



**St MARY'S UNIVIRSTY  
SCHOOL OF GRADUATES STUDIES**

**ASSESMENT OF EMPLOYEE-MANGMENT RELATION IN  
THE CASE OF ABAY BANK SHARE COMPANY**

**BY  
TIGIST AMARE**

**JUNE, 2015  
ADISS ABEBA; ETHIOPIA**

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## **Declaration**

I, the undersigned, declared that this thesis is my original work, prepared under the guidance of my research advisor Dr. Warku Mekonnen. All sources of materials used for the thesis have been duly acknowledged. I further confirm the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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## **Endorsement**

This thesis has been submitted to St.Mary's university collage, School of graduates for examination with my approval as a university advisor.

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**June 2015**

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## **List of Acronyms**

<b>HR</b> .....	Human Resource
<b>EMR</b> .....	Employee management Relation
<b>SC</b> .....	Share Company
<b>ADR</b> .....	Alternative Dispute Resolution
<b>TU</b> .....	Trade Union
<b>SPSS</b> .....	Statistical Package for the Social Sciences
<b>SA</b> .....	Strongly Agree
<b>A</b> .....	Agree
<b>D</b> .....	disagree
<b>N</b> .....	Neutral
<b>SD</b> .....	Strongly Disagree

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## ***Abstract***

*Employee management relation is characteristically a part of human resources strategy designed to ensure the most effective use of people to accomplish the organization goals. An organization with a good employee relation provides fair and consistent treatment to all employees so they will be committed to their jobs and be loyal to the company. Therefore giving emphasis for employee management relation becomes a big issue particularly in private banking sector. Having this in mind, the major objective of the study is to assessment critically the employee - management relations of Abay Bank SC with special emphasis to its grievance management. The following questions are raised: the cause of employee management conflict, the effectiveness of the banks grievance procedure. The study was delimited to the bank's head office and its branches which are located in Addis Ababa only by taking samples. The data employed include detailed information on the employment relationship of Abay Bank SC using both primary and secondary sources. A sample of respondents are selected to fill questionnaires and to be interviewed face to face from: Head Office, main branch at Bambis Area, 22 Matoria branch, Kera Branch, Piazza Branch of the bank based on judgmental and convenience sampling techniques. The SPSS version 20 for windows is used to process the primary data which is collected through questionnaire .The findings show that there haven't been good working conditions and security of employment with ineffective grievances management practice but yet on the hand the bank has a better disciplinary procedure and clearly set goals to prosper. Therefore, the bank has to setup a mechanism to develop good employee management relation, by adopting human resource strategy that places a high value on employees as stakeholders in the organization.*

## **CHAPTER ONE: INTERODUCTION**

### **1.1. Background of the Study**

In almost any economic system, banking sector which is part of financial system, occupies a strategic place in any economic structure. This industry plays a key role in the development of countries which has tremendous contribution to the economy in general. They also offer a method of ensuring equitable distribution of national income through creating employment opportunities, reducing unemployment in the country, and facilitate an effective mobilization of resources, like human capital and skill.

Studies of employee relations have traditionally been located in state owned large organization. It is only recently that researches have started to focus on private enterprises. This argument also supported by Wilkinson (1999) and stated that size may be a factor, it alone is not sufficient to explain patterns of employment relations. As other private enterprises private banks are now employing a huge workforce as their share increases in the market. It is also becoming very much demanding to apply proper employee -management relations practices to attract and retain pertinent and experienced personnel which are mandatory to cope with the intense competition in the banking sector.

Since 1994 Ethiopian government legalized domestic private investment in the banking industry. Today many private banks have been established and have recruited numerous employees, and they are taking considerable share of the market with their competitive performance. According to (LaPorta et al, 2002), “*the performance of privately owned banks is better than state-owned banks.*” According (Kiyatta et al,2000), “in seven out of nine years private banks had a higher ROA than state- owned banks. This is due to several factors: the spread has increased for both public and private banks and private banks have higher spreads than publicly owned banks.”

Employee-Management relation is concerned with generally managing the employment relationship and developing a positive psychological contact which represents the mutual beliefs, perceptions, and informal obligations between an employer and an employee. It sets the dynamics for the relationship and defines the detailed practicality of the work to be done. It is distinguishable from the formal written contract of employment which, for the most part, only identifies mutual duties and responsibilities in a generalized form. In particular they deal with terms and conditions of employment, issues arising from employment, providing employees with a voice and communicating with employees. Changes that enhance employee involvement in decision making in the workplace are particularly relevant here in that they have the potential to change both the level and nature of conflict between employees and management and how employees approach resolution of disputes.

Dispute resolution procedures in some workplaces are characterized by a high degree of variation in both incidence and structure, with many procedures suffering from due-process deficiencies that may discourage employees from filing grievances. Estimates suggest that only around one-half of all such workplaces have some type of formal dispute resolution procedure covering employees, and one of the most common and important due-process deficiencies is the lack of a non-managerial decision maker in which case employee complaints are reviewed and decided by higher-level managers (Feuille and Chachere ,1995).

In other organizations with better employee -management relations based on mutual gains are likely to improve both the working lives of employees and organizational outcomes. In such firms, policies which address wider spectrum of interests are expected to exist and grievance provisions are handled by a more comprehensive approach or can be negotiated in collective bargaining through which conflict is managed and justice is afforded to employees.

With this study, the researcher will investigate the nature of relationship between workers and management in Abay Bank SC, and in addition specifically; what are the specific causes of conflict, what alternative dispute mechanisms are employed to handle employee-management conflict, what about Abay Bank SC, experience in the process and effectiveness of grievance process are the main research questions will be addressed in the research.

## **1.2. Statement of the Problem**

The importance of developing a constrain-free employee-management relation has long been recognized by the industry. However, numerous for-profit and for-nonprofit organizations are still overwhelmed by the challenges to attract and retain pertinent and experienced personnel, which can frequently be traced to ineffective identification and treatment of problems in employee management -relations. First, when a problem is not properly identified during the planning phase, subsequent conflicts are inevitable in the course of the implementation process. In today's dynamic environment the relationship between management and employees in an organization is facing different challenges.

As the competition in the banking sector these days is also becoming more and more intense the sector's operations have now been exposed to even more complex labor related and other challenges. Second, the traditional employee- management relations methods are being challenged by internal as well as external organizational factors. Such previous trends of employee- management relationship have been blamed for their limitations in modeling and communicating constraints including inability to properly evaluate and communicate interdependencies and relations between and among employees, management and other similar employer organizations. In summary, there is a need for conducting better identification of challenges in employee -management relation and approach them with proper and structured practice to handle constraints like conflicts which usually lead to unfriendly working environment, frequent turnovers and unnecessary disputes etc...

Accordingly, the preliminary interviews show that there is a problem of employee-management relation in Abay Bank SC that might have emanated from different reasons. Such as unfriendly working environments and dissatisfaction of a number of workers which say promises on employment time are not fully materialized and dissatisfaction of employees with decisions made by division heads which lacks adequate power and expertise.

Discontent of some employees on the promotion procedure which are based on academic examination that doesn't consider seniority moreover they said that such examinations are biased.



It is with start that the researcher is motivated to study employee-management relations and conflict management in Abay Bank SC.

### **1.3 Research Questions**

This research aimed at answering the following specific questions:

- ✚ What are the current employee relations management practices in Abay Bank SC.?
- ✚ What are the causes of employee and management conflict in Abay Bank SC?
- ✚ What mechanisms can Abay Bank SC to set up for better employee and management relationships?
- ✚ How about the employee-management grievance procedure and its effectiveness in the bank?

### **1.4. Objectives of the Study**

#### **1.4.1. The Main Objective of the Study**

The major objective of the study is to assess the employee and management relations and grievance management in Abay Bank SC.

#### **1.4.2 The Specific Objectives of the Study**

The specific objectives of the study are listed as follows:

- ✚ To assess employee responses to employee-management conflict.
- ✚ To investigate grievance procedures followed by Abays Bank SC.
- ✚ To assess the nature of employee-management relationships in Abay Bank SC.
- ✚ To identify the cause of employee-management conflict in Abay Bank SC.
- ✚ To assess the presence of formal procedure to manage employee-management relations.
- ✚ To assess the effectiveness of employee-management grievance procedures and suggest possible solutions for observed problem at the end.

## **1.5 Definition of Terms**

**Grievance is:** - a complaint made by an employee about management behavior.

**Bargaining power is:**-the ability to induce the other side to make a decision or take a course of action that it would otherwise be unwilling to make.

**Labor dispute means:** - any controversy arises between a worker and an employer or trade union.

## **1.6 Significance of the Study**

Some of the major significances of this research work are listed below: hypothesis

- ✚ It provides information for private and public sector organizations how effective manage employee and management relations and employees grievance.
- ✚ Help the organization aware the contribution of having positive relations in building better environment and organizational workforce.
- ✚ Highlight and encourage potential researchers for further study.

## **1.7 The Scope of the Study**

Though the researcher believes that it is necessary to conduct a research in all aspects of the employee management relation in detail because of its broadness the scope of this study was delimited only to the current practices of EMR and grievance management of Abay Bank SC.

Geographically, the study was delimited to assess the employee-management relations and grievances management in Abay SC Bank. Even though Abay Bank SC has many branches in and out of Addis Ababa this study is restricted to the Main branch and some of its branches only because of accessibility of information.

## **1.8 Limitation of the Study**

It is unidentifiable that every study encounters problems/challenges starting from initiation to completion. Owing to the same reason, there was the most serious problem that was faced which affects the effectiveness of this paper. Some of the limitations are...

Lack of financial & Time, Lack of necessary data, finally it was challenge task on getting timely response for the questioner from the respondents who are their positions is in the counter place as they are busy.

