Employee relations and its effect on organisational performance

[1] Prempeh Duah, [2] Brandford Ahwoi Danso
[1] SSK Marine Ltd PMB Comm. 1 Tema, Ghana
[2] Brainy Bairn School P. O. Box AN 16699 West Legon, Ghana

Abstract
This study research delves into the dynamics of employee relations of the employees of GCB considering intense competition in the banking industry and the fact that the retention of quality employees plays a key role in helping organisations to achieve their objectives. The main objective of the study is to establish the role employee relations in enhancing organisational performance rates in GCB. To achieve the objectives of the study, one hundred (100) workers were selected. A lot of challenges were identified by the respondents as they impact on organisational career management practices. Respondents mentioned factors such as inadequate remuneration, ineffective communication or poor flow of information, nepotism, untimely appraisal system, lack of career path and growth, lack of clear cut policies as well as inexperience. From the study it was revealed that employees would be more committed to GCB when they are given rewards that are commensurate with responsibility and skills.

Keywords: effect, employee, performance, relations

1. Introduction
The survival of any organisation in the competitive society lies in its ability to train its human resource to be creative, innovative, inventive who will invariably enhance performance and increase competitive advantage (Vemić, 2007; Edralin, 2004). Employee relations is one of the most pervasive techniques for improving employees' performance enhancing organisation performance in the work place (Gupta, Bostrom, & Huber, 2010). Employees are the indispensable asset and key element of gaining competitive advantage of any organisation and good relations is essential tool for its actualisation (Houger, 2006). It has further become necessary in view of advancement in modern world to take a critical look at employee relations. Thus the role played by employee relations can no longer be over-emphasised. It is also generally agreed that at each level of organisational existence, employee relations is critical to adequately prepare them to meet the goals of the organisation.

The consideration of organisational outcomes of employee relations has become a significant topic in employment relations, human resource management (HRM) and related fields. Indeed over several decades the focus of employee relations has shifted from one of sharing power and improving workers' rights to one of improved organisational efficiencies, performance and other organisational outcomes (Gollan & Wilkinson, 2007; Kim, McDuffie & Pil, 2010). Research has identified some links between employee relations and organisational outcomes such as improved occupational health and safety (OHS) outcomes (Gunningham, 2008; Markey & Patmore, 2011; Sorensen, Hasle & Navrberg, 2009), and better utilisation of employees' skills and knowledge for organisational outcomes (Dundon & Gollan, 2007).

Positive outcomes for employees have also been identified from employee relations. This is particularly so with the high performance workplace practices (HPWP) paradigm which identifies employee outcomes such as improved job satisfaction, greater skills that can leverage increased pay, and reduced fatigue and stress associated with increased autonomy (Appelbaum, Bailey, Berg & Kalleberg, 2000). The extent of employee outcomes is debated, with some arguing that they are overlooked in favour of organisational outcomes (Baptiste, 2008; Boxall & Macky, 2009; Conway & Monks, 2009; Haynes, Boxall & Macky, 2005). It appears that when employee relations increases the power of employees, it achieves better outcomes for them (Busck, Knudsen & Lind, 2010; Hvid & Hasle, 2003).

The impact of employee relations on organisational performance has been identified by various scholars and authors to be very crucial to an organisation and its effectiveness (Oluoch, 2013; Gupta, Bostrom, & Huber, 2010; Aguinis, & Kraiger, 2009). In the light of the above, organisations are therefore encouraged to build a strong and cordial relationships with their staff to the fullest advantage in order to enhance their effectiveness. Good relations are required for staff to enable them work towards taking the organisation to its expected destination. It is against the backdrop of the relative importance of employee relations in relation to organisational performance that this study addresses. This study is based on the premise that business' and organisation's growth is linked to development of the human resources. This is due to the fact that for a sustainable organisation, there should be a breakthrough in satisfying demand in respect of clients and staff needs. In view of the above, this study research delves into the dynamics of employee relations of the employees of GCB considering intense competition in the banking industry and the fact that the retention of quality employees plays a key role in helping organisations to achieve their objectives.

