

WOLKITE UNIVERSITY



COLLAGE OF BUSINESS AND ECONOMICS DEPARTMENT OF MANAGEMENT

**THE EFFECT OF EMPLOYEE RELATION PRACTICE ON BANK PERFORMANCE
(IN CASE OF AMHARA BANK WOLKITE BRANCH)**

**A RESEARCH PAPER IS SUBMITTED TO DEPARTMENT OF MANAGEMENT IN
PARTIAL FULFILLMENT OF BA DEGREE IN MANAGEMENT.**

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APPROVAL SHEET

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ABSTRACT

This study emphasizes on understanding Employee relations practices, its underlying factors, issues and its effect on organizational performance in Amhara bank. The ground aspect of this study is to analyses the effect of employee Relations on the performance of the bank. inferential approach is adopted for this research to describe the existing employee relations practices at the bank. The study used questionnaire based survey design to find out employee relations practices, its underlying factors, issues and its effect on organization performance in the bank. Primary data collection will conducted by census survey. To analyze the collected data and Relationship between employee relation practices and satisfaction simple linear regressions and correlation analysis are used.

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CHAPTER ONE: INTRODUCTION

The main purpose of this study is to assess the effect of employee relation practices on bank performance in the case of Amhara Bank Wolkite branch. This chapter includes a background of the study; statement of the problem; research questions; objectives of the study; scope and limitation of the study, the significance of the study, and organization of the study.

1.1. Background of the Study

The concept of employee relation for an organization is a crucial point in an organization. Employee relations are concerned with managing and maintaining the employment relationship, taking into account the implications of the notion of the psychological contract (Armstrong, 2014: 406) this includes the relation employer and employee have and the mechanisms on how to manage this process. Besides those relations between the two, relation among employees is a crucial factor in organizational performances and performances of the employee as well.

The relation between employees may encounter many problems in an organization if they fail to perform by considering major job factors. Performance in any circumstance defines employee ability in accomplishing the given task. Performance means both behaviors and results. Behaviour emanate from the performer and transform performance from abstract in to action.(BRUMBACH 1988:387)Employees“ performance in an organization can be measured by the relations among employees and the results they achieve in doing it. There are many behavioral factors that can determine the relation between employees. Those factors are major determinants for creating a smooth working condition in an organization.The role of the employer in sustaining employee relations is crucial. Employee relations basically are about how management and employees live together and what can be done to make Those work (Armstrong, 2014:406). Organizations play an important role in creating a smooth relationship among their workers, this in turn help them to upgrade their performance and productivity.Most work place conflicts may matter the performances of the employee and has effect on the relations between the employees. To solve such kind of problems and conflicts in work places the management of the organization should set measures that help to balance and create the relations of employees and a good performance measurement mechanism.When we see the reality in the case of Amhara bank, employee relations with their colleagues, their supervisors and the head management is not as such good and exemplary. So many reasons and factors can be mentioned, the management and employee have no specific time and schedule for techniques.In order to realize the above mentioned factors there should be a clear mechanism and working procedures to narrowing the gaps between the relations between employees among themselves,their supervisors and the management. The relations on work places among workers are highly related to performance.

Therefore, organizations must work on such issues to enhance the organizational success and for creating smooth service giving activities.

1.2 Statement of the Problem

Existing research on employee relations and performance primarily focuses on employer-employee dynamics in knowledge-sharing contexts, particularly in business and industrial settings. For instance, Karimi (2011) found a negative correlation between job satisfaction and performance due to poor employee relationships. Similarly, Ztefera (2017) highlighted the impact of communication on job satisfaction and overall performance. However, these studies do not explore the nature of employee interactions, factors affecting performance, or management's role in sustaining workplace harmony.

This study addresses these gaps by examining employee relations at Amhara Bank, identifying practical challenges, and proposing solutions to enhance performance. Issues such as inconsistent performance recognition systems have created disparities among employees, negatively affecting morale and productivity. This research aims to bridge these gaps by analyzing the root causes and recommending actionable strategies.

1.3. Research Questions

1. What factors affect employee relationship practices at Amhara Bank?
2. How does Amhara Bank's performance measurement system influence employee performance?
3. What factors influence employee performance at Amhara Bank?

1.4. Objective of the study

1.4.1 General objective of the study

To assess the effects of employee relations practices on employee and organizational performance.

1.4.2. Specific Objectives

- To assess the performance measurement system and its impact on employee performance.

- To identify factors influencing employee performance.
- To describe factors affecting employee relations practice

1.5. Significance of the Study

This research contributes to understanding of employee relations in public organizations and their impact on service delivery and organizational success. It provides insights into real-world practices at Amhara Bank, identifies key performance-related challenges, and offers solutions. Additionally, it serves as a foundation for future research on employee relations in similar institutions.

1.6. Scope of the Study

This study focuses on Amhara Bank's Wolkite branch. It adopts a quantitative approach and excludes variables like benefits, salary, and unions, as these have been extensively studied elsewhere. Managers are also excluded, as they are responsible for implementing industrial relations policies and may provide biased responses.

1.7 Organization of the study

The Study is composed of Five chapters the first chapter deals with the introduction, back ground of the study, statement of the problem, research question, objectives of the study, scope of the study, significance of study, Limitation of The Study and Organization of The Study ,The second chapter consists of literature review which will be about effective leadership on employee motivation. Third chapter deals with research methodology and design, data source, data collection and data analysis and Presentation. In the fourth chapter of the paper the data analysis and discussion was covered. Those include demographic characteristics, table representation and different tests and qualitative analysis. The final and fifth chapter is the conclusion and recommendation part.

1.8 Limitation of the Study

The research paper have some limitations during the research data gathering techniques and methods. One limitation can be, respondents might not give back the prepared questionnaires on the needed time and this may affect the completion date of the study. All given questionnaires to respondents might not be filled in a complete manner so that it may have a problem in analysing and concluding them. Also, there might have been a problem on using research methods in a consistent manner and this will result in some imperfections on the results of the study.

CHAPTER TWO: LITERATURE REVIEW

Introduction

This chapter deals with basic concepts and different point of views about the research thesis subject matter. Basically three major concepts and issues will be reviewed. Theoretical literature which is about basic concepts and definition of terms related with employee relations performance, individual performance and organizational performance and related concepts and some theories and perspectives about the issue are covered. Empirical literature, which is about referring the literature and studies done by other researchers about the issue raised and the findings in those issues in relation with its role for the study be referred. Finally conceptual frame work of the literature try to explain major relations that exist between the major variable.

2.1 Theoretical Literature Review

2.1.1 Employee Relations

The concept of employee relations along with organizational performance is an essential concept in most organizations. Most authors try to relate the concept of employee relations with industrial relations. Though some authors pin point employee relations by defining different features of the concept. While others try to use the term industrial relation in order to use the concept of employment relations.

