there is significant relationship between communication and employee performance. The same result was suggested by Kumar and Manjula (2017) that transparency in communication is crucial for healthy employee- employer relationship as it initiates group activities in the work place. In line with this, the study carried out by Sequeira and Shriti (2015) confirmed that well informed employees are much higher in performance than those of ill-informed employees. Furthermore, research undertaken by Hasen and Salman (2016) asserted that there is a positive and significant influence of effective

communication on employee performance. Generally, the significant positive influence of communication on important organizational constructs like job performance and job satisfaction was recognized by the following studies; (Neves & Eisenberger, 2012; Wang., 2005; Kirkman et al., 2004; Chien, 2004; Requena, 2003; Ilozor et al., 2001; Mestre et al., 2000).

### **2.8.2 Conflict Management and Employees Performance**

Steve, dean, and Kenneth (2000) stated that co-operative approach to solve conflict leads to conflict efficacy that in turn results in effective employee's performance. George and Jones (2005) viewed conflict as an opportunity that lead to organizational performance, if it is carefully managed and negotiated. According to the research result of Okechukwu (2013) significant relationship exists between conflict management strategies and employees' performance. Ifeyinwa and Chinonso (2016) confirmed identical finding with above studies. Other studies revealed positive relationship between conflict management and employee's performance includes: (Mwangi and Ragui, 2013).

### **2.8.3 Leadership Style and Employee's Performance**

Khoza, Chetty and Mahomed (2016) investigated the relationship between theories of leadership and employee's performance; they revealed that effective leadership style has impact on employee's performance and on subsequent organizational performance.

Akram, et al. (2012) conducted a research on "how leadership behaviours affect organizational Performance in Pakista" and on his findings concluded that leadership behaviours are interrelated and have high positive impact on employee performance. Other researchers Babatunde and Emem (2015) on their study of "*The Impact of Leadership Style on Employee's Performance in an Organization*", measured the relationship between leadership style and employee performance and revealed that there is significance relationship between leadership style and employees' performance in the attainment of organization goals and objectives, additional similar findings were reported by (Basit, Sebastian, and Hassan, 2017).

### **2.8.4 Shared goal/value and Employee's Performance**

Shared goal has a positive impact on employees' performance and organizational outcomes since it can direct employees to improve productivity (Chinomana & sandata, 2013). Many scholars agreed that the establishment of clearly achievable and mutually agreed goals that relates towards the vision of the organization motivates employees for its accomplishment (sax, 2012).

Shared goal encourages team members to share the sense of common purpose and increases their awareness of the intended goals (Dina, 2010; Holmes, 2005). On the top of this (Richards et al., 2012) state that specific goals motivate employees to attain and this builds commitment and enhance performance.

### **2.8.5 Trust and Employee's Performance**

Trust is a critical variable which influence the performance, effectiveness and efficiency of the organization (Driks and Ferrin, 2002). Study of Brown, Gray, McHardy and Taylor (2015) indicated positive relationship between average employee's trust and three dimensions of workplace performances; financial performance, labour productivity and service quality. Fukuyama (1995) and Grund & Harbring (2009) argued the importance of trust for high level of employee's performance, both on their conclusion mentioned high levels of trust amongst individuals serve to enhance the performance of all institutions in society. Besides, a study conducted by Hasen and Salman (2016) showed that level of trust has positive and significant relation with employee performance because building trust is building the confidence in each other's competencies and reliabilities.

#### **Summary of Empirical review**

Overall body of reviewed literatures revealed the presence of significant effect of employee relationship management as well as its components on employee's performance.

## **2.9 Critiques and Research Argument on ERM component and Employee's Performance**

### **2.9.1 Communication and Employee's performance**

Nevertheless numerous studies have resulted positive relationship between internal communication, job and employee's performance (Gray & Laidlaw, 2002; Bartoo & Sias, 2004; Rosenfeld, Richman, & May, 2004; Zucker, 2002; 2005; Chinomon and sandata, 2013; Abduwarda, 2010; Kumar and Manjula, 2017; Hasen and Salman, 2016; Neves & Eisenberger, 2012; Miles, 2012). However scholars on different occasions have also revealed opposite results about the same issue, some empirical studies that indicated negative relationship between communication and employee performance includes; Goris et al. (2000), where the researcher found negative correlation between communication direction (upward, downward, and lateral) and job performance and job satisfaction. The same argument was also presented by Appelbaum

et al. (2005), arguing that communicating all types of information results damaging of individual's job security and career aspirations.

On base of the above argument the researcher under this study proposed to test following hypothesis;

**Ha2: Communication has significant positive effect on employee's performance in Ethiopian insurance sector.**

### **2.9.2 Conflict management and Employee's Performance**

The relationship between employee's performance and conflict management has been attention area of experts and there are number of studies undertaken. Some studies had revealed positive relationship between the two concepts, contradicting to this other studies claim different findings. For example: Alper, Tjosvold, Kenneth, 2000; George and Jones, 2005; Okechukwu, 2013; Olu, 2008) revealed on their studies the positive effect of conflict management on employee's performance. On the other side other empirical studies have revealed insignificant and negative relationship between conflict management and employee's performance. The following reference and studies support this argument; (De Dreu & Weingart, 2003; Jehn, 1995; Jehn & Mannix, 2001; Muhammad and Maria, 2013; Henry, 2009).

On base of the above argument the researcher under this study proposed to test following hypothesis;

**Ha3: Conflict management has significant positive effect on employee's performance in Ethiopian insurance sector.**

### **2.9.3 Leadership Style and Employee's performance**

The significance of effective management is widely announced and communicated among organizations and other entities, however its direct impact on performance remain poorly understood (Babatunde and Emem, 2015). Studies illustrated both positive and negative relationship between leadership style and the consecutive employee's performance.

EranVigoda (2007),MacKenzie et al. (2001), Parry (2003) studies resulted transformational leadership has stronger positive effect on employees' attitudes towards their job, job environment, and ultimately affects their work performance than transactional leadership.

The contradicting conclusion drawn from other empirical studies revealed transactional leaderships is most influential style of leadership for determining employee's performance than transformational leadership (Wang et al., 2005).

On other arguments Limsila and Ogunlana (2008) citing (Hofstede, 1991); they argued that organizational cultural and environmental contexts determine the style of leadership that can influence employee's performance.

On base of the above argument the researcher under this study proposed to test following hypothesis;

**Ha4: Leadership style has significant positive effect on employee's performance in Ethiopian insurance sector.**

#### **2.9.4 Shared goal/value and employee's performance**

Shared value/Goal is part of organizational non-visual corporate identity, which includes; company values, company objectives; and company structure. Most researches concerned with corporate identity focused on the visual corporate identity management elements (the company name; logo; corporate colors; corporate signs and billboards; environment; architecture; and facilities; and vehicles) (Alesandri, 2001; Cornelissen and Elving, 2003; Steyn et al., 2004; Garman, 2006; Denize and Young, 2007).

Contrary to the above argument Holtzhausen's (2008) claimed that visual corporate identity management elements has less impact and influence on employee relationship management and his argument support the importance of non-visual elements, his study also revealed that company value and objective impacts employee-employer relationship management than visual elements of corporate identity managements. On top of this Holtzhausen and Fourie, (2009), recommended non-visual elements to be given attention and further steps to be taken to empirically prove how this elements impact employer-employee relationship management and employee' performance.

On base of the above argument the researcher under this study proposed to test following hypothesis;

**Ha5: Shared goal/value has significant positive effect on employee's performance in Ethiopian insurance sector.**

### **2.9.5 Trust and Employee's performance**

Many empirical studies on trust have revealed positive correlation between trust and three measures of workplace performance; financial performance, labour productivity and product or service quality and four measures of employee trust based upon the average level of trust in managers within the workplace (Brown, Gray, McHardy, Taylor, 2015). The existing positive relationship between trust and employee's performance was explored and confirmed by the following studies; Gills, 2008; Brown, S., Gray, D., McHardy, Taylor, 2015; Bloom et al., 2012; Fukuyama, 1995; Grund, and Harbring, 2009; Daniel, 2003; Hering, 2009; Abushawish, 2013; Hasen and Salman, 2016).

Review of trust impact has exposed to argument and scholars found the subjectivity of the concept to particular context and situations, according to Blunsdon (2003) studies on the Australian Workplace Industrial relations survey, their results indicated that trust towards a company's management is correlated differently to different industry and workplace features as well as a variety of human resource practices, additional study by (Alesina & Ferrara, 2002; Mayer et al., 1995; Schoorman, Mayer, & Davis, 2007) implied that trust is subjective to individual experience and environments, which justify the lack of empirical evidence in generalizing its relationship to a given situation.

On base of the above argument the researcher under this study proposed to test following hypothesis;

**Ha6: Trust has significant positive effect on employee's performance in Ethiopian insurance sector.**

### **2.10 Research Gap**

ERM constitutes an emerging trend of managing human resources by building and maintaining individualized and mutually valuable relationships with employees. However, given the early and still emerging state, there is little knowledge and agreement regarding ERM (Strohmeier, 2013). Moreover researchers who attempted to study the idea recommended further review and studies to be taken (Purcell, Kinnie, Hutchinson, Rayton, & Swart, 2003; Wright, Gardner, Moynihan, & Allen, 2005; Katou, et al., 2008).

On the other hand there are also arguments on the component of ERM and their effects on employee's performance, which has resulted researchers to adopt and use various independent variables to measure the effect of employee relationship management.

Even though there had been empirical studies conducted to measure the effect of communication, trust, shared value, leadership style and conflict management on employees performance, Kumar and Manjula, 2017; Brown, Gray, McHardy, Taylor, 2015; Chinomana & Jandata, 2013; Babatunde and Emem, 2015; and Okechukwu, 2013) respectively, but there is no attempt and studies taken to understand the comprehensive effect of all variables together on employee's performance.

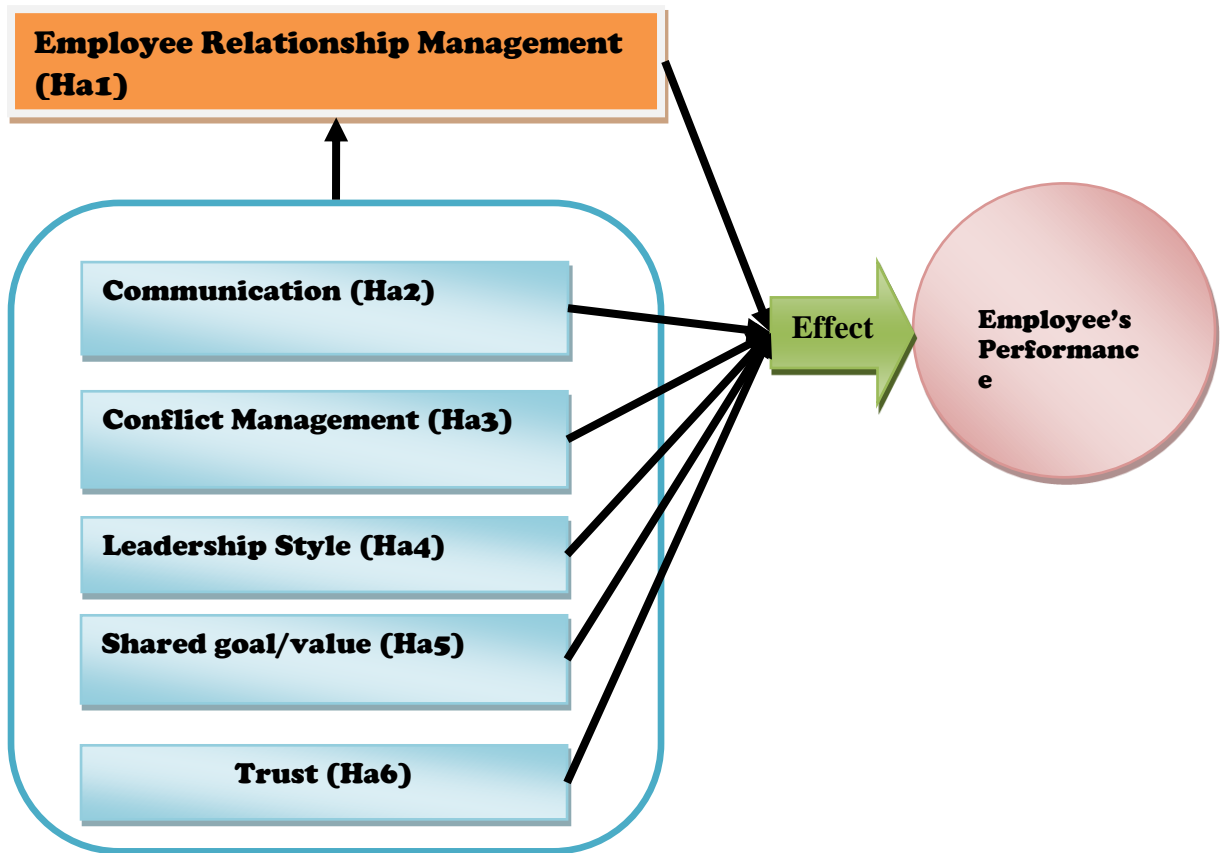
Review of up-to-date literature resulted null research finding on ERM concept in insurance industry and the area left with shortage of evidence and literature, however there are literature and empirical evidence about ERM in banking, health, telecommunication, construction, software, manufacturing, hotel, education and small and medium sectors (Sahedu and Khatun 2017; Ritesh and Mehrotra, 2017; Indranil, 2013; Harshani, 2017; McKnight, Ahmad and Schroeder, 2001; Jing, 2013).

There are plenty of studies performed in Ethiopia to measure and examine how employee's performance is influenced by diversified factors, however review of local literature ascertained that ERM and its effect on employee's performance had not given attention by researchers and academicians and therefore the area lacked empirical evidence to examine the practice of ERM and its effects from Ethiopian market and economic system.

In the reviewed body of knowledge, communication, conflict management, leadership style, shared goal/value and trust had not been analyzed with relation to insurance sector as basic components of employee relationship management. The related studies were carried out mainly in developed countries outside Africa. Ethiopian insurance sector is among business industries that provide job opportunities and manage risks for other sector of the economy as a consequence of that it must ensure availability of productive and committed employees. Therefore this study seeks to fill this gap.

On the base of identified research gap the objective of this particular study is to examine understanding of the effect of ERM on employee’s performance in Ethiopian insurance sector. The study is expected to fill the existing research gap through analysis of variable and drawing conclusion from the study, additionally it presumed to provide future research direction for scholars in the area. The proposed conceptual framework and formulated hypothesis is illustrated on figure 2.6 below.

**Figure 2. 6: Summary of conceptual framework and hypothesis Formulation**



*Source; Researcher Articulated Hypothesis Formulation*

## CHAPTER THREE

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### **3. Research Methodology**

This chapter presented methodology plan, procedure and how the research systematically answered the objective of the study. Therefore under this part of the study the researcher provided an overview of the target population, research design, data sources and types, data collection methods, instrument validity and reliability, instrument testing, sample design, unit of analysis, unit of observation, sampling frame, sample size determination, data processing and analysis method that were carried to perform the study.

#### **3.1 Research approach**

Research approaches are plans and the procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation. The approach for the selection of a research is based on the nature of the research problem or issue being addressed, the researchers' personal experiences, and the audiences for the study (Creswell, 2014)

##### **3.1.1 Deductive versus Inductive Research**

A deductive method is based on already existing theories or models, which is tested in reality (Hyde, 2000). An inductive research on the other hand, is based on collected data that later on establish new theories (Bryman & Bell, 2005). Therefore, this study used deductive approach where existing theories and models are considered as foundation of further investigation and from that the researcher formulated hypotheses that was accepted or rejected on the base of empirical data collected from the target population (Arbnor & Bjerke, 1994; Hyde, 2000; Bryman & Bell, 2005).

##### **3.1.2 Quantitative and Qualitative Research**

There are two different ways of collecting empirical data, either through quantitative or qualitative research. Qualitative research studies investigate few respondents with many different variables, it use complex methods to find pattern of how individuals interpret and perceive their social reality (Bryman & Bell, 2005). Quantitative research collects data on few variables from large number of respondents. This kind of research emphasize on examination of existing models or theories to generate inferences and make conclusions (Hyde, 2000; Bryman & Bell, 2005).

According to Creswell (2014) certain types of social research problems call for specific approaches. For example, if the problem calls for the Examination of the relationship between certain dependent and independent variables, then the assumed and best suitable method is considered to be quantitative approach. Quantitative approach involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion (Kothari, 2004).

Therefore, given the nature of data, the research problem and pre-determined objectives of the study, the researcher used quantitative approach.

### **3.2 Research Design**

A research design is a plan or process for the research; it consist different methods and procedure of conducting and analyzing the data (Creswell. 2014). There are three different types of research designs available for researchers, 1) Exploratory research 2) Descriptive research and 3) Causal research.

Exploratory research observes already existing facts and used when the researcher lacks knowledge within a specific area, which makes it possible to collect a large amount of data regarding the research problem (Bryman & Bell, 2005). Causal research design answers why questions and examines whether one variable causes effect on other variable (Bryman & Bell, 2005). The descriptive research design aims at answering questions of who, what, when, where and how and it has an objective to describe events or phenomena's (Creswell. 2014). This kind of approach is most appropriate when the research problem is clearly defined and the researcher has knowledge with research area. Descriptive studies are done when researchers want to establish the relationship of events without interfering with the purpose of reporting facts as they are.

This particular study has employed cross sectional descriptive research design and these design considered appropriate for this study since it was able to give room to examine and describe the effect of Employee relationship management on employee's performance in Ethiopian insurance sector.

### **3.3 Data source**

While thinking of the data source, there were two types of data source that researcher looked; the primary and the secondary data sources. The primary data are those which were collected afresh

and for the first time, and thus happen to be original in character. The secondary data, on the other hand, are those which have already been collected by someone else and passed through statistical process (Kothari, 2004).

The primary data of this study were collected through structured questionnaires from selected sample insurance companies in Ethiopia. The researcher also used and referred some secondary source of data, such as books, journals, articles, periodicals, reports, and websites.

### **3.3.1 Research strategy**

There are five different kinds of research strategies. These are experiments, surveys, archival analysis, history and case studies. What kind of research question is stated, the extent of control the researcher has over behavioral events and if the focus is on current or historical events must be defined to make decision on which type of research strategy to be used (Yin, 2006). On base of the research problem, purpose and objective of this study, researcher used survey research strategy.

## **3.4 Population and Sample Size**

### **3.4.1 Target Population**

Population refers to an entire group of objects having common observable characteristics (Creswell. 2014). Population often tends to have a wide geographical spread and in most cases the researcher is not necessarily interested in the total or universal population (Kothari, 2008). Under this specific study employees of Ethiopian insurance companies were the target population of the study.

According to the report of the national bank of Ethiopia (2018) there were 17 insurance companies operating in Ethiopia. Because of various constraints such as time, data type, and finance the researcher selected sample representative insurance companies to get respondents as target population of this study.

### **3.4.2 Sampling Frame**

Sampling frame is performed once the target population is defined (Creswell. 2014). In this study, the target population was employees of insurance sector in Ethiopia. It is important that the sample is drawn from the target population to get a representative sample of the population of

interest (Bryman & Bell, 2005). There are two ways of targeting the population, either by census surveys or sample surveys.

Census surveys study every element of the population and sample surveys study a representative proportion of the population. In order to complete this study, sample survey was chosen due to the time and finance and other restrictions.

### **3.4.3 Unit of Analysis and Unit of Observation**

The unit of analysis for this study was at organizational level which included selected insurance companies from the insurance sector and the unit of observation was at individual level, which comprised employees working at different departments, job position and functional level of the chosen insurance companies.

### **3.4.4 Sampling Techniques**

A sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample (Kothari 2004).

If a population from which a sample is to be drawn does not constitute homogeneous group, stratified sampling technique is generally applied in order to obtain a representative sample (Kothari 2004).

Thus, for the purpose of this study Stratified or multistage sampling technique was used to select companies to be included in the study and simple random sampling was conducted to select representatives from identified clusters.

For the purpose of convenience the researcher categorized the entire insurance companies in to three generations based on the year of establishment, which has resulted three stratum. The table 3.1 below shows how the available 17 insurance companies were divided in to three stratum. On the second stage the researcher randomly selected five insurance companies from the available 17 insurance companies that comprised two companies from first and second generation and one company from third generation. According to the technique the following insurance companies included under the researcher unit of analysis; Ethiopian Insurance Corporation, National Insurance Company S.C., Global Insurance Company S.C., Ethio-Life & General Insurance S.C. and Lucy Insurance S.C.

