

The Effect of Employee-Employer Relationship Towards  
Organizational Performance: The Case of Commercial Bank of  
Ethiopia

**By: Sisay Mamo**

**Advisor Dr. Abraraw Chane**

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MA Degree in Human Resource Management

**Addis Ababa University**

**School of Commerce**

**Department of Human Resource Management**

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**DECLARATION**

I, Sisay Mammo declare that the study entitled ‘The effect of employee-employer relationship toward organizational performance: A case of Commercial Bank of Ethiopia. All information in this document has been obtained and presented in accordance with academic rules and ethical conduct. The study has not been submitted to any Degree or Diploma in any college or university. It is submitted in the partial fulfillment of the requirement of the Degree of Master of Art. Lastly I have fully cited, acknowledged and referenced all material and results that are not original to this work.

Name: Sisay Mammo

Signature\_\_\_\_\_

Date\_\_\_\_\_

**LETTER OF CERTIFICATION**

This is to certify that Sisay Mamo has carried out his research project work under my supervision, on the topic of the effect of employee-employer relationship toward organizational performance: A case of Commercial Bank of Ethiopia. This work is original in its nature and it is suitable for Submission in partial fulfillment of the requirement for the award of MA Degree in – Human Resource Management.

Abraraw Chane (PhD) \_\_\_\_\_

(Advisor)

Signature \_\_\_\_\_

Date \_\_\_\_\_

**ADDIS ABABA UNIVERSITY**

**SCHOOL OF COMMERCE**

This is to certify that this thesis entitle as “The effect of employee-employer relationship toward organizational performance: A case of Commercial Bank of Ethiopia”, submitted in partial fulfillment of the requirement for the degree of Master of Art to the department of Human Resource Management, done by Sisay Mamo is an authentic work carried out by his under our supervision. The theme embedded in this thesis has not been submitted earlier for the award of any degree or diploma in any other University to the best of knowledge.

Approved by Board of Examiners

\_\_\_\_\_ Signature\_\_\_\_\_ Date\_\_\_\_\_

Advisor

\_\_\_\_\_ Signature\_\_\_\_\_ Date\_\_\_\_\_

Internal Examiner

\_\_\_\_\_ Signature\_\_\_\_\_ Date\_\_\_\_\_

External Examiner

Chair of Department or graduate Program Coordination

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**List of Acronyms and Abbreviations**

CBE= Commercial Bank of Ethiopia

EOR=Employee Organization Relationship

ER=Employee Relationship

HR=Human Resource

HRM= Human Resource Management

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## **ABSTRACT**

*This research paper aims to examine the effect of employee-employer relationship practices on the organizational performance: A case study of Commercial Bank of Ethiopia. The finding of this study is expected to be valuable to the service industry especially banks to emphasize in their HR policies and come up with the right solution to improve their employee relationship practices. This research primarily was primarily intended to fill the gap by emphasizing the advantage of healthy employee-employer relationship toward organizational performance in Banks. To address the research objective 390 sampled respondents were selected. Purposive sampling techniques were used to collect the data from the branches. 390 questioners were distributed; from which 386 sample respondents replied appropriately to the questionnaire. Data gathered were analyzed based on these 386 responses using SPSS 20 software package. Descriptive statistics and inferential statistics research approach were employed. All out puts were reported using frequency, correlation and multiple linear regression analysis results such as ANOVA and regression coefficient results. The result indicates that communicating ways, leadership styles, grievance handling procedure, and motivational compensations systems had statistically significant and positive correlation with organization performance. The study recommended that the bank ought to be provides employee recognition which encourages them to perform better at their job duty, establish and modify a prompt and effective grievance handling styles and create an open dialogue.*

**KEY WORDS:** *Organizations communication, Leadership styles, grievance handling procedure, organizational performance, CBE*

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

As of the study by Thomas (2009) the accomplishment of any business organization depends to a great extent on the relationship between the employees and employer. When employees satisfied with employee relation practices it create trust and confidence and this in turn pave the way to cooperative and flexible bargaining smooth communication realistic work arrangement. Harmonious employee relations contribute to employee engagement and commitment which is sign of productivity and motivation. Trust in an organization has a vital advantage in increasing successful communication and openness in the relationship between employees and management bodies.

According to Wargborn (2008) employee Relationship Management (ERM) is a mechanism and a strategic process to control and enhance inspiration in the workforce by increased focus on nonstop excellence of the staff relationships between the employer and within employees. According to Bajaj et al.(2013)Human Resource Management (HRM) tries to set up excellent association among employees and maintain high confidence and give good working situation in an organization. It assists and acts as a change agent while controlling a variety of activities of the organization. Employee relationship management promotes Commitment, facilitates employees in achievement of organizational objectives minimizes workplace conflict and increases trust (Ibid).

According to Yongcai (2010) applying of Employee relationship management within an enterprise is now a grave success factor for strategic HR policy. Employee relationship management runs through every aspect in human resource management, which begins from the first day employing the staff in. If these relations are strong enough, then employees and staffs are more likely to be happy and satisfied with their jobs, more productive and ready to serve their customer as a result.

According to Pamuditha (2017) employer-employee relationship within an organization is commendable. When the staffs have trust towards employers, positive achievement may arise

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within the organizations. But, getting to the position of reciprocal belief and respect can be challenging for many companies. Some business leaders do not understand how to work with their employees in order to run the smooth functioning of the organization. Strong work from both sides of the company is very important, the benefits are worth it. When these relationships strengthen the morale and job satisfaction, high retention rate, less absenteeism, better customer service and higher quality products will be increased.

Burns (2012) declared that good employer-employee relations are essential for different reasons. These reasons might include Employees who are inspired to work produce better and more results, the level of competency of the staff increases because of their drive to become better and customer service is improved because employees who have good relations with their employer are usually viewed as good customer consultants.

Studies like by Gills (2008) established that companies and organizations that establish conducive environment for work and create smooth relationship with employees are more productive that leads to get more financial outcomes. In contrast to this, a study conducted by Byton (2008) revealed that employees didn't contribute all what they have when they are not happy with the management, government or even with their workmates. The poor employee relationship results labor strike and uprising which directs to deterioration of the productivity of the organization. According to Bhattacharya et al. (2012) the relationship between the employer and the employee is important, therefore business owners and employers need to pay attention to this relationship if they want their businesses to grow and succeed.

According to Hagos and Shimels (2018) the success or failure of any organization is determined by its employees as they are more valuable assets who combine the other resources such as finance, technology, information and production system which enables to achieve organization's competitive advantage. Therefore, employees should work together and share good relationship with their employers. Hence, employee relationship management plays a crucial role for the achievement of organizational goals. Taking this fact in to consideration, it is necessary to have strong relationship between employees and managers as well as employees with the organization as it leads to productivity, motivation and high performance.

## **1.2 Statement of the Problem**

In today's world is quickly moving in order to get a competitive and viable advantage. In order to be competitive both domestic and external organizational environments are really necessary. The importance of choosing a topic that emphasizes the employer, employee relationship would be a very effective in order to maintain a good relationship with employers and employees. If the employees are not precede well whole company might in danger. Different organizations face diverse challenges that generally influence the employee working environment and the way they recognize organizational practices. Grievances issues create severe challenges to organizations that need good worker relations for improved and effective performance. Procedures and policies are becoming more and more increase common in organizations and the workforce engaged in both union and non-union organizations. The situation is becoming increasingly diverse Mohanasundaram & Saranya (2013).

According to Hagos and Shimelse (2018) creating health employee relation in an organization is a prerequisite for the achievement of organizational goals. For this to happen, organizations have to develop strong employee relationship which involves motivating employees, participate them in decision making activity and create an opportunity for free flow of information in the organization and resolve conflicts or disagreements when they arise in the work place. This situation makes employees to increase a sense of ownership in the organization and this in return initiated them to work hard. Healthy employee- employer relationship leads to more efficient, effective and productive employees that additionally lead to the increase of production level in the organization.

Various researches like Accuff and Wood (2004), Browne and Keeley (2009), Donaldson and O'Toole (2007), Ford et al. (2003), and Selmier and Travis (2013) have recommended that without strong relationships, it is not possible to be successful as a business owner to provide quality service for its customer. These studies also state the view that business owners and organizations need to have long-term customer and employee relationships that will carry them through difficulty and challenging times, as well as relationships with other business owners.

In recent times, as of Bratton & Gold (2003) while most employees at banking sector are on job, they do not put up their best quality service if there is unhealthy relationship between them and their employers. If employees are not happy, then it is unlikely that they will make the customers happy. The organization is therefore damaging its profits and its business away. For that reason management better to care of managing strong relationship with their employees and staffs. This situation creates a necessity of employer-employee relationship, which is good for the growth of any organization performance.

According to Various sources including Accuff and Wood (2004), Browne and Keeley (2009), Donaldson and Ford et al. (2003), and Selmier and Travis (2013) have suggested that without strong relationships, it becomes impossible to be successful for any business. The researcher identified that still there is not available studies was made on this issues and there is no available literature on the case.

According to all the above studies, none has looked into the issue of perceived effects of the employee-employer relationship on employee as well as organizational performance. This underpins the importance of undertaking this study and the research question. There is also knowledge gap concerning the impact of employee-employer relationship toward organizational performance in service sectors in Ethiopia. Thus, the problem that this study intends to address whether organizational performance may vary based on the level of interaction employees they have with their employer. Therefore, this study was intended to address the effect of employee-employer relationship toward achievement of organizational performance in Commercial Bank of Ethiopia.

### **1.3 Research Questions**

1. What is the relationship between communication ways and organizational performance?
2. What is the relationship between leadership style and organizational performance?
3. What is the relationship between grievance handling processes and organizational performance?

4. What is the relationship between motivational compensations and organizational performance?

## **1.4 Objectives**

### **1.4.1 General Objective**

The purpose of this study was to examine the effect of employee-employer relationship toward organizational performance.

### **1.4.2 Specific Objectives**

1. To identify the relationship between communication ways and organizational performance.
2. To identify the relationship between leadership style and organizational performance.
3. To identify the relationship between grievances handling processes and organizational performance.
4. To examine the relationship between motivational compensations and organizational performance.

## **1.5 Significance of the Study**

The result of this study is expected to be valuable to the service industry especially banks to emphasize in their HR policies and come up with the right solution to improve their employee relationship practices. This research primarily was primarily intended to fill the gap by emphasizing the advantage of healthy employee-employer relationship toward organizational performance in Banks. Additionally, this research was filled the gap of literature deficiencies by addressing the advantage of healthy employee-employer relationship practices toward organizational performance in Banks.

For Management Practices the study aims to provide information which would present an empirical framework for management on the possible ways to resolve the challenges of employer-employee relationship as it relates to an employee's performance. This would help executive managers, permanent secretary's and direct bosses to handle the management level



with the knowledge that they would treat their employees with appropriate work related behaviors, regarding workplace employer-employee relationship.

### **1.6 Scope of the Study**

This study was focused only on the impact of employer-employee relationship toward organizational performance of commercial bank of Ethiopia. When conducting the study the sample frame was limited taken from employees of selected CBE branches and head office which are located in Addis Ababa. Thus, the study was limited its geographical scope only in Addis Ababa. The study was limited its time scope to collect data from January 02/2019 and to complete paper up to April 04/2020.

### **1.7 Limitation of the Study**

This study experienced some limitations. First there is not sufficient literatures were available related to effect of employee-employer relationship toward organizational performance. Thus, lack of pervious similar researches in Ethiopian case, and limited resource may affect the qualities of the study output.

This research was limited to study the effects of specific employee relationship dimensions such as communication ways, leadership style, grievances handling processes, and motivational compensations and organizational performance. The research couldn't address other employee-employer relationship perspectives practiced in the banking industry.

### **1.8 Operational Definition of the Variables**

Below here presented are the definition of concepts/terms or variables from the theoretical perspective.

**Employer-Employee relationship:** This is a mutual understanding between the management and its workers in an organization which leads to satisfaction, productivity, motivation and increased morale where both parties perform set duties to meet up the organizational goals (Ayotunde, 2017).

**Organizational Performance:** According to organizational performance refers to “how corporation performs on contain criteria as profitability, market share, return on asset, and return on investment (Emenike, 2016). It is the extent to which an organization was able to perform when it compare it goals, targets, or propose with those of its competitor.

**Grievance handling Procedure** is a procedure of gradual process that a worker has to pursue so that he can ensure his or her complaint is pleasingly addressed (Francois, 2004).

