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## Employee relations and its effect on organizational performance: An empirical study

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### Abstract

The goal of employee relations is to create and preserve a good working environment via interactions and communications between management and employees. It covers things like handling conflict, managing performance, paying salaries and benefits, and communicating with employees. Open lines of communication, just policies, respect for workers' rights, and a dedication to fostering a healthy workplace culture are all essential components of good employee relations practises. Productivity can be increased, attrition can be decreased, and legal problems may be avoided with effective employee relations methods. To study about the perception of employees about employee relations, the researcher used descriptive research design. Data was collected from 75 respondents by using simple random sampling method. The main findings are employees feel that the measurement taken by the management to maintain employee relations in the organization was inadequate. The suggestion of the study is creating a supportive work environment with job features, incentives, and recognition, along with a focus on employees' well-being, can enhance employee engagement and boost organizational performance. Providing rewards to employees can also improve performance.

**Keywords:** Employee relations, organizational performance, employee engagement, rewards and recognition, work culture and environment

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### Introduction

The success of every firm depends on its relationship with its employees. It describes the constant interactions and discussions that take place between management and staff members of an organisation with the goal of creating and preserving a healthy work environment. Effective employee relations management may reduce workplace conflicts and legal issues while increasing employee engagement, productivity, job satisfaction, and loyalty. As a result, effective employee relations procedures are crucial for any company that wants to recruit and keep skilled individuals, promote a healthy workplace culture, and accomplish its corporate goals.

Organizations need to prioritise their staff if they want to stay ahead of the competition in the highly competitive business world of today. Employee productivity and efficiency are directly impacted by how employers treat them, which has an effect on the bottom line of the business. Employee relations are now a key component of human resource management as a result.

A dedication to fostering a healthy workplace culture is necessary for effective employee relations. These proactive efforts include open communication lines, fair and consistent policies and processes, and equal treatment of all employees. For an organisation to be successful over the long term, managers and employees must have a mutual respect for one another and a sense of trust in one another. They should also provide staff members the chance to offer opinions, ideas, and proposals for enhancing workflow, output, and morale.

Managing disputes that develop between workers or between employees and management is another aspect of employee relations. These disagreements may be over pay, benefits, performance reviews, or other matters that have an effect on the workplace. Understanding the underlying source of the problem, creating a plan of action, and successfully conveying it to all parties involved are all necessary for conflict resolution.

Employee relations are crucial for influencing an organization's culture and fostering a pleasant work environment overall. Organizations may recruit and retain top personnel, increase productivity and efficiency, and accomplish their corporate objectives by giving successful employee relations strategies high priority.

### Review of Literature

Alan C. Mikkelsen, Joy A. York, and Joshua Arritola (Alan C. Mikkelsen, 2015) <sup>[1]</sup> did research on "Communication Competence, Leadership Behaviors, and Employee Outcomes in Supervisor-Employee Relationships" in the USA. In this study, they tested the relationship between independent variable employee's outcome those are job satisfaction, motivation and organizational commitment with dependent variables effective communication, task-oriented leadership, appropriate communication and relations-oriented leadership. The data collected from 276 employees working in various industries were selected for this study. Likert scale was used to collect data in this study. From this study, they found that there is a positive relationship between employees' outcome and dependent variables effective communication, task-oriented leadership, appropriate communication and relations-oriented leadership.

Thomas Hagenimana, Dr. Thomas Nguu & Dr. Benjamin Mulili (Thomas Hagenimana, 2018) <sup>[11]</sup> did a study on "Influence of employee relations on organizational performance: The case of Nyamasheke district at Rwanda, Eastern Africa. From this study, they found that there is a relationship between a dependent variable organizational performance and independent variables: employee communication, health, safety, bargaining and conflict resolution. The descriptive design was used in this study and the sample was 63 employees of all respondents of the district office.

Abirami Sundara Valli S (Valli, 2018) <sup>[13]</sup> did research on "A study on employee commitment and relationship management among employer and employee in Mando India limited Chennai". Based on employee relations, this study concentrated on factors that affect employees' commitment to their jobs. Descriptive study was conducted in Mando India limited, Chennai. 382 employees were taken as a sample for this study. The study's findings show a strong correlation between employee commitment and relationships, showing that when relationships are respectful, commitment levels inevitably rise. Therefore, the amount of commitment depends on the employee relation.