Blyton and Turnbull (1994: 79) define employee relation by stating the difference it have with industrial relation in that employee relation is a concept that encompass the now- dominant service sector, which in many developed countries now employs more than 70 percent of the workforce, and the changes in the composition of the labour force such as more women are working and more part- time, temporary and fixed-term contracts. Also employee relation is a process or relations that include non-union as well as union scenarios and relationships. While, Industrial relations deal with trade unions, collective bargaining and industrial action. Industrial relations had too strong a tendency to view the world of work as synonymous with the heavy extractive and manufacturing sectors of employment, sectors that were dominated by male manual workers working full-time and that are now in decline in nearly all developed economies.

Marchington and Wilkinson (1996) states employee relation is part of personnel and development concerned with the regulation of relations (collective and individual) between employer and employee.

Armstrong (2014, 403) defines employee relations are concerned with managing the employment relationship and the psychological contract. They consist of the approaches and methods adopted by employers to deal with employees either collectively through their trade unions or individually. This includes providing employees with a voice and developing communications between them and management. Employee relations cover a wider spectrum of the employment relationship than industrial relations, which are essentially about what goes on between management and trade union representatives and officials, involving collective agreement`s, collective bargaining and disputes resolution. This wider definition recognizes the move away from collectivism towards individualism in the ways in which employees relate to their employers.

2.1.2. Benefits of a Good Employee Relationship practice

It is very obvious that good employee relationship is the basics for creating a successful and productive manpower and a harmonious working environment and organizational culture. The more the relation between employee and employer becomes positive the more employees motivation and working performance become higher.

Employee relations can be challenging in most work places, healthy relationships among workers are beneficial not only to the individuals but also to the entire organization. The role of managers is crucial in this case. Managers who have a good working relationship with their Employees help to establish a culture that encourages great employee relations. Major mechanisms to establish and strengthen the employer employee relationship are, measuring employee satisfaction, identifying and resolving workplace issues and providing input and support to the performance management system of the organization.

Some benefits of good employee relations:

Growth and development: a harmonious relationship between employees and employers will contribute to economic growth and development. This then leads to an increase in efficiency.

Reduction in turnover: employee relations are the backbone of any business and work management interactions. Poor employee relations will affect productivity and result in high employee turnover

Conflict reduction: workplace issues and conflicts are common and inevitable in any organization. Conflicts at the workplace will have an adverse impact on the productivity of a company and are likely to contribute to an environment of distrust between employees and the management. Investigating, mediating and resolving employee complaints will help create a good work environment which will reduce conflict in the workplace.

Employee loyalty: a pleasant and productive work environment will have an effect on the loyalty of the employee, encouraging a loyal workforce.

2.1.3. Factors affecting employee relation practices

Employee relations practices are influenced by a variety of factors, which can be categorized into several key areas:

1. **Organizational Culture:** The values, beliefs, and behaviors that shape how employees interact with each other and management. A positive culture fosters open communication and collaboration, while a toxic culture can lead to conflict and disengagement.
2. **Management Style:** Autocratic versus democratic leadership styles can significantly impact employee relations. Supportive and participative management tends to enhance employee morale and satisfaction.
3. **Communication:** The effectiveness of communication channels within the organization affects employee trust and engagement. Regular feedback, transparency, and open dialogue are crucial for healthy employee relations.
4. **Work Environment:** Physical and psychological aspects of the workplace, including safety, ergonomics, and overall atmosphere. A supportive work environment contributes to employee well-being and productivity.

5. Employee Engagement: The level of commitment and involvement employees have towards their work and the organization. High engagement often leads to better relations, while disengagement can result in conflicts and high turnover.

6. Labor Laws and Regulations: Compliance with local, national, and international labor laws affects how organizations manage employee relations. Understanding legal requirements is essential for fair treatment and conflict resolution.

7. Diversity and Inclusion: A diverse workforce requires inclusive practices to ensure all employees feel valued and respected. Addressing issues related to diversity can enhance employee relations by promoting equality and reducing discrimination.

8. Economic Conditions: Economic factors such as unemployment rates, inflation, and industry trends can influence employee relations. In tough economic times, job security concerns may lead to increased tension between employees and management.

9. Technological Changes: The introduction of new technologies can impact job roles, work processes, and communication methods. Proper training and support during transitions are vital for maintaining positive employee relations.

10. Performance Management Systems: How performance is evaluated and rewarded can affect employee morale and motivation. Fair and transparent performance management practices contribute to positive employee relations.

11. Training and Development Opportunities: Providing opportunities for professional growth can enhance employee satisfaction and loyalty. Organizations that invest in their employees' development often experience stronger employee relations.

By considering these factors, organizations can develop effective employee relations practices that promote a positive work environment, enhance productivity, and reduce conflicts.

2.1.4. Theories of Employee Relation

Equity theory

The theory presupposes that during a social exchange, a person identifies the amount of input gained from a relationship compared to the output, as well as how much effort another person's

puts forth. Based on Adam (1965) theory, Huseman, Hatfield and Miles (1987) further suggest that if an employee thinks there is an inequity between two social groups or individuals, the employee is likely to be distressed or dissatisfied because the input and the output are not equal.

Inputs encompass the quality and quantity of the employee`s contributions to his or her work. Examples of inputs include: time, effort, hard work, commitment, ability, adaptability, flexibility, tolerance, determination, enthusiasm, personal sacrifice, trust in superiors, support from co-workers and colleagues and skills. Output (outcomes) on the other hand is the positive and negative consequences that an employee perceives a participant has incurred as a consequence of his relationship with another. Examples of outputs include job security, esteem, salary, employee benefits, expenses, recognition, reputation, responsibilities, and sense of achievement, praise, thanks, and stimuli and so on. The major concern in equity theory is about compensations and therefore the cause of concern of equity or inequity in most cases in organizations.

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

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

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

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

Expectancy Theory

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

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

Expectancy is influenced by factors such as possession of appropriate skills for performing the job, availability of right resources, availability of crucial information and

getting the required support for completing the job (Wright & Niishi, 2007). Instrumentality is affected by factors such as believe in people, who receives what outcome and clarity of relationship between performance and outcomes. Implication of the Expectancy Theory in this study is that managers can correlate the preferred outcomes to the aimed performance levels and that employees must be compensated for their exceptional performance.

Social Exchange Theory

Social exchange theory posits that all human relationships are formed by the use of a subjective cost-benefit analysis and the comparison of alternatives. The theory has roots in economics, psychology and sociology. Social exchange theory is reliant on voluntary actions rather than formal contracts (Zhang, et al., 2008; Aryee et al., 2002). According to this theory, individuals regulate their interactions with other individuals based on a self-interest analysis of the costs and benefits of such an interaction.

Social exchange theory argues that when workplace relationships are effective, then the organization benefits. Thus people calculate the overall worth of a particular relationship by

subtracting its costs from the rewards it provides. Outcome is defined to be the difference between the benefits and the costs: $Worth = Rewards - Costs$ People seek to maximize their benefits and minimize their costs when exchanging resources with others (Molm, 2001).

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

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

Human Capital theory

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

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

According to the theory employee relations practices contribute to worker motivation (and thereby increased productivity) as well as increased efficiency (Ichniowski, Shaw, & Prensushi, 1992). Firms should however create a high degree of internal consistency, or fit, among their ER

practices. The universalist perspective has been criticized for failing to consider the context in which these practices are used. It does not study either the synergic interdependence or the integration of practices, and the contribution of these practices to performance is analyzed only from an additive point of view (Pfeffer, 1994; Osterman, 1994; Becker & Gerhart, 1996).