**Organization Communications:** it is 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 (Chinomon and sandata, 2013).

**Organization leadership styles:** the pattern associated with managerial behavior, which is designed to integrate the organizational or personal interest and effects for achieving particular objectives (Mitonga-Monga & Coetzee, 2012). It is viewed as a combination of different characteristics, traits and behaviors that are used by leaders for interacting with their subordinates.

**Employees’ motivational compensation:** it is all internal and external driving forces and reparation that make the individual to perform an activity, what determines the limits and forms of activity and which gives activities oriented towards achieving certain objectives (Duica, 2008). Employee Motivation is a critical factor for the success of the organization as it helps to maintain the continuity of the work in a powerful manner.

### **1.9 Organization of the Paper**

This research paper consists of mainly five chapters. The first chapter contains the introduction and background of the study, Statement of the problem, research question, objective of the study, significance of the study, scope of the study, organization of the study and operational definition of key terms. The second chapter contains theoretical and empirical literature review of the study. The third chapter deals with research methodologies. The fourth chapter with the data

result, presentation and interpretation of the research study. The fifth chapter has summary, conclusion and recommendation based on the finding of the survey.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Conceptual Literature Review

##### 2.1.1 Employee Relationship

According to Bajaj et al. (2013) employee relationship is defined as a relationship between employers or the representative manager and staffs, expected towards maintaining employee committed morale and trust thus to produce productive and secure workplace environment. As of Jing (2013) employee relationship is also the practice of adopting different controlling methods and processes to control the relations between company and staff; and employee vs. staffs and allows the organization to achieve its goals. Rai&Pareek (2012) outlined that employee – employer relationship is all about effective organizational communications, which can construct workers’ confidence, trust and loyalty, and enabling managements to appreciate the potential of the skills and knowledge within the organization.

According to Foot & Hook (2008) as cited in Pamuditha (2017) has stipulated important rights of the employer and employee in the employment relationship. In this regard, the employer has the right to control work performance, join employees mutually in the organization’s structure, and make their working environment of mutual trust, and provide of enough and reasonable work. In exchange, the employee is expected to accept legal and rational orders, maintain loyalty and work with due diligence and carefully. The laws of the land usually administer these associations and expectations and where breaches are made, leading to disagreements of interests and grievances, legal solutions have to be sought from a court of law”.

Armstrong (2009), specifies that employee relations climate may be created by the management style adopted by management that includes: management and employees trust each other, how management treats employees fairly and with consideration, management is open about its actions and intentions, employee relations policies and procedures are transparent, harmonious relationships are generally maintained or by contrary the behavior of trade unions or employee representatives are cooperative, hostile, or militant. The employment relationship is best

whenever employers and employees work together. If there is positive employment relationship is required, one in which there is trust and mutuality the state that exists when management and employees are interdependent and both benefit from this interdependency. Such a relationship provides a foundation for employment and employee relations policies, including the development of a climate of mutual trust .It governs much of what organizations need to be aware of in developing and applying human resource management and employee relations processes, policies and procedure.

As Adele Halsall (2014) an employer's relationship with their employees has to be nurtured and taken care of in order to be beneficial for individuals, their coworkers and the company as a whole. It has long been noted that strong employer-employee relationship often leads to greater employee happiness and significantly improved productivity.

### **2.1.1 Organizational Performance**

According to Robert (2012) many banks attribute their growth to their successful transformation to a sales culture. You may have noticed that banks now have a retailer mentality, in some cases referring to branches as "stores." Individual employees are held accountable to reach specific targets on a weekly or monthly basis.

According to Burns (2012) good employer-employee relations are essential for different reasons. These reasons might include: Employees who are inspired to work produce better and more results, the level of competency of the staff increases because of their drive to become improved, customer service is enhanced because employees who have healthy relations with their employer are usually viewed as good customer consultants and assume having well customer handling.

Performance is the proficiency of an employee or business to utilize a firm's resources in an efficient and valuable manner to ensure the organizational objectives are achieved (Gibson &Cassar, 2005). Employees Performance measurement includes: the amount of units manufactured, processed or traded is a decent objective pointer of performance. It is imperative to note that placing too much importance on quantity may result to poor quality. Several means for measuring quality of work include the percentage of labor output that has to be repeated or is overruled. The amount of inquiries, experienced in sales setting that is transformed to sales is a

pointer of salesmanship quality. According to Saundry et al. (2014) the speed of work performance is another excellence pointer. The mean customer's lost time, in the service field, is a good sign of appropriateness. The number of units produced per hour acts as a good indicator in manufacturing.

According to Melchades (2013) "employee performance is affected by any nature of employee grievance, and grievance management deal directly with staffs and all that concern them, so can influence workers performance and productivity of organizations". Suppressed workers grievances are known to have given arise to accidents at the workplace, absenteeism, strike actions, and different forms of industrial sabotage, low morale and reduction in employee's commitment. Thus, when management of employee grievance is in place, workers morale improves, employee commitment enhance, and organizational citizenship behavior also develops, and all of which are vital for improved organizational performance.

According to Akanji (2005) postulated that an effective employee grievance management practices encourage a positive performance, while poorly designed employee grievance management system is destructive and brings about dislocation and dissonance of the whole organization with reduction in productivity and performance of organizations. According to Longe (2015) even though, if there is a good conflict management system, weaknesses in the organizational decision-making are exposed which may prompt the establishment to effect changes and search for positive solutions. Hence, as of Obasan (2011) management are duty bound to resolve conflict properly for the sake of increasing organizational performance, because the outcome of such action will result in good internal communication, time management, good team work and increase corporate productivity of employees.

## **2.2 Theoretical Literature Review**

### **2.2.1 Human Resource Practices in Employee – Employer relationship**

As of Michael Armstrong in his book of Human Resource Management (2009) listed out several factors that constitute elements of employee-employer relations. The following are the elements:

- The growth, discussions and request of formal systems, rules and procedures for collective bargaining, treatment disputes and regulating employment.
- The bargaining structures, acknowledgment and communal agreement and practices that have evolved to enable the formal system to operate.
- The policies and culture of employee voice communications.
- The different methods that take place in the form of permanent employee relationship.
- The connections between managers and team leaders or supervisor on the one hand and different Employee council and individuals on the other hand. These may happen within the framework of formal agreement.
- The perspective of the main actors in the industrial relations.
- The government of the day, management and the trade unions.
- A number of departments, each with different advantages. These contains of the state, management, employer's organizations, the trade unions, individual mangers, and supervisor, and employee representatives or shop stewards and employees and the legal framework of the organization.

According to the researcher, an employee relation is all about managing in a more complex, fast-moving environment. Different situations about work–life balance and the way for talent imitate a changing workforce with changing expectations. Therefore, this gives meaning to recognize concept of employee relations, talent management, and impact of employee relations on talent management and overall business performance.

## **2.2.2 The Relationship between Employee-Employer relationship and Organizational Performance**

Dumisani et al. (2014) identified that business owners are advised to never allow a negative relationship to exist between themselves and their staff. According to the author if this occurs, the efficiency levels of the organization will decrease. When employees are happy and eager, a good and healthy relationship between them and the customer is created. When employees are not happy these employees often express their sadness towards the customers. This study emphasized the critical advantage played by positive and healthy employer-employee relationships towards business success. Various sources suggested that without strong relationships, it becomes impossible to be successful as a business owner. Business owners need to have long term and employee relationships that will carry them through challenging and difficult times, as well as relationships with other business owners, to share effort, capital and best cultures, which can really give them an edge to success. Business owners who need to compete at a world-class level better to understand and appreciate the human side of their organization and business processes.

### **2.2.2.1 Organizational Communication ways and organizational Performance**

Daniel (2003) pointed out that communication is important in organization. Open and transparent communication serves as the coordination between people and organizational functions. Continuing, frequent two way communication is one of the most important mechanisms of a comprehensive employee relations strategy and practices. According to Chinomona&Sandada, (2013) communication between employees and staffs strengthen their identification with the company and construct institutional agreement because of the presence of trust among employees or between different company departments. Employee transparent communication permits relations among team members and this can happen in various traditions that consist of face-to-face meetings, telephone, e-mails and others. According to Noordin et al. (2010) communication in the organization is important because employees well informed in order to perform well and share ideas with their colleagues.



According to Parsley (2006) an effective and open communication is a significant driver of employee engagement. A part of effective and efficient communication, enhancing the communication skills of managers and making communication as part of performance against organization goal are also vital. The employee's internal communication happens to be more critical practices under certain and stressful situations.

As of Stein (2006) when employees are well-informed and communicated with a clear set of goals, they will be more liable to make good use of their time, and budgets. As a result, employees remain on track when it comes to making decisions regarding priorities and they are sure of their actions. Tomkins and Cheney in Littlejohn and Foss (2009) explain organizational control theory as stated, employers communicating in an organization by building some control over the employee. That theory explains that employers use communication to control over the employee performance. Communication is not only able to influence employee's performance through motivation, but it gives a direct impact on employee's performance. Based on Muhammad (2011), with an effective communication, an organization can run well and successfully.

Researchers like Gomez (2001) pointed out other relevant internal communication method includes: memo, financial statements, newsletters and bulletin boards. Audiovisual communications are also other important way employee communication the result of new technology help to disseminate information that goes beyond the printed world. Other visual images and audio information mechanisms are influential communication tools.

A research conducted by Femi (2014) shows the relation between communication and employee performance as "Effective communication creates mutual understanding between management and workers which helps in building genuine relationship among both parties in the organizations. Also, this study reveals that poor communication can affect workers performance".

*Thus, the following hypothesis was postulated:*

*H1: Communication ways of the employee relationship will affect the organizational performance.*

### **2.2.2.2 Leadership Style and organizational Performance**

According to Wang et al. (2005) leadership style is considered that a matter that has a major impact on the performance of organizations, and employees. As of the author organizations Leadership style could be often known as ‘management style’, which clarifies the advance managers utilize to deal with people in their teams.

According to Chaudhry (2013) participative leadership collects suggestions and recommendations from subordinates for making the final decision which enables him to make sound decision since subordinates are capable in bringing out innovative ideas. This helps to strengthen the relation between the leaders and subordinates and as well construct up the wisdom of possession in the organization because their involvement makes them to feel at ease and thereby develop their work to provide quality service.

According to Mitonga-Monga& Coetzee (2012) leadership style is considered as a mixture of different characteristics, traits and manors that are used by leaders for interacting with their subordinates. The researcher also considers leadership as the pattern linked with managerial manners that is proposed to link together the organizational or personal attention and effects for attaining particular objectives.

As the reviewed literature there is high impact of the organizational leadership ways on its performance. The organizations leadership style distress the culture of the organization which, in turn, affects the organizational performance. Researchers like Klien et al. (2013) proved this fact by using four factor theory of leadership along with the data collected from 2,662 employees working in 311 organizations.

*Thus, H2: Leadership style of the employee relationship will affect the organizational performance.*

### **2.2.2.3 Grievance Handling procedure and organizational Performance**

Hardeman (2004) defines grievance procedure as a technique through which employees make their sound known about management practices and/or decisions, in order to have them properly resolved. According to Ahmed (2015) and Nwokorie (2017) bad treatment of employees, poor

recognition system of the organization, absence of group cohesiveness and favoritism are responsible for organizational conflicts; with the consequential impact on employee job commitment, service quality, customer satisfaction & organizational performance, whereas their effect produce high achievement on job performance, thus generating turnover intentions and further generating organizational conflict. When employees' working in team conflict is unavoidable or natural but the survival of conflict is not a matter rather how to determine in win-win approach.

According to non-profit Risk Management Center report (2014) grievance handling procedure is an internal mechanism for resolving disputes without third party involvements. Internal conflict procedures provide an outlet for employees' to express their dissatisfaction at the workplace. The existence of internal conflict handling procedure gives chances of hearing for employees and feedback for the organization on the status of employee relation. Beyond resolving employee complaints internally without additional cost and time the procedure lesson the organization on ranking employee relation issues based on their severity as source of conflict. Employees will feel fairly treated if they have had an opportunity to loge their complaints and participate in the conflict resolving process. Whatever the mechanism, an internal conflict handling practices is supportive because it provides a means for employees' concerns.