Sharma, Aarti (Sharma, 2018) <sup>[9]</sup> carried a study on "Effect of Employee Wellness Programs on Organizational Performance" in the hotel industry in Agra. Two structured questionnaire was used by the researchers, self-development as well as standardized tool. Stratified sampling technique was used to select the sample. Total sample size is 210. The study is about worker's health has a direct impact on a number of areas of their life at work. The impact of which is evident in the employee's performance at work, presence at work,

productivity, efficiency, quality of service, and effectiveness, among other things, which is why organizations are taking action to address the issue of employee absenteeism, presenteeism, and diseases associated with a sedentary lifestyle at work. The organization's most valuable asset is its workforce. From the study, they found that there is an effect of wellness program on organizational performance.

Purandare, Shraddha (Purandare, 2016) <sup>[7]</sup> conducted research on "Employee relations and its impact on talent management in information technology companies in Mumbai and Pune".

The purpose of the study is to comprehend the types of employee relations techniques used by information technology organizations, the extent to which they are effectively implemented, and how these practices affect talent management, or talent retention, and overall organizational success. The data was collected from 450 respondents, from different information technology companies from Mumbai and Pune. The exploratory research design was used in the study. From this study, they found that there is a positive correlation between employee relations and talent management, between employee relations and organizational performance.

### Significance of the study

It is important to study employee relations for a number of reasons. It aids businesses in understanding how to develop an environment that encourages loyalty, job satisfaction, and employee engagement. This may directly affect the output, profitability, and organizational performance.

Organizations may create policies and practises that support the fair and equal treatment of employees by studying employee relations. This comprises, among other things, creating rules for pay, performance management, and workplace security. Organizations can lower their risk of facing legal problems arising from discrimination, harassment, or other employment-related concerns by enacting fair practises.

Organizations can detect and resolve issues that occur at work by studying employee relations. Effective employee relations require the settlement of disagreements, and businesses that can do this well are more likely to keep their employees happy and retain their best talent.

In conclusion, studying employee relations is crucial for businesses that want to build a good workplace, recruit and keep top personnel, and accomplish their goals. It involves understanding the complexities of employee-employer relationships, creating just rules and procedures, handling disputes, and assuring legal conformity.

### Aim

To study the employee relations and its effect on organizational performance in a manufacturing industry.

### Objectives

- To analyze the socio-demographic details of employees.
- To identify factors associated with employee relations.
- To study about existing employee relations practices in the organization.
- To study about perception of employees on employee relations and organizational performance.
- To study about the challenges faced by employer in employee relations.
- To suggest the ways to improve employee relations to improve the employee performance in the industry.

## Research Design

A research plan is a systematic and detailed overview of how a scientific issue will be investigated. Research design is the blue print of the collection, measurement, and analysis of data. Descriptive research is used to describe the features of a population or subject being examined. The researcher used the same approach for descriptive research to explain employee interactions that affect organizational performance.

## Universe and Sampling

There are 3000 employees in the industry as a whole. 75 respondents were chosen at random from the entire population by the researcher using a simple random sampling method.

## Tool for data collection

To conduct the study, the researcher used Likert Scale. This scale is utilized as a rating system to assess respondents' perception towards employee relations and its effect on organizational performance. The tool includes the following dimensions working conditions, working environment, employee engagement, quality of work life, employee relations, training and development, rewards and recognition and organizational performance.

## Analysis and interpretation

**Table 1:** Distributions of respondents based on working conditions

Working conditions	Frequency (75)	Percent
Low	49	65.3
High	26	34.7
Total	75	100.0

From the above table, it is understood that nearly two-third (65.3%) of the respondents feel that they have low level of working conditions. And little more than one-third (34.7%) of the respondents feel high level satisfaction on working conditions. It shows that nearly two-third of the respondents have low satisfaction on working conditions like safety, workload, workplace.

**Table 2:** Distributions of respondents based on working environment

Working Environment	Frequency (75)	Percent
Low	50	66.7
High	25	33.3
Total	75	100.0

From the above table it is understood that two-third (66.7%) of the respondents feel that they have low level of working environment. One-third (33.3%) of the respondents feel that they have high level of working environment. This clearly shows that two-third of the respondents have low satisfaction on the working environment because of poor working space, resources and colleague support.