2. Literature Review

Diverse terms like "capital-labour relations", 'industrial relations', 'employment relations', 'labour relations' and others like 'workplace relations' and 'employee relations' are rather loosely used interchangeably to mean the same (Venkata, 2006 [23]; IIRA, 2004). But we can distinguish between some of them. The more commonly used traditional term 'industrial relations' refers to the hoary inter-disciplinary subject derived from parent disciplines such as economics, sociology, psychology and law, which deals rather narrowly with negotiations between employers and unions, industrial action and conflict. By contrast, the less commonly used modern term 'employment relations' conveys "the ubiquitous concern with relationships, individual and collective, arising in and from employment" (Goodman, 1985) [7]. The broader category of employment relations, which is also considered by some as a more dignified one, thus, includes all aspects of labouring such as (1) nature of employment contracts; (2) work organsiation and worker participation; (3) skills, training and motivation; (4) wages, non-wage benefits and working conditions; and (5) worker organisation, workplace governance and labour-management relations. Some scholars have used "employee relations" to refer to labour-management relations in non-union firms.

The notion of 'work' is wider than wage employment (formal work), and encompasses self-employment, homeworking, and domestic work, thus bringing into its orbit the wide range of activities in the so-called informal economy. Thus we use the modern terms such as "work and employment relations" or what the IRRA now calls "labour and employment relations" as equivalent to the traditional term "labour relations" which means all aspects of people at work, formal and informal (Adams, 1993). It may be noted that sociologists have been in the forefront, more than anybody else, in examining the "tough current world of work in all its shame and glory" (Grint, 2000) [10] alongside investigations into the development of business organisations in the name of "sociology of business" (Granovetter, 1992) [9]. More importantly, as Noon and Blyton (2002) [18] point out, the worker needs to be made the central reference point in the subject of industrial relations, in contrast to so much that is written in this field, in which the employee is either completely ignored, or is treated as a regrettable and sometimes troublesome cost of doing business. In doing so, the dominant theories of work can be tested against the reality experienced by workers.

Employee Relations provides direction and oversight for a variety of non-union staff employment matters, including leaves of absence, staff performance and disciplinary issues, staff employee grievances including formal complaints, investigation of harassment and other workplace misconduct allegations, all anticipated terminations, and unemployment compensation claims. Employee Relations also provides proactive assistance to both employees and supervisors on the interpretation and implementation of policies, procedures, and the staff handbook directives (Locke, Qin & Brause, 2007) [14]. Employee relations is a study of the rules, regulations and agreements by which employees are managed both as individuals and as a collective group, the priority given to the individual as opposed to the collective relationship varying from company to company depending upon the values of management (Blyton & Turnbull, 2004) [3]. As such it is concerned with how to gain people's commitment to the achievement of an organisation's business goals and objectives in a number of different situations.

3. Data and Methods

The case study design was used in the study. The case study is considered appropriate because it is the best method to describe the characteristics, perceptions and preferences of the organisation under study. In addition, it enables researchers to critically analyse organisations from both personal and professional points of view. The population for the study was mainly made up of Employees of GCB Bank. GCB Bank has 2,315 employees nationwide. GCB has more than 2,000 employees. Mugenda & Mugenda (2012) believe that 5-10% of an accessible population can be selected as a sample for quantitative studies. To achieve the objectives of the study, one hundred (100) workers were selected. The views of the 100 respondents may thus be deemed representative of that of the entire workforce. These respondents were selected randomly. The respondents were drawn from the head office of GCB Bank in Accra. The random sampling technique which is a probability sampling technique was employed in the administration of the research instrument for data collection in line with Saunders, Saunders, Lewis, and Thornhill (2011) statement that "though the purposive sampling enables you to use your judgments to select cases which will best enable you answer your research question and meet your objectives, the random sampling technique presents to the researcher, a more accurate and general perspective of the issue under focus (pg. 79)". Data collected in the course of the research was processed and analysed using SPSS – statistical package for social sciences. Descriptive analysis in the form of percentages and univariate measures such as mean were used to analyse the data. After both data have been analysed and presented separately, the interpretation or discussions were presented in such a way that it enabled the researcher to either accept or reject whatever preconceived idea have about the differences or relationships among variables under study.