According to Doyle (2005) the primary benefit of effective employee grievance procedure is that it helps as conflict management and dispute resolution mechanism. It means that grievances and alike is one of the top priority of management with the aim of increasing employees' productivity. A study conducted by Olu (2008) revealed that effective conflict management enhances employee's performance in an organization and that organization's conflict management system influences employee performance in the organization.

According to Blount (2012) to be effective in any leadership role in the modern workplace requires that a person should be proficient in all three functional areas: coaching -shaping and increasing people, running – shaping work, projects and result and leading-shaping the workplace by affecting people sensitively to make that vision a touchable reality. Organizing grievances within the place of work is one of the grave hindrances in satisfying all three

useful areas. It is wherever the management should listen to, examine and make a decision on matters that arise unhappiness on the part of employee.

According to Cristina & Aure (2011), effective grievances procedure guarantees sociable work environment that redresses grievances to mutual happiness of both managers and employees at large. It assists the management to frame its procedures to be acceptable to the employees.

According to Bagraim (2007) the motivation for employee grievance procedures is to aid organization reach its best in terms of employee's performance and service delivery. However, in most cases the procedures are management centered and may not allow employees to initiate expression of their dissatisfaction with regard to their work situations. Other researcher Melchades (2013) pointed "employee performance is influenced by any nature of complaint, and grievance management contract directly with workers and all that concern them. Therefore, it can affect workers performance and productivity of organizations". As of Akanji (2005) a well-constructed and an effective employee grievance handling mechanism encourages a positive performance, while badly designed employee grievance management situations is negative as it heats up the work environment and brings about dislocation and dissonance of the whole organization with reduction in productivity and performance of organizations. As of Longe, (2015) by improving good and convenient conflict management system, organizational weaknesses in the organizational decision-making process are exposed which may prompt the establishment to effect changes and search for positive solutions.

*Thus, H3: Grievance handling procedure of the employee relationship will affect the organizational performance.*

#### **2.2.2.4 Motivational compensation systems and organizational Performance**

According to Duica (2008) employee motivation is defined as all internal and external driving forces that formulate the employee to realize an activity, what decide the limits and forms of activity and which gives behavior oriented towards accomplishing a given objectives. Employee Motivation is a major element for the achievement of the organization goal as it aids to keep up the stability of the work in a powerful manner (Omollo, 2015). Researchers such as Handon (2000), Werbler and Harris (2009) affirmed that best practices for encouraging employee

relations and having motivated employees are: leadership, growth and development, reward, financial benefits, good working condition, empowerment, creativity and innovation. Researches like Deci and Gangne (2005) explain that there is an optimistic association between motivation and employee performance. Parallel to this Nabi and et al. (2015) discovered that employee motivation indeed has a monotonous effect on employee performance, when the employees can get extra drive and effort it is clear to improve standard performance. Furthermore, a study was done by Shahzadi et al (2014) to find the impact of employee motivation toward employee performance in that it was explained that if employees are more motivated then their performance will increase.

According to Chapman and Goodwin, (2001) as cited in Hagos and Shimelse(2018) employees can contribute more when the managers of the organization understands the demands of each employee and tries to fulfill their needs as kind of concern which initiates them to dedicate for the realization of organizational goals. While, when employees appoint in disagreement and misinterpretation with the management, no aim can be proficient. Thus, to promote employees decent and to get more, managers better to build health employee relation to alleviate productivity gaps. Employee-employer relation management practices also make possible employee effectiveness and productivity when managers dedicated to reinforce the relationship, employees will be eager to make quality products & services to the target customers of the organization.

Jiang, Xiao, Qi and Xiao (2009), refer to pay as the compensation that an employee receives from an organization in exchange for his or her services. To employees, pay is of obvious importance in terms of satisfying their economic needs which is their source of earning a living. It is important that employees are satisfied with their overall pay as this may impact their attitudes and behaviors (Singh & Loncar, 2010). Compensation, in the organizations is a major consideration in Human Resource Management (HRM), and how it is allocated informs employees about what the organizations believe to be important and worth encouraging (Ghazanfar, Chuanmin, Mahroof, Khan & Bashir, 2011). Employee's expectation of a good compensation plan is for it to be fair and equitable, it must also provide them with tangible

rewards which is equivalent to their skills, and that it provides recognition and a livelihood because it is a strategic human resource management issue (Bergman & Scarpello, 2002).

The concept of total reward put together the reward strategy that combines remuneration, employee benefits, work-life balance, personal recognition and career development (Costello, 2010). This presents a form whereby organizations can design a reward package that creates value for the organization and its employees. The pay is based on the performance of the group or individual and essential for better organizational performance (Henderson, 2009). Rewards and recognition have also been shown to lead to engagement, which comprises motivation, commitment and organizational citizenship and, in turn, leads to improved performance (Armstrong, Brown & Reilly, 2010).

According to Potu (2014), employee performance can be increased by giving good examples from a leader, motivating the employee, and always paying attention to the employee's work. In the process, leadership is focused to the object of work of the leaders, which is a process where the leaders use their influences to lighten the purpose of the organization for the worker, employee, or anyone led by them, motivate them to reach that purpose, and help to create a productive custom in an organization. That statement supports the theory of hope according to Vroom and Gudono (2014) which explained, an employee will be motivated on three principal that are, a certain behavior will produce certain hope (result hope), that result has positive value (valence), and that result can be achieved through a work (work hope). Shortly, the theory of hope exclaims that when one wants something and the hope of getting it is big enough, one will be very motivated to get it.

Thus, *H4: The presence of motivational compensation systems in the employee-employer relationship has positive and significant effect on organizational performance.*

### **2.3 Empirical Literature Review**

A study done by Abduwarda (2010) discovered that there is significant association between internal communication ways and employee performance. On the top of this, study conducted by Kumar and Manjula (2017) shows that transparency in communication is crucial for healthy employee- employer relationship as it initiates group activities in the work environment, it aids employee to build up friendly approach with his or her colleagues. In line with this, the study carried out by Sequeira and Shriti (2015) validated that well informed employees are much higher in performance than those of ill-informed employees. In addition, research done by Hasen and Salman (2016) declared that there is a positive and important pressure of effective communication on employee performance as an open and effective communication is a required system which has been achieved that can take out the last of the employee to assist both organization and the employees to realize their final goal.

According to Haris et al. (2018) the impact of work motivation on employee performance at PT Putri Panda Unit II Tulungagung, employee motivation has the positive influence on employee performance at PT Putri Panda Unit II Tulungagung. The result of this study indicates that employee works to achieve their goal in reception of the monetary fee for every work they were done. As goes Stoner in Notoadmodjo (2009), that an employee or work performance is affected by motivation, ability and perception factor. The relation between work motivation and employee performance can also be based on a theory of hope by Vroom and Gudono (2014) which explains that an employee will be motivated by an expectation that is required to be attained and one way to achieve it is by working. When the expectation is bigger the employee work also bigger and encouraged to achieve their work.

According to Haris et al. (2018) analysis of the direct and indirect impact of organization communication to employee performance through work motivation of the employee at PT Putri Panda Unit II Tulungagung, discovered that direct impact of organization communication on employee performance is bigger than the indirect impact of organization communication on employee performance. In the effort of improving employee performance, researcher recommends to make the direct path of organization communication to employee performance as

the impact would be bigger than the impact of organization communication on employee performance through improvisation or renovation of employee's work motivation.

Sequeira and Dhriti (2015), in their study show that when management of the organization creates equal opportunity and offers equal treatment to employees without biases which promotes positive attitude towards the organization and constructive feedback and guidance make employees to realize what the organization expect of them as they feel they attain mutual benefit. Concomitant to this, participative leadership style is most useful in long term and has a positive effect on employees performance.

Hand Budd & Colvin (2008) conducted a research which primarily aimed to determine the affectivity of employed grievance process. He found out that the most important criteria in determining affectivity of grievance process were speed and satisfaction. According to the researcher Speed refers to the period of committees' respond to the claim, examination, and hearings, while the final decision of committee or arbitrator toward the dispute may measures satisfaction. Complying with the prescribed number of days and posters fairness in rendering decision is in need for grievance committee and can be considered as a rubric in measuring affectivity of grievance procedure.

Ojokuku et al. (2012) performed a research on the Impact of leadership Style on Organizational Performance: A Case Study of Nigeria Bank in Nigeria. The sample size used by the researchers is 60. The study employed twenty of random selected banks in Ibadan, Nigeria. A structured questionnaire was used to collect data from the heads of accountants, heads of operations, and branch managers on face-to-face basis. Inferential statistical tool was used and one hypothesis was formulated to analyze data. The findings showed that there was positive and significant correlation between performance and leadership style. This study concluded that way of leadership such as transformational and democratic leadership styles have statistically significant and effect on both performance and employee engagement.

Other researcher Dalluay&Jalagat (2016) studied a research on title impacts of Leadership Style effectiveness of Managers and Department Heads to Employees' job Satisfaction and Performance on Selected Small-Scale Businesses in Cavite, Philippines by using the sample size



of 150 respondents were selected from corporations in Cavite. The finding finished that corporations should constantly make the most of leadership style which enhances employee's performance and employee job satisfactory level though there is still rooms for improvements.

Bose (2013) emphasized that the Employee relation practices that meet organizational objectives and employee needs result in a high quality of work life. As of the researcher there are three main schools of contemplation on the issue such as employee involvement, industrial democracy, and worker participation. He/she conducted an evaluation in 2 leather industries, wherein 150 employees were given the questionnaire, out of which 107 employees participated in the survey. About 23 variables of employee relations were categorized into 6 factors (Management-Employee Relation, Employee Commitment and Responsibilities, Nature of work, Employee motivation climate, Safety measures, and Workers participation). This study has discovered that the factors like employer-employee relation, nature of work, employee motivation climate, safety measures, workers participation affect the generally employee relation environment in the sample organization. But, different variables are required to be qualitatively improved for ensuring significant improvements in the classified factors.

According to HR Magazine (2005) who emphasized on listening skills, is the foundation to managing conflict. Centering on what the workers say and need, not your response to what is said is very important. Equal treatment of employees also way of granting the worker an opportunity to determination problems. Employee complaints in the company are often taken as a lack of employee devotion to the organization. Integrating interpersonal communications and conflict handling mechanism into their employee relations strategy could result in relations that are more positive and less combative.

Iqbal, Anwar, and Haider (2015) conducted a study to decide the influence of organizational leadership styles on the organizational performance. The study stated that autocratic leadership is also known as the authoritarian leadership style. The autocratic leaders are less creative and only promote one-sided conversation. This severely affects the motivation and satisfaction level of the employees. Other researcher Ojukuku et al (2012) also confirmed that bureaucratic leadership has a negative and effect on the organizational performance. The study by Elenkov (2002) specified that the democratic leadership has a significant and positive impact on

organizational performance. The democratic leadership allows the employees to make decisions along with sharing them with the group and the manager. In this type of organizational leadership practices, praises and disapproval are known objectively and a sense of responsibility is also developed among the employees.

In his research paper Sujewa (2011) came up with findings that in Sri Lanka the handling practices of grievance that are perceived to be biased and unjust are among the reasons for workers' non-performance. High grievance rates together with conflicting conditions as oppose to having cooperative relations in terms of labor is often linked with lesser productivity. When the organization fails to effectively resolve these grievances, a scenario of less productivity, poor work quality, poor products and client services, diversion from corporate objectives, diminished morale for doing work, failure of declaration and communication within workers, managers and sub ordinates could occur.

According to Zulkiflee et al. (2011) who study on the Influence of Heads of Department Personalities on the Selection of Grievance Handling Styles in telecommunication center of operations and branches situated in Peninsular Malaysia. In a study on the influence of top executives' characters on the choice of grievance handling designs the author argues that the styles in handling grievances among top executives at a telecommunication center of operations and branches situated in Peninsular Malaysia and the element of personalities in choosing the suitable styles. The study had two main objectives of investigating styles of handling workers' grievances that are employed by top managers and assessment of the impact that personality has on choice of different styles. The findings showed that the grievance handling styles used by managers in the study are integrating, cooperating and controlling. Generally, the study shows that extraversion has a negative influence on the selection and the integration of different styles. Additionally, conscientiousness plays a critical role in the forecasting of dominating style. Lastly, emotional stability positively and considerably impacts on the bargaining style that is used in handling grievances.

