



Addis Ababa University
School of Commerce

The Effect of Employee Relation on Job Satisfaction:
The case of Addis International Bank

A Thesis Submitted to School of Commerce, Addis Ababa
University in Partial Fulfillment of the Requirements for award of
Master's Degree in Human Resource Management

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DECLARATION

I, the undersigned, declare that this thesis paper entitled – “The effect of Employee Relation on Job Satisfaction: The case of Addis International Bank” is my original work, prepared under the guidance of my advisor Dr. Worku Mekonnen. To the best of my knowledge, all sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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CERTIFICATION

Addis Ababa University School of Commerce

Postgraduate Program

This is to certify that the thesis prepared by Muna Tewelde, entitled, “The effect of Employee Relation on Job Satisfaction: The case of Addis International Bank” is submitted in partial fulfillment of the requirement for the degree of Masters of Human Resource Management complies with regulation of the University and meets the accepted standard with respect to originality and quality.

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Chair of Department or Graduate Program Coordinator

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Glory to Almighty God!

ABSTRACT

This study emphasizes on understanding Employee relations practices, its underlying factors, issues and its effect on employee satisfaction in Addis international bank. A descriptive approach is adopted for this research to describe the existing employee relations practices at the bank. The study includes questionnaire based survey design to find out employee relations practices, its underlying factors, issues and its effect on employee satisfaction in the bank. The ground aspect of this study is to analyses the effect of employee Relations on the satisfaction of an employee. Primary data collection was conducted by undertaking non probability sampling. To analyze the collected data and Relationship between employee relation practices and satisfaction multiple linear regressions and correlation analysis were used through SPSS. In the research conducted it was identified that employee relations practices followed in the organization had a direct impact on the satisfaction level in the organization. The findings revealed that there are a poor employee relation practices in a bank, employee relation practices have significant positive effect on job satisfaction. Improving employee relations practices in organization can improve the satisfaction of employees and thereby the overall productivity of the organization.

Key words: Employee Relation, Job satisfaction

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LIST OF ACRONYMS

AdIB	Addis International Bank
SPSS	Statistical Package for Social Science

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

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, providing 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. Once there was a time when "Employee Relations" meant labor relations that fragmented into Negotiate. Orchestrate. Dictate. HR professionals helped negotiate collective bargaining agreements. The provisions of the contract defined the relationship between management, unions, and workers. Today, Employee Relations is a much broader concept. It involves maintaining a work environment that satisfies the needs of individual employees and management.

Improving employee morale, will build company culture, conveying expectations. An effective employee relation involves creating and cultivating a motivated and productive workforce. It's necessary to keep the dynamics of employer-employee relationship in mind. It covers all the relations between employers and employees in industry. Employee relations also includes giving scope for employee participation in management decisions, communications, policies for improving cooperation and control of grievances and

minimization of conflicts. People are generally motivated from within, but HR and organization focus should be on what they can do to help foster the type of environment where employees thrive to give their best performance.

Motivated employees have higher level of work engagement, reduced turnover and better performance as compared to disengaged employees. Since the organization success is directly linked with the performance of its employees the companies maintaining strong employee relations initiatives will benefit because their workforce is highly motivated to put their best efforts. Hence managing these relationships becomes important for business success, as strong and healthy relationships can lead to greater employee happiness and even increased productivity. (Serrano 2016)

As many scholars clarify employee relation is a crucial factor for employee's performance, job satisfaction and overall organizational performance. Draft (2010) describes job satisfaction as an accurate indicator of good relationships between the employer & employees. This is because a satisfied worker usually has good relationships with the employer. Employees' positive attitude towards the entire business environment due to their work environment experiences are referred to as job satisfaction (Sweney&McFarlin, 2005).

Oshagbemi (2000) stated that job satisfaction is the general expression of the positive attitudes of workers structured towards their jobs. Employees have some attitudes regarding their jobs due to their jobs diverse features, social status gained in the work place and job environment experiences. Though, there are many factors that affect job satisfaction, understanding the effect of industrial relation would be necessary as it is the main issue that constitute many indicators . Hence, this study aims of identify the effect of industrial relation employee job satisfaction.

1.2 Background of the Organization

Addis International Bank S.C. (AdIB) joined the Ethiopian banking industry as a 14th private commercial bank by securing its license from the National Bank of Ethiopia on January 31st 2011 and starting operation on May 30th 2011.

1.3 Statement of the Problem

Every organization must have an objective either to produce goods or provide services. This could be for commercial purposes or charitable. In order to produce goods and services an organization must have the necessary factors of production. The most critical factor of production is the human resource. This resource must be treated with a lot of care if the organization is to achieve its intended goals (Dessler, 2008). Any business organizations' success greatly depends on management and employees' relationship, employee commitment, productivity and loyalty. Among these factors employee and employer relation make a critical contribution for improvement of many other factors. In order to achieve a healthy and strong relationship between the workforce and organization, a well-organized program on employee relations should be established. The relationship between employers, trade unions and employees is a key drive of competitive firms operating in the dynamic business environment (George & Jones, 2008).

(Burns,2012) declared that good employer-employee relations are essential for different reasons. It helps to create employees who are inspired to work or produce better and more results. The level of staff competency also increases because of their drive to become better.

Further, customer service can be improved because employees who have good relations with their employer are usually viewed as good customer consultants. The growing significance of industrial relation is not receiving much attention it deserves and as the bank under study (Addis International Bank S.C.) is newly established and has lots of competitors it is very crucial to the bank to stay competitive in the market.

The researcher frequently visited the organization under study for some other business activities. During those visits the researcher usually observed employees complaining that they have no good relationship with their managers and among employees. Managers were also observed to be reluctant to address such sensitive issues adequately. Besides in Ethiopian banking industry; there are few studies that assess the effect of employee relation on job satisfaction specifically in Addis international bank. Thus, the researcher is motivated to assess employee relation practices of Adib and its effect on employee's job satisfaction.

1.4 Research Questions

- 1.4.1. What is the status of employee relation practices in Addis international bank?
- 1.4.2. What is the relationship between employee relation practices & job satisfaction?
- 1.4.3. To what extent do employee relation practices influence job satisfaction?

1.5 Research Objectives

The main objective of this study is to assess the effect of employee relation practices on job satisfaction.

1.5.1 Specific objectives

- To assess the practice of employee relation in Addis international bank,
- To investigate the relationship between employee relation practices & job satisfaction in Addis international bank,
- To evaluate the extent to which employee relation practice influence job satisfaction in Addis international bank

1.6 Significance of the study

The study will contribute as a support for further research by satisfying the existing gaps in the field. This research will also be used for future researchers and research scholars/academicians who may use the research findings as a source of reference in their future studies.

1.7 Scope of the Study

This research was conducted in Addis international bank those branches that are found in Addis Ababa. The study assessed the effect of employee relation on job satisfaction. The nature of the research will be quantitative. Though employee relation concept is wide, this study will only focus on the few elements of employee relation those are identified as Team work, employee empowerment and employee involvement, conflict resolution procedures, and communication.

Other variables of employee relation such as benefits, salary, workplace reform, job design, employee union and new technology are studied by many other researchers and also in Addis international bank there is no union for this reason this variable is excluded from the study.

Managers also excluded from this research because the researcher believed that most of industrial relation practices are their responsibilities to implement & facilitate, so they might not gave genuine data so as to protect themselves from accountability.

1.8 Paper Organization of the paper

The study paper comprises five chapters. The first chapter is introductory part of the study. The second chapter deals with review of related literature. In this chapter, other scholars work is reviewed and presented with proper acknowledgment. Chapter three is concerned about research design and methods. In this chapter, the design of the study, the sample size, instrument used, sample, and so on are discussed. Chapter four covers about data presentation, analysis, and interpretation. The last chapter of the paper deals with summary of findings, conclusions, and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Review of Literature

2.1.1 Definition of Employee Relation

Employee relation: as a subset of human resources management additionally employee relation is a system used by employees, employers and the government to determine: a. How to share economic returns. b. Terms and conditions of employment. c. How to protect the interest of the parties involved. d. The extent of workers participation in the major decisions making process affecting them. employee relations entails the entire range of relationship among the parties under which the terms & conditions of employment are regulated it is not merely about trade unionism, collective bargaining and strikes. Unugbro (2009)

Different terms like 'industrial relations', 'employment relations', 'labor relations' and others like 'workplace relations' and 'employee relations' are rather loosely used interchangeably & more recently used term is employee relation. (Venkata, 2006)

Gennard J and Judge G (2008) define employee relations as 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 situation.

Armstrong 2013 Employee relations are basically about how management & employees live together & what can be done to make that work.