4. Results & Discussion
Demographics of Respondents

The results of the survey revealed that, out of the sampled 100 respondents, 54% of the respondents were males and 46% were females. The age of the respondents were also considered. With respect to age range of the respondents, the outcome of the study indicates that 25% of the respondents were within the ages of 20 – 29 years, 45% were within the ages of 30 – 39, 20% of the respondents were also within the ages of 40 – 49 years, while 10% of the respondents also fell in 50-59 age range. It can be deduced that majority of the respondents are old enough and fall between 30 to 59 years which means they are experienced and understand the subject matter of study and their field of work. Also, the study considered the number of years that the respondents had worked with the organisation. The outcome of the results was that, 10% had worked for 0 to 2 years, 13% had worked 3 to 5 years, 21% had also worked for 6 – 10 years, and the remaining of 56% had been working for over 10 years. In

order to be representative, respondents were selected from, almost all the departments within GCB. The responses are presented below, according to departments. The findings also revealed that the sample was representative of the population of this study in the sense that all the departments are duly represented. The data shows that the respondents were selected from the Customer Service, Finance/Accounting, Sales/Marketing, Human Resources, Treasury, and Business and Development departments of the Bank. The current position of the respondents were not left out because, the position in one way or the other affects ones' experience. The

result showed that the majority of the respondents are Supervisors. They accounted for 33% of the respondents. Twenty-two (22%) are managers, 30% are other sub-officers while the remaining 15% are officers. This outcome confirms that the respondents were rightly positioned to present their views on the subject matter.

Employee Relations Practices
In this section, the questions measured employee relations management.

Table 1: Employee Relations Practices

HRM Practices	Strongly Agree %	Agree %	Neutral %	Disagree %	Strongly Disagree %	Total %
Work policies are well developed and organised	15	32	22	21	10	100
GCB does a good job communicating about changes or decisions that affect employees	12	10	43	18	17	100
Management establishes a clear direction for addressing grievances	18	16	30	16	20	100
At GCB, people are rewarded according to their job performance	22	20	33	10	15	100
In the last 12 months, my Manager has talked to me about my progress	26	35	21	10	8	100
GCB investigates issues of harassment and other workplace misconduct allegations before taking a decision	41	24	7	16	12	100
GCB values its employees and therefore manages compensation effectively	36	39	5	12	8	100
Managers empower employees to make effective decisions	13	27	34	23	3	100
I am given the necessary career advice by my direct manager or the human resource manager when I need it	9	21	23	34	13	100
I have been told about the Company's succession plan, the possible replacement of other managers and the potential for promotion	5	33	43	9	10	100

Source: Field Data, 2017

Asked whether work policies are well developed and organised, most of the respondents agreed. As many as 32% held this view. They were supported by 15% of the respondents, 22% remained neutral, 21% disagreed while the remaining 10% disagreed strongly. From the responses also, 12% of the respondents agreed strongly that GCB does a good job communicating about changes or decisions that affect employees, 10% agreed, 43% remained neutral, 18% disagreed while the remaining 17% disagreed strongly. Clear direction for addressing grievance affects the quality of employee relations and therefore respondents were asked to share their views on that. From the responses, 30% constituting the majority were not sure of whether or not management establishes a clear direction for addressing grievances, 20% disagreed strongly while 16% disagreed. On the other hand 18% agreed strongly with 16% agreeing. From the responses also, 42% of the respondents believe that at GCB, people are rewarded according to their job performance even though 33% were not sure. The respondents also added that in the last 12 months, their managers have talked to them about their progress. As many as 41% of the respondents agreed strongly that GCB investigates issues of harassment and other workplace misconduct allegations before taking a decision, 24% agreed, 16% disagreed, 12% disagreed strongly while the remaining 7% were not sure. In addition, 36% agreed strongly that GCB values its employees and therefore

manages compensation effectively, 39% agreed, 12% disagreed, 8% disagreed strongly while 5% were not sure.

Most of the respondents were of the view that At GCB, people are not rewarded according to their job performance. About 37% held this view while 33% were uncertain. Most of the respondents were uncertain regarding some of the practices of GCB. This finding supports that of Beardwell, Holden and Claydon (2004) who found that some Human Resource Practices such as promotion is not automatic as it used to be. For example, 43% were uncertain about GCB's succession plan, the possible replacement of other managers and the potential for promotion; as well as the necessary career advice by my direct manager or the human resource manager when I need it. From the responses it could be inferred that most of the HR practices at GCB do not contribute to the career development goals of the employees. For example, respondents noted mangers do not talk to them about their progress and the fact that doing a good job does not guarantee an employee the chance of going ahead.