Akram et al. (2012) conducted a research title How Leadership Behaviors Affect Organizational Performance in Pakistan. The sample size used by the researchers was 1000, where 500 questionnaires were dispersed to managers and another 500 to employees of different private and

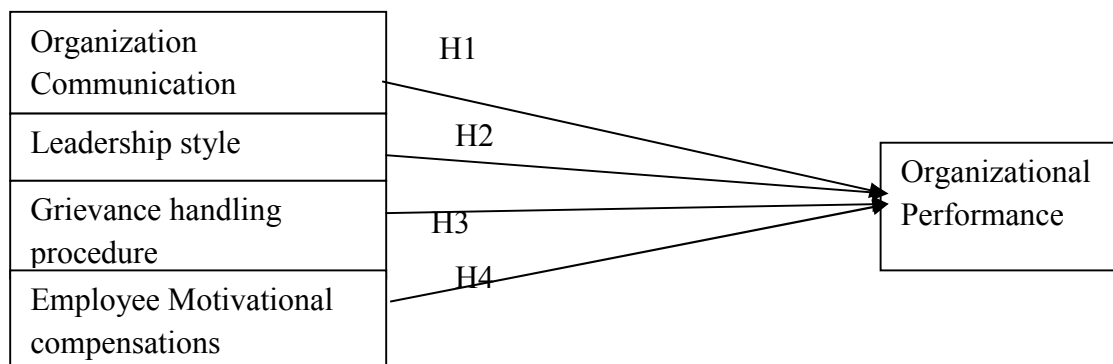
public sector companies in 66 cities through random selection. Non-probability sampling technique is used in this study. Two questionnaires were designed for managers and employees. Questions were related to leadership behaviors and organizational performance. Five point Likert scale was applied. Correlation analysis and regression analysis were applied to analyze the relationship and the effect of leadership behaviors on performance. SPSS version 16 was used to analyze the reliability of questions, and the reliability was checked in term of Cronbach's Alpha. The findings concluded that leadership behaviors are interrelated and have high positive impact with employee performance.

According to May, Gilson, and Harter (2004) who studied on the psychological conditions of meaningfulness, safety and availability and the engagement if the human spirit at work found that meaningful work had the strongest correlation to engagement; they did not examine the relationship between communication and meaningfulness. The current study found correlations between two factors of communication and Meaningful Work. Open Communication with Superior and Opportunities for Upward Communication was both found to have a positive relationship with Meaningful Work.

## 2.4 Conceptual Framework

Based on the literature review the following conceptual frame work will be useful for this research.

Figure 1: Conceptual framework



Source: Sahedur and Rabeya (2017) and Hanan et al (2015) and researcher modification

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Research Approach**

According to Creswell (2014) the use of quantitative approach of inquiry is necessary when the researcher want to deeply investigate and analyze an event, program and problem very well. The purpose of the quantitative aspect of this study is to seek information that can be generalized about effect of healthy employee-employer relationship toward organizational performance. The study was based on survey design with a structured questionnaire, interview and document analysis. On the other hand, the purpose of the qualitative strategy is to search for data that can supplement the gap that might not be captured by the quantitative. Therefore, to answer the research questions for this study the researcher was used both quantitative and qualitative (mixed methods) research approaches.

#### **3.2 Research Design**

According to Kohtari (2004)descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group like describing respondents age, gender, educational level and analyzing the response on respondent's agreement state on effect of healthy employee-employer relationship toward organizational performance. As Saunders, Lewis &Thornhill (2009) explanatory research designs try to establish cause-and-effect relationships of healthy employee-employer relationship with organizational performance. The primary purpose of explanatory research design is to determine how events occur and which ones may influence particular outcomes. Thus, in order to achieve the specific objectives the researcher was used both explanatory type and descriptive type of research designs.

#### **3.3 Populations, Sampling Technique and Sample Size**

Population is the entire aggregation/total of items from which samples can be drawn (Ilker, et al., 2016). Determining type and method of sampling mainly depends on the types of population that the study covers. There are eighteen Banks in Ethiopia. Among these the researcher initiated to

examine the practices of employee-employer relationship toward organizational performance in the case of CBE. Thus, the target populations were employees of Commercial Bank of Ethiopia found in Addis Ababa. For the purpose of getting higher number of employees within short period of time and easily contacting the respondents the researcher intends to select Employees found in four districts of Commercial Bank of Ethiopia in Addis Ababa and head office employees. By using proportional stratified random sampling techniques the targeted employee were classified in to five categories (four districts such as East, West, South and North districts and all head office employees) based on the banks district and head office structure. According to the CBE report of Nov, 2019 there are 12542 employees in four districts in Addis Ababa, and about 3804 employees in head offices. Thus, the total population of this study is 16346 employees found in four districts in Addis Ababa and head offices. Then, in order to get higher number of employees in a single place within short period of time purposive sampling technique was used to select the Branches.

In order to determine the sample size for this study the following formula as used by Yamane's (1967) was used.

$$n = N / (1 + N (E^2))$$

Where: N = the population size,

n = sample size

E = the level of precision

Table 3.1 Sample size determination

District	Population	Samples
East	3159	75
West	3028	72
North	3280	78
South	3075	74
Head office	3804	91
Total	16346	390

Source: Based on 1<sup>st</sup> Quarter CBE report, 2019

Thus, by taking 95% confidence level  $n=16346/ (1+16346(0.05)^2)$

$n=16346/41.865$

$n=390$

Therefore, the sample size was about 390 employees.

### **3.4 Data Sources and Collection Instruments**

This study was used mainly primary source of data. The researcher was used structured questionnaire as a main instrument to collect data. Questionnaire was used to collect data from different employees to gather the information needed for the research by using a five point likert response scale.

Secondary sources of data were used only for documentation purpose. Previous literatures, document papers, and unpublished materials were used for secondary sources.

Table 3.2 Measurement of Variables

No.	Construct	Variables	Measurement
1	Communication ways	Q1-Q6	5 points likert scales
2	Leadership Styles	Q7-Q12	The involvement of democratic leadership styles in the company using 5 likert scales
3	Grievance handling procedure	Q12-Q18	Through level of awareness and Level of Presence of Appropriate Procedure using 5 point likert scales.
4	Motivations	Q19-Q23	5 point likert scales
5	Organizational Performance	Q-Q	The presence of Healthy and effective employee relation using 5 point scales

Source: own research survey, 2020

### **3.5 Data Collection Procedure**

The first step was to council and taking advice from the advisor. The Second step after building the questionnaire was to run the pre-test for checking the efficiency and appropriateness of questionnaire in order to explore the relevant and irrelevant items in the questionnaire. The third step was taking formal letters from Addis Ababa University that support researcher to get sufficient information and reports from employees of Commercial Bank of Ethiopia. The last step was to conduct the survey and collecting data.

### **3.6 Model Specification**

In order to study the relationships between the independent and dependent variables a multiple regression analysis was used. The multiple linear regression model for the study is as follows:

$$OP = \alpha_0 + \beta_1L + \beta_2C + \beta_3G + \beta_4\epsilon$$

Where, OP= organizational performance

$\alpha_0$ = Organizational performance in absence of leadership styles, communication, grievance handling process and employee motivations.

$\beta_1$  = organizational performance due to one unit change in leadership styles while other things remain constant.

$\beta_2$ = organizational performance due to one unit change in communication while other things remain constant.

$\beta_3$ = organizational performance due to one unit change in grievance handling process while other things remain constant.

$\beta_4$ = organizational performance due to one unit change in employee motivational factors while other things remain constant.

$\epsilon$ = other factors undefined

### **3.7 Validity Measurement and Reliability Test**

According to Creswell (2014) validity is one of the strengths of qualitative research and is based on determining whether the findings are accurate from the standpoint of the researcher, the participant, or the readers of an account. Terms abound in the qualitative literature that addresses validity, such as trustworthiness, authenticity, and credibility. The questionnaire was carefully designed and tested with a few members of the population for further improvements. Content validity of the survey questionnaire was validated by professionals and some parts of the questionnaires were taken from previous documents and secondary sources like from Schaufeli et al. (2002), and Nawaz et al. (2014).

According to George & Mallery (2003) to ensure the reliability of the measurement scales, Cronbach's alpha was used in the calculation. Where by a higher value of above 0.6 indicated that the variables were reliable but anything below 0.6 was regarded inconsistent with the reliability scales.

Table 3.3 Rotated Factor Matrix analysis and reliability test

<i>No.</i>	<i>Items</i>	<i>Factor Loading</i>	<i>Cronbach's Alpha (Reliability)</i>
1.	The effective employee communication in the company helps employees to comprehend their role in their placement, thus leading to organizational success (C1).	0.841	0.631
2.	Communication in your organization is transparent and precise for a warm relationship among employees (C2).	0.804	
3.	CBE depend more on written modes of communication as it is more reliable as compared to verbal communication (C3).	0.718	
4.	Employee communication and the organization performance are in anyway related (C4).	0.682	



5.	The employer communicates openly and honestly with the employees (C5).	0.693	
6.	Good employer employee relationships results in effective communication in the organization and create a positive business image and profile in the community (C6).	0.443	
7.	There is fair treatment of employees by the management (L1).	0.772	0.648
8.	There is good management process to pay attention to employee personal problems (L2).	0.737	
9.	There is democratic leadership which improves the employee to motivate to perform better, as their views and opinions are valued (L3).	0.709	
10.	The ways of leadership styles positively affects the performance of the organization because it provides opportunities to the employees to express and implement their creative ideas and take part in the decision- making process (L4).	0.573	
11.	Good relation-ships in terms of employee management amongst employees create a good working environment (L5).	0.493	
12.	Good employee relations in terms of management leadership improve employee work commitment (L6).	0.659	
13.	The company has established a prompt and effective grievance handling mechanism (G1).	0.808	0.849

14.	The organization grievance mechanism has enabled employees and management to resolve grievances in peaceful, orderly and in an expeditious manner (G2).	0.828	
15.	The grievance mechanism has improved perceptions of fairness and equity in the organization (G3).	0.855	
16.	Grievance mechanism has provided a peaceful means to reduce the pressures and fears of employees and to settle workplace disputes without stoppage of work (G4).	0.869	
17.	Good grievance handling has facilitated increased work related information sharing in the organization resulting in improved performance (G5).	0.754	
18.	The grievance procedure has improved employees morale in the organization enabling them to enhance their performance (G6).	0.252	
19.	In our organization employees are paid according to their position in the organization (MC1).	0.664	
20.	In our organization Acknowledgements given are important for me to stay with the organization (MC2).	0.921	
21.	The non-financial benefits (leave benefits, retirement plan, health benefits) received are valuable and important to create my satisfaction for my job (MC3).	0.893	
22.	Benefits offered in my organization are made available for all employees without any discrimination (MC4).	0.883	
23.	My company provides employee recognition which	0.828	

	encourages me to perform better at my job duty (MC5).		
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax			

Source: own research survey, 2020

To assess the goodness of the instrument measures, the instrument was subjected to the construct validity and reliability tests. The construct validity was evaluated by factor analysis with eigen values of at least 1.0, and factor loading of at least 0.40. Table 3.2 above shows the factor loading for the five constructs that are loaded. Factor analysis was employed for all variables with multi-item scales. During all factor analysis procedures, principal axis factoring with eigen value greater than or equal to one extraction and varimax rotation methods were employed. The factors for G6 (i.e. the grievance procedure has improved employees morale in the organization enabling them to enhance their performance) is below 0.4. According to Dwivedi et al. (2006) items with factor loadings of less than 0.4 might be excluded from further analysis. Thus, this question was removed. The rest other questions extracted scales value had factor loading value greater than 0.4, were used in a subsequent analysis. Hence among 23 questions about 22 questions factor loading values were above 0.4, and are valid.

Table above 3.2 shows the reliability test for the independent variables organization communication, organizational leadership styles, organization grievance handling procedures, and employees' motivations. As shown in table above for the reliability test Cronbach's Alpha coefficients for the employee employer relationship practices range from 0.631 to 0.950. Based on the examination of the research scales and constructs, it can be concluded that each variable represents a reliable construct.

### **3.8 Research Ethics**

In doing any research as according to Leedy and Ormrod (2013), there is an ethical responsibility to do the work honestly and with integrity. Before the data collection, the ethical issues were taken in to kindness when the study is conducted. Appropriate communication was undertaken

with the respondents. During data collection respondents was informed the objective of the research. Anyone who may not interest to involve and bring any information was not included in the study. For the purpose of respondents security their names was not written on the questionnaire. As a general rule, therefore the study was not raising any ethical anxiety.