**Table 3. 1: List of insurance companies on base of year of establishment and with their respective population**

S.N	List of Insurance Companies	Year of Establishment	No of staff	Target Population of selected companies
1	Ethiopian Insurance Corporation	1975	1857	<b>1857*</b>
2	National Insurance Company S.C.	1994	294	<b>294*</b>
3	Awash Insurance Company S.C.	1994	541	
4	United Insurance Company S.C.	1994	393	
5	Africa Insurance Company S.C.	1994	340	
6	Nile Insurance Company S.C.	1995	375	
7	Nyala Insurance S.C.	1995	315	
8	Global Insurance Company S.C.	1997	168	<b>168*</b>
9	Nib Insurance Company S.C.	2002	426	
10	Lion Insurance Company S.C.	2007	312	
11	Ethio-Life &General Insurance S.C.	2008	169	<b>169*</b>
12	Oromia Insurance Company S.C.	2009	349	
13	Abay Insurance Company S.C.	2010	173	
14	Berhan Insurance S.C.	2011	161	
15	Tsehay Insurance S.C.	2012	186	
16	Lucy Insurance S.C.	2012	151	<b>151*</b>
17	Bunna Insurance S.C.	2013	142	
	Total		6352	2639*

**Source: National Bank of Ethiopia (2018)**

*\* Indicate selected target insurance companies*

### **3.4.5 Sample Size Determination**

In order to determine and draw sample representative from the target population the sample size determination formula of Kothari (2004) for finite population was used as follow;

$$n = \frac{Z^2 \times p \times q \times N}{e^2 (N - 1) + Z^2 \times p \times q}$$

**Where:**

- n; is sample size
- N; Target Population size (2639)
- z; is the value of standard variant at a given confidence (1.96)
- p; is sample proportion (0.5)
- q; is 1- p (0.5)
- e; is given precision rate or acceptable error (0.05)

**Then;**

$$n = \frac{1.96^2 \times 0.5 \times 0.5 \times 2639}{0.05^2 (2639 - 1) + 1.96^2 \times 0.5 \times 0.5} = 335.45 \cong 335$$

Therefore the researcher implemented random sampling technique to select sample of 335 employees from the target insurance companies and distributed structured questionnaires that were filled and returned by sample respondents.

### **3.4.6 Sample size Determination of target companies**

In order to decide on the number of employees to be accessed with questionnaires the researcher used proportionate stratified sampling technique. In this technique the number of sampling unit drawn from each stratum is in proportion to the population size of that stratum. Therefore to perform this operation the researcher **used the stratified sample formula** (*Sample size of the strata = size of entire sample / population size \* size of the stratum*) to calculate the proportion of employees from each group. The calculation undertaken is discussed in table 3.2 below;

**Table 3. 2:** Stratified sample size of target insurance companies

List of Target insurance companies	Population/Size of Employees	Stratified sample size
<b>Ethiopian Insurance Corporation</b>	1857	335/2639*1857 = 236
<b>National Insurance Company S.C.</b>	294	335/2639*294 = 37
<b>Global Insurance Company S.C.</b>	168	335/2639*168 = 21
<b>Ethio-Life &amp;General Insurance S.C</b>	169	335/2639*169 = 22
<b>Ethio-Life &amp;General Insurance S.C</b>	151	335/2639*151 = 19
Total	<b>2639</b>	<b>335</b>

*Source; Own computation, 2019*

### **3.5 Data Collection Instruments**

Among a plenty data collection methods under this particular study the researcher used sample survey method of data collection and the instrument that was used to collect data were structured questionnaires. According to Kothari, (2004), questionnaire is a set of questions printed or typed in a definite order, form or set of forms that aid to understand the feeling of observant for a given subject of study. Moreover using questionnaire, the researcher can gathered significant amount of data at a very low cost (Cooper & Schindler, 2011).

In order to understand “the effect of employee relationship management on employee’s performance” the researcher adopted and modified structured and standardized questionnaires that were proofed to be reliable and valid.

The structured questionnaire has two major parts; the first part explore and request respondent to answer information’s about their demographic characteristics i.e.; Age, Gender, Education level, working Experience and functional level. The second part has comprised questionnaires that measure the relationship between independent and dependent variables. The questionnaire has 43 items where 6 item measuring communication, 6 item measuring conflict management, 6 item measuring leadership style, 6 item measuring shared goal/value, 6 item measuring trust and 13 item measuring employees performance.

The questionnaires for measuring independent variables (conflict management, leadership style, communication, shared goal/value and trust) were adapted and modified from studies of McClellan,1999;Avolio & Bass, 2004; Karlene, Charles and O'reilly III, 1974; O'reilly & Roberts, 1969; Denison, 2007; Shockley, Ellis & Winograd, 2000; and Katie, 2003) respectively. The questionnaire for measuring dependent variable (Employee performance) was adapted and modified from the study of Rabindraand Lalatendu (2017) and Williams & Anderson (1991). All of the above mentioned studies had used questionnaires that revealed a Cronbach’s alpha of 0.7 and above, which satisfied statistical standard. The operationalization of questionnaires from the above source is explained in the following discussion.

### **3.5.1 Operationalization of Instruments**

Operationalization is the bridge between theory and reality making it possible to measure the theory in reality and it is used in most structured questionnaires and interviews session to conceptualize theoretical literatures in to specific tool to gather data. It is difficult to use one indicator to measure the concepts in reality, for this reason that the same incident may be understood in different manner by different individuals (Bryman & bell, 2005).

Therefore, the different constructs found in the literature review has been broken down into different dimensions which were then converted in to items (statements) that were adapted from the previous studies of various scholars. This was performed in consideration of Hair et al (2009) restriction; where he stated that; there should be at least three items measuring for one variable. The operationalization of data collection instrument attempted for this study is shown in table 3.3. The table 3.3 discusses the constructs of the study, their conceptual definition, dimensions, measurement scale, and specific item or statement used to collect data for each construct.

The instruments were designed using nominal/ordinal (non-metric/qualitative data) measurement scale for measuring respondents profile and interval/scale (metric/quantitative data) measurement scale to examine the relationship between the dependent and independent variables. In this study a likert scale measurement through discrete number (5 – 1) was employed, this kind of scale is frequently used in survey research, which gives the respondents the possibility to answer different scores on a long rate. This rate could range from (1) strongly disagree to (5) strongly agree. A likert scale makes it easy to investigate a specific item and analyze multiple statements at a time (Bryman & Bell, 2005).

**Table 3. 3:** Operationalization of data collection instrument

Constructs	Conceptual Definition	Dimensions	Size of Item and measurement Scale (Statements)	Questions/Statements
<b>Communication</b>	Communication refers to the process by which information is transmitted and understood between two or more people (McShane & Von Glinow, 2005).	Trust, Modality, Accuracy, Satisfaction, Gate keeping, Influence	Six item and Five point likert scale	<ol style="list-style-type: none"> <li>1. The manager talks continuously with employees about work problems and obstacles</li> <li>2. The manager use various communication methods to clarify his ideas</li> <li>3. Delivery of information process to employees is considered to be quick and clear</li> <li>4. Information are provided to employees in a way that satisfy and easy manner to understand</li> <li>5. The organization delivers all significant messages to employees about matters relating to work</li> <li>6. The manager conduct regular meetings to discuss the employees achievements</li> </ol>
<b>Source;</b> Karlene, Robert and O'reilly (1974) and O'reilly & Roberts (1969)				
<b>Conflict Management</b>	Conflict management is an organizational tool which, broadens understanding of the problem, increases the resolutions and tend to work towards consensus and to seek a genuine commitment to decision making Knippen, Yohan, and Ghalla (2011).	Option, Atmosphere, Need, Doable, Power, Mutual Benefit agreement	Six item and Five point likert scale	<ol style="list-style-type: none"> <li>1. Employees listen with an open mind to alternative options of solving problems.</li> <li>2. During conflict resolution the organization tries to arrange for a mutually acceptable time and setting.</li> <li>3. The organization considers the long lasting relationship and entertains the need of conflicting parties</li> <li>4. The organizations strive for a complete and genuine resolution of a conflict rather than settling for a temporary agreement.</li> <li>5. Employees have the power to negotiate and bargain during conflict resolution</li> <li>6. Always conflict in the organization resolved on consensus and mutual agreements of parties.</li> </ol>

<b>Source; McClellan (1997a) and McClellan (1997b)</b>				
<b>Leadership Style</b>	Leadership style is the manner and approach of providing direction, implementing plans, and motivating people. As seen by the employees, it includes the total pattern of explicit and implicit actions performed by their leader (Newstrom and Davis, 1993).	Idealized attribute, Idealized influence, Inspirational motivation, Intellectual stimulation, Contingent reward	Six item and Five point likert scale	<ol style="list-style-type: none"> <li>1. Manager go beyond self-interest for the good of the group</li> <li>2. supervisors makes clear what one can expect to receive when performance goals are achieved</li> <li>3. supervisor expresses satisfaction when employees meet expectations</li> <li>4. managers seeks differing perspectives when solving problems</li> <li>5. Manager Provides employees with assistance in exchange for their efforts</li> <li>Management by exception active</li> <li>6. supervisor focuses attention on irregularities, mistakes, exceptions, and deviations from standards</li> </ol>
<b>Source: Avolio &amp; Bass (2004)</b>				
<b>Shared goal/value</b>	shared values is defined as the extent to which partners have beliefs in common about what behaviors, goals, and policies are important or unimportant, appropriate or inappropriate, and right or wrong (Herington et al., 2009).	coordination and integration, Agreement, Core Value	Six item and Five point likert scale	<ol style="list-style-type: none"> <li>1. People from different parts of the organizational share a common perspective.</li> <li>2. The approach of doing business is very consistent and predictable.</li> <li>3. It is easy to reach on consensus, even on difficult issues.</li> <li>4. There is a clear agreement about the right way and the wrong way to do things</li> <li>5. There is a clear and consistent set of values that governs the way we do business.</li> <li>6. There is an ethical code that guides our behavior and tells us right from wrong.</li> </ol>
<b>Source; Denison (2007) and Denison (1990)</b>				
<b>Trust</b>	The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to	Competence , Dependability, Integrity	Six item and Five point likert scale	<ol style="list-style-type: none"> <li>1. Employees feel very confident about this organization's skills.</li> <li>2. This organization has the ability to accomplish what it says it will do.</li> <li>3. Employees believe that this organization takes the opinions of people into account when it makes decisions.</li> <li>4. This organization can be relied on to keep its</li> </ol>

	monitor or control that other party (1995).			promises 5. This organization treats its employees fairly and justly. 6. Whenever this organization makes an important decision, employees know, it will be concerned about staffs.
<b>Source; Katie (2003) and Zalabak, Ellis &amp; Winograd (2000)</b>				
<b>Employee Performance</b>	Signifies individual's work achievement after exerting required effort on the job which is associated through getting a meaningful work, engaged profile, and compassionate colleagues/employers around (Hellriegel, Jackson, & Slocum, 1999; Karakas, 2010).	Task performance, Adaptive performance, Contextual performance	Thirteen item and Five point likert scale	<ol style="list-style-type: none"> <li>1. Employees use to maintain high standard of work.</li> <li>2. Employee of the organization use to complete their assignments on time</li> <li>3. Employees have well known and understand the nature of the assigned tasks</li> <li>4. Employees have the ability to creativity, innovation and job development</li> <li>5. Employees can manage change in their job very well whenever the situation demands.</li> <li>6. Employees are very comfortable with job flexibility.</li> <li>7. Staffs always believe that mutual understanding can lead to a viable solution in organization.</li> <li>8. Employees used to extend help to their co-workers when asked or needed</li> <li>9. Employees in organization actively participate in group discussions and work meetings.</li> <li>10. Employees extend their sympathy and empathy to co-workers when they are in trouble.</li> <li>11. Employees in organization actively participate in group discussions and work meetings</li> <li>12. Employees extend their sympathy and empathy to co-workers when they are in trouble.</li> <li>13. Good Employee Relationship Management relationship affect job performance</li> </ol>
<b>Source; Rabindra &amp; Lalatendu (2017) and Williams &amp; Anderson (1991)</b>				

## **3.6 Instrument Quality Criteria**

Quality can be measured by validity and reliability. Validity is described as the degree of measurement that an instrument actually measures what it is aimed to measure. Validity is also the most important evaluation criteria in most quantitative research areas. There are content and construct validity. These criteria are used as tools to make the measurement as good as possible and possess high quality (Bryman & Bell, 2005; Yin, 2009).

### **3.6.1 Content validity**

When discussing validity it is important to establish a content validity, also called face validity (Bryman & Bell, 2005). It is a subjective and systematic view of how well a measurement reflects the content of a construct (Bryman & Bell, 2005). Content validity could be established by asking different people if they believe that the concept appear in the measurement is appropriate and suitable. The best way to achieve this is by asking experts and researchers who do have knowledge and experience in the study area to make comment on questionnaires.

During pre-testing of questionnaire, the researcher handover the questionnaires to Addis Ababa university associate professors to make evaluation and comment on proposed questionnaires; meanwhile the questionnaires were edited after ensuring the proper validation.

### **3.6.2 Construct validity**

Construct validity are concerned with identifying the correct operational measures for the concept being studied (Yin, 2009). Construct validity is used to encourage researchers to deduce hypothesis from a theory that is relevant to the concept. The researchers could investigate the relationship between different variables that is relevant to the theoretical assumptions (Bryman & Bell, 2005). A way to make sure that the gathered information is correct is by using many different sources as evidence to back up the given information, furthermore correct referencing, recording interview guides and saving original transcripts are techniques of ensuring construct validity (Yin, 2009).

Under this study the researchers had spent valuable time on gathering and reviewing various sources of literatures that are related with the study area and this enabled to make decision on relevant variables for the study problem and research gap identified earlier.

### 3.6.3 Pilot Testing

Hair et al, (2009) have explained that pilot-testing helps to refine the questionnaire so that respondents have no problem in answering the questions and there will be no problem in recording the data. Pilot-testing allow for modifications of various questions in order to rephrase, clarify and clear up any shortcomings in the questionnaire.

For the purpose of enhancing reliability and validity, the questionnaire was pretested on one insurance company (Awash Insurance), respondents from the company were selected using purposive sampling. Awash Insurance was not part of the target population and this ensured that those who participated in the pilot study had no chance of appearing in the actual survey.

### 3.6.4 Reliability of the Questionnaire

Data from the pilot study was tested using Cronbach alpha to determine internal consistency or average correlation of items in the survey instrument. This help to gauge to make improvement upon the reliability of variables derived from summated scales (Cronbach, 1951). Data reliability was measured using Cronbach's alpha coefficient which ranges between 0 and 1 (Sekaran, 2006). If the Cronbach coefficient value realized is higher than 0.7, it means that the scales are reliable (Klein & Ford, 2009). A commonly accepted rule of the thumb for describing internal consistency is using Cronbach alpha and the scale for making decision for Cronbach alpha coefficient is presented in the following table.3.4

**Table 3. 4:** Decision rule for Cronbach alpha value

Cronbach alpha Value	Internal consistency
$\alpha \geq 0.9$	Excellent
$0.7 \leq \alpha < 0.9$	Good
$0.6 \leq \alpha < 0.7$	Acceptable
$0.5 \leq \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

Source: (Klein & Ford, 2003).

The Cronbach alpha values obtained for all the variables was higher than 0.7. The Cronbach's alpha value for this study variable is summarized in following table3.5.

**Table 3. 5: Cronbach alpha value for study variables**

Variables	Number of Item	Cronbach's alpha Value	Internal consistency
<b>Communication</b>	6	.880	Good
<b>Conflict Management</b>	6	.931	Excellent
<b>Leadership Style</b>	6	.891	Good
<b>Shared Goal/Value</b>	6	.913	Excellent
<b>Trust</b>	6	.946	Excellent
<b>Employee's Performance</b>	13	.953	Excellent
Over All Item	<b>43</b>	<b>.975</b>	<b>Excellent</b>

Source: (SPSS Output Own Survey Result, 2019)

Table 3.4 indicates the reliability of 43 items is critical in determining the effect of Employee relationship management on employee's performance. The cronbach's alpha for all item of the study variable were greater than the 0.7 and the implication of the data is that questionnaires statement were understandable, reliable and clear for respondents and therefore they were used to measure the relationship of variables.

### **3.6.5 Factor Analysis**

The researcher checked the factor loading of all statements of the study variable using factor analysis. Factor Analysis is a statistical method used to describe variability among observed, correlated variables in terms of potentially lower unobserved variables called factors. Factor loading are part of the outcome from factor analysis which serve as a data reduction method designed to explain the correlations between observed variables using a smaller number of factors (wikipedia.org). The study variables checked for factor loading (Appendices I) some statements were eliminated and the statements which were loaded in to one component were included for the analysis.

In measurement of factor analysis the adjusted item total correlation for the retained item of the scale was found to be more than 0.30 and hence, supporting item-internal consistency (De Vellis, 2003). To reconfirm the convergent validity of the scale, the researcher have followed the following thresholds: standardized loading needs to be greater than 0.50 for all the dimensions (values with 0.70 and more are excellent) and average variance extracted (AVE) is expected to be more than 0.50 (Hair et al., 2009).

The AVE value for each dimension was found to be more than 0.50 suggesting that the measurement scale indicates adequate convergent validity. While deducing the rotated factor pattern, items with factor loading of 0.50 or greater were considered as a part of the proposed dimension.

### **3.7 Variable measurement**

The study measured independent variables as component of Employee Relationship Management which included; communication, conflict management, leadership style, shared goal/value and trust and their effect on dependent variable which is employee's performance. The measurement of the instrument was based on Five Likert scale (5 – 1), which measure variables using five level of agreements; that range from strongly disagree to strongly agree (Strongly Disagree, Disagree, Neutral, Agree, Strongly Agree).

### **3.8 Method of Data Analysis**

For the purpose of this research the Statistical package for Social science (SPSS) version 25 was used to analyze the data that were obtained from primary sources. Specifically, descriptive statistics (mean, standard deviation, percentage and frequency) and inferential statistics (correlation and multiple regression analysis) were employed. On base of the result of data analysis method the researcher tested formulated hypothesis and made decisions. The following section present detail explanation of major data analysis methods used in this particular study.

#### **3.8.1 Descriptive statistics**

Descriptive statistics was used to show a summary about a sample and their response rate for each item. Basic descriptive statistical tools that researcher used includes; frequency, percentage, Mean and standard deviation values. The researcher used descriptive statistics to measure demographic variables such as age, gender, education, marital status, experience and distribution of respondent's level of function. The conclusions made from measuring the mean of descriptive statistics was used to provide useful information for further investigations.

#### **3.8.2 Correlation Analysis**

A correlation is a design in which investigators use the co-relational statistic to describe and measure the degree or association (or relationship) between two or more variables or sets of scores (Creswell, 2012). Correlation coefficient was used to investigate the strength in a

relationship between two or more variables, which was measured by Pearson's correlation coefficient ( $r$ ) and the summary of correlation analysis is presented in data analysis part and it is also attached on appendices (Appendices III, B).

### 3.8.3 Multiple Regression Analysis

Multiple regression analysis is used when the researcher has one dependent variable which is presumed to be a function of two or more independent variables. Since the objective of the study was to investigate the effect of ERM on employee's performance, this method was found to be more suitable. The study tested for classical linear regression model assumptions such as heteroscedasticity, autocorrelations, multicollinearity, normality and linearity assumptions (Appendices III, C) and the model satisfied all the classical linear regression model assumptions, thus multiple linear regression analysis was deployed and the results were interpreted. The result of multiple linear regression analysis of this study is discussed in data analysis part and also attached to appendices (Appendices III, D).

The data were statistically analyzed by using SPSS Software version 25.0. Formulated hypotheses were tested with the obtained data and validated the acceptability of the relationships that were postulated on chapter one and two of this study. Therefore, the researcher used multiple regression analysis for studying the effect of independent variables on dependent variable. The study established multiple linear regression relationship between dependent variable (employee performance) and independent variable employee relationship management components (communication, conflict management, leadership style, shared goal/value and trust). Used multiple linear regression equation is presented here below;

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

Where,

- $Y$  = Dependent Variable (Employee's Performance).
- $X$  = Independent variables (*Components of Employee Relationship Management; where;  $X_1$ ; Communication,  $X_2$ ; Conflict Management,  $X_3$ ; Leadership Style,  $X_4$ ; Shared goal/value,  $X_5$ ; Trust*)
- $\beta_0$  = constant coefficient
- $\beta_1$  = un- standardized regression coefficient of communication

- $\beta_2$ = un- standardized regression coefficient of conflict management
- $\beta_3$ = un- standardized regression coefficient of leadership style
- $\beta_4$ = un- standardized regression coefficient of shared goal/value
- $\beta_5$ = un- standardized regression coefficient of trust
- $\varepsilon$ =error term

### **3.9 Ethical Aspects of Research**

For purpose of ethical consideration, due care were taken to avoid plagiarism, paraphrasing without referencing and quotations were included in the text after due deliberations. Conscious efforts were made to keep the originality of the collected data and avoiding generalizations that could affect the results. According to McNamara (2001), ethical concerns in research deal with voluntary participation, no harm to respondents, anonymity and confidentiality, identifying purpose, sponsor, and analysis and reporting. The information provided by the respondent was confidentially managed and used only for the purpose of the study. Before the distribution of the questionnaires appropriate permission was formally requested and then proper approach of communication and explanation of the study was done to briefly inform the significance and purpose of the study. The result of the study was also analyzed with encoding and entering of the original response from the target respondents and finally the report was done on the analysis of real data gathered from the sample respondents.