As the principle of mutuality a similar belief is expressed in the idea of social partnership, which states that as stakeholders, the parties involved in employee relations should aim to work together to the greater good of all. According to Armstrong (2010) employee relations is employee involvement and communication process through the development of organizational cultures based on shared values between management and employees focusing on how to build stable and supportive relationships with employees in order to reduce conflict.

The broader category of employment relations, which is also considered by some as a more dignified one, thus, includes all aspects of laboring such as (1) nature of employment contracts; (2) work organization and worker participation; (3) skills, training and motivation; (4) wages, non-wage benefits and working conditions; and (5) worker organization, workplace governance and labor-management relations. Some scholars have used “employee relations” to refer to labor –management.

Today, Employee Relations is a much broader concept. It involves maintaining a work environment that satisfies the needs of individual employees and management, improving employee morale, building company culture and conveying expectations. An effective employee relation involves creating and cultivating a motivated and productive workforce. It’s necessary to keep the dynamics of employer-employee relationship in mind. It covers all the relations between employers and employees in industry. Employee relations also includes giving scope for employee participation in management decisions, communications, policies

for improving cooperation and control of grievances and minimization of conflicts.(Otobo, 2000)

According to Schweitzer & Lyons (2008), employee relation management practices include: 1) employee empowerment and involvement; 2) initiating employee suggestions; 3) facilitating collective bargaining; 4) conflict management and grievance redress measures; 5) expertise training and development; 6) transparency in communication and; 7) encouraging group activities (teamwork)

2.1.2. Theories of Employee Relation

2.1.2.1 Equity theory

The theory presupposes that during a social exchange, a person identifies the amount of input gained from a relationship compared to the output, as well as how much effort another person's puts forth. Based on Adam (1965) theory, Huseman, Hatfield and Miles (1987) further suggest that if an employee thinks there is an inequity between two social groups or individuals, the employee is likely to be distressed or dissatisfied because the input and the output are not equal.

Inputs encompass the quality and quantity of the employee's contributions to his or her work. Examples of inputs include: time, effort, hard work, commitment, ability, adaptability, flexibility, tolerance, determination, enthusiasm, personal sacrifice, trust in superiors, support from co-workers and colleagues and skills. Output (outcomes) on the other hand is the positive and negative consequences that an employee perceives a participant has incurred as a consequence of his relationship with another. Examples of outputs include job security, esteem, salary, employee benefits, expenses, recognition, reputation, responsibilities, and

sense of achievement, praise, thanks, and stimuli and so on. The major concern in equity theory is about compensations and therefore the cause of concern of equity or inequity in most cases in organizations.

In any position in the organization, an employee wants to feel that their contributions and work performance are being rewarded with their pay. If an employee feels underpaid, he would be dissatisfied and therefore becomes hostile towards the organization and co-workers which may ultimately result to lack of motivation and low performance. Since equity is all about perception, employees form perceptions on what constitute a fair (balance or trade) of inputs and outputs by comparing their situation with other 'referents' in the market place as they see it (Ball, 2014).

According to Adams (1985), when a person becomes aware of inequity, it causes a reaction in them, potentially some form of tension that is 'proportional to the magnitude of inequity present'. It is because of this tension that an individual might react in a way that reduces the tension in him. Equity theory further identifies four mechanisms for organizational performance (dissatisfaction) as follows: Employees seek to maximize their outcomes (rewards minus outcomes); Groups can maximize collective rewards by developing accepted systems for equitably apportioning rewards and costs among members; When employees find themselves participating in inequitable relationships, they become dissatisfied or distressed.

The theory explains that in this situation, both the person who gets 'too much' and the person who gets 'too little' feel dissatisfied. The employee who gets too much may feel ashamed or guilt and the employee who gets too little may feel angry or humiliated; and Employees who

perceive that they are in an inequitable relationship attempts to eliminate their dissatisfaction by restoring equity.

This could be done by either distorting inputs, outputs, or leaving the organization. Thus the theory has wide-reaching implications for employee morale, efficiency, performance, productivity and turnover. Schultz and Schultz (2010) further extended equity theory to include the behavioral responses patterns to situations of equity or inequity. These response patterns are: benevolent (satisfied when they are under paid compared with co-workers), equity sensitive (believe everyone should be fairly rewarded) and entitled (employees believe that everything they receive is their just due).

2.1.2.2. Expectancy theory

The expectancy theory was proposed by Victor Vroom of Yale School of Management in 1964. The theory stresses and focuses on outcomes and states that the intensity of a tendency to perform in a particular manner is dependent on the intensity of an expectation that the performance will be followed by a definite outcome and on the appeal of the outcome to the individual.

The Expectancy theory states that employee's motivation is an outcome of how much an individual wants a reward (Valence), the assessment that the likelihood that the effort will lead to expected performance (Expectancy) and the belief that the performance will lead to reward (Instrumentality).

Expectancy is influenced by factors such as possession of appropriate skills for performing the job, availability of right resources, availability of crucial information and getting the required support for completing the job (Wright & Niishi, 2007). Instrumentality is affected

by factors such as believe in people, who receives what outcome and clarity of relationship between performance and outcomes. Implication of the Expectancy Theory in this study is that managers can correlate the preferred outcomes to the aimed performance levels and that employees must be compensated for their exceptional performance.

2.1.2.3. Social Exchange Theory

Social exchange theory posits that all human relationships are formed by the use of a subjective cost-benefit analysis and the comparison of alternatives. The theory has roots in economics, psychology and sociology. Social exchange theory is reliant on voluntary actions rather than formal contracts (Zhang, *et al.*, 2008; Aryee *et al.*, 2002). 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.

Social exchange theory 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. Outcome is defined to be the difference between the benefits and the costs: $Worth = Rewards - Costs$ People seek to maximize their benefits and minimize their costs when exchanging resources with others (Molm, 2001).

Individuals engage in an interaction with the expectation of reciprocity (Gouldner, 1960). These benefits need not be tangible and include things such as material or financial gains, social status, and emotional comforts. Costs generally consist of sacrifices of time, money, or lost opportunities. Social Exchange theory (Blau, 1964) has a long pedigree of use in both industrial and employment relationship.

This theory recognizes that the basis reason for an individual to enter into a relationship is the compensation he expects to gain. It also involves a host of unspecified and unvoiced

expectations and obligations thus if costs rise, workers tend to have expectations that the benefits will increase accordingly. Similarly, if conditions in the environment force a change in the organization, the employer expects employees are obliged to accommodate themselves to this. Should either party feel that the other is failing to own his part of the implied bargain, this will lead predictably to similar behavior in return (Dundon & Rollinson, 2004).

Social exchange theory is used as a framework for predicting the effects of management practice on worker attitudes and performance (Stafford, 2008). Positive social exchanges can result in mutual benefits to both the employing organization and the workforce (Allen, Dawson, Wheatley, & White, 2008; Zhang, Tsui, Song, Li, & Jia, 2008).

An organization can utilize high-commitment HRM strategy to make employees perceive organizational support and commit to their organization. According to empirical findings, the practices of high-commitment HRM can affect employee motivation and a positive relationship exists between supportive Employee relations Practices and organizational performance (Allen *et al.* 2008; Wang, Yi, Lawler, & Zhang, 2011).

2.1.2.4 Human Capital theory

According to the human capital theory people possess skills, knowledge, and abilities that provide economic value to firms (Youndt *et al.*, 1996). The theory argues that organizations with valuable knowledge, skills and abilities will present better performance levels, and therefore it has also fostered many universalistic conclusions.

An alignment of organizational strategy and employee relations strategy will improve organizational performance and competitiveness. The more likely it is that the firm will invest in human capital and that these investments will lead to higher individual productivity and firm performance (Youndt *et al.*, 1996). People have a crucial value for organizational strategies and certain practices can foster and develop this value, leading to superior performance (Gonzalo & Romero, 2005). The “universalistic” perspective alleges that certain practices are always better than others and all organizations should adopt such practices on every occasion (Hsi-An, Yun-Hwa & Chu-Chun, 2006; Daud, 2006).

According to the theory employee relations practices contribute to worker motivation (and thereby increased productivity) as well as increased efficiency (Ichniowski, Shaw, & Prennushi, 1992). Firms should however create a high degree of internal consistency, or fit, among their ER practices. The universalistic perspective has been criticised for failing to consider the context in which these practices are used. It does not study either the synergic interdependence or the integration of practices, and the contribution of these practices to performance is analyzed only from an additive point of view (Pfeffer, 1994; Osterman, 1994; Becker & Gerhart, 1996).