## **CHAPTER FOUR**

### **RESULT AND DISCUSSIONS**

#### **INTRODUCTION**

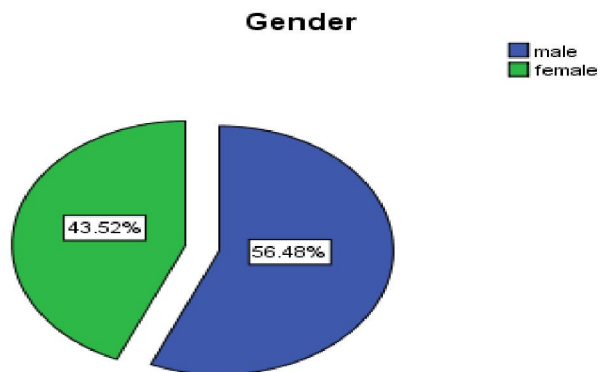
In this chapter, the data collected has been analyzed and interpreted. The data collected is mainly based on respondents' expectations and perceptions of the various items. The first part of the questionnaire consists of demographic information of the respondents and presented in figures and tables below. The second part of the questionnaire presents the descriptive analysis on variables of the study and the next part deals with the results of regression and correlation between employee-employer relationship dimensions and employee performance. In this analysis SPSS version 20.0 was used to make the necessary calculations. About 390 questionnaires were distributed to respondents and 386 were appropriately filled and returned. Thus, 386 questionnaires were usable for analysis using five point likert scales.

#### **4.1 Demographic Profile of the respondents**

The demographic characteristics of the target respondents and their respective companies have here been summarized and presented in the form of figures and tables showing their frequencies and valid and percentages. The study participants on survey questionnaire have different personal information; besides these differences they introduce different responses towards the employee employer relationship practices. The study sought to establish the gender, age category, level of education, and service year status of the respondents in the bank. The respondent profile who participated in the study is presented the demographic characteristics of the 386 respondents.

#### 4.1.1 Gender category of the respondents

Figure 2: Gender category of the respondents

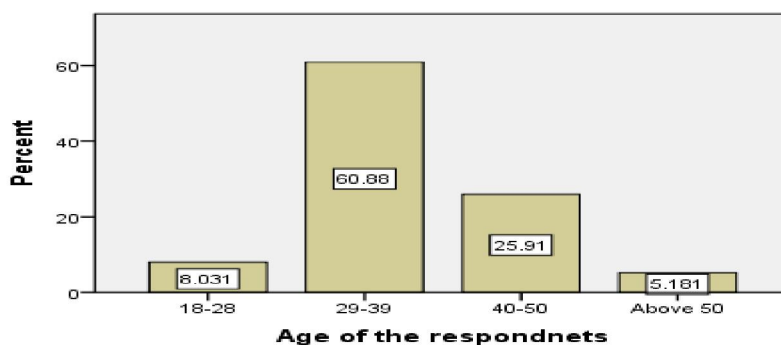


Source: own research survey result, 2020

From the figure 2 above about 43.52% of the respondents were female and about 56.48% of the respondents were male. From this finding one can infer that most of the respondents were male. In this research both genders were involved in the study and thus the finding of the study did not suffer from gender bias.

#### 4.1.1 Age category of the respondents

Figure 3: Age category of the respondents



Source: own research survey, 2020

From the above figure 3 about 8% of the respondents were within the age of 18-28 years old, about 60.88% of them were within the aged of 29-39 years old, about 25.91% were within the age of 40-50 years old, and about 5.18% of the respondents were above the age category of 50 years old. This is an indication that respondents were well distributed in terms of their age category. The age category implies that the respondents were comprised of heterogeneous groups in their age; which in turn enabled the researcher to get varied responses across the sample units fairly distributed. Hence, again the study did not suffer from age bias.

Table 4.1 Demographic characteristics of the respondents

Variables	Category	Frequency	Percentage
What is your position in the Organization?	Managers	45	11.7%
	Supervisors	202	52.3%
	General Staff	139	36%
What is your highest level of education?	Diploma	47	12.2%
	Degree	201	52.1%
	Masters and Above	138	35.8%
For how long have you served at CBE?	Less than 2 years	38	9.8
	3-5 years	133	34.5
	6-10 years	143	37
	Above 10 years	72	18.7

Source: own research result, 2020

Based on the above table 4.1 the educational level of the respondents indicates that about 12.2% of them were diploma holders, and about 52.1% of them were degree holders, and about 35.8% of the respondents were masters and above degree holders. Majority of the respondents participated in this study were degree and above degree holders in their educational level. Thus one can infer that respondents assumed to have best knowledge in the employee employer relationship practices of the bank, problems and the way how to solve it.

The respondents' currently held position in the companies indicates that about 11.7% of them were managers, and about 52.3% of them were supervisors, and about 36% of them were general staffs. Here from the result one can infer that most of the respondents were supervisors and general staffs.

From the total length of years' respondents were working in the bank indicates that about 9.8% of them were within the year of less than 2 years, about 34.5% were working 3-5 years, about 37% of them were working above 6-10 years and about 18.7% of them were above 10 years. Thus, most of the respondents work experience in the bank was above 3 years in the companies.

## **4.2 Descriptive result of Employee employer relationship effects on Organizational Performance**

Organizational performance can be affected by different human resource practices such as organizational communication ways, organization leadership styles, organizational grievance handling procedures and employee motivational compensations systems as stated in the literature review. Commercial bank of Ethiopia employees were requested their level of agreement with different statements under each of these practices and their responses were analyzed and the descriptive results are as presented in each subsequent table shown here below.

Responses were measured on five point Likert scale with 1= Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; and 5 = Strongly Agree as used by Mercy (2016) and (Worku, 2015).

### **4.2.1 Organizational Communications ways**

As shown in Table 4.2 here below, when asked if the organizational communication ways would affect their and organizational performance, majority of the respondents (50.5%) strongly



disagreed that the effective employee communication in the company helps employees to comprehend their role in their placement, 44% were strongly disagree that communication in your organization is transparent and precise for a warm relationship among employees, in addition, when respondents further asked if they think whether CBE depend more on written modes of communication as it is more reliable as compared to verbal communication about 37.8% of them strongly disagreed. In the fourth sub-construct majority of the respondents about 37.3% of them were strongly disagreed that employee communication and the organization performance are related. In the fifth sub-construct about 26.2% of the respondents were agreed that the employer communicates openly and honestly with the employees in CBE. On the sixth sub-construct majority of the respondents about 39.9% of the respondents were agreed that good employee employer relationships results in effective communication in the organization and create a positive image on business and profile in the business environment. This result would be the same conclusion as of Chinomona & Sandada, (2013) who said that communication with employees make stronger their identification with the institution and creates institutional harmony because of trust among employees and employer.

Therefore, from this finding one can infer that the company communicates openly and honestly with the employees and good employer- employee relationships results in effective communication in the organization and creates a positive business image and profile in the community, but communication in their organization is transparent and precise for a warm relationship among employees and the bank didn't depend more on written modes of communication as it is more reliable as compared to verbal communication.

Table 4.2 Summary of survey findings for organizational communication ways

Questions	Rating Point					Remark
	1	2	3	4	5	
The effective employee communication in the company helps employees to comprehend their role in their placement, thus leading to organizational success.	195(50.5%)	112(29%)	23(6%)	23(6%)	33(8.5%)	Strongly Disagree
Communication in your organization is transparent and precise for a warm relationship among employees.	170(44%)	143(37%)	31(8%)	24(6.2%)	18(4.7%)	Strongly Disagree
CBE depend more on written modes of communication as it is more reliable as compared to verbal communication.	146(37.8%)	77(19.9%)	42(10.9%)	58(15%)	63(16.3%)	Strongly Disagree
Employee communication and the organization performance are in anyway related.	144(37.3%)	91(23.6%)	55(14.2%)	43(11.1%)	53(13.7%)	Strongly Disagree
The employer communicates openly and honestly with the employees.	100(25.9%)	42(10.9%)	45(11.7%)	101(26.2%)	98(25.4%)	Strongly Agree
Good employer employee relationships results in effective communication in the organization and create a positive business image and profile in the community.	30(7.8%)	57(14.8%)	58(15%)	154(39.9%)	87(22.5%)	Agree

Source: Own research survey, 2020

#### **4.2.2 Organization Leadership styles**

According to the table 4.3 below in the first sub-construct majority of the respondents about 28.8% of them were agreed that there is fair treatment of employees by the management, in the second sub-construct most of the respondents 32.4% of them were agreed that there is good management process to pay attention to employee personal problems. Based on the result of in the third sub-construct most of the respondents about 34.7% of them were agreed that there is democratic leadership which improves the employee to motivate to perform better, as their views and opinions are valued. According to Chaudhry (2013) participative leadership collects suggestions and recommendations from subordinates for making the final decision which enables him to make sound decision since subordinates are capable in bringing out innovative ideas. This helps to strengthen the relation between the leaders and subordinates and as well develops the sense of ownership in the organization because their participation makes them to feel at ease and thereby enhance their work to provide quality service.

In the fourth sub-construct most of the respondents about 43.8% of them were agreed that the ways of leadership styles positively affects the performance of the organization because it provides opportunities to the employees to express and implement their creative ideas and take part in the decision- making process. In the fifth sub-construct most of the respondents about 53.1% of them were strongly disagreed that Good relation-ships in terms of employee management amongst employees create a good working environment. In the last sub-construct most of the respondents about 57.3% of the respondents were strongly disagreed that good employee relations in terms of management leadership improve employee work commitment.

Authors like Monga & Coetzee (2012) pointed out that organizational leadership style is viewed as a mixture of different characteristics, traits and behaviors that are used by leaders for interacting with their subordinates. Thus, from this finding one can infer that there is good management process to pay attention to employee personal problems, there is democratic leadership which improves the employee to motivate to perform better and the ways of leadership styles positively affects the performance of the organization because it provides opportunities to the employees to express and implement their creative ideas and take part in the decision- making process.

Table 4.3 Summary of survey findings for Organization Leadership styles

Questions	Rating Point					Remark
	1	2	3	4	5	
There is fair treatment of employees by the management.	68(17.6%)	52(13.5%)	52(13.5%)	111(28.8%)	103(26.7%)	Agree
There is good management process to pay attention to employee personal problems.	67(17.4%)	58(15%)	45(11.7%)	125(32.4%)	91(23.6%)	Agree
There is democratic leadership which improves the employee to motivate to perform better, as their views and opinions are valued.	34(8.8%)	42(10.9%)	49(12.7%)	134(34.7%)	127(32.9%)	Agree
The ways of leadership styles positively affects the performance of the organization because it provides opportunities to the employees to express and implement their creative ideas and take part in the decision-making process.	25(6.5%)	24(6.2%)	19(4.9%)	169(43.8%)	149(38.6%)	Strongly Agree
Good relation-ships in terms of employee management amongst employees create a good working environment.	205(53.1%)	96(24.9%)	2(0.5%)	58(15%)	25(6.5%)	Strongly Disagree

Good employee relations in terms of management leadership improve employee work commitment.	221(57.3%)	104(26.9%)	2(0.5%)	42(10.9%)	17(4.4%)	Strongly disagree
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Source: Own research survey, 2020

### 4.2.3 Organization Grievance handling procedure

As it can be seen from the following table 4.4 most of the respondents in the first sub-construct about 28.5% of them were strongly disagreed that the company has established a prompt and effective grievance handling mechanism. In the second sub-construct most of the respondents about 31.3% of them were strongly disagreed that the organization grievance mechanism has enabled employees and management to resolve grievances in peaceful, orderly and in an expeditious manner. In the third sub-construct most of the respondents about 29.8% of them were agreed that the grievance mechanism has improved perceptions of fairness and equity in the organization. In the fourth sub-construct most of the respondents about 29% of them were agreed that grievance mechanism has provided a peaceful means to reduce the pressures and fears of staffs and to settle workplace arguments without strike of work. Authors like Doyle (2005) supported this finding that the first benefit of effective employee grievance procedure is that it serves as conflict management and dispute resolution mechanism. It means that grievances and alike is one of the top priority of management with the aim of increasing employees' productivity. According to Blount (2012) to be effective in any leadership role in the modern workplace requires that a person should be capable in all three functional areas: coaching, shaping work, schemes and results and leading-shaping the workplace by moving people emotionally to make that vision a tangible reality. Handling employee grievances within the work environment is one of the grave hindrances in satisfying all three functional areas. It is where the management should perceive sound, examine and decide on matters that arise unhappiness on the part of employee.