## **1.9 Organization of the Study**

Generally the paper is organized into five chapters. The first chapter starts with general information followed by statement of the problem and continues with the research question, objective of the study, significance of the study and scope and limitation of the study. The second chapter look into some previously conducted related studies and literatures on the area. The third chapter talks about the methodology used in the study. The fourth chapter dells on analysis and interpretation of the data collected. The last and the fifth chapter surface the summary and conclusions reached and the recommendations forwarded.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

The main aim of this chapter is to see the views and theories of different authors concerning employee management-relation. The following aspects of employee management relation are briefly assessed: definitions and over all concepts of employee management, conflict management and resolution procedures , the role of trade unions in employee management relations and lastly the impact of involvement of employees in decision making process.

### **2.2 An overview of Employee- Management Relation**

As described by Nair, 1999, the contemporary term in the field, Employee Relations is defined as a study which examines how the employment relationship between employers and employee is originated and practiced. It is usually characterized by both conflict and cooperation (NG .Nairlatha Nair, 1999).

Moreover, Armstrong describes the term employment relationship as the interconnections that exist between employers and employees in the workplace.

Besides, they may be formal, like contracts of employment, procedural agreements or they may be informal, in the shape of the psychological contract, which expresses certain assumptions and expectations about what managers and employer have to offer and are willing to deliver (Kessler and Undy, 1996). Furthermore they can have an individual dimension, which refers to individual contracts and expectations, or a collective dimension, which refers to relationships between management and trade unions, staff associations or members of joint consultative bodies such as works councils.

Two types of contracts defining the employment relationship have been distinguished by Macneil, (1985) and Rousseau and Wade-Benzoni (1994):

- Transactional contracts have well-described terms of exchange, which are usually expressed financially. They are of limited duration, with specified performance requirements.
- Relational contracts are less well defined with more abstract terms and refer to an open-ended membership of the organization. Performance requirements attached to this continuing membership are incomplete or ambiguous.

“However, the employment relationships can also be expressed in terms of a psychological contract, which has both transactional and relational qualities. The concept of a psychological contract expresses the view that at its most basic level the employment relationship consists of a unique combination of beliefs held by an individual and his or her employer about what they expect of one another.” Guzzo and Noonan (1994).

As it can be learned from the above authors, EMR mainly described as the inter connection between employee and employers that is the responsibilities of employers in supporting and addressing the employees job satisfaction and on the other hand the employees commitment in order to achieve the organizational objectives. The other author identifies both conflict and cooperation as the main characteristics of EMR. Because when the relation has a negative impact there will be conflict, on the other hand when the relation has a positive result the implication is that there will be co operation which serves the parties alike.

### **2.3 The Basis of Employee Relations**

Literatures express the basis of Employee relations as pay–work bargain agreement made between employers and employees whereby the former undertakes to pay for the work done by the latter. Fundamentally, many employers simply want employees who will do what they are told without costing too much. They want engagement and commitment. In contrast, employees want a say in how much they are rewarded, their terms and conditions of employment and the way in which their work is organized.

They want good working conditions, security of employment, a healthy and safe working environment and the scope to raise and resolve grievances.

## **2.4 Objectives of Employee Relation**

The main objectives of employee relation are stated here below:

- Reducing unit labor costs, though not necessary wage.
- Achieving greater stability in employee relation by challenging discontent through agreed procedures.
- Increasing productivity and the utilization of labor.
- Increasing co- operation and commitment so as to increase the likely acceptance of change.
- Increasing control over the labor processes.
- Minimizing disruption at work and reducing the likely hood of overt conflict ( Purcell and boxall,2000).

Furthermore, to provide for effective and consistent procedures for rule-making, consistency in dealing with employee relations issues, fairness, processes that can affect and improve employee behavior or mechanisms to resolve disputes. Besides, the value-added outcomes that can result from good employee relations include improved morale and commitment, fewer grievances, productivity increases and better control of labor costs.

## **2.5 Managing the Employment Relationship**

Employee relation has dynamic and unclear nature which makes it difficult to manage it .in addition work and employment factors like organizational culture, management style, day to day interactions between employees and managers and HR policies and practices add the difficulty of the employee relation management.

Most importantly ER is very much influenced by HR practices in the aspect of recruitment performance reviews, promotion, career development, reward, involvement and participation, grievance and disciplinary procedures and more. Besides how people are expected to do their job, how work is organized, how people are managed and evaluated will also affect the ERM

Considering the above dissection it is important to note that HR specialist can play significant roles in employee relation management in the following ways: through

- Realistic recruitment interview
- effective induction programs and issuing important updates
- encouraging the development of performance management and personnel development
- arrange on the job training
- adapted policy of transparency and equal opportunity
- Developing HR procedures for grievance handling, discipline, promotion, reward etc.

However HR approaches should cover all aspects of people, arrangement in a continuous process. Generally effective employee management means ensuring that values are uphold and that transparent, consistent and faire approach is adapting which all aspects of employment.

(Armstrong M, 2006)

From the above discussion it can be noticed that managing EMR is influenced by a number of factors which have positive and adverse effects on ERM. More crucially the role of HR policies and practices can greatly contribute to the improvement of productivity and working conditions.

## **2.6 Conflict Management**

### **2.6.1 A Unitary and Pluralist Approach on Employee Relation**

As expressed by Gennard and Judge (1997) there are different perspectives in any organization which affect the employment relationship, the central piece of employee relation is the relationship between employers and employees and it is part of this relationship that there are both common and divergent interests. One of the often expressed aims of human resource management is to increase the commitment of people to the organization by getting them to share its views and values and integrate their own work objectives with those of the organization.

This concept adopts a unitary frame of reference in other words organizations are assumed to be harmonious and integrated, all employees sharing the organizational goals and working as members of one team. "Moreover where conflict takes place, it is based on misunderstanding rather than differing interests and it is up to management to communicate and persuade more effectively." (Johan Stredwic, 2005).

As expressed by Cyert and March (1963), alternatively, the pluralist perspective sees organizations as coalitions of interest groups and recognizes the legitimacy of different interests and values. Organizational development programs, which, amongst other things, aim to increase commitment and teamwork, adopt a unitary framework. But it can be argued that this is a managerialist assumption and that the legitimate interests of the other members of a pluralist society – the stakeholders –will have their own interests, which should be respect. Conflicts are inevitable because there are inherent competing interests it can even be helpful, if identified and controlled within institutional responses.

### **2.6.2 Conflict and Organizational Performance**

According to J Thomason (1967) the effect of conflict on organizational performance may be either positive or negative, depending on its extent of existence and how it is managed. Besides it can be considered highly functional in a way that it helps to generate positive performance. However when the conflict level is too low, performance can also suffer. Innovation and change are less likely to take place, and the organization may have difficulty adapting to its changing environment. If low conflict level continues, the very survival of the organization can be threatened. On the other hand if the conflict level becoming too high the resulting chaos also can threaten the organization survival.

In addition as M.Jobelle (1998) stated co-operation can serve employers and employees alike, since employees get the wage they required to sustain their living standard and employers receive in return the product of their work, weather in the form of manufactured product or a service it is in neither party's interest for the organization.



It leads to creating a win-win situation by satisfying employee needs while achieving organizational objective. A win-win situation occurs when the organization and the employees get what they want.

### **2.6.3 Conflict Management in Union and Non-Union Settings**

Management of conflict in union and non-union organizational setting has different sceneries.

“Procedures for handling grievances and disputes in non-union organizations are usually seen as less formalized than in unionized firms. Unionized firms have ‘deeper’ formalized conflict management systems than non-unionized firms: Unionized firms tend to on the one hand, are more likely to possess a greater number of conflict management procedures and on the other hand, non-union firms are probably more accepting to informal methods to resolve disputes at the workplace such as line managers settling a problem with employees without using formal procedures.” (Feuille and Chachere 1995).

As we have seen in the above literatures that shows conflict has a power to change organizational performance and a balance can be achieved by co-operation which serves both employers and employees.

## **2.7 Trade Union**

### **2.7.1 The Role of TU**

Trade Unions play an important role in molding the industrial relation. Union monument relations can influence productivity, efficiency and industrial peace substantially. According to (Sutherland; 2004) trade unions representatives have different duties that they should perform on behalf of their members. He briefly explains the responsibilities of such union representatives in a way that they protect the interest of their members in areas relating to wages and salaries, working conditions, job security and welfare benefits. They negotiate with management of organizations on behalf of member of trade union.

Moreover one of the major goals of TU is effective bargaining, developing power and influence to make the employees voice heard and to result changes in the work place. Unions are, more powerful than employers, and able to strongly influence the course of legislation. Likewise, surveys suggest also respondents believed unions were effective in protecting workers from unfair treatment and in improving wages and job security (Kochan, Thomas A, 1981).

As it can be acquired from the review above trade Union plays an important role in modeling EMR .They can affect productivity and work place peace. They main goal is effective bargaining developing influence to make employee voice heard to their satisfaction, and if they are taken positively by organization and managed properly they have a potential to increase productivity through satisfied employees.

### **2.7.2 Administration without Trade Unions**

Managers generally feel unconstrained in the way in which they organized work. One of management's most basic decisions whether to encourage or discharged the unionization of its employees. It may discourage union because it fears high wage and benefit cost disruption caused by strikes and adversary relationship with its employees, or more generally greater constraints placed on its decision making flexibility and discretion. Historically management has used two basic strategies to avoid unionization; it may seek to provide employment terms and conditions that employees will receive as sufficiently attractive and equable so that they see little gain from union representation. Or it may aggressively oppose union representation, even where there is significant employee interest. Management voluntarily recognizes a union or if employees are already represented by union the focus is stiffened from dealing with employees as individuals to employ a group. (Palgrave, Macmillan, 2013).