Thus this view denies that the different elements that build the system could be combined in different patterns of practices that could be equally efficient for the organization (Gonzalo Sanchez-Gardey & Romero- Fernandez, 2005).

2.1.3. The Importance of employee Relations in the Banking Industry

Healthy employee relations in the banking industry is said to be important for the following reasons; (Unugbro, 2009)

1. **Uninterrupted Work:** The most important benefit of industrial relations is that it ensures continuity of work. This means continuous employment for all from managers to workers. Also, resources are fully utilized, resulting in the maximum possible production and uninterrupted flow of income for all.
2. **Reduction in Industrial Disputes:** Good industrial relation reduces industrial disputes. Disputes are the reflections of the failure to secure adequate satisfaction or expression which are fully cured by good industrial relations. Strikes, lockouts, work-to-rule and grievances are some of the reflections of industrial disharmony which do not occur in an atmosphere of industrial peace.
3. **Mental revolution:** The main objective of employee relations is a complete mental revolution of workers and employees. The industrial peace lies ultimately in a

transformed outlook on the part of both. It is the business of leadership in the ranks of workers, employees and government to work out a new relationship in consonance with a spirit of true democracy. Both should think themselves as partners of the industry and the role of workers in such a partnership should be recognized. On the other hand, workers must recognize employer's authority. It will naturally have impact on production because they recognize the interest of each other.

4. **Reduced wastage:** Wastage of man, material and machines are reduced to the minimum when there is harmony within any organization. This again will have a positive important on production and the general wellbeing of the organization in particular and the society in general.

A good employee Relations increases the morale of employers and goods them to give their maximum, each think of their mutual interest which paves way for introduction of new methods, developments and leading to adoption of modern technology. In addition to this Burns (2012: 186-196) declared that good employer employee relations are essential for different reasons these reasons might include: employees who are inspired to work produce better & more results. The level of competency of the staff increases because of their drive to become better. Customer service is improved because employees who have good relations with their employer are usually viewed as good.

2.1.4. Actors of employee relation

Employers: employers possess some rights over employees. They have the right to hire & fire them .management can also affect workers interest by exercising their right by relocate close & merge the company or introduce new technology

Employees: workers seek to improve their terms & condition of their employment. They exchange views with management & voice their grievances. They want to share decision making powers of management

2.1.5. Objectives of employee Relation

Employee relations insure highest level of common understanding & goodwill among all those section in industry in order to protect the interest of all employee and management. It is also helpful to avoid industrial conflict and develop harmonious relations, which are an essential factor in the productivity of workers. By lessening the tendency to higher turnover and absenteeism it is important to raise productivity to a higher level in an era of full employment. To establish and promote the growth of an industrial democracy based on labor partnership in the sharing of profits and of managerial decisions. To eliminate or minimize the number of strikes, lockouts and work-to-rule by providing reasonable wages, improved living and working conditions, and fringe benefits. (Mahfuzjudeh, 2011)

(Mamoria,2010) identifies the following objectives of employee relations: i. To safeguard the interest of labor and management by securing the highest level of mutual understanding and goodwill among all those sections in the industry which participate in the process of production. ii. To avoid industrial conflict or strive and develop harmonious relations, which are an essential factor in the productivity of workers.iii. To raise productivity to a higher level, by lessening the tendency to high turnover and absenteeism. iv. To establish and promote the growth of democracy based on labor partnership in the sharing of profits and of managerial decisions. v. To eliminate or minimize the number of strikes, lockouts and work-to-rule by providing reasonable wages, improved living and working conditions, and fringe benefits.

2.1.6. Employee Relationship Management Practices

Organizations normally engage in various employee relationships management practices to develop healthy relationships and extract the best out of each team member. According to Schweitzer & Lyons (2008), these management practices include: 1) employee empowerment and involvement; 2) initiating employee suggestions; 3) facilitating collective bargaining; 4) conflict management and grievance redress measures; 5) expertise training and development; 6) transparency in communication (Srivastava et al., 1998) and; 7) encouraging group activities (teamwork) These employee relationship management practices can have many different effects on the work of an organization; they can enhance perception and strengthen corporate communication, foster learning, increase

2.1.6.1. Employee Empowerment

Conger and Kanungo model of Employee Empowerment Conger and Kanungo (1988) define empowerment as a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing self-efficacy. Conger and Kanungo (1988) argued that relational elements, such as delegation of authority, engaging employees in decision making and sharing information and resources, are conditions that may support and enable the empowerment process.

In the process, they include diagnosis of organizational conditions that are responsible for feelings of powerlessness, techniques to remove some of the conditions leading to powerlessness, providing subordinates with self-efficacy information, subordinates' feeling of being empowered, and behavioral effects of empowerment (Conger & Kanungo, 1988).

Situational approach concerns passing authority from higher-level management to employees by engaging them in decision making. The psychological approach put less emphasis on delegation of decision making.

This approach analysis empowerment as different psychological cognitions that contribute to improved intrinsic motivation. Spreitzer's (1995) psychological empowerment consists of four cognitions that are individual's orientation towards his or her work role, aptitude, impact, significance and autonomy. Liden, Wayne, and Sparrowe, (2000) presented two main viewpoints that empowerment can be derived from literature as micro view point that is empowerment as a specific form of intrinsic motivation of employees and macro point of view is considering the various organizational empowering structures and policies.

Employee empowerment states that "the participation of the entire firm's workforce to improve the working environment, product quality, equipment productivity, and eventually, company competitiveness" Owusu (1999).

employee empowerment, provide real time access to company training, targets information to employees based on their interests, streamline performance management, manage resources, encourage loyalty and commitment, raise productivity, encourage innovation levels, reduce turnover and retain human talent. (Mahfuzjudeh, 2011) Employee involvement is the process concerned with participation and empowerment of employees so as to use their inputs in order to achieve higher individual and organizational performance.

In essence, empowerment is a management style where manager's share endeavors with the rest of organizational members. Their influence in the decision-making process – or the collaboration in the decision-making is not limited to the formal power – with certain characteristics as far as information systems, training, rewarding, power sharing, leadership style and organizational culture are concerned (Pardodel Val and Lloyd, 2003).

When empowerment approaches adopted, employees increasingly would start to feel that they are valued, competent and the jobs they are doing have so great meaning and impact, and, when legitimately empowered they would continuously be in a mood to believe they have so vast opportunities to apply their skills in return they are expected to change their behaviors towards using their talents in the work

Place better than before,& such their employee driven changes are expected to bring contribution to the effectiveness and efficiency of the organization. (Mahfuzjudeh, et al 2003)

Johnson and Redmond (1998:176) argue that empowerment is a state of mind. An employee with an empowered state of mind experiences feelings of control over how the job should be performed and is aware of the context in which the work is performed. There is accountability for personal work output and shared responsibility for organizational performance. Equity is built into the rewards based on individual and collective performance. Employees need the ability, authority and opportunity to become empowered and to operate in this way. Organizations require empowered employees who are committed to organizational goals. Whetten, et al. (2000:493) suggests that, in order to deploy human resources through empowerment, managers need to define objectives, plan and then move into the management of their task force. Tell employees why things are required and what needs doing. Coach them so that people are competent to do their jobs. Consult at the relevant level so that people understand what they are doing and that they are doing it in a way that meets your needs. . Monitor and review what is being done – if necessary repeating the cycle of tell, coach, consult and delegate again. Communicate the work of the team to the “outside”

2.1.6.2. Conflict Management

Mesh'al (2001) suggests that conflict is an inevitable natural part of the dynamics of workplace including the most solid ones. People perceive differently situations and will try to persuade others to think as them. Thus, conflicts occur frequently when there are open communication barriers, when you feel a perceived threat or one that is real to your status of employment or when targets of workplace are not met by an individual. The timely recognition and immediate explication of the underlying tension before the conflict issues go out of hand are useful to the effectual management of conflict in the workplace. If unmanaged, conflict becomes destructive and highly negatively impact employee productivity and the organizations' success. If employers start understanding the cause and how to react to conflict, they thrive more in the managing and prevention of future conflicts (Gazioglu&Tansel, 2006).

For organizations to perform effectively, they need to develop or improve the way you they adopt in dealing with conflicts that arise in the organizational context. Appropriate problem solving techniques such as facilitation of medication, training and coaching of conflicts should be utilized to minimize frequency of conflicts in the organization. These techniques are tailored to improve in supervisors and employee relationships and relationship between co-workers with aim of building productivity of employees, improvement of the ability to prevent and deal with conflict and increase employee satisfaction (Niklas &Dormann, 2005).