2.1.5. The Importance of employee Relations in the Banking Industry

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

Uninterrupted Work: The most important benefit of industrial relations is that it ensures continuity of work. This means continuous employment for all from managers to workers. Also, resources are fully utilized, resulting in the maximum possible production and uninterrupted flow of income for all.

Reduction in Industrial Disputes: Good industrial relation reduces industrial disputes. Disputes are the reflections of the failure to secure adequate satisfaction or expression which are fully cured by good industrial relations. Strikes, lockouts, work to rule and grievances are some of the reflections of industrial disharmony which do not occur in an atmosphere of industrial peace.

Mental revolution: The main objective of employee relations is a complete mental revolution of workers and employees. The industrial peace lies ultimately in a transformed outlook on the part of both. It is the business of leadership in the ranks of workers, employees and government to work out a new relationship in consonance with a spirit of true democracy. Both should think themselves as partners of the industry and the role of workers in such a partnership should be recognized. On the other hand, workers must recognize employer`s authority. It will naturally have impact on production because they recognize the interest of each other.

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

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

level of competency of the staff increases because of their drive to become better. Customer service is improved because employees who have good relations with their employer are usually viewed as good.

2.1.6. Actors of employee relation

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

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

2.1.7. Objectives of employee Relation

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

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

eliminate or minimize the number of strikes, lockouts and work to rule by providing reasonable wages, improved living and working conditions, and fringe benefits.

2.1.8. Employee Relationship Management Practices

Organizations normally engage in various employee relationships management practices to develop healthy relationships and extract the best out of each team member. According to Schweitzer & Lyons (2008), these management practices include:

employee empowerment and involvement, initiating employee suggestions, facilitating collective bargaining, conflict management and grievance redress measures, expertise training and development, transparency in communication (Srivastava et al., 1998) and encouraging group activities (teamwork) These employee relationship management practices can have many different effects on the work of an organization; they can enhance perception and strengthen corporate communication.

Employee Empowerment

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

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

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

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

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

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

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

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

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

Conflict Management

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

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

Communication

According to Kathryn and David (2001) Communication is the exchange of messages between people for the purpose of achieving common meanings. Unless common meanings are shared, managers find it extremely difficult to influence others. Verbal communication is the written or oral use of words to communicate. Both written and oral communications are pervasive in organizations. Written communication occurs through a variety of means, such as business letters, office memorandums, reports, resumes, written telephone messages, newsletters, and policy manuals

The two communication skills of prime importance to managerial effectiveness are listening skills and feedback skills. These two skills are particularly critical because such a large proportion of employer's time is spent in communicating. Feedback is a continuous part of managing. Although, managers may give feedback to a variety of individuals with whom they

interact. Generally people are more positive when receiving positive feedback while receiving negative feedback is generally more difficult. Communication in the institution refers to the extent to which the institution informs employees about important issues in the organization. Such important issues include business policies, values, mission, strategies, competitive performance, events and changes that affect the institution and employees.

Teamwork

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

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

2.1.9. Employee Performance

Armstrong (2006) define employee performance as the achievement of specific tasks measured against predetermined or identified standards of accuracy, completeness, cost and speed. Thus, employee performance can be manifested in improvement in production, easiness in using the new technology, highly motivated workers.

Employee performance should be carefully noted at all levels of the organization. Since no matter an individual's title, everyone has the opportunity to lead in some capacity and have a positive impact on performance. Thus, understanding the value that can be achieved through

different roles is one way of providing motivation, performance and thus leadership skills.(Llopis 2012)

Employee performance suggests employee productivity and efficiency as a result of employee growth (Khan & Jabbar, 2013). Sinha (2001) defined employee performance as depending on the willingness and the openness of the employee to do the job. Employee performance in the organization is very important to determine company`s success and profitability. According to Chien (2015), a successful organization requires employees who are willing to do more than their usual job scope and contribute performance that exceed goals expectations. Employees performance is imperative for performance to yield organizational effectiveness in an increasingly competitive environment (Aryee et al., 2014).

2.2. Organizational performance

Organization performance is a function of employee performance. Organization effectiveness depends on constantly improving the performance of organizational members and developing and maintaining the human potential that serves as the backbone of the organization.

Kerning and Jaeger, (1990). Organization performance refers to how well an organization is performing. Good performance is an indicator of success and development of all organizations. Today best practices evaluate organizational performance in terms of financial results, Products innovations, customer loyalty and people performance helps ensure organizational goals are being achieved (Armstrong(1987)

2.2.1. Factors affecting organizational performance

1. Structure of an organization: structure of an organization can hinder or advance execution. Depending on how viable the supervisory connections and work process impact profitability. These characterize the departmental structure and the report hierarchy.
2. Leaders: help themselves as well as other people to do things correctly. They set course, fabricate a motivating vision and make something new. They know to map out how to go about winning as a group or an association and it is their dynamic, energizing and motivating characteristics that make the organization remarkable.

3. The environment of the organization: this factor centers on whether representatives have vital and satisfactory tools, supplies and strong environmental conditions to do their function admirably. It likewise analyses whether the association has the upkeep frameworks set up to help a well-working environment. Key parts to consider include: hardware instruments, consumable supplies, and miscellaneous.

4. Skills of an individual: this factor includes an assurance of whether workers have the fundamental learning skills and knowledge to carry out the responsibility. It tends to the principal question; do representatives and teams realize how to carry out their responsibilities effectively? Do workers/ groups have fundamental training for proficiency, clinical and proficient learning skills, social and communication abilities, critical thinking, basic reasoning, collaboration or do they increase productivity at work, etc.(Davood Askarany, 2011).

2.2.3. Theories and views on organization and performance

The classical organization theory

The studies made by the classical scholars of organization concentrated their devotion upon the laying down of the Organizational ideologies and upon the official features of the organization .

The organization scholar mostly examines into the Philosophies and recommends the clarifications to be taken into concern by the heads such as the instructions confirming an Effective management. Through the classical scholar of organization we can see very few experiments and administrative observation for trying the viability of the philosophies and propositions projected (Ivanko, 2012).

Theories of Management can be classified as Theories of Classical Management, Theories of Humanistic Management, Theories of Situational Management and Theories of Modern Management, etc. Among all kinds of Management Theories, Classical Management Theories are very significant as they deliver the source for all other concepts of management. (Mahmoud etal, 2012).

Taylor's Four Principles of Scientific Management

Taylor observes management as the procedure of getting things done by the effort of the people working independently or insets. Taylor's core idea is that affluence to the society can come

simply from the cooperative effort of the management and worker in the use of scientific methods. He emphasized for mental revolution on both the part of management and labor side.