### **2.7.3 Union-Free Organization**

“Union-free organizations are common in practice; a study of large nonunion organizations concluded two types of firms can operate without unions. The first type is called doctrinaire.

A doctrinaire organization explicitly desires to continue operating without unions and implements personnel policies it believes will lead employees to resist unions. Its personnel policies frequently mimic what unions have won in similar organizations through collective bargaining. The second type is called philosophy –laden, such companies have no unions, but the lack of organization is due to the employee relations climate of the organization. Management engages in personnel practices it believes are “right”. Evidently the policies are congruent with employee desires and union-organization activities in these firms are practically nonexistent. These two approaches will be examined as the personnel policies of both are explored.” (Engle wood Cliffs, N.prentice-hall, 1980)

#### **2.7.4 Diagnostic Approach to Labor Relation**

As described by Ivancevich.M (1998) the attitudes of employees toward union influence weather they will join or support a union in the working place on the other hand managerial attitudes toward unions in general and the union officials they deal with in particular also affect labor relations. The goal of the controlling interests influence managerial attitudes and behavior toward labor relations, if management is very anti union the negotiation and administrative process will not proceed smoothly . The union is the other focal origination in effective bargaining relationship.

In addition the other environmental factors that influence the nature of collative bargaining are:

- Labor market conditions –influence both management and the unions either relationships. If the labor market has surpluses, management has an advantage. It can sustained a strike, and perhaps even benefit economically
- Environmental- which creates the legal environment within which labor relations take place. Environment boards rule on legal differences in the system and government mediators and conciliations offers help settle disputes.

### **2.7.5 Bargaining Power**

Bargaining power is a slippery concept, which can be defined in different ways. One interesting definition, developed by Professor Neil Chamberlin, starts from the concept of inducement to agree. It is the ability to induce the other side to make a decision or take a course of action that it would otherwise be unwilling to make.

As Fox and Flanders (1969) commented: '*Power is the crucial variable which determines the outcome of collective bargaining*'.

It has been suggested by Hawkins (1979) that a crucial test of bargaining power is '*whether the cost to one side cost of not accepting it*'.

Singh (1989) Mutual gains bargaining Raters then go through the traditional adverse serial approach to negotiating a collective agreement some unions and employers are employing mutual gains bargaining.

### **2.7.6 Collective Bargaining**

“Collective bargaining is the process by which the representatives of organization meet attempt to work out a contract with the employees’ representative –the union .collective means that together representatives attempt to negotiate an agreement. Bargaining is the process of cajoling, debating, discussing, and threatening in order to bring about a favorable agreement for those represented.

There are three basic types of collective bargaining: distributive, integrative, concession bargaining.

1. Distributive bargaining: occurs when labor and management are in conflict on an issue and when the outcome is a win-lose situation.
2. Integrative bargaining: occur when the two side face a common problem; for example high absenteeism among employees.
3. Concession bargaining: exists when something of importance is given back to the management, i.e. Wage cut, benefit, and reduction”. Michael, R.carel and Christina Heavrin (2000).

## **2.8 Grievances and Discipline**

### **2.8.1 Grievance**

A Grievance is a complaint made by an employee about management behavior (Gennard and Judge, 1999). It is a step by step process an employee must follow to get his or her complaint addressed satisfactorily. In this process, the formal (written) complaint moves from one level of authority to the next higher.

#### **2.8.1.1 Grievance Procedures**

Grievance procedures tend to be used widely and embrace both collective and individual issues reflecting the idea that line between grievances individual and dispute collectively. A grievance is like an infection, unless it is dealt with quickly and efficiently, it will fester and may spread quickly causing unnecessary pain and suffering (lower productivity, reduced co-operation and commitment).

A grievance procedure, then, will aim to ensure that the employee's case is heard quickly, that the employee concerned will have a fair hearing with the opportunity for full discussion to take place and that a response from management will follow without too long a gap. The procedure should make clear to whom the grievance should be addressed, who should accompany the employee if they require somebody to help them in the process, and specific time limits for the meeting to be held and the decision given, plus the stages of any appeal. A grievance procedure is a parallel mechanism to the disciplinary procedure (Rollin, 2002).

#### **2.8.1.2 Steps in a Grievance Procedure**

1. The employee discusses the grievance with the union steward (the representative of the union on the job) and the supervisor.
2. The union steward discusses the grievance with the supervisor's manager and/or the HR manager.

3. A committee of union officers discusses the grievance with appropriate company managers.
4. The representative of the national union discusses the grievance with designated company executives or the corporate industrial relations officer.
5. If the grievance is not solved at this stage, it goes to arbitration. An impartial third party may ultimately dispose of the grievance.

A procedure for conflict resolution between management and the workforce is essential; every organization also needs to have a system in place to deal with areas of disagreement that arise between the individual and the organization. A grievance or disciplinary session, and there is strong evidence that insufficient training for managers and supervisors takes place in this area (Hook *et al.*, 1996).

### **2.8.1.3 Broad Functions of the Grievance Procedure**

As Thomson and Murray (1976) said there are different functions of grievance procedure that helps EMR to cope up the process.

**Constitutional Function-** a constitutional or recognition function is derived by the grievance process, particularly at the industry-wide level but also at the plant level, since the disputes procedure is the means by which both parties accept the other's legitimacy.

**Legislative Function-** The process serves a legislative or rule-making purpose because it provides a mechanism for employees to legitimately influence and participate in the decisions made by management and therefore provides them with a potential part of the 'legislative' function of the firm.

**Executive Function-** An executive or administrative role is served by the grievance process as it can be used to clarify or expand on management decisions by raising issues which create uncertainty and, in this capacity, the procedure 'amplifies' the executive function.

**Due Process Function** -Because the grievance procedure fulfills a 'due process' function by which progressively higher levels of authorities review the appeals of employees and the decisions of lower level managers, a judicial role is served by the process.

**Power Distribution Function-** By specifying what can and cannot be done in the course of the grievance process, the procedure may provide one side or the other a tactical advantaged and therefore the grievance process can serve a power distribution function.

**Communications Function** -The presence of a functional grievance procedure fulfills a communications function since it can help management become aware of problems in the workplace and, conversely, can also assist in the dissemination of management policy.

**Voice Function** -The grievance procedure provides the means by which employees can express their dissatisfaction with working conditions or managerial action and therefore exercise their 'voice' option.

## **2.8.2 Discipline**

As Terry, H. Wager, Scottlon, (1999) described it discipline is the force that prompts an individual or a group to observe the rule, regulation and procedures which are deemed to be necessary to the attainment of an objective.

### **2.8.2.1 Progressive Discipline**

Most employers apply a policy of progressive discipline, which means that there are stronger penalties for repeated offences. The purpose of this is to give an employee an opportunity to take corrective action before more serious penalties are applied. Progressive discipline also gives management time to work with an employee to help correct infractions.

A progressive discipline system includes Verbal reprimand and by supervision, written reprimand, with a record on file and one to-three day suspension from work, suspension for one week or longer and finally discharge for causes.

### **2.8.2.2 Positive discipline**

Instead of using punishment to discipline employees some organizations employ an approach which involves an acceptance on the part of the employee that a problem exists, an acknowledgment by the employee that he or she must assume responsibility for the behavior and the use of a problem-solving approach to resolving the problem.

### **2.8.2.3 The key steps in using discipline are**

- Focus on the specific problem rather than the employee's attitude or personality.
- Gain agreement with the employee that a performance problem exists and that the employee is responsible for changing his or her behavior.

### **2.8.2.4 Approach Discipline as a Problem-Solving Process**

- Document suggested changes or commitments by the employee.
- Follow up to ensure that the employee is living up to his or her commitments and to reduce the likelihood of having to take more severe action.

## **2.9 Industrial Democracy**

Industrial democracy is the rights of employees to participate in significant management decisions. Most have in common some notion of employee participation in decision-making areas previously the exclusive prerogative of management. Industrial democracy' may be distinguished in a number of way Firstly by the procedural means by which employees may participate: Secondly by the substantive scope of decisions subject to participation. Thirdly by the level of decision-making at which participation takes place.



Fourthly by the way in which decision-making is expected to be affected by participation. Fifthly and most importantly by the purposes the particular form of participation is designed to promote. These may include improving industrial efficiency, promoting individual worker satisfaction, improving industrial relations, extending the rights and benefits of political democracy into the industrial sphere, and achieving workers control (Y, Routledge and Kegan Paul, London ,1978).

Industrial democracy, which have been concerned with encouraging management to explore the functional contribution it can make to securing more compliant and supportive responses from employees to managerially defined purposes and achievement. (H. Ramsay, 1977)

### **2.9.1 Employee “Voice” Systems**

As defined by Boxall and Purcell (2003): ‘Employee voice is the term increasingly used to cover a whole variety of processes and structures which enable, and sometimes empower employees, directly and indirectly, to contribute to decision-making in the firm. Employee voice can be seen as ‘the ability of employees to influence the actions of the employer’ (Millward *et al*,1992).The concept covers the provision of opportunities for employees to register discontent, express complaints or grievances and modify the power of management, and sometimes brings collective and individual techniques into one framework. Direct employee voice involves contacts between management and employees without the involvement of trade unions. Union voice is expressed through representatives and can be power-based.

Dundon *et al* (2004) suggested the following meanings of direct and union employee voice.

- Expression of individual dissatisfaction rose with line manager or through grievance procedure.
- Expression of collective dissatisfaction raised by trade unions through collective bargaining or industrial action.
- Contribution to management decision making through upward problem solving, suggestion schemes and attitude surveys.
- Demonstration of mutuality through partnership agreements, joint consultative committees and works councils.