Impact of employee relations on organisational performance at GCB Bank
This section measured the impact of employee relations on organisational performance. Respondents were asked to provide answers and identify the degree to which they agreed with each statement by ticking the appropriate response.

Table 2: Employee Relations proxies

Employee Relations	Strongly Agree %	Agree %	Neutral %	Disagree %	Strongly Disagree %	Total %
I feel satisfied at GCB	10	37	20	23	10	100
I can see how I contribute to the Company's bottom line	7	15	41	21	16	100
I get a sense of personal accomplishment from my work	15	19	28	16	22	100
I have good working relationship with my co-workers	16	14	33	22	15	100
I am paid appropriately for the work-related experience that I have	12	11	21	30	26	100
I get regular feedback from my Supervisor on my work	17	16	31	24	12	100
My job challenges me to give my best	21	20	39	16	4	100
I feel free to express my opinions without worrying about negative consequences	22	23	17	32	6	100
I am able to balance work priorities with my personal life	10	20	31	23	16	100
GCB provides opportunities to grow and learn	9	21	23	34	13	100
I consider employee career commitment a key element in ensuring career success and job satisfaction	10	14	36	20	20	100
The responsibility for employee career planning & management rests in both the employer and the employee	13	27	34	23	3	100
I possess the skills needed to cultivate business networks and professional relationships	20	22	32	12	14	100
I see my current position as a training ground to move to another organisation	13	27	34	23	3	100
At GCB, there is recognition for skills and accomplishments	5	33	43	9	10	100

Source: Field Data, 2017

From the responses above, 47% of the respondents felt satisfied at GCB, 33% felt dissatisfied while the remaining 20% were not sure. Only a few number of respondents indicated that they could see how they contributed to GCB; 22% of responses indicated that they had that feeling. As many as 34% of the respondents were of the view that they got a sense of personal accomplishment from their work. This was challenged by 38% of the respondents who disagreed. Some of the respondents also noted that they had good working relationship with their co-workers. The responses confirm the fact that a person's value system consists of the importance that is assigned to different values such as freedom, self-respect, honesty, obedience, equality and pleasure (Fox, 2006). Although job satisfaction is mostly related to employee feelings about the job in general, attention must also be given to satisfaction concerning specific facets, such as supervision, pay, opportunity for advancement and morale (Park & Kim, 2009). In sum, the responses brought to bear the view held by O'Malley (2008) that a satisfying job has the following three features: it has inherently enjoyable features; it presents the opportunity for growth and development; and it makes employees feel efficient in the execution of their duties. A number of benefits can be accrued from employee retention and therefore employees were asked to indicate their views. The responses are presented in the figure below:
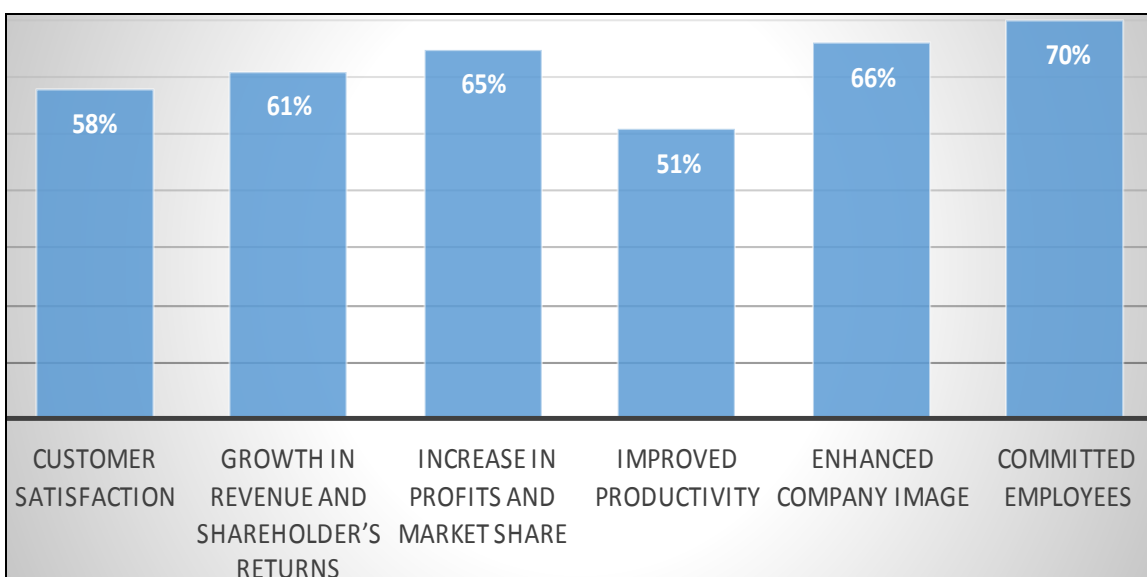
Source: Field Data, 2017