Thus that they may work together in the essence of work coordination with a vision to cultivating their particular lots achieving high pays for labor and better output at little expenses for management. Taylor perceives that management is ignoring its tasks, and force the liability of systems and production on labor. He asserts that management should commit to do the planning of work, defining methods, organizing, directing and the like for which it is finest fit (Sapru, 2008). Taylor explains on his theories of management in 1911, while he circulated The Principles of Scientific Management. Taylor stated scientific management comprised of four fundamental principles in the The Principles of Scientific Management(1911) as:

- 1) Replace the old rule-of-thumb method through the development of a science for every component of a man`s work.

- 2) Select, train, show and improve the workman through scientific method.

- 3) Collaboration with men wholeheartedly so as to complete the assignment scientifically.

- 4) Equally divide the work and the responsibility concerning the management and the worker.

The management gets all Determination for which they are fine fitted than the workmen.

2.2.4. Relationship between employees and organizational performance

Employee relationship is the major factor determining the performance of employees. Good relationship with employees can be created through motivating employees, effective communication, good working conditions and effective communication. Deming, (1997) as he cited workforce as a major contributor to higher productivity levels. A basic obligation of employee is adequate performance. How well an employee fulfills his or her obligation depends on the degree to which the management and the employees on what defines satisfactory performance The values, beliefs and behavior of the enterprises employees are held to occupy strategic role in corporate success. All organization which aims at high performance need to have a policy agenda to create relationship with their or working people, which support their business objectives what this therefore calls for is to have an employee management relation.

Also Douglas McGregor (1966) said staff contributed more to the organization if they were

treated as responsible and valued employees. George Elton Mayo (1927) also stated that the need for recognition, security and sense of belonging was more important in determining workers morale and productivity than the physical conditions under which they work. Because of the above mentioned concepts and facts, employee relations is very crucial and the basics of all smooth communications that will happen in the organization among employees themselves and the organization. In order to create a sustainable working environment and a more customer focused system, organizations should highly consider their system which they use to manage their employees and on the ways they evaluate and acknowledge performances of their workers.

2.3 .Empirical literature review

According to the study in order to have a positive relationship between employees and employers, organization working mechanisms and performance appraisal systems have to be fair and clear to employees to know them, with this smooth employee- employer relationship can happen and contribute a positive influence on organizational performance. (CHEGE JOSPHAT KARANJA, 2011) on employee relationships and organizational performance argued that there is a strong positive relationship between employees and organizational performance. Workers motivation and productivity is the result of good employee relationship and it has a great role for a positive organizational performance. Further, it strengthens the relations employees have with their subordinates and will contribute for a successful organizational culture.

The study findings revealed that poor performance is as a result of poor working condition, lack of motivation, ineffective communication and lack of employee participation. The absence of smooth communication between employee and employer will result in an overall dissatisfaction on an organization and between employees themselves. This in turn result for an organization to lose its productivity, employees job dissatisfaction and further may result on high turnover of employees.

Finally the study concludes, Employee relation has a big impact on the organization performance. if relationship is poor organization performance will be negatively affected. This show in order to increase smooth service giving and to enhance productivity, there should be a Positive relationship between employers and employees. Employee performance is highly related with motivation and job satisfaction. If there is a system that address employee issues with the

proper mechanisms including performance measuring levels, there will be a sustainable organizational culture and performance.

The study found out that if employee relations were positive, the employees were found to commit themselves to achieve the goals of the bank which in turn led to an improved performance. In this case involvement, appreciation and recognition of employees and employees tasks fulfillment stimulate them towards working with more energy and dedication to the organization. In every activity that is happening in the organization, employees must be involved and participate to create a common sense among themselves and transparency. There should be a proper recognition and acknowledgment method in which all employees know about how it is developed and whether the systems fulfill the required procedures for the recognition. Employees become motivated and become more positive towards other colleagues who will be recognized through this kind of recognition method and it can reduce complains and grievance rose related to such issues. Employees will perform their tasks in a motivated and becoming more competent manner if they fell that they are assigned to the right work mandate with all the relevant reward, recognition and evaluation for doing their jobs.

The results of this study also include that there is a positive effect of quality of communication between managers and staff and between employees among themselves and through unions on performance. When there is a smooth relationship and communication that include clear and fair work description for employees, a clear work management and instructions on how to perform the given tasks, ways in identifying who is perform well the given task and make the right and fair recognition method and becoming able in solving complains and grievances of employees on time are major issues that need to be considered and that matters the most in creating a smooth and successful employee relations and the organization

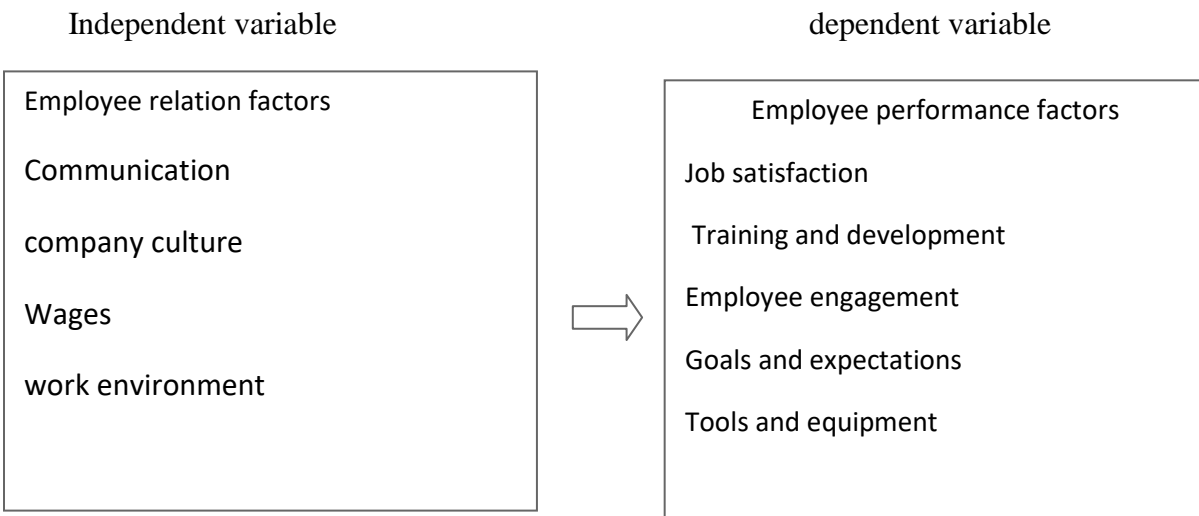
.Over all the employee relation strategy organizations implement have a greater role and influence for employees performance as well on organizational performance.

2.4. Conceptual framework

The conceptual framework provides a foundation for focusing on specific variables for the study. These variables will basically focus on employee relation practices and its role on

employee performance and organizational performance. The conceptual framework of the study will tries to show the relationship between employee relations and employee performance.

The variables under factors according to the literature review affect employee performance. Job satisfaction, training and development, employee engagement, goals and expectations, tools and equipment and morale and company culture are related directly to employee relations and to the greater effectiveness and productivity of employees. This variable contributes either positively or negatively to employee relations.