In the fifth sub-construct most of the respondents about 43% of them were agreed that good grievance handling has facilitated increased work related information sharing in the organization resulting in improved performance. This finding would be supported by Olu (2008) who revealed

that effective conflict management enhances employee's performance in an organization and that organization's conflict management system influences employee performance in the organization.

In the last sub-construct of this HR practices most of the respondents about 51% of them were strongly agreed that the grievance procedure has improved employees morale in the organization enabling them to enhance their performance. Thus, according to Cristina & Aure (2011), it is believed that effective grievances procedure ensures amiable work environment that redresses grievances to mutual satisfaction of both managers and employees at large. It helps the management to frame its policies and procedures to be acceptable to the employees.

Therefore, we can deduce that the company didn't establish an effective grievance handling mechanism; the organization grievance mechanism didn't enabled employees and management to resolve grievances in peaceful manner. The employees assumed that the grievance procedure can improve employees' morale in the organization enabling them to enhance their performance and good grievance handling procedure has facilitated increased work related information sharing in the organization resulting in improved performance.

Table 4.4 Summary of survey findings for Organization grievance handling procedure

Questions	Rating Point					Remark
	1	2	3	4	5	
The company has established a prompt and effective grievance handling mechanism.	110(28.5%)	86(22.3%)	17(4.4%)	91(23.6%)	82(21.2%)	Strongly
The organization grievance mechanism has enabled employees and management to resolve grievances in peaceful, orderly and in an expeditious manner.	121(31.3%)	81(21%)	16(4.1%)	78(20.2%)	90(23.3%)	Strongly disagree
The grievance mechanism has improved perceptions of fairness and equity in the organization.	72(21.2%)	61(15.8%)	45(11.7%)	115(29.8%)	93(24.1%)	Agree
Grievance mechanism has provided a peaceful means to reduce the pressures and fears of employees and to settle workplace disputes without stoppage of work.	82(21.2%)	55(14.2%)	41(10.6%)	112(29%)	96(24.9%)	Agree
Good grievance handling has facilitated increased work related information sharing in the organization resulting in improved performance.	78(20.2%)	35(9.1%)	50(13%)	166(43%)	57(14.8%)	Agree

The grievance procedure has improved employees morale in the organization enabling them to enhance their performance.	35(9.1%)	14(3.6%)	55(14.2%)	197(51%)	85(22%)	Agree
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Source: Own research survey, 2020

#### **4.2.4 Employee motivational compensations**

Based on the table 4.5 finding of the analysis of employee motivational compensations in the first sub-construct most of the respondents about 58.3% of them were strongly disagreed that “in their organization employees are paid according to their position in the organization.”

In the second sub-construct most of the respondents 52.3% of them were strongly disagreed that in their organization Acknowledgements given are important for me to stay with the organization. Researchers like Bergman & Scarpello (2002) revealed that employee’s expectation of a good compensation plan is for it to be fair and equitable, it must also provide them with tangible rewards which is equivalent to their skills, and that it provides recognition and a livelihood because it is a strategic human resource management issue. Thus, in this study there are no proper Acknowledgements given for the employees to stay with the organization to enhance the organizational performance.

In the third sub-construct most of the respondents about 49.5% of them were strongly disagreed that the non-financial benefits (leave benefits, retirement plan, health benefits) received are valuable and important to create their satisfaction for my job. This indicates that the benefits given are not valuable for the employee employer relationship to the effectiveness of the organizational performance. In the fourth sub-construct most of the respondents about 43.5% of them were strongly disagreed that benefits offered in their organization are made available for all employees without any discrimination. To employees, pay is of obvious importance in terms of satisfying their economic needs which is their source of earning a living. It is important that employees are satisfied with their overall pay as this may impact their attitudes and behaviors (Singh & Loncar, 2010). Compensation, in the organizations is a major consideration in Human



Resource Management (HRM), and how it is allocated informs employees about what the organizations believe to be important and worth encouraging.

In the last questions majority of the respondents about 44.3% of them were strongly disagreed that their company provides employee recognition which encourages them to perform better at their job duty. But, Armstrong et al.(2010) pointed out that rewards and recognition have also been shown to lead to engagement, which comprises motivation, commitment and organizational citizenship and, in turn, leads to improved performance.

Generally, the finding of the motivational compensations analysis employees are not paid according to their position in the organization, there are no proper Acknowledgements given for the employees to stay with the organization to enhance the organizational performance, the non-financial benefits given for the employees are not valuable for the employee employer relationship to the effectiveness of the organizational performance, and the company didn't provides employee recognition which encourages them to perform better at their job duty and to enhance the organizational performance.

Table 4.5 Summary of survey findings for organizational Employee motivational compensations

Questions	Rating Point					Remark
	1	2	3	4	5	
In our organization employees are paid according to their position in the organization.	225(58.3%)	47(12.2%)	39(10.1%)	62(16.1%)	13(3.4%)	Strongly
In our organization Acknowledgements given are important for me to stay with the organization.	202(52.3%)	44(11.4%)	7(1.8%)	81(21%)	52(13.5%)	Strongly disagree

The non-financial benefits (leave benefits, retirement plan, health benefits) received are valuable and important to create my satisfaction for my job.	191(49.5%)	53(13.7%)	34(8.8%)	71(18.4%)	37(9.6%)	strongly disagree
Benefits offered in my organization are made available for all employees without any discrimination.	168(43.5%)	62(16.1%)	26(6.7%)	100(25.9%)	30(7.8%)	strongly
My company provides employee recognition which encourages me to perform better at my job duty.	171(44.3%)	62(16.1%)	2(0.5%)	121(31.3%)	30(7.8%)	strongly

Source: Own research survey, 2020

### 4.3 Interview Questions survey result

Do you have opportunities to discuss your problems with your managers?

Answer: The respondents answered that yes there is problem of discussing the employee relation in order to get inspired, engaged and satisfied employees and achieving the organizational performance.

Which human resource employee relation practice has affected your organization performance?

Answer: Most of the employees answered that the absence of open, written, and effective communication in the company.

- The absence of clear, procedural and short and fair repeated complaints in its grievance handling styles.
- The absence of an open dialogue.
- Remedial action should be taken to prevent repeated complaints.

What are the advantages of healthy employee-employer on your organizational performance?

Answer: Good relationships have the potential to inspire employees to work hard.

- It initiates group activities in the work place and it helps employee to develop friendly approach with his or her staff.
- It promotes positive attitude towards the organization and constructive feedback and guidance make employees to realize what the organization expect of them as they feel they attain mutual benefit.
- Improve morale of employees for doing work.

#### **4.4 Inferential Statistics Result**

##### **4.4.1 Correlation Analysis Result**

Correlation analysis used to measure the strength or degree of linear relationship between two variables. The correlation coefficient examines the strength and direction of the linear relationship between two variables. The correlation coefficient can range between -1 and +1, the larger the absolute value of the coefficient; the stronger the relationship between the variables. Zero (0) indicates no relationship between two variables. The sign of the relationship indicates the direction of relationship.  $P\text{-value} \leq \alpha$ : The correlation is statistically significant; if the p-value is less than or equal to the significance level, then we can conclude that the correlation is different from 0. If the  $P\text{-value} > \alpha$ : The correlation is not statistically significant; if the p-value is greater than the significance level, then you cannot conclude that the correlation is different from 0.

As such the following table shows the correlation between employees Performance, communicating ways, leadership styles, grievance handling procedure, and motivational compensations system.

Table 4.6 Pearson correlation between all independent variables and Business performance

		Communication	Leadership	Grievance	Motivation	Performance
Communication	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	386				
Leadership	Pearson Correlation	.084	1			
	Sig. (2-tailed)	.101				
	N	386	386			
Grievance	Pearson Correlation	.165**	.072	1		
	Sig. (2-tailed)	.001	.157			
	N	386	386	386		
Motivation	Pearson Correlation	-.047	.079	.061	1	
	Sig. (2-tailed)	.358	.121	.230		
	N	386	386	386	386	
Performance	Pearson Correlation	.294**	.455**	.648**	.400**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	386	386	386	386	386

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

Source: own research result, 2020

From the above correlation table 4.6, we can see that most of the independent constructed variables were correlated with Employee performance. Among the variables the highest and strong correlation coefficient was found between Grievance handling procedure and employee performance ( $r=0.648$ ), followed by leadership style and performance ( $r=0.455$ ), between motivational compensation and employee performance ( $r=0.400$ ), and followed by variables between communication ways and employee performance ( $r=0.294$ ). Therefore, from the above table we can conclude that the employee employer relationship dimensions identified in this research such as communicating ways, leadership styles, grievance handling procedure, and motivational compensations systems had significant and positive correlation with employee performance because the p (sig) value is less than  $\alpha=.05$  level. Thus, all the variables are significantly correlated with employee performance.

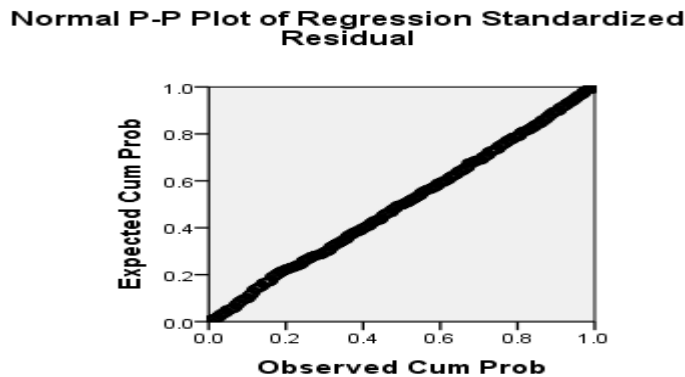
#### **4.5 OLS Assumptions Tests**

Before applying regression analysis, some tests were conducted in order to ensure the appropriateness of data to OLS assumptions regression analysis as follows:

##### **4.2.1 Linearity test**

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. To determine whether the relationship between the dependent variable Employee Performance and the independent variables communicating ways, leadership styles, grievance handling procedure, and motivational compensations system is linear; plots of the regression residuals through SPSS V20 software had been used.

Figure 4: Linearity test.



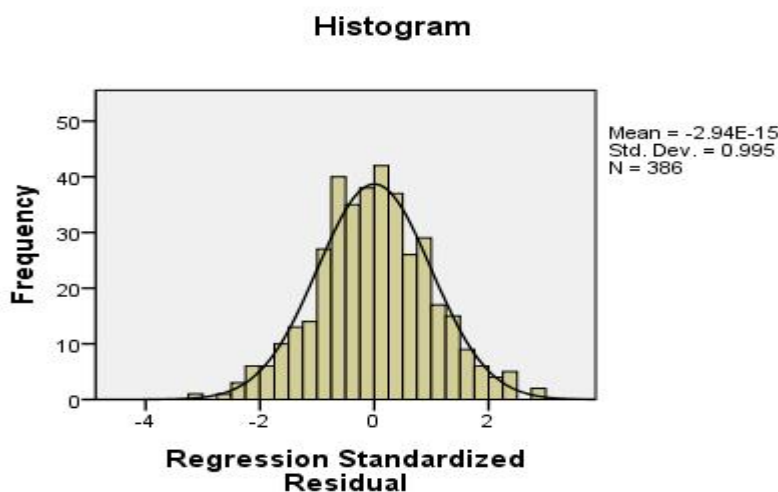
Source: own research survey, 2020

From the above figure 4 the scatter plot of residuals shows no large difference in the spread of the residuals as you look from left to right on figure 4. This result suggests the relationship we are trying to predict is linear. Therefore, there is no problem of linearity.

#### **4.2.2 Normality test**

The other assumption was the linear regression analysis needs all variables (independent and dependent) must be normally distributed. Normality assumption is able to assured with a histogram and a fitted normal curve or a Q-Q-Plot. As per the Classical Linear Regression Models assumptions, the error term should be normally distributed or expected value of the errors terms should be zero ( $E(u_t) = 0$ ).

Figure 5: Normality test



Source: own research survey, 2020

Figure 5 shows the frequency distribution of the standardized residuals compared to a normal distribution. As you can see, although there are some residuals (e.g., those occurring around 0) that are relatively far away from the curve, many of the residuals are fairly close to 0. Moreover, the histogram is bell shaped which lead to infer that the residual (disturbance or errors) are normally distributed. Thus, no violations of the assumption normally distributed error term.