## **2.9.2 Advantages of Employee Involvement in Decision Making**

As Casey Anderson, (2001) explaining that, the solid foundation of any successful company is its people. Employees represent a source of knowledge and ideas, but oftentimes that resource remains untapped. Involving employees in the decision-making process not only empowers them to contribute to the success of an organization, but also saves the company time and money.

**2.9.2.1 Productivity** Involvement of employee in decision making has a great impact on their productivity in this sense that their involvement in decision process will increase skill sets and preparing for even more addition responsibilities.

### **2.9.2.2 Improving Morale**

Increasing the moral of workers through involving them in decision making process, it leads to increase job satisfaction and a positive attitude to words the company and their positions. It also decreases the communication gap between the employees and employer.

### **2.9.2.3 Internal Resources**

The involvement of employees in decision making process saves money, time and gives the company a long term reliable workforce than out sourcing. Haring external consultant is usually expensive and time taking while updating the aspects of the company.

### **2.9.2.4 Teamwork**

Team work among workers will be encourage through the involvement of workers and the decision making process which gives the opportunity to share their knowledge and covey their opinion ([www. academia.edu](http://www.academia.edu)).

## **2.9.3 Employee Right**

Refer to those rights desired by employee relating to job security and working conditions. Some of these rights are protected under law, others the collective agreement with the union (in one exists), and yet others may be listed in the letter of appointment given to the employee at the time

of hiring. Progressive HRMRs recognize this and strive to establish fair and equitable working conditions that help the employee to maintain dignity on the job.

## **2.10 Industrial Dispute**

“Labor dispute means any controversy arising between a worker and an employer or trade union and employers in respect of the application of law, collective agreement, work rules, employment contract or customary rules and also any disagreement arising during collective bargaining or in connection with collective agreement.”(Labor proclamation 377)

### **2.10.1 Existence of Industrial Dispute**

According to NG.NA.R, (1999) any dispute or differences occurs between employers and employee, employees with employee and employer and employers. In other words dispute can occur in any of the following two ways:

- Between individuals.
- Between groups

Industrial Disputes arises mainly because of conflict between employers and employees .There is a historical background wherein seeds of discords were sown between owners long back by Bolshevik Resolution and writings of socialistic thinkers like Engels and Karl Marx. In fact owners and workers are two sides of the same coin. Both try to do the same production, productivity and enrichment of national wealth. If the objective wherein, lies the conflict. It lies in the mindset.

Disputes result in a conflict which is manifested in many forms. Disputes are to be resolved as effectively as possible and at the earliest.

## **2.10.2 Types of dispute:-**

According to code of industrial relations introduced in UK in 1972 there are two kinds of industrial dispute; Dispute of right and dispute of interest.

**2.10.2.1 Dispute of rights:** These are disputes arising out of application or interpretation of existing agreement or contract. Examples are airiness of standing orders, denial of awards, non-payment of allowance, etc.

**2.10.2.2 Dispute of interest:** This relates to dispute arising out of terms and conditions of employment either as per claims made by employers. Examples are layoffs, Wages bonus claim etc. By and large disputes and resultant conflicts are considered as dysfunctional and unhealthy. There is another side of disputes and conflicts which are beneficial. It is the dispute and conflict which opened up the mind of employer which resulted better emoluments and working conditions of workers.

## **2.10.3 Alternative Dispute Resolution (ADR)**

Teague and Thomas (2008) stated that alternative dispute resolution refers to using methods other than formal court litigation to resolve a dispute. It is less time consuming, less expensive, and more confidential than traditional litigation. ADR is probably best seen as an umbrella term to capture new initiatives that are being introduced by organizations, mostly non-union organizations, to modernize workplace conflict management arrangements. These include:

### **2.10.3.1 Mediation**

A process under the stewardship of a third party designed to help those involved in a dispute reach a mutually acceptable settlement. The third party has no direct authority in the process and is limited to proposing or suggesting options that may open a pathway to a mutually agreeable resolution.

### **2.10.3.2 Arbitration**

Neutral third party is empowered to adjudicate in a dispute and set out a resolution to the conflict. This may or may not be binding depending upon the prevailing labor legislation and the design of the arbitration process.

### **2.10.3.3 Peer Review**

A panel composed of appropriate employees or employees and managers which listens to the competing arguments in a dispute, reflects upon the available evidence and proposes a resolution. Whether or not the decision of the panel is binding varies across organizations.

### **2.10.3.4 Management Review Boards**

Sometimes called dispute resolution boards, these panels are solely composed of managers and have more or less the same remit as peer reviews. Again the decision of the panel may or may not be final.

### **2.10.3.5 Ombudsman**

A designated 'neutral' third party inside an organization assigned the role of assisting the resolution of a grievance or conflict situation. The activities of an ombudsman include fact-finding, providing counseling and conciliation between disputing parties. High grade persuasion skills are the key asset of a good ombudsman.

### **2.10.3.6 "Open door" policy**

"Open door" policy that encourages employees to communicate their concerns to management so small problems can be solved before they get big or A policy in which anyone with a complaint can talk with a manager, an Human Resource representative, or an executive. It is a policy of settling grievances that identifies various levels of management above the immediate supervisor for employee contact.

## **2.11 Management Style in Handling Employee Relation**

According to (Purcell, 1986) the style of management in handling employee relations categories in to four namely sophisticated human relation consultative, traditional and constitutional.

### **1 Sophisticated human relations**

Employees excluding short-term contract or sub contract labor and viewed as the company's most valuable resource. Firms adopting this style often deliberately have above average gap, clear internal labor market structures with promotion ladders and periodic attitude surveys are used to harness employee's views. Emphasis is placed on flexible reward structure employee appraisal systems linked to merit awards, internal grievance and disciplinary and consultative procedures and there are extensive networks and method of communication. The aim is to inculcate employee loyalty, commitment and companies seek to make it unnecessary or unattractive for staff to unionize.

### **2 Consultative- Similar to sophisticated human relations companies expect that unions are recognized. The attempt is to build constrictive relationship with the unions and incorporate them in to the organizational fabric. Wide ranging discussion are held and extensive information provided to the union to the whole range decisions and plans including aspects of strategic management: The right of the last day though rests with management.**

- 3 Traditional- Labor is viewed as a factor of production and employee subordination is assumed to be part of the natural order of the employment relationship. Unionization is opposed or unions are kept at arm's length.
- 4 Constitutionals-Somewhat similar to the traditionalist, but unions have been recognized for some time and are accepted as inevitable in employee relations. Polices are central need for stability control and alternation of conflict. Management prerogatives are detected through highly specified collective agreement, and careful attention is paid to the administration of agreements on the shop floor. (J. Purcell and K. Sisson ,1986).

## **2.12 Importance of Communication in an Organization**

Communication is one of the basic functions of management in any organization and its importance can hardly be overemphasized. It is a process of transmitting information, ideas, thoughts, opinions and plans between various parts of an organization. It is not possible to have human relations without communication.

Employees need to be informed of what is going on with the company, including managements plans and how those plans may affect their job However, good and effective communication is required not only for good human relations but also for good and successful business. In appropriate or faulty communication among employees or between mangers and his subordinates is the major cause of conflict and low morale at work. And also employees submit their work reports, comments, grievances and suggestions to their manger organization should have effective and speedy communication policy and procedures to avoid delays, misunderstandings, confusion or distortions of facts and to establish harmony among all the concerned people and departments (Stephen Thomson, 2000).

## **2.13 The Most Common Reasons for Employee's Turnover**

kossen ,defined the staff turnover as it is the amount of movement in and out (of employees) in an organization. (Stan Kossen, 1991).

Taylor and his colleagues (2002) interviewed 200 people who had recently changed employers about why they left their last jobs. They found a mix of factors at work in most cases but concluded that push factors were a great deal more prevalent than pull factors as causes of voluntary resignations.

In push factors the problem is dissatisfaction with work or the organization, leading to unwanted turnover. A wide range of issues can be cited to explain such resignations, insufficient development opportunities, boredom, ineffective supervision, poor levels of employee involvement and straightforward personality clashes are the most common precipitating factors. Organizations can readily address all of these issues. The main reason that so many employer fail to do so is the absence of mechanisms for picking up signs of dissatisfaction. If there is no opportunity to voice concerns, employees who are unhappy will inevitably start looking elsewhere.

## **2.14 Keeping Good Employees**

While some employers continue to cut back on employees keeping the good people is often a challenge for both growing and down-sized organizations. “Many companies lose half of their employees in three or four years and half their customers in five years keeping employees are as critical as retaining customers because without loyal employees you won’t have loyal customers”. (Frederick F. Reicheld , 1996).



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter is dedicated to the research methodology: research design, source of data and the way of data collection methods.

### **3.2 Research Design**

Methods and technique are very important part of research. Whereas, method refers to the way one applies the theoretical perspective to explain facts or data collected and techniques. Methodology refers to the total sum of techniques of data collection, tool and the methods of analyzing data and theoretical perspective or orientation that govern research. A methodology involves presenting rules of procedure about matters such as the collection data and their analysis. The rules are impersonal in that they are meant to apply equally to all researchers. According to Y.K Singh (2006)." research design is essentially a statement of the object of the inquiry and the strategies for collecting the evidences, analyzing the evidences and reporting the findings."

In this study, descriptive method was used which aims at the describing the topic. Descriptive research describes a social institution, events, systems, structures etc .Its purposes is to describe the state of affairs as it is It give answers to questions like who, what, when and where the problem occurred . The main characteristic of this research is that researchers have no control over variables, can describe only what has happened or is happening.