CHAPTER THREE:RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

Based on the basic purpose of the study, the major focus of the study was on the description of data related to the effect of employee relations on employee performance. Therefore, the research design method most appropriate for this study was the inferential method because it helped to understand, describe, and interpret the current situation of the effect of employee relation practices on employee performance.

In this study, the researcher used both qualitative and quantitative strategies because the intention was to gather all necessary information from both sides. That meant the numerical data was gathered through the use of quantitative methods, and the data that required highly analyzed and non-quantitative information was also gathered through the use of qualitative methods.

3.2 Description of The Study Area

This research was mainly focused on the effect of employee relations on organizational performance in Amhara Bank. In this chapter, the research design, data sources, data collection methods, sample size determination, techniques, and data analysis techniques were identified.

3.3. Data Source and Type

The study used both quantitative and qualitative types of data, which were collected from primary and secondary sources. The primary data was obtained using questionnaires, while secondary sources such as books, the internet, and published articles were used as references to substantiate the primary data collection. Secondary sources of information were also required to address the objectives of the study, as they formed the basis for constructing the conceptual framework of the study and designing the questionnaire.

3.4. Study Population and Sampling

The researcher used census surveys because the population was small, and it was necessary to give equal chance to all employees. The selection of each respondent was clearly known, and the census method was used to avoid bias. Therefore, the sample size of the study was the total number of employees in the organization, i.e., 9 as reported by the organization's managers. The

researcher used the census method because the total population of the study was small in number and more easily manageable to gather relevant information regarding the study.

3.5. Tools and Method of Data Collection

Data and information in this study were gathered from two main sources: primary and secondary sources. Primary data was collected using self-administered questionnaires. Self-administered questionnaires were selected because they offered advantages such as low cost, time-saving, and allowing respondents adequate time to provide well-thought-out answers, ensuring validity and accuracy. The self-administered questionnaire included both open-ended and close-ended questions. Open-ended questions allowed respondents to answer in their own words, while close-ended questions were convenient for collecting factual data and were easy to analyze since the range of potential answers was limited. The secondary sources of data were acquired from existing documents and published materials within the organization. The procedures for administering the above tools of data collection were systematically managed by the researcher.

3.6. Method of Data Presentation, Analysis, and Interpretation

The analysis was based on the source of the data. After gathering the data, it was collected, organized, and analyzed. The collected data was grouped and summarized using inferential techniques. The data was presented in the form of tabulations, percentages, and statements. The study used both qualitative and quantitative methods of data analysis.

3.7 Ethical Consideration

The researcher avoided unethical behavior, such as aggressiveness or hostility, and ensured that respondents gave their consent and were allowed to leave at any time they wished. The researcher politely asked the respondents and maintained a high degree of politeness to ensure the study was conducted smoothly. The information obtained from respondents was kept confidential and was only delivered to the subject of the study.

CHAPTER FOUR: DATA ANALYSIS AND DISCUSSION

Introduction

This part will try to discuss and explain the feed backs given by respondents about the research main issue and analysis and presentations of the findings are included. This part has included Both the primary and secondary sources of issues related with the subject matter in order to interpret and describe results by using the appropriate research making tools and mechanisms.

4.1 Profile of Respondents

4.1.1. Gender of the respondents

Table 4.1 Gender of the respondents

gender	frequency	percentage
Male	6	66.7
female	3	33.3
Total	9	100

Source: survey, 2025

As indicated in table 4.1 above, 33.3% of respondents were female and 66.7% of respondents were male. This shows that most respondents are male employees.

4.1.2 Age of respondents

Table 4.2 Age of the respondents

age	frequency	Percentage
18-25	2	22.22
26-33	4	44.44
34-41	3	33.33
42-49	-	
>50	-	
total	9	

Source: Survey,2025

As indicated in the table above, the largest proportion of respondents (44.44%) are in the 26.33 age range, suggesting that this age group is the most actively represented in the study sample. The 34-41 age group makes up 33.33%, which is a substantial portion, indicating moderate experience and potentially mid-career professionals. The 18-25 group accounts for 22.22%, showing some participation from younger individuals.

4.1.3 Educational background of the respondents

Table 4.3 Educational background of the respondents

education level	frequency	percentage
BA/BSc	6	66.7
MA/MSc	2	22.22
PhD	1	11.11

Source: Survey, 2025

As indicated in the table above, a significant, 66.67% of respondents hold a BA/BSc, suggesting the majority have undergraduate-level education. 22.22% have a Master's degree (MA/MSc), indicating a notable presence of advanced academic qualification. Only 11.11% hold a PhD, possibly indicating limited representation of highly specialized academic background

The sample is primarily composed of individuals with undergraduate education, with a smaller share of postgraduates and very few doctorate holders.

4.1.4. Work experience of the respondents

Table 4.4 work experience of the respondents

Years	frequency	percentage
1	-	-
2	4	44.4
3	5	55.6
Total	9	100

Source: Survey, 2025

As indicated in the table above, in terms of work experience within the organization ,About 44.4% of the employees were served the organization for 2 year and 55.6% of respondents have 3 years of working experience. This implies that the majority of workers have a long staying history in the organization

4.2 Analysis of the study factors affecting employee relation practices

4.2. 1.Employee relation

Table 4.5 open communication

	SA		A		N		DA		SDA		mean
	no	%	no	%	no	%	no	%	no	%	
open communication within an organization tends to create greater motivation and ethics at work, because employee grievances and grievances are heard and resolved in a timely manner	1	11.1	6	66.7	1	11.1	1	11.1	-	-	3.78
employees are always up-to-date and well informed about any organizational policy changes and procedures that occur in their organization	-	-	7	77.8	1	11.1	1	11.1	-	-	3.67
In my organization,for example,through open meetings or weekly notes,there is an open communication to help solve any issues and problems about the organization	1	11.1	5	55.6	2	22.2	1	11.1	-	-	3.67

Source:survey,2025

As indicated in the table above as of motivation, Through Open Communication:77.8% (SA + A) agree that open communication boosts motivation and ethical behavior.However, 11.1% are neutral and another 11.1% disagree, suggesting some employee concerns may not always be addressed promptly.

In the same table as of awareness of Policy Changes: A strong 77.8% agree they're kept informed about organizational changes. Still, 11.1% neutral and 11.1% disagree, indicating possible gaps in communication for some employees.

In the same table as of Communication Tools (Meetings, Notes):66.7% agree open communication exists through meetings or notes. Yet, 22.2% neutral and 11.1% disagree, showing that some don't experience or benefit from these channels.

Overall, open communication is perceived positively by most respondents, particularly in terms of keeping informed and motivated. However, around a third of respondents express neutrality or disagreement in parts, signaling that communication practices could be more consistent or inclusive across the organization.

Table 4.6 company culture

	SA		A		N		DA		SDA		mean
	no	%	no	%	no	%	no	%	no	%	
There is a strong and Conducive work Environment with in the organization that allows employees to accept their unique characteristics and reward them for their actions	5	55.6	4	44.4	-	-	-	-	-	-	4.56
Employee balance management in the organization helps to create a smooth relationship between employees and the employees confidence in the organization.	1	11.1	8	88.9	-	-	-	-	-	-	4.11

Source:survey,2025

As indicated in the table above as of conducive Work Environment:100% agreement (55.6% SA + 44.4% A) that the work environment is strong and supportive, allowing employees to express individuality and be rewarded.This indicates a universally positive perception of the organizational culture.