2.1.6.3. Communication

According to Kathryn and David (2001) Communication is the exchange of messages between people for the purpose of achieving common meanings. Unless common meanings

are shared, managers find it extremely difficult to influence others. Verbal communication is the written or oral use of words to communicate. Both written and oral communications are pervasive in organizations. Written communication occurs through a variety of means, such as business letters, office memorandums, reports, resumes, written telephone messages, newsletters, and policy manuals.

The two communication skills of prime importance to managerial effectiveness are listening skills and feedback skills. These two skills are particularly critical because such a large proportion of employer's time is spent in communicating. Feedback is a continuous part of managing. Although, managers may give feedback to a variety of individuals with whom they interact. Generally people are more positive when receiving positive feedback while receiving negative feedback is generally more difficult. Communication in the institution refers to the extent to which the institution informs employees about important issues in the organization. Such important issues include business policies, values, mission, strategies, competitive performance, events and changes that affect the institution and employees.

Institutional communication can be done either formally through formal structures or informally by means of unstructured procedures. However informal communication is more credible than the formal one as it allows team flexibility, open discussion, better flow of ideas and greater efficiency and productivity. Communication with employees strengthens their identification with the institution and creates institutional solidarity due to trust among employees or between different departments (Chinomona et.al.2013). Communication allows interaction among team members and this can happen in various ways that consist of face-to-face meetings, telephone, e-mails and others. Communication in the organization is important

because employees well informed in order to perform well and share ideas with their colleagues (Noordin et. al. 2010).

2.1.6.4. Teamwork

Oso (2002) thought about teamwork as a group of people working together in order to attain a common goal. The author indicated that teams in organizations usually consist of employees who acquire necessary skills that are important to achieve the desired objectives. In this incident, all team members have the opportunities to teach each other how to perform a particular task skillfully and professionally. Hence, the greater the degree of collaboration among team members, the higher is the opportunity for shared learning and the greater is the level of job satisfaction & productivity. Besides that, working in a team allows employees to feel empowered and this supports them to develop autonomy, which is a source of job satisfaction and low stress levels (Oso 2002).

Seeking to create a positive employee relations environment must be a part of every manager's performance objectives for these supervisors and managers are the key link between employees and their company. If these relationships are strong, then employees are more likely to be satisfied with their jobs and more productive as a result (Daniel, 2003). The application of human relations in managing human resources is critical in today's business competitive environment.

2.1.7 Job satisfaction

Locke (1976) defines job satisfaction as individuals' subjective valuation of different aspects of job. Job satisfaction simply explains attitude of employees toward their job. In other words, it describes the level of happiness of employees in fulfilling their desires and needs at

the work. Hence, it is the pleasurable feelings that result from an employee perception of achieving the desire level of needs. Job satisfaction as an intangible variable could be expressed or observed via emotional feelings. In other words, it hinges on the inward expression and attitude of individual employee with respect to a particular job. For instance, an employee satisfaction is high if the job provides expected psychological or physiological needs. However, satisfaction is said to be low if the job does not fulfill the psychological or physiological needs (Cook, 2008). Job satisfaction is an accurate indicator of good relationships between the employer & employees this is because a satisfied worker usually has good relationships with the employer. (Daft RL 2010)

2.1.8. Importance of Employees Satisfaction

2.1.8.1. Enhance employee retention

One of the outcomes of employee satisfaction is enhancing employee retention. Satisfied and engaged employees have more concern about their organization and want to grow with the organization.

2.1.8.2. Increase productivity

Employee satisfaction is believed to have a positive relationship with productivity. Satisfied employees put an extra effort to optimize his/her as well as the organization benefit. (Robbins et al. 2003) and Northwest Territories Human Resource (2012) evidenced satisfaction has a strong relation with productivity.

2.1.8.3. *Increase customer satisfaction*

Especially in service giving organizations, like banks, robust employees' satisfaction is likely to have large contributions for customer satisfaction. Logically, happy and engaged employees can make customers happier (Daniel, 2011 and Decision-wise, 2016) and thereby contributing to customer retention and attracting, reducing customer switching. When employees get happier customers get delighted.

2.1.8.4. *Reduce turnover, recruiting, and training cost.*

Many scholars strongly contend that employee turnover is inversely related to job satisfaction (Griffon et al., (1979) and Price (1977) cited in Robbins et al. (2003) and Decision-wise, 2016). According to French (2003), a high employee turnover rate is often prevalent in an environment where employees are highly dissatisfied. These situation forces organizations to recruitment new employees to replace resigned employees and spend large additional cost associated with recruiting and training.

2.1.8.5. *Enhance Organizational Commitment*

This is one of the popular attitudinal variables in the work domain. It is defined as the extent to which one identifies with and is involved in an organization (Mohammed et al, 2012). An engaged employee uses his/her heart, mind and hands in the work place; they envision the organization goal and work by their own initiation; and they spend additional hour and effort in the organization to contribute to the organization goal. Therefore, it directly enhances the organizational commitment of employees.

2.2. Empirical Review of the Literature

The relationship between the employer and employees in any organization is a determinant of any organizational performance. Good employer-employee relations are directly related to job satisfaction (Armstrong, 2006). Performance appraisals conducted by organizations against their employees enhance job satisfaction among workers. Timely feedback provided to employees by their employer helps workers to identify their weaknesses and improve their skills to perform in a better way. Disciplinary procedures adopted by organizations determine how organizations recognize and respond to employee disciplinary issues in the organizational context.

Transparency and effective communication in disciplinary matters will enhance the relations between the employer and the employees (Garrido, Rez and Ant, 2005). Effective approaches adopted in conflict management within the organization like coaching, training, mediation and facilitation will enhance employee and employer relations thus improved job satisfaction. The opportunity of employees to join trade union of their choice as their right always influences the spirit of team work and motivation to perform well in an organization. The employees who are members of trade unions tend to feel protected and have a voice over their employers in the changing business environment (Sweney&McFarlin, 2005).

Factors that affect job satisfaction can be sorted as follows: salary, benefits, the nature of work, pressure, career development, education and training, job nature, management style, safety, job security, appreciation, training, workload, pay, promotional opportunities, organizational support of career, rewards, meeting, the overall working environment, department environment, physical conditions, equity, task variety, intergroup conflict, perceived organizational support, organizational commitment, delegation of power,

communication, organizational integration, role ambiguity, communication with management, style of management, communication between colleagues and other groups, teamwork and cooperation, personal development, content of work, variety of task, responsibility, working hours, timings, recognition of superiors, job characteristics, job clarity, role conflict, advancement opportunities, company culture, safety at work, work content, good relationships with coworkers, technology, atmosphere at work, workload, feelings of accomplishment, performance, advancement opportunities, work exhaustion, turnover, absenteeism, performance evaluation systems, compensation, company's image and corporate culture. (Mihajlovic, et al., 2008, & Spniewska, 2013, & Van Saane et al., 2003)

Employees that have a better relationship with their coworkers are more likely to be satisfied with their job (Yang, et al., 2011). According to Locke, employees prefer to work with people being friendly, supportive, and cooperative (Başar, 2011). Since people spend majority of their times with colleagues, if co-workers make them happy, this has positive impact on their job satisfaction (Beşiktaş, 2009). Boon, Arumugam, Safa, and Bakar (2007) argue that employee empowerment is the most important employee relations practice that significantly overall organization.

As Beardwell & Holden et al 2004 explain increase in job satisfaction is one of the benefits of empowerment (Kaufman & Levine, 2000; Kaufman, 1999). Liu & Fang (2006) revealed that power sharing significantly predicted team member's performance through the team members' extrinsic and intrinsic motivation. Taken together, there appears to be a strong theoretical support for the role of empowerment in engendering performance in the work place.

Involvement refers to the employee participation in decision making and problem solving and increased autonomy in work processes (Sofijanov& Employee participation has been considered an essential element for implementing new management strategies successfully and also for determining the extent of job satisfaction (Harmon et al., 2003; Zainnudin& Isa, 2011).

Previous literature reported that teamwork is the key result of successful managements aiming to improve overall organizational outcomes in terms of productivity. Mbinya (2013) demonstrated that the majority of organizations focus on teamwork in an attempt to achieve their targets. Past studies found that teamwork has significant positive effect on employee productivity and organizational performance. That is, organizations which emphasize more on teams can enjoy favorable outcomes such as enlarged employee performance, higher productivity and better skills in problem solving (Cohen and Bailey, 1999). Moreover, Gallie, Zhou, Felstead and Green (2009) confirmed that teamwork enriches performance through the increased scope of using employees' knowledge, skills, and abilities and sharing them with other members.