### **3.3 Population and Sampling Techniques**

The sample of respondents are selected to fill the questionnaire and to be interviewed for the face to face interview from: Head Office, main branch at Bambis Area, 22 Mazonia branch, Kera Branch, Piazza Branches of Abay Bank S .Co based on judgmental and convince sampling techniques.

In the above selected branches for this study of Abay Bank Share Co, there are 281 employees. From total of 281 employee found in the above selected branches, sample size of 74 respondents were selected simple random sampling technique. The sample size taken is 30% of the population which is assumed to be representative of the whole population, which is computed as follows,

- To identify the sample size based on the target population(281), a simplified formula for proportions of Yamane Taro is used – which is illustrated as ;

$n = \frac{N}{1 + N(e)^2}$ <p style="text-align: center;">Where; n= sample size</p> <p style="text-align: right;">N= population</p> <p>e = precision (10%)</p> <p style="text-align: center;"><u>281</u></p> <p><math>1 + 281(0.1)^2 \rightarrow \underline{74}</math></p>
--

Accordingly, 74 questionnaires were distributed, out of which 63 respondents (90%) of the questionnaires being distributed are collected for the analysis. Even though 11 questionnaires couldn't be responded, the researcher tried to supplement the data by conducting interviews.

Accordingly, the managers and HR officer interviewed because they are the one who are directly concerned with the employee- management relations.

### **3.4 Types of Data and Tools/instruments of Data collection**

The appropriate data were employed includes detailed information on the employment relationship of Abay Bank SC using both primary and secondary sources.

### **3.4.1 Primary Data**

Corresponding to the nature of the study, a questionnaire which is mix of close and open-ended questions is administered to the relevant respondents within the human resource & other related departments of Abay Bank SC In addition, face-to-face interview is applied to human resource managers, and others related company personnel, to collect primary data .

### **3.4.2 Secondary Data**

Literatures found on the topic, relevant documents available from the organization, such as company profile, human resource policies, company brochures, etc are used to gather relevant data.

## **3.5 Procedures of Data Collection**

After the design activities have been completed, the researcher has to decide which data collecting method is the most suitable for the inquiry for the particular population. As mentioned earlier, the researcher prepared and used questionnaires which are a mix of close and open-ended questions to collect data from respondents. These questionnaires were distributed and employed for collecting information from employees of the company. Due to their highly structured format the questions relating to the presence of employees willingness to work with each other, the presence of the employee-management conflict, communication and retention efforts of the Bank, the labor-management relations atmosphere, alternative dispute resolution mechanisms employed, cooperation of the management and employees when dealing with labor-management conflicts, and other necessary information are all collected by using structured and unstructured question further more interview questions were also prepared ,suitable time was arranged and interviews were conducted while taking notes.

### **3.6 Method of Data Analysis**

The presentation of data analysis, and interpretation it explores employees management relation of Abay Bank Share Company through different methods such as interviews and questioners used to gather data concerning the issue were raised in this research work.

The researcher employed to describe the data first to have figures using tabulation and assigning percentages by using SPSS and interpreting the output gathered. This is done in combination with the findings and the literature review.

## CHAPTER FOUR: DATA ANALISYS, AND INTERPRETATION

### 4.1. Introduction

This chapter is dedicated to the presentation and analysis of the raw data gathered using the two major data acquiring tools, survey questionnaire and face-to-face direct interviews. The data obtained using the survey questionnaire have been checked, refined and systematically structured before it fed and processed using the statistical program for social scientists (SPSS).

### 4.2. Demographic Characteristics of the Respondents

Below presents the gender distribution of employees in the organization under study that is Abay bank SC. As the figure shows, the gender composition indicates that out of the total sample population who filled in the questionnaire, the larger majority are male and they make up almost 67 percent and the remaining 33 percent represent the female work force.

**Table 4.2.1The Demographic Factor of Respondents in Terms of Gender, Age and year of Service**

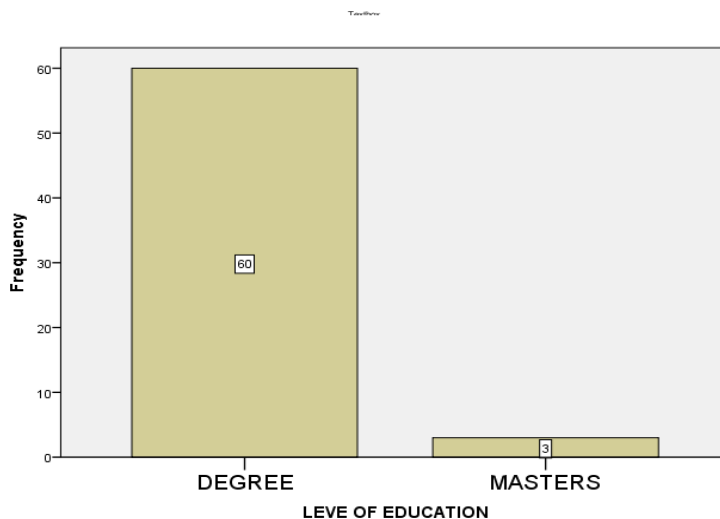
		Frequency	Percent	Valid percent	Cumulative percent
<b>Gender</b>	Male	42	66.7	66.7	66.7
	Female	21	33.3	33.3	33.3
	<b>Total</b>	<b>63</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Age</b>	35-65	46	73.0	73.0	73.0
	>45	17	27.0	27.0	100.0
	<b>Total</b>	<b>63</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Years of serves</b>	>2	22	34.9	34.9	34.9
	<2<5Yrs	25	39.7	39.7	39.7
	>5yr	16	25.4	25.4	25.4
	<b>Total</b>	<b>63</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source-own survey, 2015

With reference to the age margin of the population under study, the table above indicates that majority of the employees of Abay Bank SC. About 66 percent are between 18 and 35 years old. The rest 34 percent are over 35 years old.

It is understandable that Abay Bank SC is established very recently and most of its employees have served significantly for less than two years and below five years 35% and 40% respectively while only 25% of them have more than five years of services.

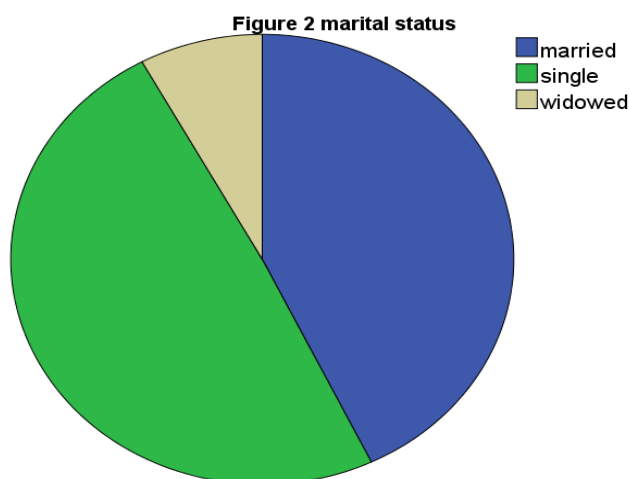
The other information that relates to the personal profile of the respondents and which has a direct implication to the career situation and related matters of each employee is level of education attained. This can show us the fact that they have stayed in the organization long enough to give the information they gave can be taken as reasonable from what they experienced personally in one way or another



**Figure1. Level of Education**

Hence, it is realized as the figure above indicates, majority (over 95%) of the employees have secured their first degree and the rest close to five percent are holders of a master's degree. This lead the researcher to believe the fact which, they have understood the question and their meanings.

The other important natural and cultural phenomenon, to any employee in particular and every human creature in general as personal achievement is the establishment of a family. People as well institutions often try to measure and judge an individual's capacity to shoulder certain responsibilities based on one's marital status and household conditions. Accordingly the bar chart hereunder shows the marital status of the sample respondents reached via the survey questionnaire.



***Figure2.MaritalStatus***

Accordingly, as it is clearly noticed from the above pie chart almost half of the respondents are single and huge majorities (43%) are married while only 8% are widowed. It shows that the researcher observations and from attitude and cultural point of view, it is sometimes good when the married numbers of organization are higher.

### 4.3 Employee Management Relations Practices and Grievance Management in Abay Bank SC.

**Table 4.3.1 Summary respondents on the impact of execution of goal and employees satisfaction to EMR practice**

*To make easy interpretation, the following ranges of values are assigned to each scale 1.50 or less =strongly agree, 1.51-2.50 =Agree, 2.51-3.49=Neutral, 3.50-4.49=Disagree, and 4.50 and greater =strongly Disagree.*

Item	SA	A	N	D	SD	$\bar{X}$	Sd
	F/%	F/%	F/%	F/%	F/%		
The bank has a good practice in employee management- relation.	10/15.9	12/19	26/41.3	15/23.8	-/-	2.73	1.003
The bank has clearly set its goals.	18/28.6	29/46	8/12.7	8/12.7	-/-	2.1	0.962
The relationship between the management and employees has an impact on the execution of the bank's goals.	12/19	15/23.8	27/42.9	9/14.3	-/-	2.52	0.965
The bank is successful in bringing about Workers satisfaction	3/4.8	11/17.5	12/19	25/39.7	12/19	3.51	1.134
<b>Average mean</b>						<b>2.71</b>	

**Source-own survey, 2015**

It can be clearly seen that majority (41%) of the employees are reluctant to take sides whether there a good employee management relation in the organization as labeled their remarks neutral. However, a quarter of the employees expressed that they are a bit dissatisfied with the existing practice. Nevertheless, a significant portion (34%) of the respondents commend that the employee management relation currently practiced is up to their expectation so that they expressed their agreement.