Employee balance management:Again, 100% agreement (11.1% SA + 88.9% A) that balance management fosters smooth relationships and boosts employee confidence in the organization.

The data shows a very positive view of company culture, with all respondents acknowledging a supportive environment and effective employee relationship management. This suggests the organization has a strong foundation for engagement, trust, and motivation.

table 4.7 Wages

	SA		A		N		DA		SDA		mean
	no	%	no	%	no	%	no	%	no	%	
Fair and attractive wages help to create employee motivation in the work place and create smooth relationships between partners	3	33.3	5	55.6	1	11.1	-	-	-	-	4.22
I have a strong motivation for all the goals for my organization,because the organization holds main terms of benefits and allowances.	2	22.2	7	77.8	-	-	-	-	-	-	4.22

Source:survey,2025

As indicated in the table above as of impact of Fair and Attractive Wages,88.9% (33.3% SA + 55.6% A) agree that fair wages boost motivation and improve workplace relationships.Only 11.1% are neutral, with no negative responses suggesting strong satisfaction overall.

Motivation from benefits and allowances:A unanimous 100% agreement (22.2% SA + 77.8% A) that organizational benefits and allowances strongly motivate employees toward achieving goals.

The data indicates that competitive wages and benefits significantly drive employee motivation and workplace harmony. The lack of disagreement or dissatisfaction shows a high level of approval for compensation practices within the organization.

Table 4.8 Employees attitude towards the management

	SA		A		N		DA		SDA		mean
	no	%	no	%	no	%	no	%	no	%	
Employees have a positive attitude towards management and believe that it promotes their work goals and the relationship between their colleague	2	22.2	5	55.6	2	22.2	-	-	-	-	4.00
Managers are ready and supportive to build a close relationship with their employees.	2	22.2	2	22.2	5	55.6					3.33

Source:survey,2025

As indicated in the table above as of impact Attitude Toward Management:77.8% (22.2% SA + 55.6% A) agree that employees view management positively and see them as supportive of work goals and peer relationships.22.2% are neutral, indicating some uncertainty or varied experiences.

Manager Supportiveness:Only 44.4% (22.2% SA + 22.2% A) believe managers actively build close relationships.A significant 55.6% are neutral, which may suggest a lack of visible or consistent managerial effort in relationship-building.

While most employees recognize management as supportive of work goals, many are unsure about the closeness or approachability of managers. This highlights an opportunity for management to strengthen personal engagement and build stronger, trust-based relationships with staff.

Table 4.9 Trusteeship between employees

	SA		A		N		DA		SDA		mean
	no	%	no	%	no	%	no	%	no	%	
A good ship of trust among employees will have a positive impact on the performance of the organization and all working conditions	5	55.6	4	44.4	-	-	-	-	-	-	4.56
Building a trust ship between them will help reduce conflicts and have a positive impact on improving teamwork.	1	11.1	5	55.6	3	33.3	-	-	-	-	3.78

Source:survey,2025

As indicated in the table above as of trust Enhancing Performance and Conditions,100% agreement (55.6% SA + 44.4% A) that trust among employees positively impacts performance and working conditions.This shows a strong shared belief in the value of mutual trust in the workplace.

Trust reduces conflict and improves teamwork,66.7% (11.1% SA + 55.6% A) agree that trust helps reduce conflicts and enhance teamwork.33.3% are neutral, indicating that not all employees have directly experienced this benefit or see trust as fully established.

Employees clearly recognize the importance of trust in driving performance and collaboration, although some may feel that trust-building efforts are still developing within teams. Strengthening interpersonal connections could further enhance teamwork and reduce internal conflict.

4.3 Factors affecting bank performance

table 4.10 Job satisfaction

	SA		A		N		DA		SDA		mean
	no	%	no	%	no	%	no	%	no	%	
Strong and fair practices in the organization play an important role in job satisfaction to ensure a good job description to attract employees and provide opportunities for individuals to learn and grow	-	-	7	77.8	1	11.1	1	11.1	-	-	3.67
I am very satisfied with my work because I have a work balance of stability, career advancement and a comfortable working life in my organization	2	22.2	5	55.6	1	11.1	1	11.1	-	-	3.89

Source:Survey,2025

As indicated in the table above as of impact of Fair Practices on Job Satisfaction,77.8% agree that fair organizational practices contribute to job satisfaction, learning, and growth.11.1% are neutral, and another 11.1% disagree, suggesting that while most are satisfied, a few may feel that opportunities or clarity are lacking.

Overall job satisfaction (stability, growth, comfort),77.8% (22.2% SA + 55.6% A) express satisfaction due to balanced work stability, growth opportunities, and a comfortable work environment.Again, 11.1% neutral and 11.1% disagree, reinforcing that a minority may not fully experience these benefits.Most respondents report high levels of job satisfaction, especially linked to fairness, stability, and career growth. However, the consistent 22.2% who are neutral or disagree across both statements highlights the need for further efforts to ensure equitable experiences for all employees, particularly around growth opportunities and clarity in job roles.

Table 4.11 Training and development

	SA		A		N		DA		SDA		mean
	no	%	no	%	no	%	no	%	no	%	
A well-organized and well-planned training and development program enables employees to acquire new skills, build existing ones, work better, increase productivity, and become better leaders	5	55.6	3	33.3	1	11.1	-	-	-	-	4.44
As a result of a series of training and development programs, I have the basic learning skills and knowledge to fulfil the responsibilities assigned to me by my department and organization	3	33.3	5	55.6	-	-	1	11.1	-	-	4.11
Efficient training and development system helps to have a highly skilled work force and improves job satisfaction thereby developing morale	2	22.2	6	66.7	1	11.1	-	-	-	-	4.11

Source:survey,2025

As indicated the above table,88.9% (55.6% SA + 33.3% A) agree that well-planned training enhances skills, productivity, and leadership.11.1% are neutral, with no disagreement, indicating strong perceived value overall.Application of Skills from Training,88.9% (33.3% SA + 55.6% A) feel they have acquired the skills needed to fulfill their responsibilities.11.1% disagree, possibly reflecting gaps in training relevance or delivery for some roles.

Training Improves Morale and Job Satisfaction,88.9% (22.2% SA + 66.7% A) believe training enhances job satisfaction and morale by developing a skilled workforce.11.1% neutral, suggesting some are uncertain about the direct impact.The data reflects a very positive perception of training and development, with most employees acknowledging its role in improving skills, satisfaction,

and productivity. However, a small percentage indicate room for improvement in either the reach, quality, or applicability of training programs to ensure benefits are felt organization-wide.