### **3.10 Summary of research methodology**

In this chapter the choices of methodology has been presented and justified. The choices of each approach and method were for the purpose of increasing the possibility of attaining the objective of the study, answering the research question and testing formulated hypothesis. The summery of what has been discussed in methodology part is presented in table 3.6 below

**Table 3. 6:**Methodology Summery

<b><i>Research Approach</i></b>	<i>Deductive Quantitative</i>
<b><i>Research Design</i></b>	Cross sectional descriptive research design
<b><i>Data sources and type</i></b>	Primary and secondary
<b><i>Research Strategy</i></b>	Survey
<b><i>Data Collection Method</i></b>	Structured Questionnaire
<b><i>Data Collection Instruments</i></b>	Adapted and modified with Operationalization through proper questionnaire designing method.
<b><i>Sampling</i></b>	Stratified and simple random sampling was used to identify 335 respondent from selected insurance companies in Ethiopian insurance sector
<b><i>Data Analysis Method</i></b>	Quantitative data analysis with Descriptive statistics, Correlation analysis and Regression analysis
<b><i>Quality Criteria</i></b>	Validity, Pilot test, Reliability, Factor Analysis

## CHAPTER FOUR

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### **Data Presentation, Analysis, Interpretation, Finding and Discussion**

#### **4. Introduction**

The aim of this chapter is to analyze and present empirical data which was collected through structured questionnaires. In this research, Statistical Package for social Science (SPSS) version 25.0 was used for data analysis. The method used in the data analysis includes descriptive analysis, co-relational analysis and multiple regression analysis. Descriptive analysis was used to summarize the general profile of the respondents while multiple regression analysis was applied to determine whether the proposed independent variables (communication, conflict management, leadership style, shared goal/value and trust) have effect on the dependent variable (Employee's Performance). Co-relational analysis was performed to judge whether there is low, moderate and strong positive or negative relation between dependent variable and independent variables. Further the chapter presented hypothesis testing, findings and discussions of findings.

#### **4.1 Questionnaire Response Rate**

The study involved 335 employees of five insurance companies in Addis Ababa, 335 questionnaires were distributed to employees working at different functional level of insurance companies. Among distributed questionnaires 310 were correctly filled and returned forming a response rate of 92.5% of the entire question. Mugenda and Mugenda (2008) stated that a response rate of 50% is adequate, 60% and above good, and above 70% is very good. Further, according to Kothari (2004) a response rate of 50% is considered average, 60 -70% is considered adequate while anything above 70% is considered to be excellent. Therefore, a response rate of 92.5% can be considered as excellent. The high response rate was attributed to the techniques applied in administration of the questionnaire which ranged from the use of multiple contact persons, making follow up calls and visits. The summery of response rate and data clearing is presented in table 4.1

**Table 4. 1: Questionnaire Response Rate**

<b>Returned</b>	<b>Not returned</b>	<b>Filtered</b>	<b>Total</b>
310 (92.5%)	12 (3.58%)	13 (3.88%)	100%

Source: (SPSS Output Own Survey Result, 2019)

## **4.2 Descriptive Analysis**

Descriptive statistics was employed to measure the response of the participant with statistical tools; mean, standard deviation, frequency and percentage. Except demographic data all questionnaires were measured by linkert scale which included scale of (1) strongly disagree, (2) Disagree, (3) Neutral, (4) Agree and (5) strongly agree.

### **4.2.1 Demographic Profile of Respondents**

The first part of the questionnaire consists of the demographic characteristics of respondents. Accordingly, the following variables; Gender, Age, Marital Status, Education level, Functional Level, and Experience of respondent were summarized and measured on the following subsequent tables.

**Table 4. 2: frequency table for respondent's gender**

<b>Items</b>		<b>Frequency</b>	<b>Percent</b>
<b>Gender</b>	Male	161	51.9
	Female	149	48.1
	<b>Total</b>	<b>310</b>	<b>100.0</b>

Source: (SPSS Output Own Survey Result, 2019)

Table 4.2 shows how respondents provided answer for items that represent their demographic data and the summery of the above table imply that (161) 51.9% of the respondents were male and (149) 48.1% were female. Information from the gender distribution ascertains that there was gender balance in distributing questionnaires. The result indicated that male respondents were more than female respondents and there was diversity in the respondents and hence the data collected is not expected to be distorted by factors relating to gender distribution.

**Table 4. 3: Frequency table for respondent’s age category**

Items		Frequency	Percent
Age	Less than 25	26	8.4
	25 - 35	168	54.2
	35 - 45	86	27.7
	45 - 55	21	6.8
	Greater than 55	9	2.9
	<b>Total</b>	<b>310</b>	<b>100.0</b>

Source: (SPSS Output Own Survey Result, 2019)

The age distribution of the sample respondent was evenly distributed and participant from all age categories has taken part in the study. 26 (8.4%) of respondent were less than 25 year, 168 (54.2%) of respondent were between 25 – 35 year, respondents who fall within 35 – 45 age range were 86 (27.7%), respondents whose age is between 45 – 55 were 21 (6.8%) of the sample and the remaining 9 (2.9 %) of the respondent were above 55 year. This implies that Employees are mature enough to provide accurate data which improve the quality of the study.

**Table 4. 4: frequency table for respondent’s marital status**

Items		Frequency	Percent
Marital Status	Single	161	51.9
	Married	134	43.2
	Divorced	11	3.5
	Windowed	3	1.0
	Others	1	.3
	<b>Total</b>	<b>310</b>	<b>100.0</b>

Source: (SPSS Output Own Survey Result, 2019)

The marital status of respondent indicates that majority of the participant were single consisting of 161 (51.9%) and the second highest proportion was possessed by married respondent with 134 (43.2%) and 11 (3.5%) of the respondent answered they are divorced and the remaining 3 (1%) and 1 (0.3%) responded they are windowed and belong to other category respectively.

**Table 4. 5: frequency table for respondent’s education level**

Items		Frequency	Percent
Education Level	High School Certificate	12	3.9
	College Diploma	29	9.4
	Bachelor Degree	222	71.6
	Master's Degree	44	14.2
	PhD Degree	3	1.0
	<b>Total</b>	<b>310</b>	<b>100.0</b>

Source: (SPSS Output Own Survey Result, 2019)

Descriptive statistic for education level of respondent indicated that majority of the respondent are holder of Bachelor Degree and they comprise (222) 71.6% of total respondent on the other hand 44 (14.2%) responded they hold Master's Degree, furthermore 29 (9.4%) respondent were with college diploma and the remaining 12 (3.9%) and 3 (1%) reported they own high school certificate and PhD Degree respectively. This has an implication that respondents have the proper basic knowledge and literacy level to understand and provide proper response for the questionnaires they were requested to answer.

**Table 4. 6: frequency table for respondent’s functional level**

<b>Items</b>		<b>Frequency</b>	<b>Percent</b>
<b>Functional Level</b>	Top Management	46	14.8
	Middle Management	115	37.1
	Operational Management	149	48.1
	<b>Total</b>	<b>310</b>	<b>100.0</b>

Source: (SPSS Output Own Survey Result, 2019)

In this study majority of respondent were employees working at operational level in the selected insurance companies and they constituted 149 (48.1%) of total respondent. The other respondent were employees working at middle and top level of insurance companies and they comprise 115 (37.1%) and 46 (14.8%) respectively.

The descriptive analysis for functional level revealed that the research concept was well addressed and attitude of employees about employee relationship management was studied and investigated from all types functional levels that contain both supervisors and subordinates. On other dimension the result can also be interpreted that majority of the employees are in leadership positions and it made them capable of giving information that is useful to this study based on their extensive work experience.

**Table 4. 7: frequency table for respondents work experience**

<i>Items</i>		<i>Frequency</i>	<i>Percent</i>
<i>Experience</i>	Below 3 year	87	28.1
	Between 3 and 5 year	75	24.2
	Above 5 Year	148	47.7
	<b>Total</b>	<b>310</b>	<b>100.0</b>

Source: (SPSS Output Own Survey Result, 2019)

From the above table 4.7 majority 148 (47.7%) answered they have long experience and they have been working for more than 5 year in their organization and there were 87 (28.1%) respondents with less than 3 year experience in their organization, the remaining 75 (24.2%) confirmed they have been working between 3 and 5 year in the their organization. This implies most respondent have extensive experience and they could provide useful information about employee relationship management practice of their respective organizations.

### **4.3 Descriptive Statistics For variables and their measurement**

The following descriptive analysis explains how respondents provided their answer and agreement to each variable of the study and accordingly the researcher summarized the response agreement with their mean value and standard deviations. The value of mean and standard derivation were used to infer certain meaning for responses provided by respondents, in line with descriptive statistical results, certain summery, interpretation, and comparison of the result was done for the purpose of assigning meaning for statistical figures. For the aim of making certain conclusion standardized rule of thumb for mean and standard deviation measurements was adopted and then inference was made about mean and standard deviation values.

On likert scale measurement 3 is taken as the average value of the scale and any mean value above this value is considered as indicator of an agreement with the given statement or variable and the lower the value, it has an implication of respondent's disagreement to that particular statement or variable. For standard deviation measurement the explanation of Wegner (2012) was inferred, Wegner stated that Standard deviations of about one and less than one shows that most of the responses are gathered about the mean value and it also indicate agreement with regards to the given question or variable (Wegner, 2012)

**Table 4. 8: Descriptive Statistics result for communication statements**

<b>Descriptive Statistics</b>			
<b>Communication Statements</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
The manager talks continuously with employees about work problems and obstacles	310	3.16	1.116
The manager use various communication methods to clarify his ideas	310	3.36	1.048
Delivery of information process to employees is considered to be quick and clear	310	3.38	1.116
Information are provided to employees in a way that satisfy and easy manner to understand	310	3.36	1.064
The organization delivers all significant messages to employees about matters relating to work	310	3.35	1.019
The manager conduct regular meetings to discuss the employees achievements	310	3.12	1.093
Valid N (list wise)	310		
<b>Grand Value</b>		<b>3.29</b>	<b>.91</b>

Source: (SPSS Output Own Survey Result, 2019)

The statement; “Delivery of information process to employees is considered to be quick and clear” has resulted the highest mean value (mean=3.38, SD=1.116) among statements of communication and it entail that respondents more agreed for quick delivery of information in the organization and then followed with statement; “The manager use various communication methods to clarify his ideas’ (mean=3.36, SD=1.048) and “Information are provided to employees in a way that satisfy and easy manner to understand” (mean=3.36, SD=1.064) are ranked as the second statement with reference to mean values. Statement; “The organization delivers all significant messages to employees about matters relating to work” has the third mean value from communication statements with (mean= 3.35, SD =1.019). The fourth ranked statement which is; “The manager conduct regular meetings to discuss the employees achievements” has (mean=16, SD=1.116) and then followed by statement, which has least mean value; “manager talk continuously with employees about work problems and obstacle” (mean=3.12, SD=1.093), it imply that respondents of this study presented less agreement with managers effort to continuously discuss work problems and obstacles.

The grand mean (3.29) imply respondents agreed about the communication practice of the organization and the overall response for this statement has standard deviation of 0.917, which indicate the existence of consistency among respondents of the study.

**Table 4. 9: Descriptive Statistics result for conflict management statements**

<b>Descriptive Statistics</b>			
<b>Conflict management</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Employees listen with an open mind to alternative options of solving problems.	310	3.42	1.036
During conflict resolution the organization tries to arrange for a mutually acceptable time and setting.	310	3.21	.975
The organization considers the long lasting relationship and entertains the need of conflicting parties	310	3.16	.960
The organizations strive for a complete and genuine resolution of a conflict rather than settling for a temporary agreement.	310	3.10	.952
Employees have the power to negotiate and bargain during conflict resolution	310	3.14	1.044
Always conflict in the organization resolved on consensus and mutual agreements of parties.	310	3.09	.983
Valid N (list wise)	310		
<b>Grand Value</b>		<b>3.18</b>	<b>.83</b>

Source: (SPSS Output Own Survey Result, 2019)

The statement; “Employees listen with an open mind to alternative options of solving problems” has resulted the highest mean value (mean=3.42, SD=1.036) among statements of conflict management and this imply that respondents more agreed that employees in their organization listen with open mind to solve problems and then followed with statement; “During conflict resolution the organization tries to arrange for a mutually acceptable time and setting” (mean=3.21, SD=0.975) and “The organization considers the long lasting relationship and entertains the need of conflicting parties” (mean=3.16, SD=0.960) has the third highest mean value and it is followed by statement; “Employees have the power to negotiate and bargain during conflict resolution” with fourth mean value (mean=3.14, SD=1.044) and statement; “The organizations strive for a complete and genuine resolution of a conflict rather than settling for a temporary agreement” has (mean=3.10, SD=0.952). The last statement with the least mean value is; “Always conflict in the organization resolved on consensus and mutual agreements of parties”, which indicate respondents less agreed that conflicts resolved on consensus and mutual agreement in organization.

The grand mean value (3.18) revealed most respondents remained agree with statements and the value of standard deviation (0.83) implies participants responses are around mean value which show consistency.

**Table 4. 10: Descriptive Statistics result for leadership style statements**

<b>Descriptive Statistics</b>			
<b>Leadership style</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Manager goes beyond self-interest for the good of the group	310	3.21	1.007
Supervisors make clear what one can expect to receive when performance goals are achieved	310	3.33	.953
Supervisor expresses satisfaction when employees meet expectations	310	3.45	.943
Managers seeks differing perspectives when solving problems	310	3.39	.888
Manager Provides employees with assistance in exchange for their efforts	310	3.44	.946
Supervisor focuses attention on irregularities, mistakes, exceptions, and deviations from standards	310	3.44	.999
Valid N (list wise)	310		
		<b>3.37</b>	<b>.77</b>

Source: (SPSS Output Own Survey Result, 2019)

The statement “Supervisor expresses satisfaction when employees meet expectations” has resulted the highest mean value (mean=3.45, SD=0.943) among statements of leadership style and it revealed that respondents are more agreed that managers express their satisfaction when employees meet expectation and then followed with statement; “Manager Provides employees with assistance in exchange for their efforts” with (mean=3.44, SD=0.946) and “Supervisor focuses attention on irregularities, mistakes, exceptions, and deviations from standards” (mean=3.44, SD=0.999) are both ranked as the second statement with reference to mean value but with different standard deviation values. The third statement with highest mean value is; “Managers seeks differing perspectives when solving problems” (mean=3.39, SD=0.888). Statement; “Supervisors make clear what one can expect to receive when performance goals are achieved” has (mean=3.33, SD=0.953). Statement with least mean is; “Manager goes beyond self-interest for the good of the group” (mean=3.21, SD=1.007), therefore respondents has less agreed with managers interest to goes for good of the group.

The grand mean (3.37) imply respondents showed agree feeling for this variable and the standard deviation revealed value of 0.77 that ascertain consistency of response by participants.

**Table 4. 11: Descriptive Statistics result for shared goal/value statements**

<b>Descriptive Statistics</b>			
<b>Shared goal/value</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
People from different parts of the organizational share a common perspective.	310	3.38	.997
The approach of doing business is very consistent and predictable.	310	3.49	.951
It is easy to reach on consensus, even on difficult issues.	310	3.27	.960
There is a clear agreement about the right way and the wrong way to do things	310	3.42	.934
There is a clear and consistent set of values that governs the way we do business.	310	3.51	.951
There is an ethical code that guides our behavior and tells us right from wrong.	310	3.61	.998
Valid N (listwise)	310		
<b>Grand value</b>		<b>3.4462</b>	<b>.79901</b>

Source: (SPSS Output Own Survey Result, 2019)

The statement “There is an ethical code that guides our behavior and tells us right from wrong” has resulted the highest mean value (mean=3.61, SD=0.998) among statements of shared goal/value and it imply that respondents strongly agree that the existence of ethical code that guide their behavior and then followed with statement; “There is a clear and consistent set of values that governs the way we do business.’ (Mean=3.51, SD=0.951) and “The approach of doing business is very consistent and predictable” (Mean=3.49, SD=0.951) having the third rank in terms of mean. The statement that express; “There is a clear agreement about the right way and the wrong way to do things” has value (mean=3.42, SD=0.934) and followed by statement “People from different parts of the organizational share a common perspective” with (mean=3.38, SD=997). The last statement with least mean is; “It is easy to reach on consensus, even on difficult issues” (mean=3.27, 0.960), which indicate respondents less agreed that it is easy to reach on consensus during difficult situations.

The grand mean (3.44) for shared value statements indicate participants confirm agreement with this issues and further the grand standard deviation (0.79) result presented, respondents replied consistent answer that approach mean.

**Table 4. 12: Descriptive Statistics result for Trust statements**

<b>Descriptive Statistics</b>			
<b>Trust</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Employees feel very confident about this organization's skills.	310	3.42	1.017
This organization has the ability to accomplish what it says it will do.	310	3.41	.993
Employees believe that this organization takes the opinions of people into account when it makes decisions.	310	3.37	1.043
This organization can be relied on to keep its promises	310	3.34	1.045
This organization treats its employees fairly and justly.	310	3.24	1.063
Whenever this organization makes an important decision, employees know, it will be concerned about staffs.	310	3.27	1.038
Valid N (listwise)	310		
<b>Grand Value</b>		<b>3.34</b>	<b>.89</b>

Source: (SPSS Output Own Survey Result, 2019)

The statement; “Employees feel very confident about this organization’s skills” has resulted the highest mean value (mean=3.42, SD=1.071) among statements of trust and it imply respondents more agreed that employees feel confident about organization skill and then followed with statement; “This organization has the ability to accomplish what it says it will do” (Mean=3.41, SD=0.993) and “Employees believe that this organization takes the opinions of people into account when it makes decisions” (Mean=3.37, SD=1.043),both statement having the third rank in terms of mean. The statement that express “This organization can be relied on to keep its promises” has (mean=3.34, SD=1.045) and followed by statement; “Whenever this organization makes an important decision, employees know, it will be concerned about staffs” with (mean=3.27, SD=1.038). The last statement with least mean is; “This organization treats its employees fairly and justly” (mean=3.24, SD=1.063), which indicate respondents less agreed that their organization fairly and justly threat its employees.

The overall mean value (3.34) for trust variable infers percipients agreement for this issue and the standard deviation (0.89) show that the consistency and distribution of responses around mean value.

**Table 4. 13: Descriptive Statistics result for Employee’s performance statements**

<b>Descriptive Statistics</b>			
<b>Performance management</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Employees use to maintain high standard of work.	310	3.58	1.001
Employee of the organization use to complete their assignments on time	310	3.64	.968
Employees have well known and understand the nature of the assigned tasks	310	3.63	1.021
Employees have the ability to creativity, innovation and job development	310	3.49	1.045
Employees can manage change in their job very well whenever the situation demands.	310	3.47	.964
Employees are very comfortable with job flexibility.	310	3.45	.960
Staffs always believe that mutual understanding can lead to a viable solution in organization.	310	3.57	.995
Employees used to extend help to their co-workers when asked or needed	310	3.62	1.025
Employees in organization actively participate in group discussions and work meetings.	310	3.55	1.022
Employees extend their sympathy and empathy to co-workers when they are in trouble.	310	3.58	1.057
Good Employee Relationship Management affect employee’s performance	310	3.67	1.028
Supervision and follow-up of the managers leads to improve the employee’s performance	310	3.90	.939
Employees are keen to achieve the organization goals	310	3.86	.986
Valid N (list wise)	310		
<b>Grand Value</b>		<b>3.61</b>	<b>.74</b>

Source: (SPSS Output Own Survey Result, 2019)

The mean value for statement; “Supervision and follow-up of the managers leads to improve the employee’s performance” and statement “Employees are keen to achieve the organization goals” have the highest mean value among employee’s performance statement with (mean=3.90, SD=0.939) and (mean=3.86, SD=0.986) respectively and it can be inferred participants have strongly agreed that supervision and follow up lead to improved performance and employees are keen to achieve goals. On the other hand respondents relatively showed less agreement for statements; “Employees can manage change in their job very well whenever the situation demands.” (mean=3.47, SD=0.964) and for statement;” Employees are very comfortable with job

flexibility” (mean=3.45, SD=0.960) implying that respondent don’t strongly agreed with ability of employees to change their job whenever demanded and convenience of job flexibility.