Fig 1: Employee Retention Benefits

From the responses, 91% of the respondents indicated that GCB is likely to experience some benefits such as customer satisfaction, growth in revenue and shareholder's returns, increase in profits and market share, improved productivity, enhanced company image and committed employees. This confirms literature position on the subject matter. Fox (2006) posits that a person with a high level of job satisfaction will have positive attitudes towards his/her job. In contrast, a person with a low level of job satisfaction will experience negative attitudes towards his/her job. Low levels of job satisfaction or job dissatisfaction may be caused by insufficient recognition, extreme workload, lack of challenging work, concerns about leadership effectiveness and anxiety about job and financial security (Smit *et al.* 2007). Quantifiable and positive links have been established between job satisfaction and organisational effectiveness (Ostroff, 2012; Koys, 2010), better individual performance (Sousa-Poza & Sousa-Poza, 2010) and customer satisfaction (Brown & Lam, 2008). The benefits of employee retention as indicated by the respondents include factors such as customer satisfaction, growth in revenue and shareholders' returns, increase in profits and market share, improved productivity and enhanced company image.

Barriers to effective employee relations management
A lot of challenges were revealed by the respondents as they impact on employee relations management. Respondents mentioned factors such as inadequate remuneration, ineffective communication or poor flow of information, nepotism, untimely appraisal system, lack of career path and growth, lack of clear cut policies as well as inexperience. As noted by Torrington and Hall (2005), an employee is responsible for managing his or her career to a certain extent. Training pursued should be consistent with the goals and objectives of the organisation that employs him or her otherwise; there would not be any career advancement. Graham and Bennet (2005) warn employees to set and focus their targets on specific objectives, pick out career priorities and consistently evaluate success and failures. Qualifications attained should be relevant to the output of employees. Training which benefits the individual should be utilised in the department he or she is working in. Lack of career path and growth was also reported as another constraint to career advancement especially after training. Sixty-five (65%) of the respondents held this view. This is supported by Beardwell, Holden and Claydon (2004) who have highlighted this point and mentioned that career paths, promotion and progression opportunities are an integral part of effective management development. Untimely staff appraisal, poor results and lack of proper procedure for the follow-ups were reported as constraints to career advancement. Majority (71%) of the respondents held this view. A critical concern is being exposed here. Staff appraisals are supposed to identify weaknesses and training needs, for both management and staff to address. Mwenebirinda (1998) agrees and acknowledges that training directed at the weaknesses identified can enhance employee performance. Lack of recognition for employee-tailored development was advanced as a constraint; yet Armstrong (2001) [2] argues that the dynamism in today's environment calls for continuous development of professional and managerial abilities. This should, however, be consistent with organisational goals and objectives. Mullins (2005) asserted this involves clear identification of relevant needs and goals for management to support and encourage self-made development. Uncoordinated transfers and lack of adequate staff planning by management were reported as constraints to career advancement after training. From the responses presented and discussed above, it can be said that career development at GCB does not represent the ideal picture of what it is supposed to be.