The authors added that teamwork enhances employee productivity and it leads to favorable levels of commitment toward the organization their participation had been established as the management solution (Cotton, Vollrath et al., 1988). Cohen (1999) argued that employee involvement was an antecedent of organizational commitment. Employees with high involvement level whose jobs act as the center of their life are expected to work much harder than those with low involvement level.

Armstrong (2006) states that there four specific purposes for employee communication these are to articulate individual dissatisfaction with management or the organization; serves as an expression of collective organization to management; contributes to management decision making, particularly regarding work organization, quality of service and productivity; and last, employee communication demonstrates the mutuality of the employer-employee relationship.

Studies internationally suggest that workplaces with good employee relations and high employee participation and involvement have higher performance & boost job satisfaction. (Addison, John, & Belfield 2004; Hirsch 2004; Kaufman 2005).

Building a good relationship with an employee is the best way to close the employee's productivity gap & also important to promote job satisfaction and productivity because when the manager take the time to develop these relationships and guide employees in their work it will be able to produce more quality work. Only through good relationships combined with strong, sensitive leadership can a cohesive department be built (Chapman & Goodwin, 2001).

Studies suggest career opportunities, job influence, teamwork and job challenge as the main factors that influence employee job satisfaction (Armstrong, 2006). Also, Opkara (2002) maintains that satisfaction is as a result of promotion, recognition, job involvement and commitment.

According to the study conducted by kanana on 'the perceived relationship between industrial relation & job satisfaction she concluded that communication has great effect on job satisfaction.

Based on the research study of Employee Empowerment and Its Effect on Organizational Performance by (M.Demirci 2016) When empowerment approaches adopted, employees gradually would start to feel that they are valued, competent and the jobs they are doing have so great meaning and impact, and, when legitimately empowered, they would continuously be in a mood to believe they have so vast opportunities to apply their skills. In return they are expected to change their behaviors towards using their talents in the work place better than before.

Jung and Hong (2008) conducted a study to explore the link between organization performance, and empowerment found out that employee empowerment plays a significant role on organization performance & employee satisfaction.

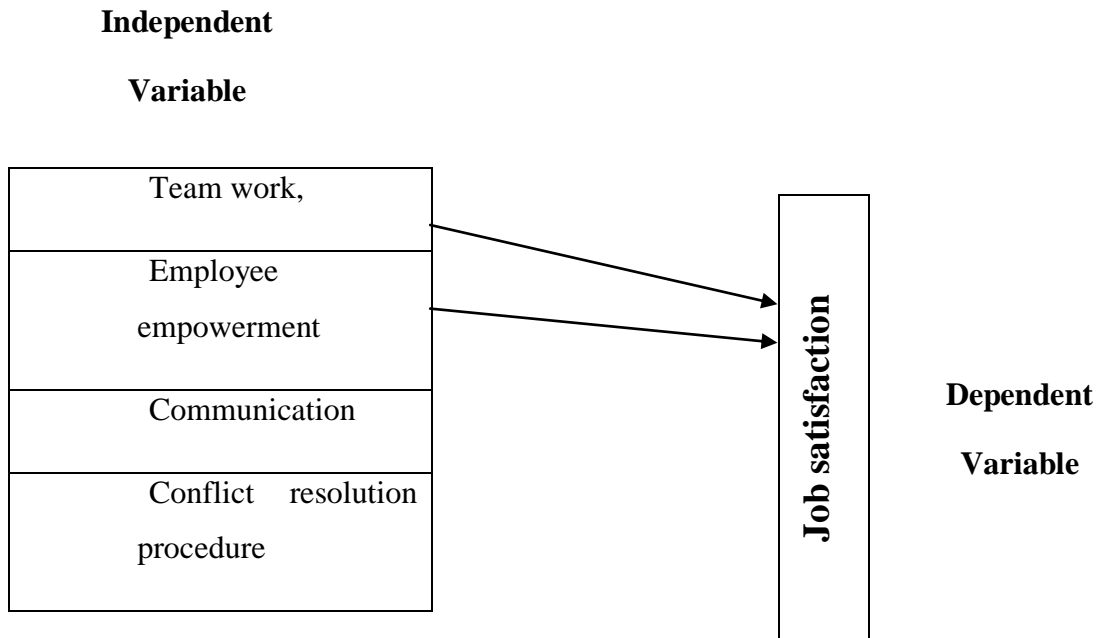
Based on the research finding of Jalal Hanaysha conducted to “Testing the Effects of Employee Empowerment, Teamwork, and Employee Training on Employee satisfaction in Higher Education Sector “The findings of this paper showed that teamwork has a significant positive effect on employee satisfaction. According to the research study of Effect of Teamwork, Employee Empowerment and Training on Employee Performance by Iftikhar Ahmad(2017) Teamwork, employee empowerment and training should be adapted in every organization whether that is public sector or private sector organization through which organizations increase their productivity and efficiency. It is essential for every organization to create an environment where employees cooperate with each other and are satisfied with their jobs. This will help them to consume their full capabilities for better organizational performance

Based on the thesis of Byberyl Akoth Olang (2017) on the case of influence of conflict management on employee satisfaction: a case of stimasacco society limited concluded in his study that effective conflict management strategies are associated with improved performance and lower costs. The findings of the study led to a conclusion that there was a positive and significant relationship between employee satisfaction and negotiation as a conflict management strategy. This implied that the higher the organization adopted negotiation, the more the satisfaction increased. It was also concluded that the most effective form of negotiation focuses on achieving a win-win situation, which helps improve the general working environment.

The effect of organizational conflict management practices found out that these practices supports the goals for the group and improves the group's performance. Poorly managed conflicts create negative interpersonal relationships that reduce the quality of service, and hinder ability to obtain meaningful outcomes. Researchers have noted numerous studies of conflict resolutions bringing positive results (Rahim, 2011; Simons & Peterson, 2000)

2.3. Conceptual Framework

Based on the literatures and theoretical models reviewed by the researcher, the below conceptual framework is developed. This framework attempts to determine the effect of employee relation practice on employees' satisfaction, in case of AdIB.



Source: Variables are adopted from various scholars work

The above conceptual framework is self-developed after reviewing different literatures and finding of practical study. Here as shown above in the framework job satisfaction identified as dependent variable and different dimensions such as teamwork, employee empowerment and involvement, communication, structured conflict management practices are selected to be independent variables.

2.4 Hypotheses

H1= empowerment have positive significant effect on job satisfaction

H2=communication have positive significant effect on job satisfaction

H3=teamwork have positive significant effect on job satisfaction

H4=conflict management have positive significant effect on job satisfaction

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Description of the Study Area

This research was mainly focused on the effect of employee relation on job satisfaction in Addis international Bank. In this chapter the research design, data sources, data collection method, sample size determination, techniques and data analysis techniques are identified.

3.2 Research Design & Approach

The purpose of this study is to examine the effect of employee relation on job satisfaction. So, this study has been used as descriptive research design, since the objective of descriptive research is to gain a profile of situations (Mark & Philip, 2012). Descriptive design has been used for this study since it explores and describes variables' relationships the way they occur without manipulating them. This design is a framework used to attach the research components together (Krishnaswami, 2003). The descriptive study is aimed at obtaining information that can be subjected to analysis, extraction of patterns and drawing of comparisons for clarification purposes and provision of making decisions platforms. Quantitative data will be obtained for the purposes of comparison. Quantitative research describes behavior in the form of models, correlations, and numerical forms as accurately as possible and makes it predictable (Fossey et al., 2002). The five-point Likert scales (i.e., Strongly Agree, Agree, neutral, Disagree, Strongly Disagree) have been introduced in the questionnaire to obtain and measure the responses of the respondents. Finally, based on the data type acquired, tables

have been introduced to present the data in such a way that they will give meanings for the study.

3.3 Source of the Data

Data was gathered from both primary data sources and secondary data sources. Questionnaires were used as a primary data collection tools in a way that they can answer the research questions. And, secondary data sources like books, articles, journals, magazines published by the bank are used as well. This research was quantitative in nature.

Adopted Likert five point Scales in questionnaire have been used to obtain and measure the satisfaction of employees regarding to the relation with each other. Even though there are issues and concerns about the limitation of such scales, the use of this method appears to have been accepted in behavioral and attitudinal research, for social science studies including measuring job satisfaction. Quantitative research describes behavior in the form of models, correlations, and numerical forms as accurately as possible and makes it predictable (Fossey et.al, 2002).