The grand mean value for employee’s performance is (3.61) which refer to participants strong agreement with performance statements and the grand standard deviation for this variable is (0.74), which also ascertain the concentration of responses about the mean value and it further ensure the consistency of responses.

#### 4.4 Comparative Descriptive analysis of Employee Relation Management Components

For the purpose of understanding the participant response to each employee relationship management components, the researcher compared the descriptive analysis result of each independent variable by referring to their grand mean and standard deviations. The mean indicates to what extent the sample group averagely agrees or disagrees with the different statements of employee relationship management and employees performance, where as the standard deviation describes how the respondents deviate/differ from the mean value, accordingly higher standard deviation show inconsistency of responses on the contrary the lowest value imply there exist high level of consistency among respondents.

**Table 4. 14: Summary of grand Mean and standard deviation sore for ERM Components and Employee’s Performance**

Descriptive Statistics				
Components of ERM	Mean	Std. Deviation	N	Mean Order
Employees Performance	3.6161	.74391	310	
communication	3.2903	.91746	310	4 <sup>th</sup>
Conflict Management	3.1882	.83731	310	5 <sup>th</sup>
Leadership Style	3.3769	.77514	310	2 <sup>nd</sup>
Shared Goal/Value	3.4462	.79901	310	1 <sup>st</sup>
Trust	3.3409	.89071	310	3 <sup>rd</sup>

Source: (SPSS Output Own Survey Result, 2019)

The summery of descriptive statistical result show that the dependent variable (Employees Performance) has a mean value of 3.61 and this illustrate participants strongly agreed with the

statement of employee's performance. Among independent variables shared goal/value has the highest mean value (3.44) implying that majority of respondents agreed to the issues raised in relation to shared goal/value and its effect on employees performance and the second largest mean value (3.37) was computed for leadership style indicating that employees of insurance sector beliefs leadership style as the factor that influence their performance and on the other hand mean (3.34) of trust was rated on the third rank with the assumption that respondents has agreed to the statements of trust than that of conflict management and communication variable.

The grand mean value for communication is about (3.2) and it is ranked as fourth and it indicate participants of the study agreed to the statements of this variable than that of conflict management which has the lowest mean value of (3.188) and it show that participants less agreed to the statements of this variable than other components of ERM. Since the mean value of all construct is greater than the average likert scale measurement, it can be inferred respondents has shown their agreement to the statements of variables.

The standard deviation for dependent variable (employee performance) is computed to be (0.74). The standard deviation for each independent variable is ranked from highest to lowest as follow; leadership style (0.77), shared goal/value (0.79), conflict management (0.83), trust (0.89) and communication (0.91), for all variables statement respondents replied consistent response and the value of standard deviation for all variable is less than one, which can be concluded there is high level of consistency and response of participants doesn't deviate from the mean value. The indication of these values is that most respondents gathered to agree options and the deviation from this choice are found to be less.

#### **4.5 Inferential statistics**

This part discussed the results of inferential statistics and the section presented classical linear regression assumptions tests, Pearson's product moment correlation coefficient and regression analysis that were performed for the purpose of examining the objectives of the study. With the support of these statistical techniques, conclusions were drawn with regard to the sample and further decisions were made with respect to the research hypothesis.

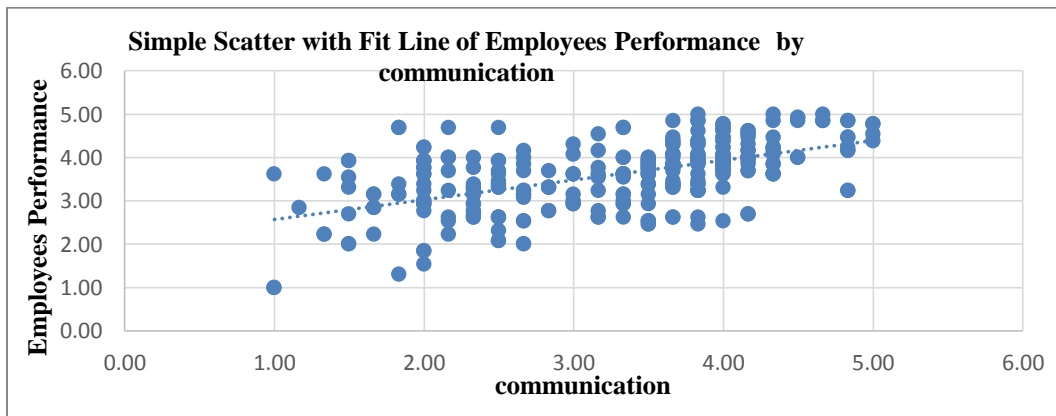
## 4.5.1 Classical Linear Regression Assumptions Tests

### 4.5.1.1 Test for linearity assumption

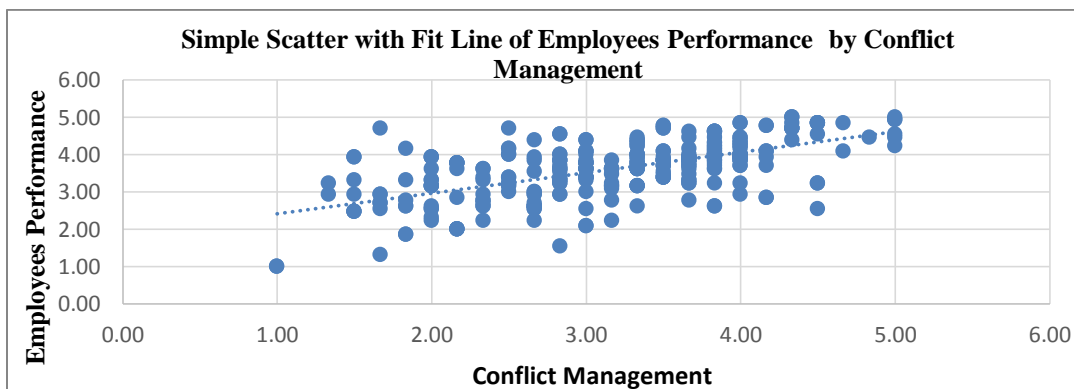
The first assumption of Multiple Regression is that the relationship between the independent variables and dependent variables must indicate linear relationship which is expressed and characterized by a straight line. A simple way to check this is by producing scatter plots of the relationship between each of study independent variables and dependent variable.

As it is shown in the following sub sequent figures for linearity test, the scatter plot produced by SPSS version 25 shows relationship between the independent and dependent variables could be modeled by a straight line, suggesting that the relationship between these variables is linear. Therefore it was found that the independent variables; communication, conflict management, leadership style, shared goal/value and trust to have linear relation with outcome variable (employee performance) implying that the linearity assumption is satisfied.

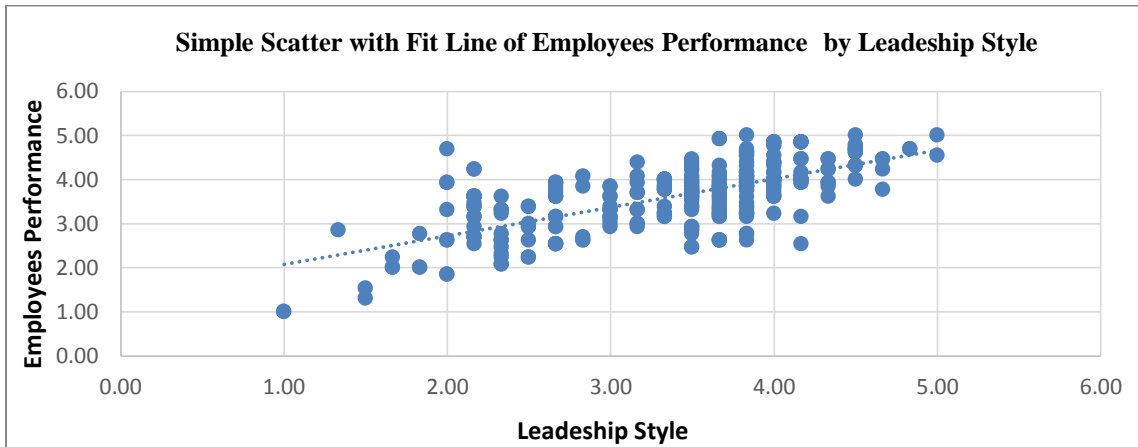
**Figure 4. 1: Linearity test for communication and employee’s performance**



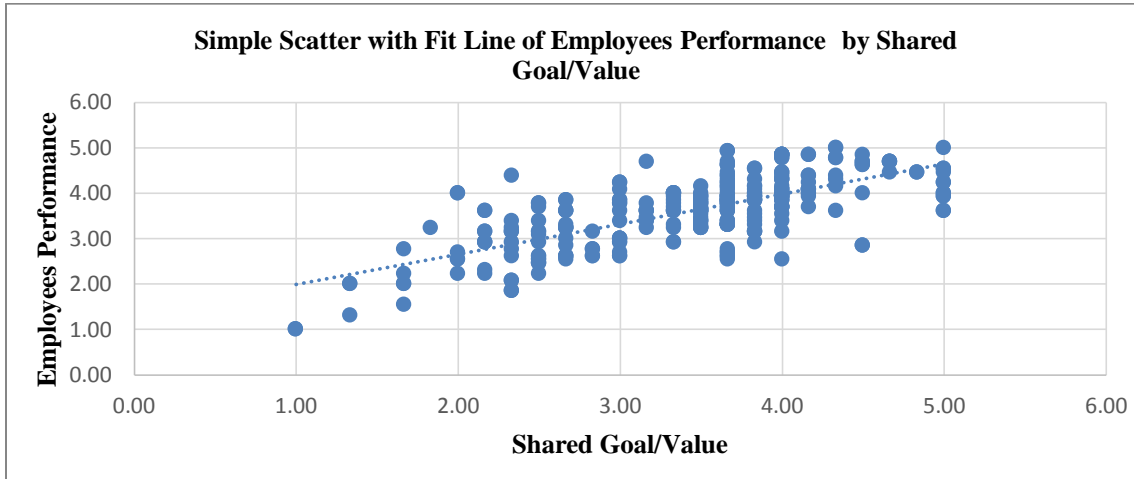
**Figure 4. 2: Linearity test for conflict management and employee’s performance**



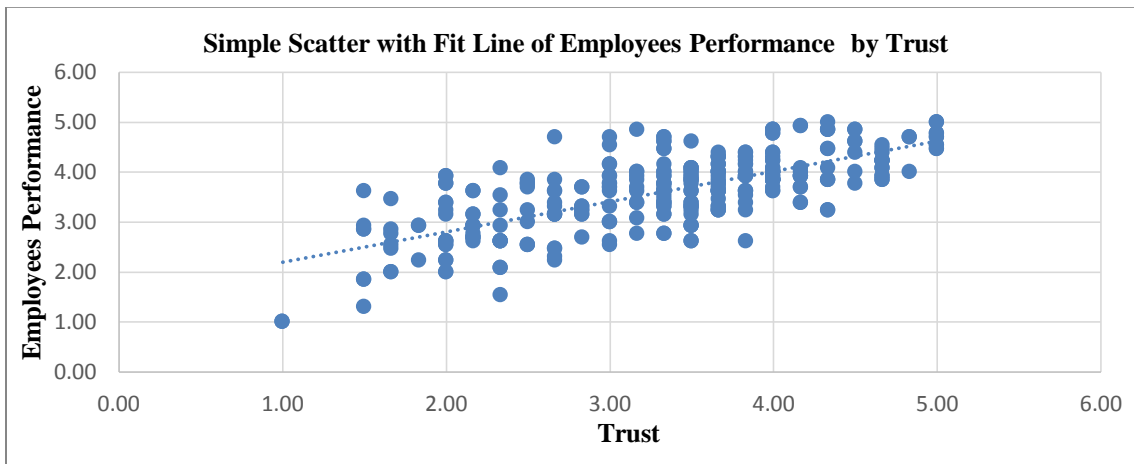
**Figure 4. 3: Linearity test for leadership style and employee’s performance**



**Figure 4. 4: Linearity test for shared goal/value and employee’s performance**



**Figure 4. 5: Linearity test for trust and employee’s performance**



#### 4.5.1.2 Multi-Collnearity Test Assumption

The concept of multi-collnearity occurs when two or more independent variables are highly correlated with each other or in other word, when there is high inter correlation among independent variables DeFusco (2007). Multicollnearity test was done so as to establish if the independent variables (Communication, Conflict Management, Leadership Style, Shared Goa/Value and Trust)are inter-related with one another. For this study, the Multi-collnearity tests were conducted using correlation analysis, tolerance and variance inflation factor (VIF) analysis.

Table 4.15 below shows the correlation matrix for the five independent variables. According to Cooper and Schindler (2008) recommendation a correlation value of 0.8 or greater denotes multicollnearity between two independent variables. On the other hand as per the discussion of Field (2005) inter correlation of independent variable with tolerance values of greater than 0.1 and VIF values of less than 10, is considered as free from multicollnearity constraint. As it is revealed on the following table 4.15 the tolerance value of all independent variables are above 0.1 and also there VIF values are below 10 which indicate absence of muticollnearity, consequently, the variables were retained in current research model and used for further analysis.

**Table 4. 15: Test of Multi-Collnearity Statistics**

Model		Collnearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Communication	.585	1.709
	Conflict Management	.465	2.149
	Leadership Style	.440	2.273
	Shared Goal/Value	.551	1.816
	Trust	.487	2.052
Dependent Variable: Employees Performance.			

Source: (SPSS Output Own Survey Result, 2019)

#### 4.5.1.3 Test for autocorrelation assumption

Autocorrelation assumption tests whether or not the values of the residuals are independent and require observations or individual data points to be independent from one another (or uncorrelated). The assumption is tested using Durbin-Watson statistic that appears in model summery table, this statistic can vary from 0 to 4 and for assumption to be met; the Durbin-Watson statistic value must be close to 2. Durbin-Watson statistic value for this study is

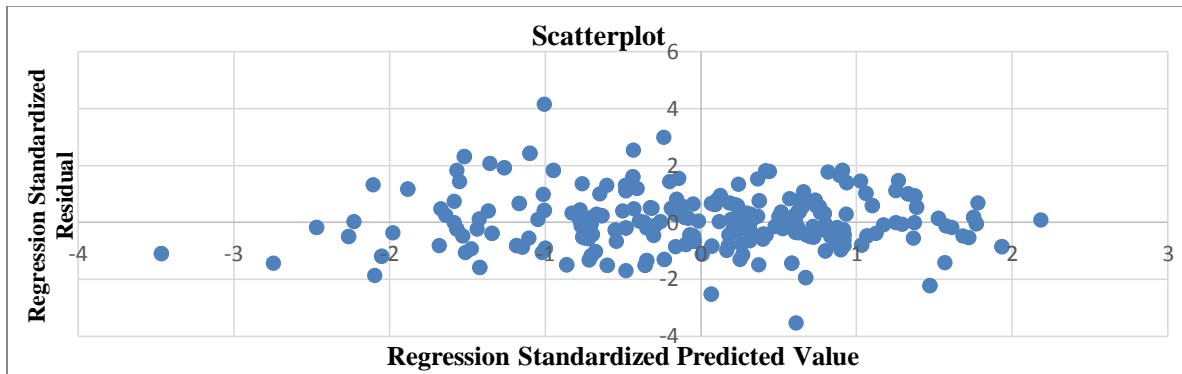
indicated in table 4.16, which is 2.050 and it is close to 2, indicating that the assumption is satisfied.

**Table 4. 16: Test of autocorrelation**

Model Summary	
Model	Durbin-Watson
1	<b>2.050</b>

‘ Source: (SPSS Output Own Survey Result.  
 The assumption of homoscedasticity states that the variation in the residuals (or amount of error in the model) is similar at each point of the model. It is realized by considering the standardized value the model predict, against the standardized residual obtained and accordingly as the predicted values increase (along the X-axis), the variation in the residuals should be roughly similar. If everything is ok, this should look like a random array of dots. The figure 4.7 below shows that the variation in the residual is roughly similar and it looks like a random array of dots and this assumption is satisfied.

**Figure 4. 6: Test for homoscedasticity assumption**



**4.5.1.5 Normality test**

In order to check the normality of the data collected, descriptive statistics were produced and the data Skewness and Kurtosis were used to judge the normality of data. Though, a normal distribution has both skewness and kurtosis values equal to zero (Field, 2009; Malhotra, 2008), for psychometric purposes, skewness and kurtosis values between -2 to +2 is acceptable (George & Mallery, 2010; Khan, 2015). It can be noted from table 4.17 that the values of skewness and kurtosis fall within the acceptable range of -2 to +2, indicating that the data is fairly normal and the basic assumption of parametric testing is fulfilled.

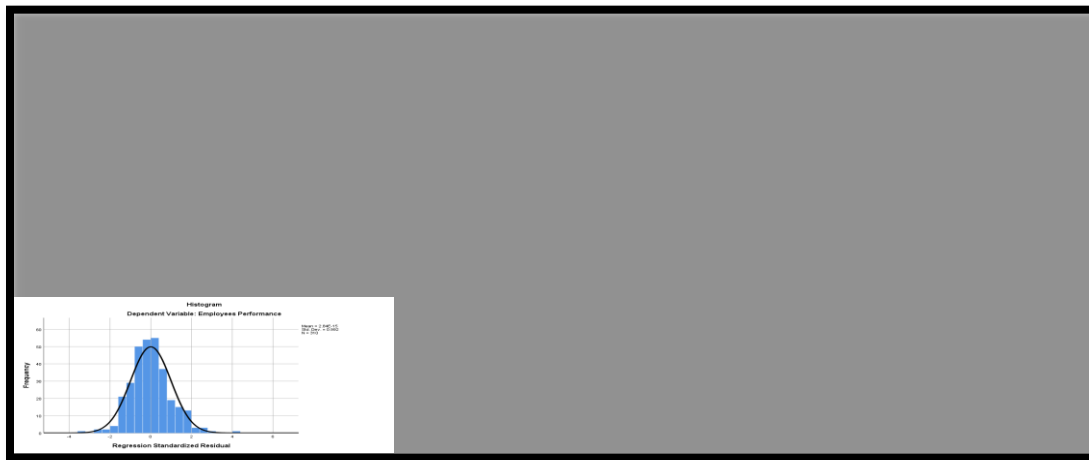
**Table 4.17: Normality Testing with Skewness and Kurtosis**

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Communication	-.465	.138	-.634	.276
Conflict Management	-.265	.138	-.441	.276
Leadership Style	-.623	.138	-.150	.276
Shared Goal/Value	-.507	.138	.116	.276
Trust	-.313	.138	-.532	.276
Employee's Performance	-.604	.138	.494	.276

Source: (SPSS Output Own Survey Result, 2019)

According to Krithikadatta (2014), a normal distribution has a symmetric bell-shaped curve, and the mean, median, and modes are equal or close to each other. Therefore figure 4.8 below shows the underlying frequency distribution, which has bell-shaped curve indicating that the data are normally distributed and the inferences made about the population parameters from the sample statistics tend to be valid.

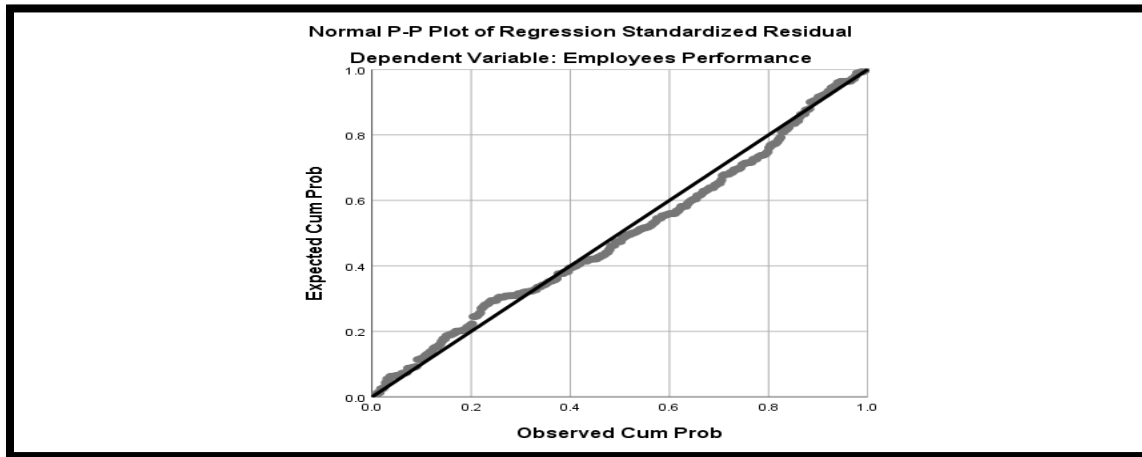
**Figure 4. 7: Residual Distribution Histogram**



#### 4.5.1.5.1 Normal P-P plot of regression

Further more normal probability plot (NPP) was also used to test the normality of the data and NPP showed approximately a straight line which can be said that variables of interest is normally distributed. Figure 4.9 shows p-p plot line is almost straight.

