



**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
MBA – PROGRAM**

**EFFECT OF EMPLOYEE RELATIONSHIP MANAGEMENT ON  
ORGANIZATIONAL PERFORMANCE IN AWACH SACCOS  
LTD**

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**March, 2023**

**Addis Ababa, Ethiopia**

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LTD**

**By**

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**A Thesis Submitted to St. Mary's University, School Of Graduate  
Studies. In Partial Fulfillment of the Requirement for the Degree of  
Masters of Business Administration**

**March, 2023**

**Addis Ababa, Ethiopia**

## DECLARATION

I, the undersigned, declare that this thesis entitled “Effect of employee relationship management on organizational performance in Awach SACCOS Ltd” is my original work, prepared under the guidance of Dr.Taye Amogne. All sources of material used for the thesis have been duly acknowledged. I further confirm that 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.

Ruth Yiheyis

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Name

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## **CERTIFICATION**

To the best of my knowledge and as understood by the student in the Research Integrity and Copyright Disclaimer, this thesis entitled “Effect of employee relationship management on organizational performance in Awach SACCOS Ltd” submitted in partial fulfilment of the requirements for the degree of master’s in business administration adheres to the provisions of guidelines, policies and legislations of St. Mary’s University during their research work and use of copyrighted material. The thesis is completed and can be presented to the thesis board of examiners. Therefore, I recommend that the student Ruth Yiheyis with Id. SGS/0136/2013B, has fulfilled the requirements and hence hereby can submit the thesis to the University.

Dr.Taye Amogne

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Name

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# APPROVAL SHEET

## ST. MARYS UNIVERSITY SCHOOL OF GRADUATE STUDIES

### BUSINESS ADMINISTRATION (MBA) PROGRAM

We, the undersigned, members of the Board of Examiners of the final open defense by Ruth Yiheyis have read, evaluated and examined her thesis entitled “Effect of employee relationship management on organizational performance in Awach SACCOS Ltd”. Therefore, this is to certify that the thesis has been accepted in partial fulfillment of the requirements for the degree of Masters of Business Administration.

#### APPROVED BY BOARD OF EXAMINERS

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_____ External Examiner	_____ Signature & Date
_____ Internal Examiner	_____ Signature & Date

## ABSTRACT

*The main goal of this study is to examine the effect of employee relationship management and its elements, including human resources practices, leadership style, communication, trust, and conflict management, on the performance of the Awach SACCOS Ltd. A cross-sectional descriptive research design and quantitative research methodology were used in the study. The study used a survey research strategy to distribute structured questionnaires and collect data. Quantitative data was then produced with SPSS version 20 and analyzed using descriptive analysis with the Measure of Central Tendency and inferential analysis with the Pearson correlation matrix and multiple regression models. According to the findings, ERM significantly affects organizational performance in Awach SACCOS Ltd. The descriptive data analysis revealed that the majority of respondents agreed with the statements made about ERM and its favorable impact on organizational performance. According to the inferential analysis of ERM, there is a significant and highly correlated positive relationship between most ERM dimensions and organizational performance. The statistics also discovered that in the Awach SACCOS Ltd, ERM could account for 87% of variation in organizational performance. Therefore, it can be concluded that without strong employee relationship management, it is impossible to be successful in retaining and maximizing performance of the organization.*

**Key Words:** Employee Relationship Management, organizational performance, HR practices, leadership style, communication, trust, conflict management

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## LIST OF ABBREVIATIONS/ ACRONYMS

ANOVA	Analysis of Variance
df	Degree of freedom
ERM	Employee Relation Management
HR	Human Resource
ERM	Employee relationship management
HR	Human Resource
NPP	Normal Probability Plot
RSS	Residual Sum squares
SD	Standard Deviation
SPSS	Statistical Packages for Social science
TSS	Total Sum of Squares
VIF:	Variance Inflation Factor
$\alpha$ :	Alpha Coefficient of an equation
$\beta$ :	Beta Coefficient of an equation
$\varepsilon$ :	Error

# CHAPTER ONE

## INTRODUCTION

### 1.1. Chapter Overview

An employee relation is one of the key fundamental elements of organizational performance, prosperity and sustainability. Good employee relations results in a highly committed, motivated and loyal employees in the organizations (Janes, 2018). This is the introduction part of the study that provides readers with the background information for the research reported in the study.

### 1.2. Background of the Study

Organizations have an objective either to produce goods or provide services and this could be for commercial purposes or charitable. They are also faced with improved cut throat competition and fast advancement of technology both at client and organization level becoming more pervasive, organizations need to keep performing at its best at all times. To realize this, they require active and motivated employees to giving their very best towards the organizations objectives. The most critical factor of production is the human resource (HR) that its HRM activities are progressively more interrelated to success of a company and an impartial degree of performance (Wangila, 2019).

Employee performance strongly influences on organizational performance. Employee relationship management (ERM) is a business strategy for an organization to develop employee abilities, talents and skills. Employee – Employer relationship is a vital to organizational throughput (performance) and can lead to an improved corporate association between employee and manager (Kaluva and Saravana, 2020).