#### **4.2.3 Multi-collinearity Test between Study Variables**

The third assumption is linear regression assumes that there is little or no multi-co linearity in the data.

Multi-co linearity happens when the independent variables are not independent from each other. The other assumption is that the error term of the mean should be independent from the other explanatory variables. Thus, we can test using the following procedures.

1. Correlation matrix – In this case at the time of calculating the matrix of Pearson's Bivariate Correlation among all explanatory variables the correlation coefficients should be smaller than 1. Therefore, from this research finding correlation table indicates that all independent variables have correlation coefficient less than one.

2. Tolerance – In this assumption the tolerance value indicates that the effect of one explanatory variable on all other independent variables; the tolerance is intended with an initial linear regression analysis.. Thus, from the finding in coefficient table all tolerance values were less than one. See table 4.9.

3. Variance Inflation Factor (VIF) – In this case the VIF indicates that the linear regression is defined as  $VIF = 1/T$ . Likewise, the if the value of  $VIF > 10$  there is an warning for multi-collinearity problem; with  $VIF > 100$  there is surely multi-collinearity in the sample. Thus, from the coefficient table 4.9 all VIF values are less than 10. Simply the values are not more than 1.583(see table 4.9). This confirms us there are no violations of little or no Multi-collinarity between independent variables.

Simply, when we can see correlation table 4.6 above there is no strong pair-wise correlation between the explanatory variables. As a rule of thumb, inter-correlation among the independent variables above 0.80 signals a possible multi-co linearity problem. Thus, it can be concluded that all the independent variables in the study have low correlation power as a result there is no multi-co linearity problem.

#### **4.2.4 Autocorrelation Test**

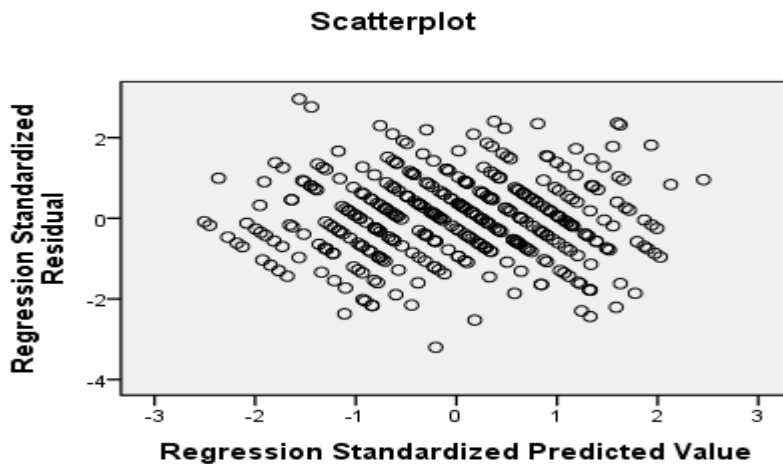
The other assumption is that, linear regression analysis needs slight or no autocorrelation in the data. Autocorrelation happens at the time of the residuals were not free from each other. In this regard, scatter plots of diagram allow us to make sure for autocorrelations; we can examine the linear regression model for autocorrelation with the Durbin-Watson test. The value of Durbin Watson assumes to be between 0 and 4; values around 2 indicate no autocorrelation. From our test, the value of Durbin Watson is about 1.611. Thus, it lies between  $0 < 1.611 < 4$  (see table 4.7 below). The value of Durbin Watson is close to 2 indicates there is no violation of Autocorrelation. Thus, from an explanation of the information presented in the entire five tests one can conclude that there are no significant data problems that would lead to say the assumptions of multiple regressions have been seriously violated.



#### 4.2.5 Homoscedasticity Test

Lastly, homoskedasticity test, which indicates to whether residuals are evenly scattered, or presence of equality of variance/homogeneity of variance. The following test was done in testing the problem of Homoskedasticity.

Figure 6: Test of heteroskedasticity



Source: own research survey, 2020

This assumption requires even distribution of residual terms or homogeneity of error terms throughout the data. According to Osborne & Waters (2002) this assumption can be assured by visual checking of a plot of the standardized residuals by the regression standardized predicted rate. If the error terms are distributed randomly with no certain pattern, then the problem is not detrimental for analyses. Figure 6 above shows that the standardized residuals in this research are distributed evenly indicating heteroscedasticity is not a serious problem for this data.

#### 4.3 Regression Analysis Result and Discussions

The objective of this study was to examine the effect of employee-employer relationship practices on the organizational performance in the Commercial Bank of Ethiopia. In order to study the relationship between the dependent and independent variables and specify the best predictors of the dependent variable (organizational performance) a multiple Regression model

was applied. Multiple regressions were used for testing the model and hypotheses. It provides information regarding the significance of the variables that were included in the model while the  $R^2$  explains how much variance in the dependent variable is explained by the model or how much the business performance is explained by the constructed variables. Statements of hypothesis were formulated based on the eight variables used in this study in order to come up with the results.

Table 4.7 multiple regression analysis Model summary result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.855 <sup>a</sup>	.731	.728	.381	.731	259.024	4	381	.000	1.611

a. Predictors: (Constant), Motivation, Communication, Leadership, Grievance

b. Dependent Variable: Performance

Source: Own research survey, 2020

Table 4.7 above shows two important elements, thus R, and  $R^2$ . From this table, R shows a significant positive relationship of 0.855 which is 85.5%. The  $R^2$  value =0.731 meaning 73.1% of the variance in the model can be predicted using the independent variables or in simple words 73.1% of organizational performance is explained by the constructed independent variables. However, the remaining 26.9% changes in organizational Performance of commercial bank of Ethiopia in Addis Ababa is caused by other human resource practices employee relationship elements that are not included in the model. Therefore, the constructed employee relationship dimensions (such as communication ways, grievance handling procedure, leadership styles, and motivational compensation systems) are good explanatory variables of the employee relationship HR practices influencing CBE organizational performance.

### 4.3.1 ANOVA Analysis result

Table 4.8 ANOVA analysis result

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	150.540	4	37.635	259.024	.000 <sup>b</sup>
Residual	55.357	381	.145		
Total	205.897	385			

a. Dependent Variable: Performance

b. Predictors: (Constant), Motivation, Communication, Leadership, Grievance

Source: own research survey, 2020

From the ANOVA test in table 4.8 it shows the table Significance value 0.05 is larger than the calculated sig. value of 0.000. This shows the statistically significant relationships between the eight independent variables (communication ways, grievance handling procedure, leadership styles, and motivational compensation systems) and organizational performance at 5% significance level. This means, the eight explanatory variables have great impact on their organizational performance. But, it does not mean that all these human resource employee relationship practices affecting companies' performance have equally significant correlation with business performance. Beside the F statistics (259.024) which is used to measure the overall test of significance of the model was presented, and the model is well fitted at 5 percent level of significance.

### 4.3.2 Regression Coefficient Analysis

Table 4.9 Regression Coefficient Analysis of the model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-.353	.106		-3.335	.001		
1 Communication	.169	.025	.186	6.860	.000	.964	1.038
Leadership	.348	.025	.372	13.870	.000	.983	1.017
Grievance	.336	.016	.570	21.073	.000	.965	1.036
Motivation	.190	.015	.345	12.887	.000	.987	1.014

a. Dependent Variable: Performance

Source: Own research survey, 2020

In the table 4.9above, coefficients indicated how much the dependent variable varies with an independent variable, when all other independent variables are held constant. The Beta coefficients indicated that how and to what extent the independent variables affect the dependent variable. Accordingly, the result of coefficient value of regression analysis indicated the highest HR employee relationship practices which affect their organizational performance was Grievance handling procedures (at Beta value=0.570), followed by leadership styles (Beta=0.372), Motivational compensation (Beta=0.345), and communication (Beta=0.186). Thus, from the finding all strategies have positive and statistically significant influence on organizational performance because the p (sig) value in correlation table is less than  $\alpha=.05$  level. Therefore, from the employee relationship practices identified in this research one can infer that all communication ways, grievance handling procedure, leadership styles, and motivational

compensation systems has the most statistically significant employee relationship practices affecting Commercial Bank of Ethiopia organizational Performance.

### **4.3.3 Regression Equation**

Based on the above table 4.9 finding we can develop the following Regression equation:

$$OP = -0.353 + 0.169X1 + 0.336X2 + 0.348X3 + 0.190X4$$

Where, X1= Communication ways

X2= Grievance handling procedure

X3= Leadership styles

X4= Motivational compensation systems

OP= Organizational Performance

Based on the above model result, all the explanatory variables have significant and positive effect on organizational performance. The un-standardized B coefficient of communication ways =0.169 i.e. 100% change in communication leads to 16.9% change in organizational performance, Grievance handling procedure =0.336 indicating that 100% change in Grievance handling procedure to 33.6% increase in organizational performance, Leadership styles=0.348 implies that a one unit change in Leadership styles leads to 0.348 unit increase in organizational performance, Motivational compensation systems = 0.190 signifies that a one unit change in Motivational compensation systems results to 0.190 unit increase in organizational performance.

These findings provide significant support for the reliability, transaction efficiency and ease of use literature which advocates that the variables (employee relationship practices) have an effect upon organizational performance of Commercial Bank of Ethiopia.

#### **4.4 Testing Hypothesis from the Regression Result**

Using multiple regression analysis result, the following hypothesis was tested.

##### **4.4.1 Organizational Communication ways**

*H1: Communication ways of the employee relationship will affect the organizational performance.*

Based on standardized coefficient Beta value and P-value in regression table 4.9, the result shows that Communication ways has a Beta coefficient of 0.186 and p-value of 0.000. Holding other explanatory variables constant Communication ways was found to have a statistically significant positive effect on organizational performance. Therefore, the researcher accepted the H1 hypothesis.

This was supported by research carried out by Hasen and Salman (2016) who declared that there is a positive and significant influence of open and effective communication on employee performance as open and effective communication is an necessary way that has been performed which can take out the ultimate of the employee to help both organization and the employees to achieve their ultimate goal. As of Noordin et al. (2010) communication in the organization is important because employees well informed in order to perform well and share ideas with their colleagues.

##### **4.4.2 Grievance handling procedure**

Based on standardized coefficient Beta value and P-value in regression table 4.9, the result shows that Grievance handling procedure has a Beta coefficient of 0.570 and p-value of 0.000. Holding other explanatory variables constant Grievance handling procedure was found to have a statistically significant positive effect on organizational performance. Therefore, the researcher accepted H2 hypothesis.

This was supported by the finding by Zulkiflee et al. (2011) who study on the Influence of Heads of Department Personalities on the Selection of Grievance Handling Styles telecommunication center of operations and branches situated in Peninsular Malaysia. The findings showed that the

grievance handling styles used by managers in the study are integrating, cooperating and controlling. The study shows that extraversion has a negative influence on the selection and the integration of different styles. Lastly, emotional stability positively and considerably impacts on the bargaining style that is used in handling grievances and then affects the organizational performance positively and significantly. According to the study conducted by Olu (2008) effective conflict management enhances employee's performance in an organization and that organization's conflict management system affect worker performance in the organization.

#### **4.4.3 Organizational Leadership styles**

The table 4.9 shows that Leadership styles have the standardized Beta coefficient of 0.372 and p-value of 0.000. Holding other explanatory variables constant Leadership styles was found to have a statistically significant positive association with organizational performance. Therefore, the hypothesis was supported. Therefore, the alternative Hypothesis H3 which says there is significant and positive relationship between Leadership styles and organizational performance is accepted. Thus, this HR practice was significant.

The finding of this study can be confirmed by Ojokuku et al. (2012) who carry out a research on the impact of leadership Style on Organizational Performance of Nigeria Bank in Nigeria. The inferential statistical tool was used and one hypothesis was formulated to analyze data. The findings showed that there was positive and significant correlation between performance and leadership style and are highly recommended to banks that transformational and democratic leadership styles have positive effect on performance.

#### **4.4.4 Motivational compensation systems**

Based on standardized coefficient Beta value and P-value in regression table 4.9, the result shows that a Motivational compensation system has a Beta coefficient of 0.345 and p-value of 0.000. Holding other explanatory variables constant Motivational compensation systems was found to have a statistically significant positive effect on organizational performance. Therefore, the researcher accepted the H4 hypothesis. This was supported by the finding of Haris et al. (2018) who studied on the impact of work motivation on employee performance at PT Putri Panda Unit II Tulungagung. The result shows that employee works to achieve their work in

receiving the fee for every work they were done. The researcher confirms that motivation has the positive impact on employee performance in this company.