**Figure 4. 8: Normal P-P plot of regression**



## 4.5.2 Correlation Analysis

### 4.5.2.1 Pearson correlation coefficient

Pearson correlation coefficient( $r$ ) is used to test if a linear relationship exists between two variables. The correlation coefficient is a statistical measure of association between two numerical variables (Zikmund, 2010). According to Pallant (2010) correlation analysis is used to describe the strength and direction of the linear relationship between two variables. In this analysis, Bivariate Pearson Product- Moment Coefficient ( $r$ ) has been used to see the relationship between the dependent and independent variables. Correlation analysis, in this study determines the strengths of relationship between independent variable (Employee Relationship Management) and dependent variable (Employee Performance).

In the analysis, the item that should be noticed is the probability ( $p$ ) value. If  $p > 0.05$ , it means that independent variable does not influence the dependent variable. If  $p < 0.05$  it means that independent variable influences the dependent variable (Pallant, 2010). The test also indicates the strength of a relationship between variables by a value that can range from -1.00 to 1.00; when there is 0 it indicates no relationship, -1.00 indicates a negative correlation, and +1.00 indicates a perfect positive correlation (Pallant, 2010). For the rest of the study the following guideline is used: low correlation range from 0.1 to 0.29; moderate correlation range from 0.3 to 0.49; and strong correlation range from 0.50 to 1.0 (Pallant, 2010). Table 4.18 established correlation analysis of study variables.

**Table 4.18: Pearson Correlation Matrix for Employee Relationships Management components and Employee’s performance**

Variables	Communication	Conflict Management	Leadership Style	Shared Goal/Value	Trust	Employees Performance
communication	1					
Conflict Management	.569**	1				
Leadership Style	.560**	.661**	1			
Shared Goal/Value	.387**	.549**	.567**	1		
Trust	.528**	.564**	.612**	.600**	1	
Employees Performance	<b>.561**</b>	<b>.620**</b>	<b>.677**</b>	<b>.714**</b>	<b>.724**</b>	1

\*\*Correlation is significant at the 0.01 level (2-tailed). Sample size =310

Employee Relationship Management (ERM)Components		Employee’s Performance
Communication	Pearson Correlation	<b>.561**</b>
	Sig. (2-tailed)	.000
	N	310
Conflict Management	Pearson Correlation	<b>.620**</b>
	Sig. (2-tailed)	.000
	N	310
Leadership Style	Pearson Correlation	<b>.677**</b>
	Sig. (2-tailed)	.000
	N	310
Shared Goal/Value	Pearson Correlation	<b>.714**</b>
	Sig. (2-tailed)	.000
	N	310
Trust	Pearson Correlation	<b>.724**</b>
	Sig. (2-tailed)	.000
	N	310

\*\*Correlation is significant at the 0.01 level (2-tailed).Sample size =310

Source: (SPSS Output Own Survey Result, 2019)

As it can be observed from the table 4.18 each independent variables have relation with other independent variable. According to Bryman & Bell (2011) the correlation coefficient among independent variable should be less than 0.9 this is because of the reason that if two independent variable is highly correlated with correlation coefficient of greater than 0.9 those variables assumed to measure almost the same variable and therefore must be merged in to one and become single variable.

According to the result of this study all correlation coefficient for inter-independent variables is less than 0.9 indicating that all the stated independent variables can potentially measure/affect the dependent variable separately.

From the analysis it is revealed that employee's performance is positively correlated to the predictor variable of communication with a correlation coefficient of  $r = 0.561$  and Sig. (2-tailed) is 0.000 which is  $<0.05$  so that, there is strong positive relationship between employee's performance and communication. On the same way employee's performance is positively correlated to the independent variable of conflict management with correlation coefficient of  $r = 0.620$  and Sig. (2-tailed) is 0.000 which, is  $<0.05$  therefore there is strong positive relationship between employee's performance and conflict management.

Employee's performance is positively correlated to the predictor variable of leadership style with correlation coefficient of  $r = 0.677$  and Sig. (2-tailed) is 0.000 which is  $<0.05$  so that, it indicate the existence of strong positive relationship between employee's performance and leadership style.

Employee's performance is positively correlated to the predictor variable of shared goal/value with correlation coefficient of  $r = 0.714$  and Sig. (2-tailed) is 0.000 which is  $<0.05$  therefore it is possible to reveal that employee's performance has strong positive relation with shared goal/value variable.

The table 4.18 result of the correlation between trust and employee's performance indicates positive relation and employee's performance is positively correlated to trust with correlation coefficient of  $r = 0.724$  and Sig. (2-tailed) is 0.000 which is  $<0.05$  and it imply that the dependent variable (employee performance) has strong positive relationship with independent variable (trust).

The table summarize that the dependent variable has strong positive correlation with other independent variables with correlation coefficient of  $r > 0.5$  and Sig. (2-tailed) of 0.000, which is  $<0.05$ . The comparison of overall correlation analysis result revealed that trust is the most strongly positively correlated variable with employee's performance with correlation coefficient of  $r=0.724$  and shared goal/value is the second most positively correlated variable with employee's performance with correlation coefficient of  $r=0.714$  and then followed by leadership style with correlation coefficient of  $r=0.677$  that imply strong positive correlation with employee's performance. Conflict management was the fourth rated variable with correlation

coefficient of  $r=0.620$  and having positive strong relation with employee's performance. Communication having the least correlation coefficient of  $r=0.561$  has revealed strong positive correlation with employee's performance.

**Table 4.19: Pearson Correlation between Employee Relationship Management and Employee performance**

		Employees Performance
Average Employee Relationship Management Components	Pearson Correlation	.818 <sup>**</sup>
	Sig. (2-tailed)	.000
	N	310
**. Correlation is significant at the 0.01 level (2-tailed).		

Source: (SPSS Output Own Survey Result, 2019)

Table 4.19 illustrates that the Pearson correlation between 30 statements of employee relationship management and 13 statements of employee performance and it indicate co-correlations between employee performance and the total five indicators of employee relationship management components. The result implies that employee relationship management has strong positive correlation with employee's performance at correlation coefficient of  $r = 0.818$  and sig. (2-tailed) = 0.000. According to Coetzee, (2009) when taking into account the correlation between the independent variable (Employee relationship management) and the dependent variable (employee performance), the more the degree of the correlation, the stronger linear relationship between them would be.

### 4.5.3 Regression Analysis

This section reports the results of multiple regressions conducted, according to Hair et al. (2007) Multiple Regression Analysis is a form of general linear modeling, and it is an appropriate statistical technique when examining the relationship between a single dependent (criterion) variable and several independent (predictor) variables. In this study enter multiple regressions was conducted in order to examine the relationship between communication, conflict management, leadership style, shared goal/value and trust with other variable of the study which is employee's performance.

#### 4.5.3.1 Multiple regression Model summary analysis

**Table 4.20: Results of multiple regressions Analysis between Employees' Performance and combined effect of Employee Relationship Management components**

Model Summary b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.837a	.700	.695	.41082	.700	141.838	5	304	.000
a. Predictors: (Constant), Trust , communication, Shared Goal/Value , Conflict Management , Leadership Style									
b. Dependent Variable: Employees Performance									

Source: (SPSS Output Own Survey Result, 2019)

According to Table 4.20 R-Square (coefficient of determination) is a commonly used statistic to evaluate model fit. The adjusted  $R^2$ , also called the coefficient of multiple determinations, is the percent of the variance in the dependent variable explained uniquely or jointly by the independent variables. Coefficient of determination measures how well the regression model explains about the variation of dependent variable (Ghozali,2013). The closer  $R^2$  value to 1, the better the independent variables can predict the dependent variables. From the analysis, it is noted that 70% of the changes in the employee performance variables could be attributed to the combined effect of the predictor variables or there is 70% of variation in employee performance due to employee relationship management components and it is assumed the remaining 30% variation is explained by other external factors or variables known as exogenous variables that are not part of this study.

From the model summary in table 4.20, the value ( $R=.837^a$ ) is the multiple correlation coefficients between independent variables: Employee Relationship Management components (communication, conflict management, leadership style, shared goal/value and trust) and dependent variable (Employee's Performance).

Positive and significance value of the model indicate that, given the logical and theoretical justification the model is significant. In this study, the difference between the value of R square

and adjusted R square (.700-.695=.005) is about 5 percent, implying that the model derived from the sample would explain 69.5% variation if it is applied to the population and the variance is only 5%.

Standard error estimates of this model summary is 0.41082 and it show that the variability of the multiple correlation of the model. In nutshell the model is statistically significant or the p-value for the model is less than (0.05) which means the fitness of the model in explaining employee’s performance is affected by employee relationship management components. The Durbin Watson statistic is a number that tests for autocorrelation in the residuals from a statistical regression analysis.

#### 4.5.3.2 Analysis of Variance (ANOVA)

**Table 4.21: Analysis of variance results of the regression analysis between employee performance and ERM components**

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	119.693	5	23.939	141.838	.000b
	Residual	51.307	304	.169		
	Total	171.000	309			
a. Dependent Variable: Employees Performance						
b. Predictors: (Constant), Trust, communication, Shared Goal/Value, Conflict Management, Leadership Style.						

Source: (SPSS Output Own Survey Result, 2019)

The analysis of variance tells us whether or not the overall model results is statistically significant in predicting the outcome variable. Analysis of variance (ANOVA) of regression analysis result is described considering the relationship between the dependent and independent variables of the study. The regression Sum of squares is the difference between total sum of squares and residual sum squares ( $TSS-RSS=171.000 - 51.30721=119.6937$ ). Each item on the first column (Regression, residual and total) has degree of freedom value. Total degree of freedom is computed by deducting 1 from the total size of the sample ( $df = 310 - 1= 309$ ), the

regression degree of freedom for the above table is five (5), which also refer to the total number of the independent variable. The residual sum of squares, which also known as error of sum square has 304 degrees of freedom (=309-5). The regression model has a mean square of 23.93 (119.693/5) and the residuals mean square of .169 (=51.307/304). F-ratio measures how the model has improved the prediction of the dependent variable, which is computed by dividing mean square regression for mean square residual that resulted 141.838 (23.939/.169).

The overall result of Analysis of Variance (ANOVA) for regression coefficient revealed (F=141.838, p value = 0.000a). The results indicate that the significance of the P value of 0.00 which is less than 0.05, this, therefore, implies that the regression model statistically and significantly predicts the outcome variable and is, therefore, a good fit model for the data analysis. This is an indication that there exists a significant positive relationship between employee relationship management (communication, conflict management, leadership style, shred goal/value and trust) and employee's performance in Ethiopian insurance sector.

#### **4.5.3.3 Test of Significance**

Table 4.22 for summarized regression analysis coefficients shows, which variable is individually significant predictors of the dependent variable and it is measured considering sig. value,  $\beta$  – value and t-statistics. Therefore if the *t*- test associated with a  $\beta$  –value is significant (if the value in the column labeled sig. is less than 0.05) then the predictor is making a significant contribution to the model.

The regression coefficient  $\beta$  represents the change in the outcome of dependent variable due to a unit change in the predictor (independent) variable when all other variables remain constant and accordingly if a predictor is having a significant effect to predict the outcome then its  $\beta$ - value is always greater than zero. The beta ( $\beta$ ) value, t-test (t) and significant (sig.) value of the study is depicted in the following table 4.22.

**Table 4.22: Regression Analysis of Coefficient**

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig
	B	Std. Error	Beta		
(Constant)	.552	.120		4.590	.000
communication	.105	.033	.129	3.151	.002
Conflict Management	.063	.041	.071	1.532	.127
Leadership Style	.172	.045	.179	3.778	.000
Shared Goal/Value	.319	.039	.343	8.104	.000
Trust	.251	.038	.301	6.678	.000

Source: (SPSS Output Own Survey Result, 2019)

As it can be seen from the table each of the beta values has an associated standard error indicating to what extent these values would vary across different samples, and these standard errors are used to determine whether or not beta value differ significantly from zero. The t-test associated with beta-value is significant value (p or sig. value, which is less than 0.05 for all independent variables except for conflict management) and it implies that the predictor is making significant contribution to the model.

The general assumption and relationship of coefficient reveal that, when the smaller the value of the sig., the larger will be the value of t implying that the greater will be the contribution of that predictor and vice versa. The t-test and sig. value of this study is summarized as follow; communication (t= 3.151, p=.002), conflict management (t=1.532, p=.127), leadership style (t=3.778, p=.000), shared goal/value (t=8.104, p=.000) and trust (t=6.678, p=.000). Therefore looking in to the result of sig. value for independent variables the researcher inferred that all predictor variables have statistically significant effect on the outcome variable (employee's performance), except for conflict management variable, which resulted sig. value greater than .05 (p=.127>.05)

#### **4.5.3.3.1 Un-Standardized and Standardized Beta coefficient**

The beta value of regression indicate the contribution of single independent variable when other variables remain constant, this beta value can be either standardized or un-standardized. Standardized beta value is used when there is a need for comparison of contribution of each

independent variable with other and the un-standardized beta value is used to specify contribution of each independent variable for the dependent variable.

The analysis of regression coefficient revealed  $\beta$  value which is different from zero and the researcher found that the predictor variables make a significant contribution in predicting employee's performance and the contribution of all independent variable is analyzed as follow; communication ( $\beta_1$ ) =.105, conflict management ( $\beta_2$ ) =.063, leadership style ( $\beta_3$ ) =.172, shared goal/value ( $\beta_4$ )=.319 and Trust ( $\beta_5$ )=.251. As shows in table 4.22, each of these beta values has an associated standard error indicating to what extent these values would vary across different samples, and these standard errors are used to determine whether or not the  $\beta$  – value differs significantly from zero.

#### **4.5.3.3.2 Optimal Regression Coefficients**

From the above table 4.22 it was observed that there exists a positive coefficient, which means that the predicted value of the dependent variable increases when the value of the independent variables increases. Since the partial regression coefficients for all the five predictors in the model are positive, this indicated that employee relationship management had a positive effect on employee's performance whenever there is an increase in any independent variable.

It was indicated that every time communication is increased by one unit, employee's Performance is increased by 0.105 when all other variables are held constant. When conflict management is increased by one unit, employee's Performance is increased by 0.063 when all other variables are held constant and when leadership style is increased by one unit employee's Performance is increased by 0.172 when all other variables are held constant. When shared goal/value is increased by one unit, employee's Performance is increased by 0.319 when all other variables are held constant and when trust is increased by one unit employee's Performance is increased by 0.251 when all other variables are held constant.

Thus the optimal regression equation is formulated as follow:

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

Where,

- $Y$  = Dependent Variable (Employee's Performance).

- X=Independent variables(*Components of Employee Relationship Management; where; X1; Communication, X2;Conflict Management, X3;Leadership Style, X4; Shared goal/value, X5;Trust*)
- $\beta_0$ = constant coefficient
- $\beta_1$ = un- standardized regression coefficient of communication
- $\beta_2$ = un- standardized regression coefficient of conflict management
- $\beta_3$ = un- standardized regression coefficient of leadership style
- $\beta_4$ = un- standardized regression coefficient of shared goal/value
- $\beta_5$ = un- standardized regression coefficient of trust
- $\epsilon$ =error term

Taking in to account the result of regression coefficient, the linear equation is formulated as follow;

$$Y = .552 + .105X_1 + .063 X_2 + .172 X_3 + .319X_4 + .251X_5 + \epsilon$$

Comparing the standardized beta coefficient of each independent variables shared goal/value has the highest effect on employees performance with standardized beta value ( $\beta$ )= 0.343, trust is the second variable with high level of effect on employee's performance with standardized beta value ( $\beta$ )=0.301, followed by leadership style with standardized beta value ( $\beta$ )=0.179, communication with standardizes beta value ( $\beta$ )=0.129 and conflict management with standardized beta value ( $\beta$ )=.071 holding third, fourth and fifth rank respectively.

### **Interpretation**

- A one standard deviation increase in standardized employee relationship management effect, shared goal/value is predicted to result in 0.343 standard deviation increase in standardized employee's performance holding other variables constant.
- A one standard deviation increase in standardized employee relationship management effect, trust is predicted to result in 0.301 standard deviation increase in standardized employee's performance holding other variables constant.
- A one standard deviation increase in standardized employee relationship management effect, leadership style is predicted to result in 0.179 standard deviation increase in standardized employee's performance holding other variables constant.

- A one standard deviation increase in standardized employee relationship management effect, communication is predicted to result in 0.129 standard deviation increase in standardized employee's performance holding other variables constant.
- A one standard deviation increase in standardized employee relationship management effect, conflict management is predicted to result in 0.071 standard deviation increase in standardized employee's performance holding other variables constant.

#### 4.5.3.4 Tests for Multi-collinearity

The study also applied tolerance test; tolerance is the proportion of variability of that variable that is not explained by its linear relationships with the other independent variables in the model. Tolerance ranges from 0 to 1. When tolerance is 0 there is high multi-collinearity of that variable with other independents variable and the beta coefficients become unstable. Multi-collinearity is an indication for a linear relationship between the independent variables (Gujarati, 2004). According to Ringle et al. (2015) tolerance values greater than 0.2 and VIF values less 5 are acceptable and it shows that there is no multi collinearity among independent variables.

As it is shown in table 4.23 below the value of tolerance of each independent variable ranges from 0.440 to 0.585 and the value of variance inflation factor ranges from 1.709 to 2.273, hence, the value of tolerance is less than 1 and the value of VIF is less than 5, it imply that this model has no any multi-collinearity problem among the variables on the study.

**Table 4.23: Test of tolerance**

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Communication	.585	1.709
	Conflict Management	.465	2.149
	Leadership Style	.440	2.273
	Shared Goal/Value	.551	1.816
	Trust	.487	2.052
a. Dependent Variable: Employees Performance			

Source: (SPSS Output Own Survey Result, 2019)

## **4.6 Hypotheses Testing Result**

The goal of hypothesis testing is to determine the likelihood of a population parameter, such as the mean, is to be true. There are two hypotheses: null ( $H_0$ ) and alternative ( $H_a$ ). The researcher tests whether the value stated in the null hypothesis is likely to be true since it is assumed to be wrong. An alternative hypothesis ( $H_a$ ) is a statement that contains idea which directly contradicts a null hypothesis.

The significance (sig.) which, also known as p-value is used to make judgment on rejecting or falling to reject the (null) hypothesis. The p-value is the probability that the correlation is one just by chance and therefore, the smaller the p-value, the better will be to reject null hypothesis. The general rule is to fail to reject the null hypothesis when  $p > 0.05$  and reject null hypothesis when  $p < 0.05$  (pallant, 2016). For this study the result of Pearson correlation and multiple linear regression analysis was used to test the effect of independent variable on dependent variables and the decision was made considering p-value and beta value for each independent variables. Summary of hypothesis test is presented in table 4.24 below.