3.4 Procedure for Data Collection

This research was conducted based on primary as well as secondary data. For collecting primary data structured questionnaire, containing close ended questions, were used. The structured questions enabled the researcher to easily tabulate and analyze the data. The questionnaire were administer using a drop and pick method to the sampled respondents. Care and control was exercise to ensure all questionnaires issued to the respondents was receive back. Extensive literature reviews were carried out to develop the constructive study

in the form of questionnaire. Secondary data was collected from books, online and print journals. The researcher was adopted standardized research questionnaire from Management-Employee Relations, Firm Size and Job Satisfaction of (Aysit Tansel, Gazioglu2013)

3.6 Sampling Technique

For this study non probability sampling technique was used i.e. both purposive (i.e. through deliberate selection of participants) and convenience sampling (i.e., ease of access & on the basis of their willingness) technique to distribute the questionnaires. The study was used non-probability sampling to select participants, due to similarity of work categories and homogeneity of the respondents and direct relations with the issue of the study.

3.7. Sampling Size Determination

The bank has 654 employees throughout Ethiopia. Out of 654 employees, the rest175 employees found out of Addis Ababa. Hence, by excluding employees that are found out of Addis Ababa, and managers and non-clerical employees 391 employees was considered as target population

By using convenience sampling, which is one of the types of non-probability sampling, Members were selected according to their convenience accessibility and proximity to the researcher on the time of distributing the questionnaire. The sample size is calculated by using (Yamane, 1967) sample size determination formula with 95% confidence level which is presented as follows.

Where:

$n = \text{sample size required}$ $N = \text{number of people in the population}$ $e = \text{allowable error (\%)}$
 $N = 391 / 1 + 391(0.05)^2$
 $n = 179.64$
 $n \approx 180$

3.7. Data analysis:

Descriptive research was used for this study since it explores and describes variable relationships the way they occur without manipulating them. This design was a framework used to attach the research components together (Krishnaswami, 2003).

The descriptive study is aimed at obtaining information can be subjected to analysis, extraction of patterns and drawing comparisons for clarification purposes and provision of making decisions platforms. A five point Liker scale have been used & the data collected from respondents was analyzed by using descriptive statistical analysis & SPSS version 20.00 Since the data which were acquired using Likert scales were ordinal data types, mode of frequencies, percentage and mean have been used to measure the central tendency of the data in the data set and to describe about the majority of or the average levels of agreement of the respondents about the subject matter respectively. Correlation & multiple regressions are used to describe the degree of relationship between the dependent and independent variable in this case, the effect of employee relation on job satisfaction. The results were presented using tables.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

1.1. Response Rate

The study had a sample of 180 respondents out of this 170 representing a response rate (94.4%) out of the respondents filled the questionnaires correctly.(Bell, 2005). Further as asserted by Bebbie (2004) a response rate of above 70% is good.

1.2. Demographic Data

The section contains employee's personal attributes such as, age, time in the organization gender and level of education. The reason for their inclusion is to help shed more light on the characteristics of persons involved in the research who are describing issues affecting the relationship between industrial relations management practices and job satisfaction.

Age of respondents		Frequency	Percent
Valid	21-25	32	18.8
	26-35	110	64.7
	36-45	19	11.2
	46& above	9	5.3
	Total	170	100
Experience of respondents			
		frequency	percent
Valid	below 1 year	12	7.1
	1-5 year	109	64.1
	6& above	49	28.8
	Total	170	100
Educational background			
		frequency	percent
Valid	Diploma	9	5.3
	First Degree	113	66.5
	Masters	48	28.2
	Total	170	100.0
Sex of Respondents		Frequency	Percent (%)
Valid	Male	91	53.5
	Female	79	46.5
	Total	170	100.0

Source: Own survey (2019)

Table 4.1 indicated that majority of the employees has worked between 1-5 years representing 64% of the total respondents. 28.8% of the employees have worked above 6 years, 7.1% less than 1 year and this implies that the questionnaire distributed to all without regarding experience. several age sets were created. The study comprised of age groups such as; 21-25 years, 26-35 years, 36-45 years and 46& above. More than half of the respondents were in the age group of 26-35 years giving the percentage of 64.71% (110) respondents.

Moreover 18.82% (32) respondents were in the age group of 21-25 years. While 11.18% (19) respondents were in the age group of 36-45 years and the last age group 46&above represents only 5.29% (9) of respondent. Majority of AIB employees are characterized by youth, the same is portraying in the sampled group. Respondent's Educational level in the organization Consequences disclose that 5.3 % of respondents which is the lowest result for this study have diploma. 66.5% employees are first degree graduates. And 28.2 %respondents have post graduate level. The majority had degree this implies that most employees posses higher education level.

There are 91 males (53.5%) and 79 females (46.5%) respondents to participate with the research survey. The number of males and females respondent are almost equal which is good for the statistic testing.

4.3 Descriptive analysis

4.3.1. Reliability Analysis

Reliability analysis was conducted to examine the internal consistency of each measure by analyzing the Cronbach's Alpha coefficients. According to Malhotra (2002), the ideal scale is above 0.7.

The results of the reliability tests conducted for each construct are summarized in the Table below. The Cronbach's Alpha value is more than 0.7 in all the independent variables and dependent variable.

Table 4.2 Reliability Test

Variable	Cronbach's Alpha	N of Items
Empowerment& involvement	.825	8
Conflict management	.710	4
Teamwork	.734	5
Communication	.743	6
Job satisfaction	.767	7
Total Cronbach's	.755	30

Source: Own Survey (2019)

The study sought to determine the effect of various employee relation practices on job satisfaction in Addis international bank. Employees were asked to indicate their level of agreement with various statements on employee relations practices. These included employee empowerment and involvement, conflict management and transparency in communication and encouragement of teamwork. The data was collected using 5 point Likert scale. According to the scale, 1 represented Strongly Disagree, 2 represented Disagree, 3 for Neutral, 4 for Agree, and 5 for Strongly Agree. Means for the factors were established in order to provide a generalized feeling of all the respondents. According to Burns (2012) assumption, those variables with a mean of 0-1.5 represented strong disagreement, those ranging between > 1.5 and < 2.5 represented disagree, those with > 2.6 and < 3.5 represented neutral, those between the ranges of 3.6 - 4.5 represent agree and finally, those with a mean value above 4.6 represented strongly agree. Standard deviation provides an indication of how far the individual responses to each factor vary from the mean. A standard deviation of more

than one indicates that there is no consensus on the responses obtained while that of less than one indicates a consensus

Table 4.3 Employees' Perception on Empowerment practice

Item no	Empowerment	Mean	Std. Deviation
1	I regularly look for ways to improve my work	2.19	.859
2	I believe ADIB management is willing to delegate some responsibilities to their employees	2.26	.796
3	I regularly involved in decision making that affect my work	2.41	.894
4	The management encourage my participation in developing long term goals & objectives	2.29	.657
5	Management provide continuous support for job related activities	2.21	.645
6	My manager trusts me to make the appropriate decisions in my job.	2.15	.659
7	I am confident about my capabilities and skills to do my job.	2.04	.647
8	The organization are willing to provide training, education opportunities as needed	2.14	.721
	Total	2.21	

Source: Owl,,n survey (2019)

The mean score for statement “I regularly involved in decision making that affect my work” equals 2.41 with standard deviation less than 1 so the mean of this statement implied the

respondents' disagreement to this item, though it is the highest score among empowerment statements. Another factor that had 2.26 mean score is managers' willingness to delegate responsibilities to their employees which also reflect employees are disagreement. The least rated factor at 2.04 was employees are confident about their capabilities and skills. This implies that employees are not confident enough about their skills. The overall mean is 2.21 indicated employees are not believed that there is attractive empowerment practice.

Table 4.4 Employees Perception on Conflict Management practice

Item No.	Questions related to Conflict Management	Mean	Std. Deviation
1	Managers always interact with their employees to arrive in neutral decision	2.09	.707
2	There is healthy relations with management & employees	2.02	.629
3	The employer & employee respect the right of each other during conflict management	2.18	.708
4	Managers ensure that employees are represented appropriately in case of conflict	2.19	.579
	Total mean	2.12	

Source: Own survey, (2019)

As shown in table 4.4, the mean of 2.09 implies that majority of them disagree on the statement that managers interact with employees to arrive at neutral decisions. The mean result of 2.02 indicates that majority of respondents do not believe that there is healthy relation. This is clearly indicated in item no 3 and 4 of table 4.6 mean result of 2.18 & 2.19 respectively indicates most respondents disagree on the factor employee & employer respect

the right of each other during conflict resolution & employees are represented appropriately during conflict management. In general, majority of respondents from the company, as reflected in the aggregate mean result of 2.12, have said that there is no good conflict management practice in the company.