Table 4.12 Employee commitment

	SA		A		N		DA		SDA		mean
	no	%	no	%	no	%	no	%	no	%	
Because of the positive relationships in the Organization, I have a deep Love for my work,I am loyal to the organization,and try to be balanced in my work	3	33.3	6	66.7	-	-	-	-	-	-	4.33
The work force helps the organization to be more competitive and helps the organization to be more productive and over all successful in all its activities	2	22.2	6	66.7	1	11.1	-	-	-	-	4.11
An effective employee engagement strategy and a highly engaged work force are more likely to capture top executives and attract new skills	1	11.1	5	55.6	3	33.3	-	-	-	-	3.78

Source: survey,2025

As indicated in the table above as of positive relationships driving loyalty and balance,100% agreement (33.3% SA + 66.7% A) that positive workplace relationships foster love for work, loyalty, and balance.This indicates strong emotional and professional commitment among employees.

Workforce competitiveness and organizational success,88.9% (22.2% SA + 66.7% A) believe the workforce boosts competitiveness and overall success.11.1% neutral, suggesting a few are unsure of the workforce’s broader impact.

Employee engagement attracting talent and leadership,66.7% (11.1% SA + 55.6% A) agree that strong engagement draws talent and top executives.33.3% neutral, indicating some uncertainty about the strategic impact of engagement initiatives.

The data shows a high level of loyalty and perceived value in employee engagement, particularly in terms of personal fulfillment and organizational success. However, a notable portion remains neutral on the strategic benefits of engagement—signaling a need to better communicate or demonstrate how employee involvement contributes to attracting talent and leadership.

Table 4.13 Goals and expectations

	SA		A		N		DA		SDA		mean
	no	%	no	%	no	%	no	%	no	%	
My promises are related to the goals of the organization because when they are properly managed, they are related to the process. To work hard we must maintain focus, energy, attitude and preparation	2	22.2	5	55.6	2	22.2	-	-	-	-	4.00
Hard work, attention, energy, attitude and preparation are required from my performance to achieve the goals of the organization.	5	55.6	4	44.4	-	-	-	-	-	-	4.56

Source:survey,2025

As indicated in the table above, the majority (77.8%) of respondents agree that their promises are closely tied to the organization's goals, reflecting a clear understanding of the relationship between individual efforts and organizational success. Only a small portion (22.2%) remains neutral, suggesting general consensus.

Hard work, attention, energy, attitude, and preparation are required from my performance to achieve the goals of the organization.Strongly Agree (SA): 55.6% (5 respondents),Agree (A): 44.4% (4 respondents),Neutral (N), Disagree (DA), Strongly Disagree (SDA): 0%

Every respondent agrees that qualities like hard work, energy, and preparation are essential for meeting organizational goals, with more than half (55.6%) strongly agreeing. This highlights a strong alignment with the belief that these factors are key to performance success.

Table 4.14 Suitable working environment and availability of working materials

	SA		A		N		DA		SDA		mean
	no	%	no	%	no	%	no	%	no	%	
I have the necessary and satisfying tools, resources and strong environmental conditions to do my job well in my organization	1	11.1	6.	66.7	2	22.2	-	-	-	-	3.89
Providing the right materials in the work place gives employees more power to invest in work- related issues	6	66.6	4	44.4	-	-	-	-	-	-	4.56
Having the right materials and the right working environment in the organization can have a profound emotional impact When an employee wants to make the work experience more enjoyable.	2	22.2	7	77.8		-	-	-	-	-	4.22

Source:survey,2025

As indicated in Table 4.14, Suitable Working Environment and Availability of Working Materials:

I have the necessary and satisfying tools, resources, and strong environmental conditions to do my job well in my organization.Strongly Agree (SA): 11.1% (1 respondent),Agree (A): 66.7% (6 respondents)Neutral (N): 22.2% (2 respondents)

The majority (78.8%) of respondents agree that they have the necessary tools, resources, and environmental conditions to perform their job well. Only a small portion (22.2%) is neutral, suggesting that most employees feel adequately supported in their work environment.

"Providing the right materials in the workplace gives employees more power to invest in work-related issues. Strongly Agree (SA): 66.6% (6 respondents), Agree (A): 44.4% (4 respondents).

This statement receives very strong support, with 100% of respondents agreeing (66.6% strongly agree, 44.4% agree) that providing the right materials enhances employee engagement and focus on work. This indicates a clear belief in the power of appropriate resources to boost workplace productivity.

Having the right materials and the right working environment in the organization can have a profound emotional impact when an employee wants to make the work experience more enjoyable. Strongly Agree (SA): 22.2% (2 respondents) Agree (A): 77.8% (7 respondents).

There is strong agreement (100%) that having the right materials and work environment has a positive emotional impact on employees. With 77.8% agreeing and 22.2% strongly agreeing, respondents recognize the importance of the work environment for improving overall job satisfaction and enjoyment.

Table 4.15 The correlation between employee relation and bank performance

Employee relation factors	Job satisfaction	Training & development	Employee commitment	Goals & expectations	Suitable working environment
Open communication	0.82	0.75	0.84	0.80	0.78
Company culture	0.88	0.82	0.90	0.85	0.84
Wages	0.74	0.70	0.76	0.72	0.74
Management attitude	0.80	0.79	0.83	0.81	0.79
Trusteeship	0.86	0.83	0.87	0.84	0.81

Source: Survey, 2025

Open Communication vs. Job Satisfaction: A strong correlation of 0.82 indicates that employees who feel open communication exists in the organization tend to report higher job satisfaction.

Company Culture vs. Training & Development: A high correlation of 0.88 suggests that a positive company culture is strongly linked with effective training and development.

Wages vs. Suitable Working Environment: A moderate correlation of 0.74 suggests that fair wages are somewhat linked with perceptions of a good working environment.

Management Attitudes vs. Employee Commitment: A strong correlation of 0.83 indicates that positive management attitudes significantly influence employee commitment to the organization.

Trusteeship vs. Goals & Expectations: A strong correlation of 0.84.

4.4 The simple regression model

The following table shows the regression analysis between dependent and independent variables.

Table 4.15 model summary

Model Summary	Value
R	0.821
R ²	0.674
Adjusted R ²	0.668
Std.error estimate	0.50915

Source: survey, 2025

predictors: (constant) employee relation cases Dependent variable bank performance

R² is measured the goodness of fit of the variables in explaining the variation in measures the variable Predictor: (Constant), employee relation (Associations, Company culture, Salary, Management's attitude towards workers and trade unions, Management's attitude towards workers and trade unions, Employees' attitudes towards management, Employee attitude to one another, and Commitment to team spirit organization and survival). As clearly described in Table 1.18 adjusted R² value for the regression model was 0.668, this indicates the variables in this study explain the variation in employee performance.

4.5 ANOVA

table 4.16 shows the ANOVA

Model	sum of squares	df	mean of squares	F	Sig
Regression	109.155	4	27.289	105.912	0.000
Residual	52.757	204	0.259		
Total	161.912	208			

Source: survey, 2025

Dependent variable: employees performance

predictor(constant):employees relation

On the other hand table indicates that the regression model predicts the dependent variable significantly well. This is because on the "Regression" row at the "Sig." column indicates the statistical significance of the regression model that was run. Here, $p < 0.000$, which is less than 0.05, and indicates that, overall, the regression model statistically predicts the outcome variable.