**Table 4.24: Summary of hypothesis test**

<b>Research Objective</b>	<b>Research Hypothesis</b>	<b>Type of Tests</b>	<b>Decision and Testing Criteria's</b>	<b>Test Results &amp; Interpretation</b>
To study and investigate the effect of Employee Relationship management on employee's performance in Ethiopian insurance sector.	<p><b>H<sub>01</sub>:</b> Employee Relationship Management has no significant positive effect on employee's performance in Ethiopian insurance sector.</p> <p><b>H<sub>a1</sub>:</b> Employee Relationship Management has significant positive effect on employee's performance in Ethiopian insurance sector.</p>	Pearson correlation and Linear regression analysis	If p value < 0.05 reject null hypothesis and if p value is > 0.05 fail to reject null hypothesis.	sig=0.000,P<0.05 Reject Null hypothesis and fail to reject alternative hypothesis
To examine the effect of Communication on employee's performance in Ethiopian insurance sector.	<p><b>H<sub>02</sub>:</b> Communication has no significant positive effect on employee's performance in Ethiopian insurance sector.</p> <p><b>H<sub>a2</sub>:</b> Communication has significant positive effect on employee's performance in Ethiopian insurance sector.</p>	Pearson correlation and Linear regression analysis	If p value < 0.05 reject null hypothesis and if p value is > 0.05 fail to reject null hypothesis.	sig=0.002,P<0.05 Reject Null hypothesis and fail to reject alternative hypothesis
To understand the effect of conflict management on employee's performance in Ethiopian insurance sector.	<p><b>H<sub>03</sub>:</b> Conflict management has no significant positive effect on employee's performance in Ethiopian insurance sector.</p> <p><b>H<sub>a3</sub>:</b> Conflict management</p>	Pearson correlation and Linear regression analysis	If p value < 0.05 reject null hypothesis and if p value is > 0.05 fail to reject null hypothesis.	sig=0.127,P>0.05 Reject alternative hypothesis and fail to reject null hypothesis

	has significant positive effect on employee's performance in Ethiopian insurance sector.			
To determine the effect of leadership style on employee's performance in Ethiopian insurance sector.	<p><b>H<sub>04</sub></b>: Leadership style has no significant positive effect on employee's performance in Ethiopian insurance sector.</p> <p><b>H<sub>a4</sub></b>: Leadership style has significant positive effect on employee's performance in Ethiopian insurance sector.</p>	Pearson correlation and Linear regression analysis	If p value < 0.05 reject null hypothesis and if p value is > 0.05 fail to reject null hypothesis.	sig=0.000,P<0.05 Reject Null hypothesis and fail to reject alternative hypothesis
To investigate the effect of shared goal/value on employee's performance in Ethiopian insurance sector.	<p><b>H<sub>05</sub></b>: Shared goal/value has no significant positive effect on employee's performance in Ethiopian insurance sector.</p> <p><b>H<sub>a5</sub></b>: Shared goal/value has significant positive effect on employee's performance in Ethiopian insurance sector.</p>	Pearson correlation and Linear regression analysis	If p value < 0.05 reject null hypothesis and if p value is > 0.05 fail to reject null hypothesis.	sig=0.000,P<0.05 Reject Null hypothesis and fail to reject alternative hypothesis
To examine the effect of trust on employee's performance in Ethiopian Insurance sector.	<p><b>H<sub>06</sub></b>: Trust has no significant positive effect on employee's performance in Ethiopian insurance sector.</p> <p><b>H<sub>a6</sub></b>: Trust has significant positive effect on employee's performance in Ethiopian insurance sector.</p>	Pearson correlation and Linear regression analysis	If p value < 0.05 reject null hypothesis and if p value is > 0.05 fail to reject null hypothesis.	sig=0.000,P<0.05 Reject Null hypothesis and fail to reject alternative hypothesis

#### 4.6.1 Test for hypothesis 1

*Ha<sub>1</sub>: Employee Relationship Management has significant positive effect on employee’s performance in Ethiopian insurance sector*

#### **Employee Relationship Management and employee’s performance Model Summary**

The coefficient of determination between employee relationship management and employee’s performance was 0.837 indicating a positive effect of ERM on employee’s performance. The coefficient of determination (R squared) of 0.700 indicated that 70% of variation in employee’s performance could be explained by ERM. The adjusted R-square of 0.695 indicated that ERM in exclusion of the constant variable explained the change in employee’s performance by 69.5%, the remaining percentage could be explained by other factors excluded from the model. The sig. value is 0.000 where  $p < 0.05$  indicate the model is significant and it implies that there exists a positive significant effect of ERM on employee’s performance in Ethiopian insurance sector.

The alternative hypothesis **Ha<sub>1</sub>**: “Employee Relationship Management has significant positive effect on employee’s performance in Ethiopian insurance sector.’ was accepted and the null hypothesis was rejected. It was therefore concluded that employee relationship management has significant effect on employee’s performance in Ethiopian insurance sector. The mode summery indicating the relationship is presented in table 4.25

**Table 4.25: Illustrated relationship between ERM and employee performance**

<b>Model Summary b</b>									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.837a	.700	.695	.41082	.700	141.838	5	304	.000
a. Predictors: (Constant), Trust , communication, Shared Goal/Value , Conflict Management , Leadership Style									
b. Dependent Variable: Employees Performance									

Source: (SPSS Output Own Survey Result, 2019)

#### 4.6.2 Test for hypothesis 2

**Ha<sub>2</sub>:** *Communication has significant positive effect on employee’s performance in Ethiopian insurance sector.*

The study hypothesized that communication has significant positive effect on employee’s performance in Ethiopian insurance sector. The study findings therefore indicated that there is positive significant effect of communication on employee’s performance in Ethiopian insurance sector. ( $\beta=.105$ ,  $t= 3.151$  and  $p$  value  $0.002$ ). This, therefore, means that an increase in Communication will increase employee’s performance significantly. The alternative hypothesis: ‘Communication has significant positive effect on employee’s performance in Ethiopian insurance sector’ was accepted and the null hypothesis was rejected. It was therefore concluded that communication had significant positive effect on employee’s performance in Ethiopian insurance sector.

Table 4. 26: Communication and employee’s performance Regression Weights

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig
	B	Std. Error	Beta		
communication	.105	.033	.129	3.151	.002

Source: (SPSS Output Own Survey Result, 2019)

#### 4.6.3 Test for hypothesis 3

**Ha<sub>3</sub>:** *Conflict management has significant positive effect on employee’s performance in Ethiopian insurance sector.*

The study hypothesized that **Ha<sub>3</sub>**: Conflict management has significant positive effect on employee’s performance in Ethiopian insurance sector. The study findings therefore indicated that there was a positive relationship between conflict management and employee’s performance but the effect of conflict management found to be insignificant in Ethiopian insurance sector. ( $\beta=.063$ ,  $t= 1.532$  and  $p$  value  $0.127$ ). Since  $p$ -value is  $0.127$  which is greater than  $0.05$  the alternative hypothesis: ‘Conflict management has significant positive effect on employee’s performance in Ethiopian insurance sector’ was rejected and the null hypothesis is accepted. It was therefore concluded that communication had insignificant positive effect on employee’s performance in Ethiopian insurance sector.

**Table 4.27: Conflict Management and employee’s performance Regression Weights**

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig
	B	Std. Error	Beta		
Conflict Management	.063	.041	.071	1.532	.127

Source: (SPSS Output Own Survey Result, 2019)

#### 4.6.4 Test for hypothesis 4

***Ha<sub>4</sub>:** Leadership style has significant positive effect on employee’s performance in Ethiopian insurance sector.*

The study hypothesized that Leadership style has significant positive effect on employee’s performance in Ethiopian insurance sector. The study findings therefore indicated that there was a positive significant effect of leadership style on employee’s performance in Ethiopian insurance sector. ( $\beta=.172$ ,  $t= 3.778$  and  $p$  value 0.000). This, therefore, means that an increase in leadership style will increase employee’s performance significantly. Since  $p$  is 0.000 which is less than 0.05, the alternative hypothesis: ‘leadership style has significant positive effect on employee’s performance in Ethiopian insurance sector’ was accepted and the null hypothesis rejected. It was therefore concluded that leadership style had significant positive effect on employee’s performance in Ethiopian insurance sector.

**Table 4. 28:** Leadership Style and employee’s performance Regression Weights

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig
	B	Std. Error	Beta		
Leadership Style	.172	.045	.179	3.778	.000

Source: (SPSS Output Own Survey Result, 2019)

#### 4.6.5 Test for hypothesis 5

***Ha<sub>5</sub>:** Shared goal/value has significant positive effect on employee’s performance in Ethiopian insurance sector.*

The study hypothesized that shared goal/value has significant positive effect on employee’s performance in Ethiopian insurance sector. The study findings therefore indicated that there was a positive significant effect of shared goal/value on employee’s performance in Ethiopian

insurance sector. ( $\beta=.319$ ,  $t= 8.104$  and  $p$  value  $0.000$ ). This, therefore, means that an increase in shared goal/value will increase employee’s performance significantly. Since  $p$  value is less than  $0.05$ , the alternative hypothesis: ‘shared goal/value has significant positive effect on employee’s performance in Ethiopian insurance sector was accepted and the null hypothesis rejected. It was therefore concluded that shared goal/value had significant positive effect on employee’s performance in Ethiopian insurance sector.

**Table 4.29:** Shared goal/value and employee’s performance Regression Weights

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig
	B	Std. Error	Beta		
Shared Goal/Value	.319	.039	.343	8.104	.000

Source: (SPSS Output Own Survey Result, 2019)

#### 4.6.6 Test for hypothesis 6

***Ha<sub>6</sub>:** Trust has significant positive effect on employee’s performance in Ethiopian insurance sector*

The study hypothesized that trust has significant positive effect on employee’s performance in Ethiopian insurance sector. The study findings therefore indicated that there was a positive significant effect of trust on employee’s performance in Ethiopian insurance sector. ( $\beta=.251$ ,  $t= 6.678$  and  $p$  value  $0.000$ ). This, therefore, means that an increase in trust will increase employee’s performance significantly. Since  $p$  value is less than  $0.05$ , the alternative hypothesis: ‘Trust has significant positive effect on employee’s performance in Ethiopian insurance sector’ was accepted and the null hypothesis rejected. It was therefore concluded that trust had significant positive effect on employee’s performance in Ethiopian insurance sector.

**Table 4.30:** Trust and employee’s performance Regression Weights

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig
	B	Std. Error	Beta		
Trust	.251	.038	.301	6.678	.000

Source: (SPSS Output Own Survey Result, 2019)

## **4.7 Study Finding and discussion**

The purpose of this study is to investigate the effect of Employee Relationship Management on employee's performance in Ethiopian insurance sector. In this section major findings of the study were presented through sensitizing and summarizing the result of both descriptive and inferential statistical analysis.

### **4.7.1 Study Findings**

As it was mentioned and summarized on table 4.2 majority of the participant in this particular study are male constituting 161 (51.9%) and the remaining 149 (48.1%) are female. This ascertains both gender were almost equally represented in the study and the objective of the study had been investigated from both types of gender.

Regarding the age distribution of participants 26 (8.4%) of respondent are less than 25 year, 168 (54.2%) of respondent are between 25 – 35 year, respondents who fall within 35 – 45 age range are 86 (27.7%), respondents whose age is between 45 – 55 are 21 (6.8%) of the sample and the remaining 9 (2.9%) of the respondent are above 55 year. Here it was found that majority of respondent aged between 25 to 35 age categories.

The marital status of respondent indicates that majority of the participant are single consisting 161 (51.9%) and 134 (43.2%) of participant are married. Other 11 (3.5%) of the respondent answered they are divorced and the remaining 1 (1%) and 3 (0.3%) responded they are widowed and belong to other category respectively. The data imply that among the respondent majority are single.

Descriptive statistic for education level of respondent indicate that majority of the respondent are holder of Bachelor Degree that comprise 222 (71.6%) of total respondent, on another hand 44 (14.2%) of respondents hold Master's Degree, furthermore 29 (9.4%) respondents are with college diploma and the remaining 12 (3.9%) and 3 (1%) reported they own high school certificate and PhD Degree respectively. This has an implication that majority of respondent are holders of bachelor degree.

Concerning functional level, employees working at operational level are 149 (48.1%) of total respondents, the other respondents are employees working at middle and top level of insurance companies and they comprise 115 (37.1%) and 46 (14.8%) respectively. This clearly indicate

that majority of the participant of the study are employees working at operational level in Ethiopian insurance sector.

In relation to experience of participant the tabular analysis imply that 148 (47.7%) are with above 5 year working experience and there are 87 (28.1%) employees with below 3 year working experience and the remaining respondents of the study 75 (24.2%) are between 3 and 5 year experience. It can be inferred that most the participant are employees with above 5 year working experience.

The descriptive statistics for statements of study variable revealed that the dependent variable (Employees Performance) has a mean value of 3.61, among independent variables shared goal/value has the highest mean value (3.44) implying that majority of respondents agreed to the issues raised in relation to the effect of shared goal/value and its effect on employees performance and the second largest mean value (3.37) was computed for leadership style indicating that employees of insurance sector beliefs leadership style as the factor that influence their performance and on the other hand mean (3.34) of trust was rated on the third rank with the assumption that respondents has agreed to the statements of trust than that of conflict management and communication variable. The grand mean value for communication is about (3.2) and it is ranked as fourth and it indicate participants of the study agreed to the statements of this variable than that of conflict management which has the lowest mean value of (3.188) and it show that participants has less agreed to the statements of this variable than other components of ERM. The overall mean value of each variable is greater than the average value of likert scale which, imply that respondents almost agreed to the statements of the study variables. According to Al- sayaad et al., (2006) mean scale all variables considered to be within the range of neutral and agree scales.

The study tested for classical linear regression model assumptions such as hetroscedasticity, autocorrelations, multicollinearity, normality and linearity assumptions and the model satisfied all the classical linear regression model assumptions.

The study had conducted Pearson correlation coefficient and the finding from the correlation result indicates that, there is a strong positive relationship between independent and dependent variables. The independent variables which are the components of Employee Relationship

Management have strong positive correlation with outcome variable (Employee's Performance). The comparison of overall correlation analysis result revealed that trust is the most strongly positively correlated variable with employee's performance with correlation coefficient of ( $r=0.724^{**}$ ) and shared goal/value is the second most strongly positively correlated variable with employee's performance with correlation coefficient of ( $r=0.714^{**}$ ) and then followed by leadership style with correlation coefficient of ( $r=0.677^{**}$ ) that imply strong positive correlation with employee's performance. Conflict management was the fourth rated variable with correlation coefficient of ( $r=0.620^{**}$ ) and having positive strong relation with employee's performance. Communication having the least correlation coefficient of ( $r=0.561^{**}$ ) has revealed strong positive correlation with employee's performance. Pearson Correlation between Employee Relationship Management and Employee performance implies that employee relationship management has strong positive correlation with employee's performance at correlation coefficient of  $r = 0.818^{**}$  and significance value of  $p = 0.000$ .

Findings from multiple regressions indicated that, Employee Relationship Management has positive significant effect on employee's performance in Ethiopian insurance sector and it also implies all components of ERM (Communication, Conflict Management, Leadership Style, Shared goal/value and Trust) have positive significant effect on employee's performance (except conflict management) in Ethiopian insurance sector.

The multiple regression models summery has R-value (0.837) which is coefficient of determination between Employee relationship management and employee's performance and it indicate ERM has positive effect on employee's performance. The model R-square value of 0.700 implies that 70% of variation of employee's performance could be explained by ERM. The adjusted R-square of .695 indicated that Employee Relationship Management in exclusion of the constant variable explained the change in employee's performance by 69.5. F statistic value for the model is greater than one and the sig. (P value) is less than the standard error of the study which is  $<0.05$ , revealing that the identified Components of Employee relationship Management significantly affects Employee's Performance.

The Analysis of Variance (ANOVA) for regression coefficient revealed ( $F=141.838$ ,  $p$  value = 0.000a). The results indicate that the significance of the P value of 0.00 which is less than 0.05, this, therefore, implies that the regression model statistically and significantly predicts the

outcome variable and is, therefore, a good fit model for the data analysis. This is an indication that employee relationship management and its components (communication, conflict management, leadership style, shared goal/value and trust) have positive significant effect on employee's performance in Ethiopian insurance sector.

The analysis of regression coefficient revealed  $\beta$  value which is different from zero and the researcher found that the predictor variables make a significant contribution in predicting employee's performance and the contribution of all independent variable is analyzed as follow; communication ( $\beta_1$ ) =.105, conflict management ( $\beta_2$ ) =.063, leadership style ( $\beta_3$ ) =.172, shared goal/value ( $\beta_4$ )=.319 and Trust ( $\beta_5$ )=.251. The regression coefficient of  $\beta$  implies every time communication is increased by one unit, employee's Performance is increased by 0.105 when all other variables are held constant. When conflict management is increased by one unit, employee's Performance is increased by 0.063 when all other variables are held constant and when leadership style is increased by one unit employee's Performance is increased by 0.172 when all other variables are held constant. When shared goal/value is increased by one unit, employee's Performance is increased by 0.319 when all other variables are held constant and when trust is increased by one unit employee's Performance is increased by 0.251 when all other variables are held constant.

The study tested the hypothesis that were formulated at the commencement of the research study and based on Pearson correlation coefficient and multiple linear regression analysis the hypothesis were accepted and rejected. Considering multiple linear regression sig. (p) value decision were made; **Ha<sub>1</sub>**: "Employee Relationship Management has significant positive effect on employee's performance in Ethiopian insurance sector" accepted with sig=0.000, P<0.05. **Ha<sub>2</sub>**: "Communication has significant positive effect on employee's performance in Ethiopian insurance sector" accepted with sig=0.002, P<0.05. **Ha<sub>3</sub>**: "Conflict management has significant positive effect on employee's performance in Ethiopian insurance sector" rejected with sig=0.127, P>0.05. **Ha<sub>4</sub>**: "Leadership style has significant positive effect on employee's performance in Ethiopian insurance sector" accepted with sig=0.000, P<0.05. **Ha<sub>5</sub>**: "Shared goal/value has significant positive effect on employee's performance in Ethiopian insurance

sector” accepted with  $\text{sig}=0.000$ ,  $P<0.05$  and **Ha<sub>6</sub>**: “Trust has significant positive effect on employee’s performance in Ethiopian insurance sector” accepted with  $\text{sig}=0.000$ ,  $P<0.05$ .

#### **4.7.2 Discussion of study Findings**

The purpose of the study was to investigate the effect of Employee Relationship Management on employee’s performance in Ethiopian insurance sector. On the following section major findings of the study are discussed in reference to theoretical framework and previous empirical findings of other studies.

The study has revealed that Employee Relationship Management has significant positive effect on employee’s performance in Ethiopian insurance sector. As per the statistical result employee relationship management can potentially affect the level of employee’s performance and major components of employee relationship management could also positively affect task, adaptive and contextual performance of employees. On base of the study finding good employee relationship management is an imperative factor that contributes significantly to the success of the employee’s productivity. The finding of this study is similar with studies of Vineet et al (2013) and Rahman & Khatun (2017) where they found employee performance being dependent on ERM components and it is positively influenced by good ERM practice. Furthermore the study result is consistent with Sequeira and Dhriti (2015) findings, where their findings stated ERM has direct impact on the performance of employees in the organization. Study of Al-Khozondar (2015) concluded that ERM has positive effect on determining the level of employee’s performance and the same result revealed by this particular study.

The study found that communication as components ERM has significant positive effect on employee’s performance in Ethiopian insurance sector and it was inferred that communication as significant factor to improve employee’s performance. This finding is found to be consistent with study of Sequeira & Shriti (2015); their study confirmed that well communicated employees are much higher in performance than those of ill-communicated employees. Similarly Kumar and Manjula (2017) revealed that there is significant relationship between communication and employee performance. Furthermore, the finding of this study is supported by studies of Hasen and Salman (2016) in this empirical evidence it was found that communication has positive and significant effect on employee performance. The finding of this study is also similar with the

following studies; Kirkman et al, 2004; Chien, 2004; Requena, 2003; Ilozor et al., 2001; and Mestre et al. (2000).

The analysis of this particular study confirmed the insignificant effect of conflict management on employee's performance in Ethiopian insurance sector. These findings contradict with the result of Alper, Tjosvold and Kenneth, 2000; Ifeyinwa & Chinonso, 2016; and Okechukwu, 2013; Mwangi and Ragui (2013), where their studies revealed significant effect of conflict management on employee's performance. Similar to this finding, most researches done on the same area found that conflict management affect employee's performance positively and significantly, yet the magnitude of affecting the outcome variable was different and this contradicting finding is mainly explained due to difference in study area, working environments, the study organization, the sample size and nature of work.

It was found that leadership style as one component ERM has significant positive effect on employee's performance in Ethiopian insurance sector. Sahedur & Khatun (2017) also confirmed; the way managers treat, supervise and communicate their employees have effect on employees productivity. Moreover Khoza, Chetty and Mahommed (2016) revealed that effective leadership style has impact on employee's performance and on subsequent organizational performance. Other similar conclusion was drawn from the following studies; Akram, et al., 2012; Babatunde & Emem, 2015; Basit, Sebastian and Hassan (2017). The finding of this study is consistent with above empirical studies, therefore it is inferred that leadership style used in Ethiopian insurance sector is significantly positively affect employee's performance.