Table 4.5 Employees Perception on Teamwork practice

Item No.	Questions related to Teamwork	Mean	Std. Deviation
1	The organization management highly values team work	2.06	.636
2	Employees are encouraged to form task related work group	2.07	.611
3	I am strongly committed to teamwork	2.07	.640
4	I complete my task in time because of teamwork	2.20	.774
5	I prefer to work in a team to accomplish goals & objectives	1.91	.508
	Total mean	2.06	

Source: Own survey (2019)

Accordingly, the mean result of the study 2.06 revealed that respondents do not agree on the value given for teamwork. Besides, majority of respondents have disagreed, as indicated by mean of 2.07, the employees are encouraged to form task related group. Employees have disagreed that they are committed to teamwork as revealed by mean result of 2.07. Employees have disagreed to the statement that they complete tasks in time in help with

teamwork by mean result 2.20. As mean result implied 1.91 employees do not prefer to work in a team.

In general, majority of respondents from the company, as reflected in the total mean result of 2.06, have said that most of respondents believe that there is no good team work practice in the bank.

Table 4.6. Employees Perception on Communication practice

Item No.	Questions related to Communication	Mean	Std. Deviation
1	The organization structure enhance open communication	2.16	.659
2	Mangers interact with their employees openly	2.25	.660
3	The organization encourages interactive learning approach	2.13	.789
4	The organization gives timely feedback to its employees	2.02	.486
5	Employees always contribute in key decision	2.08	.665
6	There is two way communication between management & employees	2.01	.662
	Total mean	2.10	

Source: Own survey (2019)

When respondents were requested about the organization structure capacity enhance open communication, they have disagreed. As per the mean score of 2.16, majority of respondents do not agree on the point. Respondents were also asked whether mangers interact openly with their employees or not most of them agreed that mangers do not openly interact with employees with the mean score of 2.25. In addition respondents requested their opinion

regarding interactive learning approach they disagreed as indicated in mean result 2.13. As mean result 2.02 indicated the managers didn't give feedback to their employees timely. Similarly, respondents disagree with factor that they contribute in key decisions as mean result 2.08 revealed. As mean score 2.01 showed respondents' also claim that there is no two way communication in the organization. The aggregate mean result 2.10 showed employees believe there is no good communication practice in Addis international bank.

Table 4.7 Employees Perception on Level of Job Satisfaction

Item No.	Questions related to Level of Job Satisfaction	Mean	Std. Deviation
1	I feel good about working at this organization	2.10	.875
2	I feel good at my job	2.24	.838
3	I get feeling of personal accomplishment from my work	2.35	.900
4	I am satisfied with my job	2.26	.675
5	I will not resign if I have a chance to get another job	2.15	.694
6	I am proud to tell others that I am part of this organization	2.05	.608
7	for me this is the best of all possible organization for which to work	2.05	.646
	Total	2.17	

Source: Own survey (2019)

Respondents' mean score of 2.10 & 2.24 reflected that employees are not happy working in this organization and by their job. Mean score of 2.35 inferred employees of the bank they doesn't get feeling of personal accomplishment from their job. Moreover, respondents

disagree with statement that they will not resign if they got another job. This was supported by 2.15 mean score. As shown in the table 4.10 respondents asked to answer if they feel proud by the organization & their perception if they believe the organization is one of the best organizations for which to work the regarding mean score of 2.05 for both statements this reflected respondents disagreement. As total mean score 2.17 indicated job satisfaction of employees is low

Table 4.8.: Summary of Pearson Correlation Coefficient' Results

Industrial Relation (Independent Variables)	Employee Satisfaction (Dependent Variable)	
	Pearson Correlation	Significance (2-tailed)
Empowerment	.634	.000
Conflict Management	.399	.000
Team Work	.394	.000
Communication	.378	.000

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

Table 4.11 shows that the factors communication, empowerment, conflict management, teamwork are independently positively correlated with Job Satisfaction and also highly significant at 1% levels. Here it is obvious that the maximum correlation ($r = 0.634$) is existed between empowerment and Job Satisfaction, followed by the association ($r = 0.333$) between communication and Job Satisfaction; conflict and Job Satisfaction ($r = 0.301$); and teamwork and Job Satisfaction ($r = 0.216$). It should be necessary to give the highest emphasis on empowerment for super job satisfaction of employees. Conflict management is also crucial for wonderful job satisfaction of employees. Although there has little influential link

($r=0.2.16$) between team and Job Satisfaction; and communication and Job Satisfaction ($r=0.333$). These factors also were also essential for job satisfaction.

Industrial relation practices are pair-wise positively correlated with one to another and also statistically significant at P-value 0.000. Among the four industrial practices, the relationship ($r =0.412$) between communication. And conflict is the highest, followed by the link ($r =0.399$) between conflict and empowerment, team work & empowerment ($r=0.394$) took the third place. Fourthly we placed communication & empowerment ($r=0.378$).team work & conflict ($r=0.255$) is the lowest among the factors. Further, a multiple regression analysis was performed to identify the predictors of Job Satisfaction as conceptualized in the model. An enter-wise variable selection was used in the regression analysis and table 4.12 shows the summary measure and ANOVA

The industrial relation practices (empowerment, teamwork, conflict management, communication) as below shown model revealed the ability to predict Job satisfaction ($R^2 = 0.416$). In this model value of R^2 denotes that 41.6% of the observed variability in Job can be explained by the industrial relation practices namely (empowerment, conflict management, teamwork and communication). The remaining 58.4 % is not explained which means that the rest 58.4% of the variation of job satisfaction is related to other variables which are not depicted in the model. This variance is highly significant as indicated by the F value ($F=29.338$ and $P = 0.000$). An examination of the model summary presented and in conjunction with ANOVA, presented by, indicated that the model explains the most possible combination of predictor variables that could contribute to the relationship with the dependent variable. In additions, results implied that there is significant impact of the

independent variable on the dependent variable and the model applied is significantly perfect to predict the dependent variable.

Multi-co linearity arises when two or more independent variables are highly correlated with each other. Multi-co linearity test was done so as to establish if the independent variables (conflict management, Employee Empowerment, teamwork and communication) are inter-related with one another others or not. For this study, the co-linearity tests were conducted using correlation analysis, tolerance and variance inflation factor (VIF) analysis. As a confirmation of the above finding, tolerance and variance inflation factor (VIF) analysis was used to determine the multi-co linearity. Results of the study reveal no multi-co linearity problem for the tested IVs. This is due to the fact that the tolerance values for the variable were greater than 0.1, while the VIF values are all less than 10, it shows that there was no co linearity (Field, 2005). Consequently, the variables were retained in current research model and used for further analysis.

Table 4.9. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.645 ^a	.416	.401	.37752

a. Predictors:(Constant), Communication, Team Work, Conflict Management, Empowerment

b. Dependent Variable: Job Satisfaction

Table 4.10. Analysis of Variance (ANOVA) for Employee Relation and Job satisfaction

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.725	4	4.181	29.338	.000 ^b
	Residual	23.516	165	.143		
	Total	40.241	169			

a. Dependent Variable: job

b. Predictors: (Constant), Communication, Team Work, Conflict Management, Empowerment

Table 4.11 multiple regression

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Co linearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.673	.189		3.560	.000		
	empo	.594	.069	.605	8.611	.000	.718	1.392
	conflict	.130	.069	.130	3.437	.000	.757	1.321
	team	.066	.072	-0.60	-.060	.363	.820	1.219
	comm	.122	.076	.109	1.600	.000	.763	1.310

a. Dependent Variable: job satisfaction

The study hypothesized that Employee empowerment has significant influence on employee satisfaction in ADIB. The test statistics findings indicated that there ($\beta=.605$, $t= 8.611$ and p value 0.000). Since the t was 8.611 which are greater than zero, the alternative hypothesis were accepted.

The study hypothesized that Conflict resolution has significant influence on employee job satisfaction. The study findings therefore indicated that there was a

positive significant relationship between Conflict resolution practices and job satisfaction ($\beta=.130$, $t= 3.437$ and p value 0.000). This, therefore, means that an increase in Conflict resolution will increase satisfaction of employee significantly. Since the t was 3.437 which is greater than 0 the hypothesis 'Conflict resolution practices has significant influence on satisfaction of employees of was accepted. It was therefore concluded that conflict resolution practices had significant influence on job satisfaction of adib employees

The study hypothesized that communication has significant influence on job satisfaction. The study findings indicated that there was a positive significant relationship between communication and job satisfaction in adib ($\beta=.122$, $t=1.600$ and p value 0.000). Since the t was 1.600 which is greater than zero, the hypothesis 'communication practices has significant influence on job satisfaction then the alternative hypothesis was accepted.