The respondents are reflecting their perception about the practice of the bank in setting clear goals, almost three-fourth of them believe that the bank has set clear corporate goals. 28.6 percent of the respondents strongly agreed on setting of goals and 46 percent of them agreed on the same issue. When summed up, more than 68 percent of the respondents showed agreement on the setting of goals. On the contrary, 12 percent of the total respondents believe that the bank does not set clear organizational goals. And the remnant 12 percent are hesitant neither to say that the organization has set nor any other party does for it. It shows the huge numbers of the respondent's believes that the company set its goal clearly.

As shown in table 4.3.1, 19 percent and 23.8 percent of the respondents strongly agreed and agreed on the fact that there had been healthy relationship between management and employees to contribute to the execution of goals. On the contrary, 42.9 percent of them remained neutral and 14.3 percent of them disagreed on the existence of good management and employee relationship. Literature showed co-operation can serve employers and employees alike, since employees get the wage they required to sustain their living standard and employers receive in return the product of their work, whether in the form of manufactured product or a service. It leads to creating a win -win situation by satisfying employee needs while achieving organizational objective. A win-win situation occurs when the organization and the employees get what they want (M.Jobelle, 1998).

As shows in table above, 4.3.1 percent strongly agreed and 17.5 percent agreed on that the successfulness of the bank to bring about workers satisfaction. On the other hand, of the respondents, 19 percent strongly disagreed and 39.5 disagreed on that the successfulness of the bank brought about workers satisfaction was significantly affected by the factor being consider.

The mean value of 2.10 (see table 4.3.1) indicates respondents' agreement in setting company goal. Literature shows that many companies lose half of their employees in three or four years and half their customers in five years due to lack of goals to be pursued properly.

Keeping employees is as critical as retaining customers because without loyal employees you won't have loyal customers. (Frederick F. Reicheld, 1996). Therefore, it implies that the bank has set clear goal to prosper.

**Table 4.3.2 Summary of respondents on communication and participation**

Description	SA	A	N	D	SD	$\bar{X}$	Sd
	F/%	F/%	F/%	F/%	F/%		
The management tries to communicate with employees in regular bases.	18/28.6	19/30.2	15/23.8	11/17.5	-/-	2.3	1.072
The management has high degree of proximity and connection with the employees.	-/-	12/19	18/28.6	26/4.3	7/11.1	3.44	0.9294
The participation of employees in the management affairs helps to find remedies for their problem in advance	-/-	6/9.5	15/23.8	26/41.3	16/25.4	3.83	0.925
Employees involve in decision making process	-/-	3/4/4.8	6/9.5	33/52.4	21/33.3	4.14	0.78
Employees are delegated and actively participate in the management process	-/-	-/-	11/17.5	30/47.6	22/34.9	4.17	0.708
<b>Average mean</b>						<b>3.57</b>	

**Source-own survey, 2015**

As shown in table above 4.3.2, of the respondents regarding employee involvement in decision making process, 52.4 percent disagreed, 9.5 remained neutral, 4.8 percent agreed and 33.3 percent strongly disagreed on the issue. Hence, it implies that employee involvement in decision making process was below the required extent of involvement.

Literature shows that Involvement of employee in decision making has a great impact on their productivity in this sense that their involvement in decision process will increase skill sets and preparing for even more addition responsibilities.

Regarding Employees participation and delegation in the management process, of the respondents, 17.5 percent remained neutral, 47.6 percent disagreed and 34.9 percent strongly disagreed on that employees participated and delegated in the management process. As a result, it manifests that the extent of employees participation and delegation in the management process was lower and below the required amount. According to the literature using employees in the decision-making process, rather than outsourcing, saves money, time, and offers the company long-term reliable assistance from those who know the corporation well ([www.academia.edu](http://www.academia.edu))

The above table describes the presence of participation of employees in the management affairs helps to find remedies for their problem in advance. Still the above information tells us that on average 33.3 percent of the respondents “Disagree”. 23.8 percent of the respondents replied as “neutral” with the presence. And the other percent of respondents strongly agree. This implication described as there is poor participation of employees in the management affairs helps to find remedies for their problem in advance.

As far as table 4.3.2 is concerned, 28.6 percent of the respondents strongly agreed, 30.2 percent agreed, 23.8 percent remained neutral and 17.5 percent disagreed regarding the management and employee communication in regular program.

The mean value of 2.30 (see table 4.3.2) is the range of agreement, more than half of the respondents agree with this issue .Consequently, it can be understood that there had been adequate communication between employees and management. Some literatures indicate that communication skills of management in employee relation helps to build trust, support positive negotiations and helps with the timely resolution of dispute.

**Table 4.3.3 Summary of respondents on employee’s right and job security**

Description	SA	A	N	D	SD	$\bar{x}$	Sd
	F/%	F/%	F/%	F/%	F/%		
The bank exercises employees’ right to maintain dignity on the job	-/-	3/4.8	8/12.7	24/38.1	28/44.4	4.22	0.851
The management insures work security of the employees.	4/6.3	5/7.9	14/22.2	19/30.2	21/33.4	3.76	1.187
The management of the bank properly addresses the problems of employees	8/12.7	9/14.3	1/1.6	27/42.9	18/28.6	3.6	1.374
The management tries to find speedy solutions for the problems employee’s face.	-/-	8/12.7	5/7.9	30/47.6	20/31.7	3.98	0.959
<b>Average mean</b>						<b>3.89</b>	

**Source-own survey, 2015**

As shows in table above, 4.3.3 44.4 percent of them strongly disagreed, 38.1 percent disagreed, 12.7 percent remained neutral and 4.8 percent of them agreed on that the bank maintained employees’ right and dignity on the job. Therefore, it implies that the bank didn’t maintain employees’ right and dignity on the job. Regarding the management insures work security of the employees on average 31.8 percent disagreed, 22.2 percent neutral and on average. 7.1 percent agree on the issue. Hence, it implies that the management hadn’t insured the security of the employees.

Concerning the effectiveness of the management of the bank in addressing the problem of employees, 28.6 percent strongly disagreed, 42.9 percent disagreed, 1.6 percent remained neutral, 14.3 percent agreed and 12.7 percent strongly agree on the effectiveness of the management of the bank in addressing the problem of employees. Therefore, it implies that the effectiveness of the management of the bank in addressing the problem of employees had been lower and insignificant.

Regarding the efficiency of the management in finding speedy solutions for the problem employee's face, 12.7 agreed, 7.9 percent remained neutral, 47.6 percent disagreed and 31.7 percent of the respondents strongly disagreed on the matter. Hence, it implies that the efficiency of the management in finding speedy solutions for the problem employee's face was poor.

The mean value of 4.22 (see table 4.3.3) is the range of disagree it implies that the bank didn't maintain employees' right and dignity on the job. Lack of properly solving and addressing employee problems results in adverse feeling including lose of job security. The literature advocated that Progressive HRMRs recognize and strive to establish fair and equitable working conditions that help the employee to maintain dignity on the job.

**Table 4.3.4 Summary of respondents on Dispute and conflict management**

Item	SA	A	N	D	SD	$\bar{X}$	Sd
	F/%	F/%	F/%	F/%	F/%		
Conflict between the management and employees occur Frequently.	13/20.6	18/28.6	15/23.8	12/19	5/7.9	2.65	1.233
The organization always tries to avoid disagreements between the managements and employee	-/-	5/7.9	21/33.3	29/46	8/12.7	3.63	0.809
The management and employees have bargaining habits when disagreements arise.	12/19	24/38.1	15/23.8	12/19	-/-	2.43	1.011
Workplace disputes mainly arise because of employee management disagreements	18/28	32/50.8	1/1.6	8/12.7	4/6.3	2.17	1.171
<b>Average mean</b>						<b>2.71</b>	

**Source-own survey, 2015**

As shows in table above 4.3.4, 20.6 percent of them strongly disagreed, 19. Percent disagreed, 23.8percent remained neutral and 28.6 percent of them agreed Therefore, it implies that the bank Conflict occurring between the management and the employees frequently. If low conflict level continues, the very survival of the organization can be threatened. On the other hand if the conflict level becoming too high the resulting chaos also can threaten the organization survival, (J Thomason, 1967).

As long as the effort of the organization in avoiding disagreements between the management and the employees is concerned, 12.7 percent strongly disagreed, 46 percent disagreed, 33.3 percent remained neutral and 7.9 percent agreed on the idea raised here. Hence, the effort of the organization in avoiding disagreements between the management and the employees can be said as inadequate.

As far as the response given on the bargaining habits of the management and the employees during disagreement is concerned, 19 percent disagreed, 23.8 percent remained neutral, 38.1 percent agreed and 19 percent strongly agreed on the issue. Therefore, the bargaining habits of the management and the employees during disagreement were insignificant. The literature shows that, bargaining power is a slippery concept, one interesting definition, developed by Professor Neil Chamberlin, starts from the concept of inducement to agree. It is the ability to induce the other side to make a decision or take a course of action that it would otherwise be unwilling to make.

As shows in table above, 4.3.4, 6.3 percent strongly disagreed, 12.7 disagreed, 1.6 percent remained neutral, 50.8 percent agreed and 28.6 strongly agreed on the point that workplace dispute mainly arises because of employee management disagreements. Thus, It is an implication that workplace dispute mainly arise because of employee management disagreements.

The mean value of 2.17 (see table 4.3.4) is the range of strongly Agree Thus, It is an implication that workplace dispute mainly arise because of employee management disagreements. Literatures advocate that Industrial Disputes arises mainly because of conflict between employers and employee.

In fact owners and workers are two sides of the same coin both try to do the same production, productivity and enrichment of national wealth. If the objective wherein, lies the conflict it lies in the mindset. By and large disputes and resultant conflicts are considered as dysfunctional and unhealthy. (Personnel management& industrial NG.NA.R, 1999).