#### **4.5 Summary of Hypothesis testing**

Table 4.10 Summary Result of Hypothesis testing

<i>H1: Communication ways of the employee relationship will affect the organizational performance.</i>	Accepted
<i>H2: Leadership style of the employee relationship will affect the organizational performance.</i>	Accepted
<i>H3: Grievance handling procedure of the employee relationship will affect the organizational performance</i>	Accepted
<i>H4: The presence of motivational compensation systems in the employee-employer relationship has positive and significant effect on organizational performance.</i>	Accepted

Source: own research survey result, 2020

Generally, from the hypothesis testing result one can conclude and infer that all hypotheses were accepted. Therefore, the researcher accepted H1, H2, H3, and H4. Therefore, communication ways, grievance handling procedure, leadership styles, and motivational compensation systems had positive correlation with organizational performance and statistically significant positive effect on CBE employees' as well as organizational performance.



## CHAPTER FIVE

### SUMMARY, CONCLUSION, AND RECOMMENDATIONS

#### 5.1 SUMMARY

Based on the results of data analysis and interpretation in the previous chapter the following summary of major findings was given:

The main objective of the study was to examine the effect of employee employer relationship practices on the organizational performance of Commercial Bank of Ethiopia. The study was designed mainly to deal with how communication ways, grievance handling procedure, leadership styles, and motivational compensation systems practiced in the bank affect its organizational performance. The study uses descriptive research and findings from the quantitative data collected from self-administered questionnaires. From the demographic profile of the respondents:

- ✓ Most of the respondents were male.
  - ✓ Most of the respondents were within the age category of 29-39 years' old.
  - ✓ Most of the respondents were degree and above degree holders in their educational level.
  - ✓ Most of the respondents were supervisors and general staffs.
  - ✓ Most of the respondents' work experience in the bank was above 3 years in the companies.
- Based on the descriptive statistics result, in the organizational communication ways the company communicates openly and honestly with the employees and good employer-employee relationships results in effective communication in the organization and creates a positive business image and profile in the community, but communication in their organization is transparent and precise for a warm relationship among employees and the bank didn't depend more on written modes of communication as it is more reliable as compared to verbal communication.
- ✓ In the company leadership styles there is good management process to pay attention to employee personal problems, there is democratic leadership which improves the

employee to motivate to perform better and the ways of leadership styles positively affects the performance of the organization because it provides opportunities to the employees to express and implement their creative ideas and take part in the decision- making process.

- ✓ The company's grievance handling procedure the company didn't establish an effective grievance handling mechanism; the organization grievance mechanism didn't enabled employees and management to resolve grievances in peaceful manner. The employees assumed that the grievance procedure can improve employees' morale in the organization enabling them to enhance their performance and good grievance handling procedure has facilitated increased work related information sharing in the organization resulting in improved performance.
  - ✓ Employees are not paid according to their position in the organization, there are no proper Acknowledgements given for the employees to stay with the organization to enhance the organizational performance, the non-financial benefits given for the employees are not valuable for the employee employer relationship to the effectiveness of the organizational performance, and the company didn't provides employee recognition which encourages them to perform better at their job duty and to enhance the organizational performance.
  - ✓ From the employee relationship practices identified in this research one can infer that all communication ways, grievance handling procedure, leadership styles, and motivational compensation systems has the most statistically significant employee relationship practices affecting Commercial Bank of Ethiopia organizational Performance.
  - ✓ Generally, from the hypothesis testing result one can conclude and infer that all hypotheses were accepted all accepted H1, H2, H3, and H4.
- Based on the findings of interview analysis, the following findings were obtained:
- ✓ There is problem of discussing the employee relation in order to get inspired, engaged and satisfied employees and achieving the organizational performance.
  - ✓ The employees answered that the absence of open, written, and effective communication in the company, the absence of clear, procedural and short and fair

repeated complaints in its grievance handling styles, the absence of an open dialogue the absence of remedial action to prevent repeated complaints

- ✓ They answered that good relationships have the potential to inspire employees to work hard and it initiates group activities in the work place and it helps employee to develop friendly approach with his or her staff are the advantages of healthy employee-employer on your organizational performance.

## **5.2 CONCLUSION**

Based on the finding of the study the following conclusion was made:

The employee employer relationship dimensions identified in this research such as communicating ways, leadership styles, grievance handling procedure, and motivational compensations systems had statistically significant and positive correlation with organization performance.

Maintaining peaceable relations is very important for the existence, prosperity and growth of the organization. Good and healthy employee relations lead to better organizational performance.

Good employer-employee relationships results in effective communication in the organization and create a positive business image and profile in the community. The employer communicates openly and honestly with the employees.

There is fair treatment of employees by the management. There is good management process to pay attention to employee personal problems. There is democratic leadership which improves the employee to motivate to perform better, as their views and opinions are valued.

The ways of leadership styles positively affects the performance of the organization because it provides opportunities to the employees to express and implement their creative ideas and take part in the decision- making process.

The grievance mechanism has improved perceptions of fairness and equity in the organization. Grievance mechanism has provided a peaceful means to reduce the pressures and fears of employees and to settle workplace disputes without stoppage of work. Good grievance handling

has facilitated increased work related information sharing in the organization resulting in improved performance. The grievance procedure has improved employees morale in the organization enabling them to enhance their performance.

### **5.3 RECOMMENDATION**

To have improved employee relationship and organizational performance the different non-financial remunerations presented in the bank should be available for all employees without any discrimination. Employee motivation by work recognition which means employees are encouraged to perform consistently and put their high effort in work.

The bank ought to be provides employee recognition and rewards which inspires them to perform better at their job duty. The bank should give acknowledgements as it is significant for the employee to stay with the organization and create healthy and improved employee employer relationship. It encourages the presence of healthy relations among employees; and it inculcates a sense of belongingness with employees.

It is better to the bank to establish and modify a prompt and effective grievance handling styles that may enable employees and management to resolve grievances in peaceful, orderly and in an expeditious manner and improve the company's performance. The reasons for the review of the complaint - the actual cause of the complaint should be determined. Therefore, remedial action should be taken to prevent repeated complaints. Acknowledging grievance - manager must acknowledge that the employee's dissatisfaction is the performance of the employee's true and true feelings. The recognition of the manager means that the manager is eager to investigate the complaint fairly without any prejudice. This will create a favorable working environment to reduce the situation of dissatisfaction.

Commercial Bank of Ethiopia better to create an open dialogue with its staffs. This can be done by monthly or company meeting schedules. In addition, allow employees to take part in this discussion. Encourage problems and opinions and show that all ideas are welcome. When employees feel they are in the company's leadership position, employees are more likely to communicate well.

In order to get committed employee and good working environment the bank should enhance its good employee relations in terms of management leadership and good relationships in terms of employee management because the ways of leadership styles positively influence the performance of the bank.

Even though there are different problems are found to be evident in the overall implementations of the Ethiopian Labor Proclamation No. 377/2003 and the collective agreement document, the management required to work in line with Labor Law and government regulations and HR procedures in order to ensure the presence of better employee employer relations as a result it can increase productivity and create smooth relations between workers and management.

Commercial Bank of Ethiopia better to offer an inspiring and effective leadership that leads to creating motivated employees and achieving the organizational performance. The bank ought to get better communication within the employees through interchange ideas, outlooks and opinions with management to strengthen the relationship with employees.

#### **5.4 Further Research**

It is recommended to employ further study on analyzing the effects on employee employer relationship to improve organizational performance in banks which cover several work forces in the current world of work. Furthermore, the contribution of other HR practices such not included in this study and they are areas yet to be investigated in the future study.

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## **QUESTIONNAIRE**

**ADDIS ABABA UNIVERSITY**

**SCHOOL OF COMMERCE**

Dear Respondent,

I am an MA student at Addis Ababa University School of Commerce Department of Human Resource Management. I'm currently undertaking my thesis entitled "The employee-employer relationship toward organizational performance in the Case of Commercial Bank of Ethiopia". You have been selected as one of the respondents in this study. I therefore request you to kindly facilitate the collection of the required data by answering the questionnaire herein. Please note that the information sought is purely for academic purposes and will be treated with utmost confidentiality.

Please note that all the information collected will serve no other purpose than that of academic research and all names will be kept confidential. The estimated time to complete the questionnaire is about 25 minutes. All your personal information is secured. Please try to answer all stated questions and I would like to thank you for your time again.

Please mark your response with "√"

### **Part One: Demographic Information of Respondents.**

1. Gender
  1. Male
  2. Female
2. Age Category
  1. 18-28
  2. 29- 39
  3. 40-50
  4. 50 and above
3. What is your position in the Organization?
  1. Managers
  2. Supervisors
  3. General Staff
4. What is your highest level of education?

1. Diploma
  2. Degree
  3. Masters and Above
5. For how long have you served at CBE?
1. Less than 2 years
  2. 3 to 5 years
  3. 6 to 10 years
  4. Above 10 years

**Part II:** This section will try to assess the impact of employee-employer relationship toward organizational performance

Using a scale of 1-5, where 1= strongly agree; 2=Agree; 3=Neutral; 4=Disagree;

5=strongly Disagree; Please indicate the extent to which you agree with the following statements relating to employee-employer relationship toward organizational performance.

No.	Questions	Responses				
		1	2	3	4	5
<b>Communication</b>						
1.	The effective employee communication in the company helps employees to comprehend their role in their placement, thus leading to organizational success.					
2.	Communication in your organization is transparent and precise for a warm relationship among employees.					
3.	CBE depend more on written modes of communication as it is more reliable as compared to verbal communication.					
4.	Employee communication and the organization performance are					

	in anyway related.					
5.	The employer communicates openly and honestly with the employees.					
6.	Good employer employee relationships results in effective communication in the organization and create a positive business image and profile in the community.					
<b>Leadership Style</b>						
7.	There is fair treatment of employees by the management.					
8.	There is good management process to pay attention to employee personal problems.					
9.	There is democratic leadership which improves the employee to motivate to perform better, as their views and opinions are valued.					
10.	The ways of leadership styles positively affects the performance of the organization because it provides opportunities to the employees to express and implement their creative ideas and take part in the decision- making process.					
11.	Good relation-ships in terms of employee management amongst employees create a good working environment.					
12.	Good employee relations in terms of management leadership improve employee work commitment.					
<b>Grievance handling</b>						
13.	The company has established a prompt and effective grievance handling mechanism.					

14.	The organization grievance mechanism has enabled employees and management to resolve grievances in peaceful, orderly and in an expeditious manner.					
15.	The grievance mechanism has improved perceptions of fairness and equity in the organization.					
16.	Grievance mechanism has provided a peaceful means to reduce the pressures and fears of employees and to settle workplace disputes without stoppage of work					
17.	Good grievance handling has facilitated increased work related information sharing in the organization resulting in improved performance.					
18.	The grievance procedure has improved employees morale in the organization enabling them to enhance their performance.					
<b>Motivational Compensations</b>						
19.	In our organization employees are paid according to their position in the organization.					
20.	In our organization Acknowledgements given are important for me to stay with the organization.					
21.	The non-financial benefits (leave benefits, retirement plan, health benefits) received are valuable and important to create my satisfaction for my job.					
22.	Benefits offered in my organization are made available for all employees without any discrimination.					
23.	My company provides employee recognition which encourages					

me to perform better at my job duty.					
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24. The following questions are regarding your overall attitude toward the impact of employer-employee relationship toward organizational performance of Commercial Bank of Ethiopia. Please read and tick the appropriate choices from 1= strongly disagree to 5= strongly agree.

Items	Scale				
	1	2	3	4	5
I am sure that employee relation practices of grievance handling process result in increased competency in the manner in which employees perform assigned jobs completing work on time with minimal errors ensuring improved organizational performance.					
I think Good relationships of the employee with employer have the Potential for low levels and General Managerial tasks which potential to inspire workers of production include Planning, Organizing, to work harder and then improving organizational performance.					
I expect that Good employer-employee relationships results in effective communication in the organization and enhance organizational performance.					
I agree that Good employee relations lead to high productivity in the organization.					



**Part Three: Interview Questions**

1. Do you have opportunities to discuss your problems with your managers?

1. Yes 2. No

2. Which human resource employee relation practice has affect your organization performance?

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3. What are the advantages of healthy employee-employer on your organizational performance?

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