**Table 3:** Distributions of respondents based on Employee engagement

Employee Engagement	Frequency (75)	Percent
Low	51	68.0
High	24	32.0
Total	75	100.0

From the above table it is understood that little above two-third (68%) of the respondents have low level of employee engagement. Little less than one-third (32%) of the respondents have high level of satisfaction about employee engagement in the organization. This clearly shows that two-third of the respondents have low level of satisfaction on employee engagement because of insufficient recreational facilities and poor employee engagement activities in the organization.

**Table 4:** Distributions of respondents based on quality of work life

Quality of work life	Frequency (75)	Percent
Low	57	76.0
High	18	24.0
Total	75	100.0

From the above table it is understood that more than three-fourth (76%) of the respondents have low level quality of work life. Little less than one-fourth (24%) of the respondents have high level quality of work life. This clearly shows that more than three-fourth of the respondents have low satisfaction on quality of work life because insufficient wellness programmes and poor benefits.

**Table 5:** Distributions of respondents based on training and development

Training & Development	Frequency	Percent
Low	39	52.0
High	36	48.0
Total	75	100.0

From the table it is understood that little more than half of the respondents have low level of satisfaction on training and development. Little less than half (48%) of the respondents have high level of satisfaction on training and development. This clearly shows that little above of the respondents feel low satisfaction on training and development in the organization.

**Table 6:** Distribution of respondents based on employee relations

Employee Relations	Frequency (75)	Percent
Low	39	52.0
High	36	48.0
Total	75	100.0

From the table it is understood that little more than half (52%) of the respondents have low level of satisfaction on employee relations. Little less than half (48%) of the respondents have high level of satisfaction on employee relations. This clearly shows that more than half of the respondents have low level of satisfaction on employee relations in the organization.

**Table 7:** Distribution of respondents based on rewards and recognition

Rewards & Recognition	Frequency (75)	Percent
Low	41	54.7
High	34	45.3
Total	75	100.0

From the table it is understood that more than half (54.7%) of the respondents have low level of satisfaction on rewards and recognition. Less than half (45.3%) of the respondents have

high level of satisfaction on rewards and recognition. This clearly shows that more than half of the respondents have the low satisfaction on employee engagement.

**Table 8:** Distribution of respondents based on organizational performance

Organizational Performance	Frequency (75)	Percent
Low	43	57.3
High	32	42.7
Total	75	100.0

From the table it is understood that less than three-fifth (57.3%) respondents have felt that organization performance is low. Little above two-fifth (42.7%) of the respondents have felt that organization performance is high. This clearly shows that less than three-fifth of the respondents feel that the performance of the organization is low.

### Suggestions

High levels of employee engagement may be created and maintained by employer practises such task and job design, hiring, selection, training, pay, performance management, and career development. Enhancing the quality of work life by taking into account elements including the workplace's social climate, the interplay between personal and professional life, and employees' wellbeing. It is possible to raise organisational engagement and boost employee performance by creating a supportive work environment that includes job features, incentives and recognition, and perceived supervisor support. Giving employees rewards at work to boost performance. This will lead to better organizational performance.

### Conclusion

An organization's performance can be enhanced through its employee relations. Employees are more likely to feel appreciated, motivated, and interested in their job when a pleasant work atmosphere that encourages open communication, cooperation, and mutual respect is present. As a result, the company may see greater overall performance, higher quality work, enhanced productivity, and lower attrition rates. Organizations should emphasise the welfare and satisfaction of their workforce, make an investment in employee development and training, and offer chances for employee input and engagement. A firm emphasis on employee relations can ultimately result in a more profitable and long-lasting business.

An organisation may get several advantages from good employee relations. Employees are more likely to be inspired to work more and stay with the firm for a longer amount of time when they feel valued and supported. As a result, recruiting and training expenses as well as attrition rates may be decreased.

Employees are more likely to feel at ease providing suggestions and comments when they have good relationships with their bosses and co-workers. This might result in greater cooperation and communication, which would then increase the organization's ability to innovate and make decisions.

Employee morale and work satisfaction may both benefit from good employee interactions. Employee performance is more likely to be at its highest when they are content and pleased in their occupations, which may lead to higher output and better work.

Organizations may generate a great employer brand and reputation by prioritising employee relations and making investments in the growth and well-being of their workforce. This can enhance the company's overall market competitiveness and help recruit and keep top people. In conclusion, stronger employee relations may enhance organisational performance through an increase in output, a decrease in attrition rates, an increase in communication and cooperation, an increase in employee morale and work satisfaction, and the development of a strong employer brand.

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