**Table 4.3.5 Summary of respondents on Grievances procedure and Disciplinary Action**

Item	SA	A	N	D	SD	$\bar{X}$	Sd
	F/%	F/%	F/%	F/%	F/%		
The bank's grievance procedure is effective in addressing employees' complaints.	-/-	5/7.9	3/4.8	34/54	21/33.3	4.13	0.833
All disciplinary actions taken by the management prompts employees to observe the rules and to take corrective action.	15/23.8	27/42.9	1/1.6	12/19	8/12.7	2.54	1.378

**Source-own survey, 2015**

As to the response regarding the effectiveness of the banks grievance procedure, 7.9 percent agreed, 4.8 percent remained neutral, 54 percent disagreed and 33 percent strongly disagreed on the matter. To this end, it can be implied the banks grievance procedure was ineffective. Regarding the effect of all disciplinary action taken by the management in prompting employees to observe the rules and to take corrective action is concerned, 23.8 percent strongly agreed, 42.9 percent agreed, 1.6 percent remained neutral, 19 percent disagreed and 12.7 percent strongly disagreed on the issue raised. As a result, the effect of all disciplinary action taken by the management in prompting employees to observe the rules and to take corrective action was moderate.

The response of the participants signifies strongly Disagree view with the highest mean value 4.13 (see table 4.3.5) shows a gap with regard to lack of proper grievance procedure.

A grievance procedure should aim to ensure that the employee's case is heard quickly, that the employee concerns will have a fair hearing with the opportunity for full discussion to take place and that a response from management will follow without too long a gap.

On the other hand mean value 2.54 shows that a significant proportion of respondents strongly agree the disciplinary action prompts an employee to observe the rules and taking corrective action. Literatures advocate that managers should encourage and counsel individuals for performance improvement and personal development. Most employers apply a policy of progressive discipline, which means that there are stronger penalties for repeated offences. The purpose of this is to give an employee an opportunity to take corrective action before more serious penalties are applied. Progressive discipline also gives management time to work with an employee to help correct infractions.

**Table 4.3.6 Summary of respondents on Trade union**

Item	SA	A	N	D	SD	$\bar{X}$	Sd
	F/%	F/%	F/%	F/%	F/%		
Employees have an interest to be organized in trade union.	14/22.2	22/34.9	21/33.3	6/9.5	-/-	2.3	0.927
Employees have awareness of the role of trade unions in employee management relation.	14/22.2	12/19	34/54	3/4.8	-/-	2.41	0.891
The management is strongly against unionization.	20/31.7	18/28.6	16/25.4	6/9.5	3/4.8	2.27	1.153
<b>Average mean</b>						<b>2.32</b>	

Source-own survey, 2015



Regarding the response given on the interest of employees to be organized in trade union, 22.2 percent strongly agreed, 34.9 percent agreed, 33.3 percent remained neutral and 9.5 percent disagreed on that the interest of employees to be organized in trade union. Therefore, it can be understood that the interest of employees to be organized in trade union was encouraging and significant. According to (Sutherland; 2004) Trade unions representatives have different duties that they should perform on behalf of their members. He briefly explains the responsibilities of such unions as follows it protect the interest of their members in areas relating to wages and salaries, working conditions, job security and welfare benefits. They negotiate with management of organizations behalf of member of trade union who work for the business.

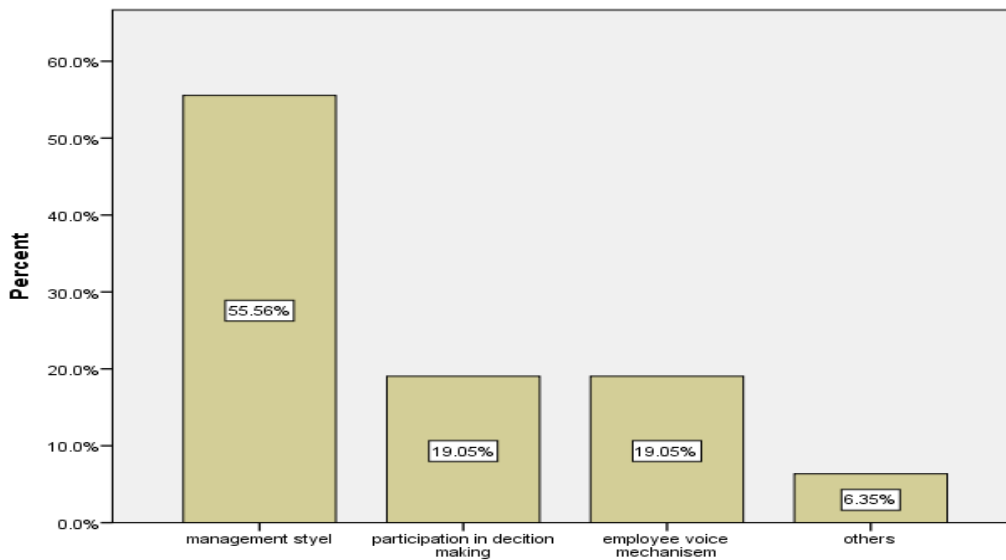
Regarding the awareness of employees on the role of trade union, 22.2 percent strongly agreed, 19 percent agreed, 54 percent remained neutral and 4.8 percent disagreed on awareness of employees the role of trade union. As a result, it shows that there had been limited awareness of employees on the role of trade union.

As shows in table above, 4.3.6, regarding the negative attitude of the management towards unionization, 31.7 percent strongly agreed, 28.6 percent agreed, 25.4 percent remained neutral, 9.5 percent disagreed and 4.8 percent strongly disagreed on the issue. Thus, it can be inferred that the management had negative attitude towards unionization.

The mean value of 2.27 see table 4.3.6) is the range of strongly Agree on the negative attitude of the management towards unionization.

One of managements most basic decisions in whether to encourage or discharged the unionization of its employees. It may discourage union because it fears high wage and benefit cost disruption caused by strikes and adversary relationship with its employees, or more generally greater constraints placed on its decision making flexibility and discretion if management voluntarily recognizes a union or if employees are already represented by union the focus is stiffened from dealing with employees as individuals to employ a group. (Palgrave, Macmillan, 2013

*Figure 3 Graphical representations on Cause of employee-management conflicts*



Concerning responses in relation to cause of employee-management conflicts, 55.6 percent showed management style, 19 percent indicated participation in decision making, 19 percent expressed employee voice mechanism and 6.3 percent indicated others were the cause of employee management conflicts. Hence, it implies that management style was the foremost cause of employee management conflicts.

In literature a better management styles is said to be the sophisticated management style which view employees as the most valuable resource of the company Firms adopting this style often deliberately have above average gap, clear internal labor market structures with promotion ladders and periodic attitude surveys are used to harness employee's views.

Emphasis is placed on flexible reward structure employee appraisal systems linked to merit awards, internal grievance and disciplinary and consultative procedures and there are extensive networks and method of communication. The aim is to inculcate employee loyalty, commitment.

On the other hand traditional management style views employees as factor of production and employee subordination is assumed to be part of the natural order of the employment relationship. Unionization is opposed or unions are kept at arm's length. (J. Purcell and K.Sisson ,1986).

## CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

### 5.1 Summary of Finding

Based on the results of the study obtained through the questionnaire distributed to 74 employees of Abay Bank SC and the interviews conducted with the human resource manager and some supervisors, the following findings were generated as follows:

- ✚ *To facilitate reading, please consider that the following ranges of values are assigned to each scale 1.50 or less =strongly agree, 1.51-2.50 =Agree, 2.51-3.49=Neutral, 3.50-4.49=Disagree, and4.50 and greater =strongly Disagree.*
- As it is presented in table 4.3.1 the mean value 2.10 indicate respondents agreed that the company has set clear goals but the average mean 2.71 shows the employee's dissatisfaction with the current practice of employee management relation and limited power to executing the goals.
  - Majority of the respondents replied that the company has an adequate communication with their employees as the mean value 2.3 indicates as it is presented in the table 4.3.2. Even if the company has a good practice in conducting regular meetings the average mean 3.57 shows that there hadn't been employee involvement in decision making and employees are not delegated in management affairs.
  - The average mean value of 3.89 (see table 4.3.3) implies that the bank didn't maintain employees' right and dignity on the job. Lack of properly solving and addressing employee problems results in adverse feelings including lose of job security.
  - As indicate in the table 4.3.4 the average mean value of 2.71 entails that the company had poor practice in its management of conflict and it was the main factor for the occurrence of dispute.

- The mean value 2.50 which is shown in table 4.3.5 indicates that most respondent agreed that the effect of all disciplinary action taken by the management were reasonably effective in prompting employees to observe the rules and to take corrective action.
- On the other hand mean value 4.13 in the same table shows that a significant proportion of respondents disagree on the effectiveness of the banks grievance procedure.
- The average mean of 2.32 in table 4.3.6 entail that the bank's employees are interested to be organized, but as it is indicated in the same table shows that the management has negative attitude towards unionization.
- A majority of respondents has specified that the company management style is the foremost cause of conflict.

### **5.1.1 Other Findings from the Interview Session**

- The bank has well developed Grievance procedures but they are not properly communicated and practiced.
- Most of the complaints of employees are presented orally to the immediate supervisors due to fear of summiting formal applications of which again most of them are not addressed properly mostly because of the incapability of the supervisors causing frequent disagreement in between and forcing employees to go for higher levels to settle their demands.
- Even though higher official's doors are open to solve employee problems yet due to time constraints with respect to other responsibilities all complaints could not be addressed in time causing further disagreements.
- Especially employees working in branches were not satisfied with the time interval taken for the solution they get for their requests.