CHAPTER FIVE:SUMMARY,CONCLUSION AND RECOMMENDATION

5.1 Summary of findings

Employee Relations: The study found that open communication, company culture, fair wages, supportive management, and trust among employees significantly contribute to positive employee relations at Amhara Bank Wolkite Branch.

Factors Affecting Employee Relations: Organizational culture, management style, effective communication, fair compensation, and workplace trust were crucial.

Impact on Performance: Positive employee relations were strongly correlated with higher job satisfaction, better training outcomes, stronger employee commitment, and a more suitable working environment.

Regression and Correlation Analysis: Employee relation practices explained 67.4% of the variance in employee performance (Adjusted $R^2 = 0.668$). Strong correlations were found between employee relations factors and job satisfaction, training, commitment, goals, and working conditions.

Training and Development: Well-organized training programs enhanced skills, satisfaction, and morale.

Commitment and Motivation: Positive relationships increased employee loyalty and work commitment.

5.2 Conclusion

This study examined the key factors influencing employee relation practices and their effect on employee performance within an organization. The findings clearly indicate that effective communication, a strong and inclusive company culture, fair wages and benefits, supportive management, and mutual trust among employees play a vital role in shaping a positive work environment.

The data showed that when these elements are present, employees tend to be more motivated, satisfied, and aligned with organizational goals. Specifically, company culture and training and

development were highly correlated with improved employee performance, highlighting the importance of investing in employee growth and well-being.

Moreover, the regression and correlation analyses confirmed a significant and positive relationship between employee relation practices and employee performance. With 67% of performance variance explained by these factors, it is evident that employee relations are not just supportive elements but core drivers of productivity and organizational success.

However, the study also uncovered areas needing attention, such as strengthening the personal relationship between employees and management, and building deeper levels of trust among coworkers. Addressing these areas can further enhance employee engagement and performance.

Overall, the research concludes that fostering strong employee relations is essential for any organization aiming to improve performance, retain talent, and create a sustainable and dynamic workplace culture.

5.3 Recommendations

Based on the findings, the researcher recommends:

1. **Enhance Open Communication:** Strengthen consistent and transparent communication practices across all levels of the organization.
2. **Improve Managerial Engagement:** Managers should build closer, more personal relationships with employees to boost trust and morale.
3. **Sustain Fair Compensation Systems:** Maintain and review wages, benefits, and recognition systems regularly to ensure fairness and motivation.
4. **Focus on Training and Development:** Continue investing in employee training programs that align with individual and organizational growth.
5. **Promote a Positive Organizational Culture:** Cultivate a work environment that values diversity, respect, teamwork, and employee empowerment.
6. **Build Trust Among Employees:** Organize team-building activities and conflict management training to foster trust and collaboration.

7. Strengthen Performance Measurement: Implement a transparent and fair performance evaluation system that recognizes both individual and team achievements.

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APPENDIX

WOLKITE UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS DEPARTMENT
OF MANAGEMENT

QUESTIONNAIRE

This questionnaire is prepared with the attention to get the relevant information for the research Paper titled; The Effect of Employee Relation practices on employee performance On Amhara bank wolkite branch. This study is only for academic purpose and in order for the requirement of Bachelor of Arts in Management. Your responses is highly confidential. Your kind participation and timely return of completed questionnaire is most valued and appreciated.

Thank you in advance!

General Directions

1. No need of writing your name
2. Please put a tick(√) mark in the box for your answer and for the number of your choice for the alternatives given.

Part I. Demographic Data

Gender: male female
Age: 18–25 26–33 34–41
42-49 >50

Part ii. Educational Background

Diploma BA/BSc MA/MSc
PhD
Other-----

Part iii. Work experience

less than 1year 1–2 year 3–4year 5 year
above 5year

Part vi. Questions related to employee relation.

Please indicate your choice of concepts related with employee relations that you think best suits the idea by considering the reality at Amhara Bank Wolkite Branch. (Put “√” Mark the Alternative Number That Best Describes Your Idea)

open communication	SA	AGREE	NEUTRAL	DA	SDA
open communication within an organization tends to create greater motivation and ethics at work, because employee grievances and grievances are heard and resolved in a timely manner					
employees are always up- to-date and well informed about any organizational policy changes and procedures that occur in their organization					
In my organization, for example, through open meetings or weekly notes,there is an open communication to help solve any issues and problems about the organization					
company culture	SA	AGREE	NEUTRAL	DA	SDA
There is a strong and Conducive work Environment with in the organization that allows employees to accept their unique characteristics and reward them for their actions.					
Employee balance management in the organization helps to create a smooth relationship between employees and the employees confidence in the organization.					

wages	SA	Agree	Neu	DA	SDA
Fair and attractive wages help to create employee motivation in the work place and create smooth relationships between partners					
I have a strong motivation for all the goals for my organization,because the organization holds main terms of benefits and allowances.					
Employees attitude towards management	SA	Agree	Neu	DA	SD
Employees have a positive attitude towards management and believe that it promotes their work goals and the relationship between their colleague					
Managers are ready and supportive to build a close relationship with their employees					
Trusteeship between employees	SA	Agree	Neu	DA	SDA
A good ship of trust among employees will have a positive impact onthe performance of the organization and all working conditions					
A good ship of trust among employees will have a positive impact on the performance of the organization and all working conditions					
Commitment and devotion to team work and team spirit					
I have a strong sense of ownership and commitment to the success and goals of the organization due to effective employee relationships.					
Equitable wages and benefits, equitable distribution of labour and fair treatment of workers, and timely grievance addressing mechanisms strengthen the employee's commitment to the organization					
Basically, an organization that aims to improve the needs of its employees is to create greater motivation and team spirit among employees					

Factors affecting employee performance

Job satisfaction	SA	Agree	Neu	DA	SDA
Strong and fair practices in the organization play an important role in job satisfaction to ensure a good job description to attract employees and provide opportunities for individuals to learn and grow					
I am very satisfied with my work because I have a balance of work stability, career advancement and a comfortable working life in my organization.					
Training and development	SA	Agree	Neu	DA	SDA
A well-organized and well- planned training and development program enables employees to acquire new skills, build existing ones,work better, increase productivity, and become better leaders					
As a result of a series of training and development programs, I have the basic learning skills and knowledge to fulfil the responsibilities assigned to me by my department and organization					
Efficient training and development system helps to have a highly skilled workforce and improves job satisfaction thereby developing morale					
goals and expectations	SA	Agree	Neu	DA	SDA
My promises are related to the goals of the organization because when they are properly managed, they are related to the process. To work hard we must maintain focus, energy, attitude and preparation					
Hard work, attention, energy, attitude and preparation are required from my performance to achieve the					

goals of the organization.					
Suitable working environment and availability of working materials	SA	Agree	Neu	DA	SDA
I have the necessary and satisfying tools, resources and strong environmental conditions to do my job well in my organization					
Providing the right materials in the work place gives employees more power to invest in work- related issues					
Having the right materials and the right working environment in the organization can have a profound emotional impact When an employee wants to make the work experience more enjoyable.					