The current study finding shows shared goal/value has significant and positive effect on employee's performance in Ethiopian insurance sector. It implies that existing goal and value in Ethiopian insurance sector is significantly affecting its employee's performance and this is similar with report presented by Chinomana & Jandata (2013) since their studies revealed that shared goal has a positive impact on employees' performance and organizational outcomes. On top of this the study finding is also supported with Richards et al. (2012) empirical evidence, where his research found specific goals motivate employees to attain and build commitment and performance. The result of this study is also confirmed with findings of, Pulakos & O'Leary, 2011; Dina, 2010 and Holmes (2005).

Finally the last component of ERM, which is trust, has found to have significant positive effect on employee's performance in Ethiopian insurance sector. This result agrees with the investigation of Hasen and Salman (2016), which discussed that level of trust, has a positive and significant effect on employee performance. Furthermore the studies of Fukuyama (1995) and Grund and Harbring (2009) mentioned the same finding as it is revealed in this particular study, those researchers finding concluded high levels of trust amongst individuals serve to enhance the performance of all institutions and employees of the organization. Furthermore the study finding came to be consist with major conclusion and summery of, Driks and Ferrin, 2002; Bloom et al., 2012; and Daniel (2003).

## CHAPTER FIVE

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### Summary of Finding, Conclusion and Recommendation

#### 5. Introduction

The overall objective of this study was to examine the effect of Employee Relationship Management on Employee's Performance in Ethiopian insurance sector. Specifically, the study sought to examine the effect of communication, conflict management, leadership style, shared goal/value and trust on employee's performance in Ethiopian insurance sector. This chapter presents the summary of the study findings, the conclusion drawn and the recommendations for concerned parties. The chapter ends by highlighting, implication of the study and limitations of the study followed by recommendations for future research direction.

#### 5.1 Summary of Finding

##### 5.1.1 Employee relationship management and employee's performance

From this paper it is agreed that ERM has significant positive effect on employee's performance in Ethiopian insurance sector. The descriptive data analyses showed that majority of respondents were positive and agreed to the statements of ERM and their positive effect on employee's performance. The mean of each ERM component were above the hypothesized mean value indicating agree and strongly agree responses with likert scale measurement, which implied good ERM has effect on enhancing employee's performance. The inferential analysis of ERM revealed there is strong positive relationship between ERM and employee's performance with high level of correlation coefficient. Statistically it was also found that ERM could explain 70% of variation in employee's performance in Ethiopian insurance sector.

##### 5.1.2 Communication and Employee's Performance

The study established that the pattern, content and modality of communication that is taking place in Ethiopian insurance sector is significantly and positively affect the creativity, behavior and flexibility of employee's performance. This was ascertained from the response of participants, majority of respondent showed their agreement to communication statement and its influence on employee's performance, the mean value of the variable implied most responses attributed to agree rate. On base of inferential statistics analysis the relationship between

communication and employee performance revealed strong positive correlation, moreover the multiple regression analysis indicated that communication has positive significant effect on employee's performance. The alternative hypothesis of the variable was also accepted with significant probability value.

### **5.1.3 Conflict management and employee's Performance**

Conflict management as component of employee relationship management found to be strongly correlated with the outcome variable (employee's performance). It was examined that the way insurance companies identify problems and resolve conflicts is related with employees creativity, efficiency and effectiveness. Most respondents of the study has agreed that conflict management influence employee performance and it was also statistically ensured, improvement and modification of conflict resolution will result positive increment on task, adaptive and contextual performance of employees. The correlation coefficient was 0.620 and the regression analysis revealed  $\beta$  value of 0.63 and  $t=1.532$ , it is inferred conflict management has positive effect on employee's performance in Ethiopian insurance sector. The mean value for all statements of conflict management was above the average value of likert scale measurement and most respondent explained the practice of solving and maintaining conflicts determine their performance level. However the effect of conflict management on employee's performance found to be insignificant and therefore its alternative hypothesis was rejected with sig. (2 tailed) =0.127.

### **5.1.4 Leadership style and Employee's performance**

From the study, it was evident that leadership style practiced in insurance sector has significant positive effect on the performance of employees and it was also examined that leadership style has positive strong relationship with employee's performance in Ethiopian insurance sector. The style managers use to communicate, make decision, allocate resource, influence, and motivate employees has identifiable and measureable effect on the productivity and adaptability of workers. In the study it was analyzed and reported most of respondents agreed to leadership style statements as a result the mean value range from 3.2 to 3.45 revealing agreement of participants for the effect of leadership style on their quality and extra roles. The variable has the highest regression parametric values' implying the effect and significance of leadership practice and

therefore the formulated alternative hypothesis was accepted on base of p-value t-value and  $\beta$ -value of multiple regression analysis ( $\beta=.172$ ,  $t= 3.778$  and p value 0.000).

#### **5.1.5 Shared goal/value and Employee's Performance**

Regarding shared goal and value, the finding of the study revealed 3.44 aggregate mean values for all shared goal/value statements and it imply participants were highly positive and agreed with shared goal and value statements and its effect on employee's performance. The correlation coefficient between shard goal/value and employee's performance indicated 0.714\*\*, which means there is strong positive relation among these variables. Shared goal/value has the highest regression parametric results among all other components of ERM ( $\beta=.319$ ,  $t= 8.104$  and p value 0.000) and it was found to have strong positive effect on employee's performance, further the alternative hypothesis for this variable has been accepted and it can be inferred that shared goal/value has significant positive effect on employee's performance in Ethiopian insurance sector.

#### **5.1.6 Trust and Employee's Performance**

The study established that trust has significant positive effect on employee's performance and the test of regression result show that positive  $\beta$  value and significant p value ( $\beta=.251$ ,  $t= 6.678$  and p value 0.000), therefore the alternative hypothesis was accepted. In this study it was also found that the relationship between trust and employee's performance was positive and strong. On descriptive statistic participant of the study had showed their agreement to the statements of the variable and accordingly the mean of trust resulted above average scale of measurement. The data presentation implied the practice of sharing goal; participating employees in decision making and plan formulation positively affect and enhance the quality, motivation, creativity and discipline of employees. Overall, the study revealed that trust has significant positive effect on employee's performance in Ethiopian insurance sector.

## 5.2 Conclusion

For the purpose of the study data were collected from selected insurance companies and then analysis was performed and some major conclusion derived from the study is presented as follow;

From this particular study it becomes evident that ERM has significant positive effect on employee's performance in Ethiopian insurance sector and the study examined good employee relationship management motivates employees for better performance and contributes to the overall success of employees.

It was also inferred that employee relationship management practices that involve; communication, conflict management, leadership style, shared goals/value and trust have collectively significant effect on the performance of employees in Ethiopian insurance sector. Employee relationship management has been proved to have positive and strong relation with the performance of employees and it is concluded that basic functions that the insurance sector implement to maintain and manage employees issue affect significantly the level of employee's performance and any improvement made to employee relationship management will result remarkable positive change to employees performance.

Communication as components of ERM plays role in influencing employee's performance and when there is open, transparent and satisfactory communication, employees build high trust in their organization and perform with commitment and high standard.

Conflict management has confirmed to have positive effect on employees performance but its effect is not significant and therefore it is examined that the practice of listening to employee opinion, delegating powers for solving conflict, creating healthy atmosphere and maintaining mutual benefit have measurable positive contribution for success of employees in insurance sector, nevertheless the contribution magnitude found to be immaterial.

The study conclude that the way manager or supervisor clarify expectations, threat employees, solve problems and reward efforts have significant positive effect on employee's performance in Ethiopian insurance sector. The empirical evidence realized from the study is that; the pattern and approach managers implement to influence, organize team, provide assistance and identify

irregularities affect productivity of employees and the more managers implement suitable leadership approach the more will be the quality, creativity and engagement of employees.

From the study it was derived that, the practice of coordinating, integrating, communicating core value and reaching on consensus as means of sharing goal and value has significant positive effect on employee's performance and whenever sharing goal and value is improved it result heighten employees performance. It is also realized the existence of positive strong relationship among shared goal/value variable and employees performance and as a result it is deduced that the practice of sharing goal and value; communicating rules and regulations, strengthening communalities, building goal congruence and maintaining mutual understanding have positive effect on flexibility, competency and achievability of employees in Ethiopian insurance sector. .

Further performance of employees in Ethiopian insurance sector is positively influenced by the practice of maintaining trust and moreover it reported that these two variables have strong positive relationship. The conclusion derived from the discussion illustrate, the practice of ensuring and sustaining competency, forwarding promised benefits, treating fairly, ensuring equality at work place and building employees confidence have significant positive effect on broadening employee's performance.

Among practices of employee relationship management in Ethiopian insurance sector, the practice of sharing goal and value has largest effect on improving employee's performance and secondly the practice of building trust and ensuring competency is considered to be more significant in maximizing employee's performance then afterward the approach managers use to guide and influence subordinates is found to be important for widening employee's performance. Comparison of communication and conflict management has resulted the importance of sharing information and developing open communication for raising performance and lastly it was concluded conflict management has less contribution in influencing performance of employees in Ethiopian insurance sector.

The concept of ERM is practiced in Ethiopian insurance sector; however the practice is not attributed and labeled as ERM and moreover its functions performed in various departments and hierarchs nevertheless there is no actual and separated department or job position with ERM title.

This study finally highlighted the critical role of good Employee Relationship Management towards the growth of employee's performance and their success on job. Various sources suggested that without strong employee relationship management, it becomes impossible to be successful in retaining and maximizing employee's productivity.

### **5.3 Recommendation**

On the basis of this study findings, discussion and conclusion the following suggestive recommendations have been forwarded:

The insurance companies to grow and survive in the current business environment they need to find resources that continuously update and adjustable to fast moving economical, political, social, cultural and technological changes and the only engine for this is human capital and accordingly companies in insurance sector needs to engage and retain human resource, most importantly they need to improve the Employer – Employee relationship which is the only way to ensure success in competitive and dynamic business environment.

Because it was studied and observed from different studies and reports the issue of employees performance still remain paramount to both private and public entities, especially in such developing countries, this is therefore institutions need to continuously monitor the environment and determine the appropriate emerging people management practices i.e. Employee Relationship Management practice that need to be adopted to improve quality of service, productivity and staff retention.

The study recommends for enhanced use of employee relationship management practice since it is clearly understood that ERM leads to improved employee's performance in Ethiopian insurance sector.

#### **5.3.1 Communication**

Organizations need to design effective communication channels and ensure accessibility of information for all employees; they need also to crate effective means for exchanging information through adoption of latest and modern digital technologies. Furthermore there should be an environment for open communication where all members feel free to share feedback, ideas and even criticize management decisions, thereby encouraging staff to freely give their views without being victimized by the management. Employees need to be updated

and managers should provide formal and informal feedback, and engage employees in open and honest dialogue, so they can improve the relationships they share with employees.

### **5.3.2 Conflict Management**

The study recommended on how conflicts need to be managed, even though conflict management was found to have insignificant effect on employees' performance but still the study indicated the existence of positive and strong relationships among variables. Analysis of evidence from other similar studies implies that in the long term conflict may significantly affect performance and this is already ascertained by other studies, therefore the researcher thought providing recommendations may make the sector to be proactive in managing the issues of conflict.

The insurance sector needs to design conflict management mechanisms that emphasize on willingness to listen to one another and creativity to resolve conflicts within the shortest time possible to avoid lengthy and unfruitful processes.

On a similar manner any possible incidents of conflict must be managed before they exaggerate and affect the formal working environment. There should be established formal procedures that must be followed for dispute resolution and grievances handling and it must be disclosed for every employee of the organization. The sector also recommended to promote "voice" over "exit," which encourages everyone to express their point of view and seeks fairness. Moreover, the sector needs to identify conflict resolution methods that fit its context.

### **5.3.3 Leadership Style**

Managers in the insurance sector are recommended to earn employee trust and respect and therefore they can strengthen their relationship with their employees and improve their performance. Moreover, supervisors need to figure out the best leadership style that matches the work context and behavior of employees. Managers should allow employees to participate and take part in the process of making decisions. Leaders of the insurance sector should be good coaches and show others the direction to follow, mainly by being role models, visionaries, optimistic and change agents, they also need to develop empathy and emotional intelligence that lay the foundation for an effective leader-follower relationship.

### **5.3.4 Shared goal and Value**

The study recommended insurance companies to allow employees to participate in the formulation of organizational strategic plans and development of corporate values, this must be followed with

formulation of smart, understandable and in simple manner, further orientation and induction about organizational core values, policies, rules and regulations should be forwarded continuously. Management of insurance sector is recommended to ensure existence of clear, flexible and consistent set of values that governs the way businesses are performed and decisions are made. Managers also should clearly share their goals, expectations and values with employees and make their efforts align with organizational vision, mission and goals. Employees should be provided with proper training and instruction to perform their duties and responsibilities. Finally to ensure goal congruence management must adopt management by objective and 360 performance management methods.

### **5.3.5 Trust**

The insurance sector needs to figure out strategies for identifying, encouraging, measuring, evaluating, and rewarding employees' performance in a way that employees realize and feel equally treated. The study recommends all types of promised and agreed benefits, compensation and incentives must be forwarded as promised. In parallel with this the sector should strive and work toward accomplishments of what it sets as target goals, this will enhance competency of employees and strengthen their relationship. The study suggests in all types of decisions the interests of employees need to be given consideration and managers should ensure the organization treats its employees fairly and justly. There should be planned and continuous training as a very helpful strategy for the employees to develop their skills and abilities to enable them carry the tasks on the right way. Additionally, employees must buy-in the vision of the organization and they need to be considered as components of the entire organizational system. Lastly, managers of the insurance sector need to find ways to increase individual performance through sharing information, involving employees in the decision-making process, and in general being ethical, open, and truthful in their dealings with his or her employees.

The study finally recommends the insurance sector to get insight of ERM and know how it works in organizational context, since ERM is a reviving idea, companies are recommended to adopt and implement (practice) in their organization. As other types of business strategies, organizations also need to formulate and incorporate ERM strategy and initiate the action through planning and reserving the required budget.

## **5.4 Study Implication**

This particular study findings and conclusion has its own implication for various parties involved in insurance business and any other form of economic system. The specific implication of study for policy makers and stakeholders, government, human resource professionals and employees is forwarded as follow;

### **5.4.1 For policy Makers and insurance sector stakeholders**

The study findings and conclusions have specific implication for policy makers and stakeholders in Ethiopian insurance sector. Therefore policy makers and stakeholders need to come up and initiate formulation of policy guidelines that will lead to design effective Employee Relationship Management practice that can cultivate trust, mutual agreement, engagement, motivation, and participation of employees in all levels and thus if the practice effectively implemented the performance of employees and the sector will be improved and competitiveness will be maintained.

### **5.4.2 For human resource managers and professionals**

On base of study implication human resource managers and professionals in insurance sector are suggested to take part in implementation and adoption of latest and dynamic people management practice of ERM and therefore HR practitioners are expected to consult with stakeholders, managements, labour unions and employees to implement appropriate policies and procedures that are unique to their working environment and institutional context. This will strength the existing employee relation and fosters the performance of employees to be more productive.

### **5.4.3 Government**

The study finding has certain implication for government and its delegated labour relation associations. Labour associations need to issue standardized employee relationship management policy guidelines that can be applicable to the insurance sector or elsewhere. Further insurance associations should formulate harmonized and detailed employee relations practices policy manual that should to be implemented and practiced in all insurance companies with continuous monitoring and evaluation bases.

#### **5.4.4 Employees**

Employees need to consider themselves as an asset of an organization and they need to take active participation in any decision that affects their interest. The study implies that practice of employee relationship management has positive effect on performance of employees and therefore employees are advised to comment, criticize and involve in the organizational communications, conflict management, leadership, planning and monitoring processes. Further employees are recommended to build and enhance positive relation with their employers and supervisors and maintain good employee relation that affects their performance positively.

### **5.5 Limitation of the study**

#### **Study population limitation**

Since there are large numbers of employees working in insurance sector, the selection of employees working only in five insurance companies may create a deficiency in the measurement comparisons. In the future study, incorporation of other insurance companies and their employees into the study can give more healthy results and generalized analysis.

#### **Geographical Limitation**

The study only focused on branches that are operating in Addis Ababa, Ethiopia and geographically it is limited and by virtue of this, the sample would not be representative of the entire target population, the survey findings cannot be generalized across other group of population.

#### **Time and research design Limitation**

Due to time and budget constraints this study was done using cross sectional study, quantitative research approach, descriptive research design and survey research strategy. Cross sectional study doesn't offer really the same insight into the changing environment and trends of the sector and this may hinder the generalization of the study. On the contrary longitudinal research design is expected to provide deep insight on the issue of the study which must be considered in future studies.

#### **Conceptual framework Limitation**

This study examined only five components of employee relationship management practice and conclusion inferred from this study may not be sufficient to generalize about the broad employee

relationship management practice of Ethiopian insurance sector. There must be consideration of other employee relationship management dimensions.

## **5.6 Scope of Future Study**

This study examined the effect of employee relationship management on employee's performance in Ethiopian insurance sector. The study described five employee relationship management components (communication, conflict management, leadership style, shared goal/value and trust) and described their effect on employee's performance.

The study did not examine the differences in employee relationship management practice among private and public insurance companies and establish whether these differences affect employee's performance. Therefore the study recommended future studies to be taken to determine whether employee relationship management practices adopted in different insurance companies could explain the differences in employee's performance among various private and public insurance companies.

The study concentrated only on five employee relationship management components: communication, conflict management, leadership style, shared goal/value and trust and this could explained only certain percentage of employee's performance, therefore the study suggest further studies to investigate the concept by examining other ERM components; compensation, motivation, labour union, HR practice and work life balance etc.

Researchers can also study the concept of ERM with different methodologies and approaches to provide comprehensive literature on the study area.

The study examined direct relationship of ERM with employee's performance and it didn't undertaken deep analysis of each variables through studying the classification of both independent and dependent variables, so the study suggest if further studies under taken to examine the effect of ERM with different type of communication, conflict, leadership style, shred goal/value, trust and employees performance.

The issue of Employee relationship Management is becoming more popular and important but the issue has given less attention in Ethiopian context. The result of this study found to be almost similar with other previous researches conducted in western world but still there is a need to understand the effect of ERM from diversified organizational context and this study suggests other similar studies to be taken with different sectors of the economy.

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**Appendix- I**  
**Factor Analysis output**

<b>Component Matrix<sup>a</sup></b>	
<b>Communication</b>	<b>Component</b>
The manager talks continuously with employees about work problems and obstacles	.782
The manager use various communication methods to clarify his ideas	.859
Delivery of information process to employees is considered to be quick and clear	.892
Information are provided to employees in a way that satisfy and easy manner to understand	.872
The organization delivers all significant messages to employees about matters relating to work	.869
The manager conduct regular meetings to discuss the employees achievements	.843

<b>Component Matrix<sup>a</sup></b>	
<b>Conflict management</b>	<b>Component</b>
Employees listen with an open mind to alternative options of solving problems.	.745
During conflict resolution the organization tries to arrange for a mutually acceptable time and setting.	.856
The organization considers the long lasting relationship and entertains the need of conflicting parties	.861
The organizations strive for a complete and genuine resolution of a conflict rather than settling for a temporary agreement.	.879
Employees have the power to negotiate and bargain during conflict resolution	.873
Always conflict in the organization resolved on consensus and mutual agreements of parties.	.855

<b>Component Matrix<sup>a</sup></b>	
<b>Leadership Style</b>	<b>Component</b>
Manager goes beyond self-interest for the good of the group	.769
Supervisors make clear what one can expect to receive when performance goals are achieved	.819
Supervisor expresses satisfaction when employees meet expectations	.853
Managers seeks differing perspectives when solving problems	.831
Manager Provides employees with assistance in exchange for their efforts	.828
Supervisor focuses attention on irregularities, mistakes, exceptions, and deviations from standards	.770

<b>Component Matrix<sup>a</sup></b>	
<b>Shed goal/value</b>	<b>Component</b>
People from different parts of the organizational share a common perspective.	.807
The approach of doing business is very consistent and predictable.	.847
It is easy to reach on consensus, even on difficult issues.	.786
There is a clear agreement about the right way and the wrong way to do things	.855
There is a clear and consistent set of values that governs the way we do business.	.868
There is an ethical code that guides our behavior and tells us right from wrong.	.807

<b>Component Matrix<sup>a</sup></b>	
<b>Trust</b>	<b>Component</b>
Employees feel very confident about this organization's skills.	.837
This organization has the ability to accomplish what it says it will do.	.870
Employees believe that this organization takes the opinions of people into account when it makes decisions.	.861
This organization can be relied on to keep its promises	.880
This organization treats its employees fairly and justly.	.888
Whenever this organization makes an important decision, employees know, it will be concerned about staffs.	.837

<b>Component Matrix<sup>a</sup></b>	
<b>Employee Performance</b>	<b>Component</b>
Employees use to maintain high standard of work.	.776
Employee of the organization use to complete their assignments on time	.781
Employees have well known and understand the nature of the assigned tasks	.793
Employees have the ability to creativity, innovation and job development	.771
Employees can manage change in their job very well whenever the situation demands.	.775
Employees are very comfortable with job flexibility.	.741
Staffs always believe that mutual understanding can lead to a viable solution in organization.	.739
Employees used to extend help to their co-workers when asked or needed	.778
Employees in organization actively participate in group discussions and work meetings.	.705
Employees extend their sympathy and empathy to co-workers when they are in trouble.	.714
Good Employee Relationship Management affect employee's performance	.638
Supervision and follow-up of the managers leads to improve the employee's performance	.704
Employees are keen to achieve the organization goals	.746

**Appendix – II**  
**Questionnaire**

**Addis Ababa University College of Business and Economics**  
**College Of Business and Economics**  
**Department Of Masters of Business Administration (MBA)**

**Dear respective Respondents**

I am a post graduate student of MBA program in Addis Ababa University and I am conducting a research study on *“Effect of Employee Relationship Management on Employee’s Performance”*. The study area is on Ethiopian Insurance sector. The objective of this questionnaire is to collect data from employees of selected insurance sectors, which help to Examine and understand the issue of Employee Relationship management and its effect on Employee performance. The researcher expressing his gratitude for your sincerely cooperation wants to assure you that your responses will not be disclosed in any way and utmost confidentiality will be maintained. Hence, I request your sincere corporation for the successful undertaking of the study and your valuable response is highly appreciated.