- The promotion procedures which mainly based on theoretical examination and interview are one of the causes of conflict in the bank where their experience and seniority are not considered.
- The working place of the bank is not as such comfortable enough to meet the standards of good physical environment for work.
- Workplace dispute mainly aroused because of employee management disagreements.
- The management expressed negative attitude towards unionization.

## **5.2 Conclusion**

Employee management relation has become a source of concern to many managers due to its effect on the overall performance of an organization. As labor is a key factor in every business managing it will be a crucial task for managers since it often determines the successes or losses of the business. EMR deals with promotion of interests and right of employees in parallel safeguarding the success of organization through employee commitment which leads to increased productivity. On the other hand bad EMR practices have adverse effect on the organizational performance and attainment of the goals.

Having this in mind and considering the fact that the banking sectors is experiencing a remarkable growth the researcher signifies the importance of EMR in sustaining this growth.

From the finding of the study the researcher finally draws a conclusion that unfortunately the EMR practices in Abay Bank SC are far more below the expectations of the employees and are not playing their crucial role in up keeping the banks performance towards achieving its goals.

### **The researcher also tried to:**

- 1- Assess the current EMR practices of the bank
- 2- Identify the causes of employee and management conflicts in the bank
- 3- Evaluate the grievance procedures and their effectiveness.

### 5.3 Recommendation of the Study

- ❖ The researcher wants to suggest the following recommendations from the findings of the study so as to improve the existing EMR practices of Abay bank SC to support the its effort towards achieving its goals and develop its competitive advantage.
- The bank needs to improve the working conditions, security of employment, the working environment and the practices to raise and resolve grievances.
- Management employee relationship that leads to create a win -win situation by satisfying employee needs while achieving organizational objective should get due attention by the management bodies.
- The participation of employees in management affairs in finding remedies for their problem is very indispensable.
- The effectiveness of the management of the bank in addressing the problem of employees needs to grow up so that the bank can really achieve its objectives and goals.
- Bargaining habits of the management and the employees during disagreement is very crucial which needs to be adopted.
- As stated earlier the bank has a well developed grievance procedure but it has not yet put in to practice so, it is advisable that the banks grievance procedure should be practiced.
- The employees expressed their interest to be organized due to the acceptance they are getting for this grouped voice. It is recommended to establish a trade union in the bank which increases the bargaining power of employees in achieving their interests which leads to their satisfaction. Besides, if the management's perception of unionization is changed to a positive attitude it would create workers satisfaction and conducive working environment which leads to increased productivity to achieve organizational objective.
- Since the bank management style is being challenged in handling the employee management relation it has to be improved towards a better practice of management style which encourage employee involvement in the decision-making process, allow for negotiations to precede in any decision, develop harmonious and positive working relationships so that the organization's objectives can be more easily achieved; and, importantly, encourage employee innovation.

- The bank should apply a more suitable Alternative dispute resolution mechanism (ADR) than the existing open door policy.
  - It is mandatory to recruit capable supervisors in all branches, in addition it is also recommended arranging capacity building to branch supervisors through management related on the job trainings.
  - The promotion procedure should consider experience and seniority to win the satisfaction and loyalty of existing employees. As long as they are capable enough to the position they will be assigned. Moreover the whole promotion procedure should be unbiased which need to be free of discrimination giving equal opportunity to all eligible employees to build a safe working place.
  - The bank has to arrange safe work place to satisfy the need of its employees for the better performance and health condition.
- 
- In general the bank has to setup better mechanisms to good employee management relation, one of the most effective ways to ensure good employee relation is to adopt a human resource strategy that places a high value on employees as stakeholders in the business .An effective employee relations program starts with clearly written policies. Employee relations policies describe the company's rules and procedures for addressing employee related matters and resolving problems in workplace.
  - Employee management relations programs are typically part of a human resource strategy designed to ensure the most effective use of people to accomplish the organization's mission.

Finally, the bank might need to conduct further research works to fill out gaps and flaws that the bank might be encountering



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## **Appendix 1**

## **St Mary's University**

### **School of Graduate**

### **MBA**

#### **Questionnaire filled by Employees of Abay Bank S. C**

#### **Dear respondents:-**

This questionnaire is designed to supplement a study conducted in partial fulfillment required to obtain a masters degree in human resources management. The objective of the study is to identify the employee- management relation that is currently practiced by Abay Bank .Sc and to suggest possible solutions for problems identified while conducting the study. I kindly request you to spent your precious time to fill the questionnaire as frank as and reasonable as possible. I inform you that, the information you provide will be consumed for academic purpose only.

The information you provide is confidential.

✓ **ONLY tick on your choice. You are not expected to write your name**

**Thank you for your cooperation!!**

#### **A. General Profile of respondent**

##### **1. Gender:**

1) Male

2) Female

##### **2. Age:**

1) Below 18

2) Between 18-35

3) Between 35-65

4) Above 65



	in regular bases.					
6	The management has high degree of proximity and connection with the employees.					
7	The participation of employees in the management affairs helps to find remedies for their problem in advance.					
8	Employees involve in decision making process.					
9	Employees are delegate and actively participate in the management process.					
10	The bank exercises employees' right to maintain dignity on the job.					
11	The management insures work security of the employees.					
12	The management of the bank properly addresses the problems of employees.					
13	The management tries to find speedy solutions for the problems employee's face.					
<b>Regarding Conflict</b>						
14	Conflict between the management and employees occur Frequently.					
15	Conflicts happened between the management and employees have helped in preparing corrective police.					
16	The organization always tries to avoid disagreements between the managements and employees.					
17	The management and employees have bargaining habits when disagreements arise.					
18	The bank's grievance procedure is effective in addressing employees' complaints.					
19	All disciplinary actions taken by the management prompts employees to observe the rules and to take					

	corrective action.					
<b>20</b>	Workplace disputes mainly arise because of employee management disagreements.					
<b>Regarding Trade union</b>						
<b>21</b>	Employees have an interest to be organized in trade union.					
<b>22</b>	Employees have awareness of the role of trade unions in employee management relation.					
<b>23</b>	The management is strongly against unionization.					

24. What are the causes of employees-management conflict in the bank?

Management Style

Employee voice mechanisms

Participation in decision making

others.....

As these questions are very important for my paper, I hope you really helped me by filling it sincerely. I really thank you again!

## **Appendix 2**

### **Interview questions**

1. Is there a mechanism to handle employee-management conflicts in your business?
2. Which alternative dispute resolution mechanisms your business is using in managing employees-management relation?
3. Do you believe employees participation in decision making?
4. Do you think your organization employees-management relation atmosphere good?
6. Do you think management keeps employees aware of potential changes to employees' working conditions?
7. Do you think there is open communication between employees and management in your organization?
8. How do you rate sense of fairness associated with employs management grievance management in your organization?
9. Do you think employees and management work cooperatively during the grievance process?
10. Do you think the grievance process is an efficient way to resolve conflicts?
- 11 what is the major cause of conflict between employees and management?

## **Appendix 3**

### **Grievance Process Abay Bank SC**

#### **Objectives**

This process is intended to provide a method for employee complaints to be heard and acted upon by the appropriate authority in an appropriate time frame and fair manner.

A grievance form with the appropriate steps to be taken is available to employee from the supervisor or the Human Resources Division.

A grievance process must be initiated within five (5) days of the grievable action.

#### **Procedure: Grievance Process**

Most jobs related dissatisfaction or problems can be handled by the supervisor. The first step in resolving work related problems or dissatisfaction is always to attempt to resolve them with the immediate supervisor.

#### **Steps 1**

A statement prepared by the employee identifying the issues is submitted to the supervisor on the appropriate form. Within three (3) working days of action there will be a meeting between the supervisor and the employee. The supervisor will document the resolution or the response to the allegations.

A resolution will be forwarded through the chain of command to Human Resources. A resolution exists only when signed by both employee and supervisory/management employee.

A response will be given back to the employee so they can decide whether to continue the process. In those instances where the problem cannot be resolved in this first step,



## **Step 2**

The employee will notify the Manager, of the intent to continue the grievance process within twenty-four (24) hours of receipt of the response. A meeting will be scheduled between the employee and the Manager.

A. Within five (5) working days of employee's intent to continue notification, the Manager will present a resolution to Human Resources Management through the chain of command.

B. A response will be given back to the employee so they can decide whether to continue the process. In those instances where the problem cannot be resolved in the second step, the employee may continue the process accordingly.

## **Step 3**

The employee will notify the immediate Manager within twenty- four (24) hours of intent to continue and a meeting is scheduled between the employee and the Department Manager.

A. Within five (5) working days of the employee's intent to continue notification, the will present a resolution to Human Resources. A resolution exists only when signed by both employee and supervisory/management employee.

B. A response will be given back to the employee so they can decide whether to continue the process. In those instances where the problem cannot be

#### **Step 4**

Should the employee want to continue the grievance process past line management review; the documented Grievance Form must be presented to Human Resources within twenty-four (24) hours of notification to employee of disposition. This may be done by the employee or by any member of the Management team who has participated in this process.

- A.** Within five (5) working days of employee's notification of intent to continue, the Human Resources Director or designee will present findings and recommendation to employee and Line Managers.
- B.** In those instances where the problem cannot be resolved in the fourth step, the employee may continue the process accordingly.

#### **Step 5**

Should the employee desire to pursue the final level of review, within three (3) working days of the date of the findings and recommendation of the Human Resources Management Department Manger, the documented Grievance Form must be presented to Human Resources with an acknowledgment of this being the final review of the issue. Human Resources will contact the members of a standing Grievance Committee, the documentation in the case will be reviewed and the Committee will examine all facts to arrive at the final conclusion on the matter. The Committee will have ten (10) days to render their decision.