5. Conclusions
It can be deduced from the results and findings of the study that good remuneration, pleasant co-worker relationship coupled with good working conditions play an important role in getting employees to be satisfied on their jobs and subsequently directly reflecting in their intention to remain committed in an institution. By these findings, it is unbiased to conclude that job satisfaction has a relationship with commitment both to an employee's career and the institution they work for. However, this can be achieved if there is transparency in the reward system and if the rewards or compensation meet the aspirations of the beneficiaries. One major lesson drawn from the study is that employees would be more committed to GCB when they are given rewards that are commensurate with responsibility and skills. Based on this, it is recommended that measures have to be put in place not just to increase their salaries but also pay all their emoluments promptly. Changes in compensation packages have associated impact on job satisfaction levels of employees. Again, GCB should devise ways of obtaining adequate facilities to enhance effective career management. From the responses it was found that about 33% feel dissatisfied and therefore there should be incentive packages for employees who stay at post for a considerable number of years or accepts posting to rural areas. There is a positive link between performance and incentive packages. This was also revealed in this study. GCB must have concrete career development structures as well as retention policies for their staff in other to develop and retain them. The promotion and promotion criteria in GCB need to be reconsidered in order to boost the morale of staff to put in their best to help in the achievement of organisational goals.

6. References
1. Aborisade F. Industrial Relations: Ideological perspectives. Theories of industrial relations, Paper delivered at the conference organised by the World Federation of Trade Union (WFTU) in collaboration with ASSBIFI, NUATE, ATSSAN, NACOISAN and NUHPSW of Nigeria at Lagos Airport Hotel, 14-15th November, 2008.
2. Armstrong M. A Handbook of Human Resource Management Practice, London, Kogan Page Limited, 2008.
3. Blyton P, Turnbull P. The Dynamics of Employee Relations. (3rd edn). Basingstoke: Macmillan, 2004.
4. Cully M, O'Reilly A, Millward N, Forth J, Woodland S, Dix G, *et al.* The Workplace Employee Relations Survey: First Findings (WERS 1998). London: Routledge, 1998.

5. Gennard J, Judge G. Employee Relations. London: CIPD, 2002.
6. Gibney R. Book Review: The Ethics of Human Resources and Industrial Relations. John W. Budd and James G. Scoville, Eds., in Journal of Labor Research. 2009; 30:395-97.
7. Goodman J. Employment Relations in Industrial Society, Heritage Publishers, New Delhi, 1985.
8. Gospel H, Palmer G. British Industrial Relations (2nd edn). London: Routledge, 2003.
9. Granovetter M. Small is Bountiful: Labour Markets and Establishment Size, American Sociological Review, 1992, 49.
10. Grint K. (ed.) Work and Society: A Reader, Polity Press, 2000.
11. Guest DE. Human Resource Management and the American Dream, Journal of Management Studies. 1990; 27:4.
12. Janossens M, Steyaert C. Human and Inhuman Resource Management: Saving the Subject of HRM, *Organisation*, 1999, 6(2).
13. Kathryn MB, David CM. *Management*. McGraw Hill, New York, 1991.
14. Locke RM, Qin F, Brause A. Does Monitoring Improve Labor Standards? Lessons from Nike. Industrial and Labor Relations Review. 2007; 61(1):3-31.
15. McLoughlin I, Gourlay S. Enterprise without Unions: The Management of Employee Relations in Non-Union Firms, Journal of Management Studies, 2002, 29(5).
16. Moonilal R. Changing Labour Relations and the Future of Trade Unions: A Case Study of Trinidad and Tobago, PhD Thesis, ISS, The Hague, The Netherlands, 1998.
17. Nicholls P. Context and theory in employee relations. In: Hollinshead G, Nicholls P and Tailby S (eds), *Employee Relations*. London: FT/Pitman, 2009, 11-54.
18. Noon M, Blyton P. The Realities of Work: Experiencing Work and Employment in Contemporary Society, Palgrave, Second Edition, 2002.
19. Pierce WDJ, Banko KM, So S. Positive Effects of Rewards and Performance, Standards on Intrinsic Motivation, *Psychological Records*. 2003; 53(4):561-78.
20. Price A. Principles of Human Resource Management, Oxford: Blackwell, 2000.
21. Rao S. Essentials of Human Resources Management and Industrial Relations, Himal Publishers Mumbai, India, 1999.
22. Taylor R. Britain's World of Work – Myths and Realities. Swindon: ESRC, 2002.
23. Venkata RCS. Negotiated Change, Response Books, New Delhi.