The study hypothesized that teamwork has significant influence on employee satisfaction in ADIB. The study findings indicated that there was a positive significant relationship teamwork and job satisfaction ($\beta=.060$, $t= -.060$, p value 0.363). Since the t was -0.60 which is less than zero, the alternative hypothesis was rejected.

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

The chapter presents the general findings of the research in the context of the central ideas underpinning the objectives of this research. The key components of the chapter include the summary of findings, recommendations and conclusion.

5.2. Summary of Major Findings

- In this study, among elements of employee relation, the majority of respondents with the aggregate mean score (2.21) don't agree regarding the existence of empowerment within their processes/branches.
- The mean score of 2.09 implied that majority of respondents disagree on the item that managers discussed with conflicting parties to arrive at neutral decisions.
- The descriptive statistics result revealed with **2.12** total mean which implied most respondents do not agree regarding the existence of proper conflict management in the bank.
- Team work, which is one of the employee relation elements, registered low level of satisfaction. As a mean score 2.06 reflected respondents have shown their dissatisfaction about team work practice in the organization.

- Majority of the respondents are dissatisfied with statement that measured the level of communication in the organization as the aggregate mean result (2.10) proved.
- The overall employees' satisfaction level as total mean score (2.17) indicated job satisfaction of employees stood at about low level.
- The study findings show that positive strong correlations exist between employee relation practices and job satisfaction since $r = .414$. This shows that employee relation practices had (41.4%) influence on satisfaction.
- Among the four industrial practices, the relationship ($r = 0.412$) between communication and conflict is the highest, followed by the link ($r = 0.399$) between conflict and empowerment. Team work & empowerment ($r = 0.394$) is the lowest among the factors.
- Empowerment, communication and conflict management has effect on job satisfaction of employees the hypotheses h1, h2, and h4 was accepted as findings proved. but team work has no effect on job satisfaction based on the results of this study.

5.3. Conclusions

This paper gives insight about employee relation practices (communication, teamwork, conflict management and empowerment) and their effect on the employee's satisfaction in Addis international bank. Results of our study indicate significant positive impact that employee relation practices play in influencing the satisfaction of employees.

What is the status of employee relation in ADIB?

- Communication plays crucial role at organizations and it is one of the most important factor in which improve the employee's satisfaction. When communication is open and

transparent, employees can build high trust in their organization and perceive the organization as being transparent.

- The research result revealed that there is no open, transparent and effective communication in the organizations, and that there is no regular feedback from managers that helps to improve work. Employees had a high level of job dissatisfaction on how communication within the organization was carried out.
- Managers are not fair in time of conflict management; they came up with decisions without having full information. Proper conflict management was not carried out in the bank this lead employees to dissatisfaction
- The organization structure didn't enhance to form task related team, managers and employees are not supportive to teams to be effective in achieving their goals
- Although the aggregate mean result of the dependent variable (job satisfaction) level of employees reported employees are highly dissatisfied.
- Generally from the point view of the results of the finding Addis International Bank had poor employee relation practices and high job dissatisfaction.

To what extent employee relation practices had effect on job satisfaction in Addis international bank,?

- As results shown industrial relation practices have high positive significant effect on job satisfaction.
- Empowerment conflict management and communication had significant effect on job satisfaction. But team work does not as findings reveal.

What is the relationship between employee relation and job satisfaction?

- Findings revealed that there is strong positive association between industrial relation practices (empowerment, conflict management, teamwork, and communication) and job satisfaction.
- The study findings revealed that poor satisfaction is as a result of poor teamwork practices, lack of empowerment, ineffective communication and lack of good conflict management. Employee relation has a big impact on the employees satisfaction if relationship is poor satisfaction will be negatively affected.
- In the light of the above findings and discussions, I came up with the suggestion that companies need to provide teamwork tasks, empower their employees and provide better quality conflict management & proper communication enhanced employee satisfaction.

5.4 Recommendations

- Managers have ability to implement open, transparent communication which helps to motivate and satisfy employees, the bank should be able to organize training in order to help its managers to have the ability.
- Improve communication within employees through interchange ideas, feelings and opinions with management to strength the relationship with employees. Implement effective communication systems and mangers should give regular feedback to employees in order to improve work process and increase job satisfaction.
- Open lines of communication like meetings, informal communication, which can improve employee's relationships, and it should provide feedback, actively listening to employees. Communication must be two ways process that can be carried either

vertically or horizontally not only senior personnel but even employees at lower levels must hold the authority to transfer information to their respective managers.

- As teams can enhance the overall performance of employees, the bank is supposed to design teams keeping in view the characteristics that effect teams output positively. Managers should create task related teamwork and conducted and evaluated regularly the output in order to increase organizational performance and employee's satisfaction through capitalizing on the knowledge and skills of employees and by inspiring them to accomplish the tasks as desired.
- set measurable goals within a specific timeframe that group members can measure themselves against themselves both individually and as a team in the bank.
- Employee empowerment programs must be fully supported by both top and middle level management. Therefore the bank management must focus on removing barriers that keep employees from exercising their talents fully and this can only be achieved by implementing empowerment programs which will give employees dependence in their work.
- Managers should give employees structured ways to make their thoughts, feelings and observations known easily and regularly. Help them understand that their input is valued make sure you acknowledge them for sharing and reward valuable input that helps the company.
- invite all employees to become part of decision taken by the bank; such decisions are related with day to day working of the bank. These encourage employees to deliver more productive and creative ideas for the organization.

- In order to decrease employee dissatisfaction rate, the study recommends that the employees involved more in decision making concerning setting goals, objectives and performance targets.
- Define boundaries within which employees are free to act. By setting clear expectation managers should be able to permit their staff to make decisions while insuring the decisions are in line with the company goals. Delegating employees to take drudge work off is inappropriate instead delegate with the intent to grow and develop the capabilities and responsibilities of your employees.
- In conflict management managers treat all employees equally without any bias in order to enhance trust and to come up to fair decisions to make employees satisfied. There should adequate interaction and dialogue with conflict parties equally in order to arrive at neutral decisions to boost employee's satisfaction and to facilitate smooth employee-employer relation.
- Training should be organized for concerned staffs on how to manage conflict in organization.

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APPENDIX 1: QUESTIONNAIRE

Addis Ababa University School of Commerce

Human Resource Management Post Graduate Program

I am master's student in Commerce College of business & economics. The purpose of this questionnaire is exclusively for academic purpose as a partial requirement for MA Degree in Human Resource Management. I kindly request your assistance by availing time to respond to the questionnaire. A copy of the final report will be made available to you at your request. The information given will be treated with utmost confidentiality for the purpose of this study only. **Thank you in advance.**

Section One

Respondents General Information •

Kindly respond to the following questions by filling in the blanks where space is provided or by ticking [✓] against the most appropriate answer.

1, kindly indicate your gender

Male Female

2, what is your age group?

Between 21-25 years between 26-35 years

Between 36-45 years 46 and years above

3, what is your highest level of education?

Diploma Master's degree

First degree PhD

For how long have you been working in Addis International Bank?

Below 1 year 6 years and above 1-5 years

Section Two

Industrial Relations Management Practices

Kindly indicate your level of agreement with the following statements on employee relations management practices in AIB

	strongly disagree	disagree	neutral	agree	Strongly agree
Employee Empowerment					
I regularly look for ways to improve my work process					
My manger is willing to delegate some responsibilities to employees					
I am usually involved in decisions that affect my work					
The management encourage my participation in developing long-term goals and objective					
Management provide continuous support for job related activities					
My manager trusts me to make the appropriate decisions in my job.					
I am confident about my capabilities and skills to do my job.					
mangers are willing to provide training as needed					
Conflict Management					
Managers always interact with their employees to arrive at neutral decisions					
There is healthy relations between management and employees					

The employer and employee respect the right of each other during the conflict management					
Managers ensure that employees are represented appropriately in case of conflict					
Teamwork					
The organization management highly values teamwork					
Employees are encouraged to form task related work-group					
I am strongly committed to teamwork					
I complete my tasks in time because of teamwork					
I prefer to work in a team to accomplish goals and objectives					
Communication					
The organization structure enhance open communication					
Managers interact with their employees openly					
The organization encourages interactive learning approach					
The organization gives timely feedback to its employees					
Employees always contribute in key decisions					
There is a two-way communication between management and employee					

Section Three

Questionnaire on Employees level Job Satisfaction	strongly disagree	disagree	neutral	agree	Strongly agree
I feel good about working at this organization					
I feel good at my job.					
I get a feeling of personal accomplishment from my work					
I am satisfied with my work					
I will not resign if I have a chance to get another job					
I am proud to tell others that I am part of this organization					
For me, this is the best of all possible organization for which to work					