**Thanks a lot!!!**

**Notice**

- No need to write your name.
- please put a “√” mark in the boxes for your answers
- For any question or inconvenience you can use the following contact

Researcher Name; Yalew Almayehu	Assistant Name; Mohammed Jamal
Mobile Phone: 0924932481	Mobile Phone:0973746064
Email Address: Yalew624@gmail.com	Email Address:mulo mohe@gmail.com

**The Researcher**  
**Yalew Alemayehu**

## **Part – I – Demographic/Respondent Background Information**

### **1. Gender**

Male		Female	
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### **2. Age Category;**

Less than 25		25 – 35		45 – 55	
35 – 45		Greater Than 55			

### **3. Marital Status**

Single		Married		Divorced		Widowed		Other, _____
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### **4. Educational level**

High school certificate		College Diploma		Bachelor degree	
Master's Degree		PhD Degree		Other, _____	

### **5. Functional level in your organization**

Top Management		CEO, President, Branch Manager, district Manager etc.
Middle Management		Director, Deputy Director, Department Head,
Operational Management		Supervisor, Team leader, underwriter, claim expert, Risk manager, secretary, officer etc.

### **6. Level of Tenure/Experience in Organization**

Below 3 Year		Between 3 and 5 Year		Above 5 year	
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## **Part- II**

Questions measuring the “*Effect of Employees Relationship Management on Employee’s performance*” Please Tick your feelings to each statement using the following 5 Likert scale:

1. *Strongly Disagree* (SD)
2. *Disagree* (D)
3. *Neutral* (N)
4. *Agree* (A)
5. *Strongly Agree* (SA)

S.N		Range of Agreement				
		SD	D	N	A	SA
1.	The manager talks continuously with employees about work problems and obstacles					
2.	The manager use various communication methods to clarify his ideas					
3.	Delivery of information process to employees is considered to be quick and clear					
4.	Information are provided to employees in a way that satisfy and easy manner to understand					
5.	The organization delivers all significant messages to employees about matters relating to work					
6.	The manager conduct regular meetings to discuss the employees achievements					

S.N		Range of Agreement				
		SD	D	N	A	SA
7.	Employees listen with an open mind to alternative options of solving problems.					
8.	During conflict resolution the organization tries to arrange for a mutually acceptable time and setting.					
9.	The organization considers the long lasting relationship and entertains the need of conflicting parties					
10.	The organizations strive for a complete and genuine resolution of a conflict rather than settling for a temporary agreement.					
11.	Employees have the power to negotiate and bargain during conflict resolution					
12.	Always conflict in the organization resolved on consensus and mutual agreements of parties.					

S.N		Range of Agreement				
		SD	D	N	A	SA
13.	Manager goes beyond self-interest for the good of the group					
14.	Supervisors make clear what one can expect to receive when performance goals are achieved					
15.	Supervisor expresses satisfaction when employees meet expectations					
16.	Managers seeks differing perspectives when solving problems					
17.	Manager Provides employees with assistance in exchange for their efforts					
18.	Supervisor focuses attention on irregularities, mistakes, exceptions, and deviations from standards					

S.N		Range of Agreement				
		SD	D	N	A	SA
19.	People from different parts of the organizational share a common perspective.					
20.	The approach of doing business is very consistent and predictable.					
21.	It is easy to reach on consensus, even on difficult issues.					
22.	There is a clear agreement about the right way and the wrong way to do things					
23.	There is a clear and consistent set of values that governs the way we do business.					

24.	There is an ethical code that guides our behavior and tells us right from wrong.					
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S.N		Range of Agreement				
		SD	D	N	A	SA
25.	Employees feel very confident about this organization's skills.					
26.	This organization has the ability to accomplish what it says it will do.					
27.	Employees believe that this organization takes the opinions of people into account when it makes decisions.					
28.	This organization can be relied on to keep its promises					
29.	This organization treats its employees fairly and justly.					
30.	Whenever this organization makes an important decision, employees know, it will be concerned about staffs.					

S.N		Range of Agreement				
		SD	D	N	A	SA
31.	Employees use to maintain high standard of work.					
32.	Employee of the organization use to complete their assignments on time					
33.	Employees have well known and understand the nature of the assigned tasks					
34.	Employees have the ability to creativity, innovation and job development					
35.	Employees can manage change in their job very well whenever the situation demands.					
36.	Employees are very comfortable with job flexibility.					
37.	Staffs always believe that mutual understanding can lead to a viable solution in organization.					
38.	Employees used to extend help to their co-workers when asked or needed					
39.	Employees in organization actively participate in group discussions and work meetings.					
40.	Employees extend their sympathy and empathy to co-workers when they are in trouble.					
41.	Good Employee Relationship Management affect employee's performance					
42.	Supervision and follow-up of the managers leads to improve the employee's performance					
43.	Employees are keen to achieve the organization goals					

**Appendix – III**  
**SPSS Statistical Outputs**  
**A. Reliability Test Result**

Reliability Statistics For Shared Goal/Value	
Cronbach's Alpha	N of Items
.913	6

Reliability Statistics For Employee Performance	
Cronbach's Alpha	N of Items
.953	13

Reliability Statistics For Communication	
Cronbach's Alpha	N of Items
.880	13

Reliability Statistics For Trust	
Cronbach's Alpha	N of Items
.946	6

Reliability Statistics For Conflict management	
Cronbach's Alpha	N of Items
.931	13

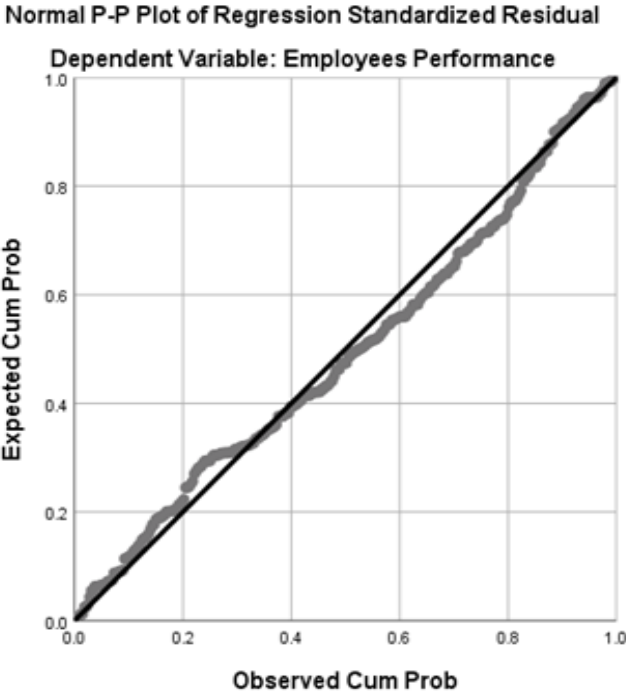
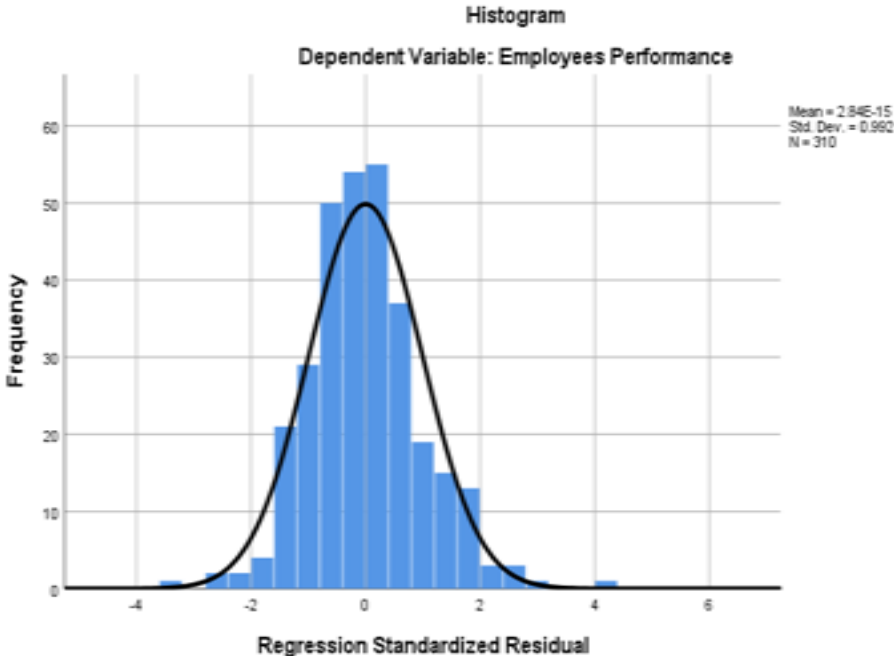
Reliability Statistics For Leadership Style	
Cronbach's Alpha	N of Items
.891	13

Reliability Statistics For Overall Items	
Cronbach's Alpha	N of Items
.975	13

**B. Correlation Analysis Output**  
**Correlation Matrix**

Correlations							
		communication	Conflict Management	Leadership Style	Shared Goal/Value	Trust	Employees Performance
communication	Pearson Correlation	1	.569**	.560**	.387**	.528**	.561**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	310	310	310	310	310	310
Conflict Management	Pearson Correlation	.569**	1	.661**	.549**	.564**	.620**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	310	310	310	310	310	310
Leadership Style	Pearson Correlation	.560**	.661**	1	.567**	.612**	.677**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	310	310	310	310	310	310
Shared Goal/Value	Pearson Correlation	.387**	.549**	.567**	1	.600**	.714**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	310	310	310	310	310	310
Trust	Pearson Correlation	.528**	.564**	.612**	.600**	1	.724**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	310	310	310	310	310	310
Employees Performance	Pearson Correlation	.561**	.620**	.677**	.714**	.724**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	310	310	310	310	310	310
**. Correlation is significant at the 0.01 level (2-tailed).							

C. Normality Test Output



### D. Multiple Regression Analysis Output

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.837 <sup>a</sup>	.700	.695	.41082	2.050
a. Predictors: (Constant), Trust , communication, Shared Goal/Value , Conflict Management , Leadership Style					
b. Dependent Variable: Employees Performance					

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	119.693	5	23.939	141.838	.000 <sup>b</sup>
	Residual	51.307	304	.169		
	Total	171.000	309			
a. Dependent Variable: Employees Performance						
b. Predictors: (Constant), Trust , communication, Shared Goal/Value , Conflict Management , Leadership Style						

Coefficients <sup>a</sup>								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.552	.120		4.590	.000		
	communication	.105	.033	.129	3.151	.002	.585	1.709
	Conflict Management	.063	.041	.071	1.532	.127	.465	2.149
	Leadership Style	.172	.045	.179	3.778	.000	.440	2.273
	Shared Goal/Value	.319	.039	.343	8.104	.000	.551	1.816
	Trust	.251	.038	.301	6.678	.000	.487	2.052
a. Dependent Variable: Employees Performance								

## Appendix – IV Descriptive Result of study construct

### Descriptive Statistics result for communication statements

Communication	The manager talks continuously with employees about work problems and obstacles		The manager use various communication methods to clarify his ideas		Delivery of information process to employees is considered to be quick and clear		Information are provided to employees in a way that satisfy and easy manner to understand		The organization delivers all significant messages to employees about matters relating to work		The manager conduct regular meetings to discuss the employees achievements	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	25	8.1	13	4.2	21	6.8	18	5.8	10	3.2	25	8.1
Disagree	74	23.9	61	19.7	48	15.5	51	16.5	59	19.0	67	21.6
Neutral	58	18.7	71	22.9	79	25.5	75	24.2	89	28.7	89	28.7
Agree	131	42.3	131	42.3	117	37.7	132	42.6	116	37.4	103	33.2
Strongly Agree	22	7.1	34	11.0	45	14.5	34	11.0	36	11.6	26	8.4
<b>Total</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>
Mean	3.16		3.36		3.38		3.36		3.35		3.12	
Std. Deviation	1.116		1.048		1.116		1.064		1.019		1.093	
<b>Grand Mean</b>											<b>3.2903</b>	
<b>Grand Std. Deviation</b>											<b>.91746</b>	

### Descriptive Statistics result for conflict management statements

Conflict Management	Employees listen with an open mind to alternative options of solving problems.		During conflict resolution the organization tries to arrange for a mutually acceptable time and setting.		The organization considers the long lasting relationship and entertains the need of conflicting parties		The organizations strive for a complete and genuine resolution of a conflict rather than settling for a temporary agreement.		Employees have the power to negotiate and bargain during conflict resolution		Always conflict in the organization resolved on consensus and mutual agreements of parties.	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	18	5.8	12	3.9	14	4.5	13	4.2	26	8.4	19	6.1
Disagree	32	10.3	60	19.4	59	19.0	71	22.9	52	16.8	60	19.4
Neutral	104	33.5	113	36.5	119	38.4	114	36.8	105	33.9	123	39.7
Agree	114	36.8	100	32.3	98	31.6	96	31.0	107	34.5	89	28.7
Strongly Agree	42	13.5	25	8.1	20	6.5	16	5.2	20	6.5	19	6.1
Total	310	100.0	310	100.0	310	100.0	310	100.0	310	100.0	310	100.0
Mean	3.42		3.21		3.16		3.10		3.14		3.09	
Std. Deviation	1.036		.975		.960		.952		1.044		.983	
											<b>Grand Mean</b>	<b>3.1882</b>
											<b>Grand Std. Deviation</b>	<b>.83731</b>

**Descriptive Statistics result for leadership style statements**

Leadership Style	Manager goes beyond self-interest for the good of the group		Supervisors make clear what one can expect to receive when performance goals are achieved		Supervisor expresses satisfaction when employees meet expectations		Managers seeks differing perspectives when solving problems		Manager Provides employees with assistance in exchange for their efforts		Supervisor focuses attention on irregularities, mistakes, exceptions, and deviations from standards	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	19	6.1	14	4.5	10	3.2	10	3.2	8	2.6	10	3.2
Disagree	47	15.2	42	13.5	40	12.9	37	11.9	48	15.5	45	14.5
Neutral	121	39.0	103	33.2	89	28.7	103	33.2	82	26.5	95	30.6
Agree	96	31.0	129	41.6	142	45.8	142	45.8	144	46.5	119	38.4
Strongly Agree	27	8.7	22	7.1	29	9.4	18	5.8	28	9.0	41	13.2
<b>Total</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>
Mean	3.21		3.33		3.45		3.39		3.44		3.44	
Std. Deviation	1.007		.953		.943		.888		.946		.999	
<b>Grand Mean</b>											<b>3.3769</b>	
<b>Grand Std. Deviation</b>											<b>.77514</b>	

## Descriptive Statistics result for shared goal/value statements

Shared Goal/Value	People from different parts of the organizational share a common perspective.		The approach of doing business is very consistent and predictable.		It is easy to reach on consensus, even on difficult issues.		There is a clear agreement about the right way and the wrong way to do things		There is a clear and consistent set of values that governs the way we do business.		There is an ethical code that guides our behavior and tells us right from wrong.	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	18	5.8	11	3.5	9	2.9	12	3.9	10	3.2	9	2.9
Disagree	37	11.9	38	12.3	64	20.6	33	10.6	35	11.3	33	10.6
Neutral	89	28.7	79	25.5	93	30.0	107	34.5	87	28.1	86	27.7
Agree	140	45.2	152	49.0	123	39.7	130	41.9	142	45.8	125	40.3
Strongly Agree	26	8.4	30	9.7	21	6.8	28	9.0	36	11.6	57	18.4
<b>Total</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>
Mean	3.38		3.49		3.27		3.42		3.51		3.61	
Std. Deviation	.997		.951		.960		.934		.951		.998	
<b>Grand Mean</b>											<b>3.4462</b>	
<b>Grand Std. Deviation</b>											<b>.79901</b>	

### Descriptive Statistics result for Trust statements

Trust	Employees feel very confident about this organization's skills.		This organization has the ability to accomplish what it says it will do.		Employees believe that this organization takes the opinions of people into account when it makes decisions.		This organization can be relied on to keep its promises		This organization treats its employees fairly and justly.		Whenever this organization makes an important decision, employees know, it will be concerned about staffs.	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Strongly Disagree	9	2.9	7	2.3	14	4.5	16	5.2	21	6.8	13	4.2
Disagree	54	17.4	59	19.0	49	15.8	47	15.2	52	16.8	62	20.0
Neutral	86	27.7	79	25.5	97	31.3	102	32.9	99	31.9	99	31.9
Agree	120	38.7	130	41.9	109	35.2	106	34.2	107	34.5	101	32.6
Strongly Agree	41	13.2	35	11.3	41	13.2	39	12.6	31	10.0	35	11.3
<b>Total</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>	<b>310</b>	<b>100.0</b>
Mean	3.42		3.41		3.37		3.34		3.24		3.27	
Std. Deviation	1.017		.993		1.043		1.045		1.063		1.038	
<b>Grand Mean</b>											<b>3.3409</b>	
<b>Grand Std. Deviation</b>											<b>.89071</b>	

### Descriptive Statistics result for performance management statements

Employees Performance	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree		Total Frequency	Total Percentage	Mean	Standard Deviation
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent				
Employees use to maintain high standard of work.	7	2.30	41	13.2	83	26.8	124	40.0	55	17.7	310	100	3.58	1.001
Employee of the organization use to complete their assignments on time	8	2.6	28	9.0	88	28.4	129	41.6	57	18.4	310	100	3.64	.968
Employees have well known and understand the nature of the assigned tasks	12	3.9	32	10.3	72	23.2	137	44.2	57	18.4	310	100	3.63	1.021
Employees have the ability to creativity, innovation and job development	16	5.2	35	11.3	87	28.1	125	40.3	47	15.2	310	100	3.49	1.045
Employees can manage change in their job very well whenever the situation demands.	12	3.9	36	11.6	88	28.4	141	45.5	33	10.6	310	100	3.47	.964
Employees are very comfortable with job flexibility.	12	3.9	33	10.6	105	33.9	125	40.3	35	11.3	310	100	3.45	.960
Staffs always believe that mutual understanding can lead to a viable solution in organization.	12	3.9	26	8.4	99	31.9	120	38.7	53	17.1	310	100	3.57	.995
Employees used to extend help to their co-workers when asked or needed	12	3.9	33	10.6	72	23.2	136	43.9	57	18.4	310	100	3.62	1.25
Employees in organization actively participate in group discussions and work meetings.	12	3.9	33	10.6	93	30.0	118	38.1	54	17.4	310	100	3.55	1.022
Employees extend their sympathy and empathy to co-workers when they are in trouble.	14	4.5	35	11.3	75	24.2	128	41.3	58	18.7	310	100	3.58	1.057
Good Employee Relationship Management affect employee's performance	13	4.2	19	6.1	96	31.0	111	35.8	71	22.9	310	100	3.67	1.028
Supervision and follow-up of the managers leads to improve the employee's performance	5	1.6	20	6.5	64	20.6	134	43.2	87	28.1	310	100	3.90	.939
Employees are keen to achieve the organization goals	7	2.3	18	5.8	78	25.2	114	36.8	93	30.0	310	100	3.86	.986
<b>Grand Mean</b>												<b>3.6161</b>		
<b>Grand Standard Deviation</b>													<b>.74391</b>	