Previous studies like Ngui (2016) performance of organizations have been strongly influenced by good employee relations; communication and involvement in decision making over a period of five years compared to the organizations that did not have good employee relations had higher performance (Hagenimana, *et al*, (2018) found that there was a relationship between employee communication, employee health and safety, employee bargaining, and conflict resolution and the dependent variable

organization performance; and conflicts have both negative and positive effects. Employee relationship management is not a software product and not a technology, but its focus on values of employer and employees. ERM is a tool for managing employee relationship long term to manage and develop motivation in the employee's mind towards organizational success and achieving competitive advantage (Wangila, 2019).

In Ethiopia banking sector, particularly micro finance institutions as well as rural saving and credit enterprises are more committed towards serving customers want with full of challenges including absence of well trained and professionally qualified banking staff and poor attitude and behavior on the banks staff in their dealings with actual. Daniel and Mekonen (2020) argued that there are several human resource practices challenges including insufficient training and development, there is a problem of promotion, there were no sufficient financial resources for HRM practices, there were no feedback practices for good performers was the problem for better HRM Practices. However, Awach SACCOS LTD needs to enhance good relationship with peers and leaders. In its 2021 annual report, it showed its considerations that employee relations imply the creation of a working environment that motivates employees towards the goals of the organisation. The objective of employee relationship is to achieve harmonious employee relations and minimize conflicts. Employee relationships are known to play significant roles in fostering organizational performance.

Since the public financial sector will play an important role in countries economic, social and political developments, this study, however, understood that HRM practices; particularly employee relationship management have not been properly practiced and studied in terms of their Employee Communication, conflicts, leadership style, HR practices and training. The HRM environment can be an even more significant determinant of productivity in the service, given a productivity of employment and direct contact between employees and customer (Amanuel, 2020). In order to effectively investigate whether human resources are capable of contributing to competitive advantage, it is practical to examine the effect of employee relationship management on organizational performance in Awach SACCOS ltd.



### **1.3. Background of the Organization**

Awach SACCOS Ltd is legally registered and recognized organization in Federal Democratic Republic of Ethiopia (registration number 147/98) and it is registered on September, 2016 by Federal Cooperative Agency (FCA) with registration number 005/09 to work in Addis Ababa and Oromia Region, around Addis Ababa. It is a model community based primary cooperative that has 119 employees (72 female and 47 male) and improves the lives of more than 37,684 people through creating access to credit for 9,421 members, out of which about 42% beneficiaries are female.

Awach SACCOS is shooting up in members growth, saving, loan disbursement and profit with a total average of 80% yearly increment for the last seven years. Awach introduced children saving in 2017 and more than 3,881 children are currently saving 3,154,960.68 Birr at Awach SACCOS. Many university students, cooperatives in Ethiopia and abroad are visiting Awach SACCOS frequently. Among these, Kenyan's cooperative members and International Co-operative Alliance (ICA) delegates visited Awach SACCOS.

Awach is a pioneer to become the first member of ICA and associate member of African Confederation of Savings and Credit Cooperative Association (ACOSSCA) from Ethiopia. It paved way for Oromia Coffee Cooperative Union to be a second member of ICA from Ethiopia. It has unlimited contribution for the promotion of cooperatives through celebrating world cooperative day, National Cooperatives' exhibition, bazaar and symposium. Awach is a leading cooperative in taking part for development and social responsibilities. As a result, it has got certificates of recognition for its contribution in the cooperative movement in the country.

ASACCOS has faced multi-faceted challenges for the first four years, the growth rate was also very low; members grow from 41 in 2007G.C. to 303 in 2011G.C.. The second four years has shown improvement; members grow from 303 in 2011G.C. to 2247 in 2015G.C. The last five years is skyrocketing for Awach SACCOS; members grow from 2247 to 31,694 up to the end of June 2020. Likewise, the capital grows from 15,236 in 2007G.C. to 958,030,282.69 ETB in 2020G.C (Awach S, 2022).

#### **1.4. Statement of the Problem**

Employees play a critical role in the achievement of organizational objectives. According to researchers, making employees happier and healthier increases their effort, contributions, and productivity, and cultivating their motivation necessitates that employees perceive a match between their own goals and those of the organization (Hagenimana et al., 2018). Following Ethiopia's government reform in 2018 (before the age of four), the country went through a process of national economic and poetical improvements and reconciliation. However, the rural development process is often lengthy, and issues such as improper recruitment, a lack of skilled employees, and religious and ethnic conflicts continue to arise at the workplace. Currently, there are some issues at various Awach SACCOS ltd branches in Ethiopia related to negative workplace attitudes or conflicts, communication challenges, and leadership style concerns among employees. Because of unhealthy relationships with their employers, the majority of employees at the observed branches do not give their best effort. When employees are dissatisfied, it is unlikely that they will make their customers happy. Awach SACCOS's audit annual report for 2021 advised its management to prioritize employee relationships.

Previous studies have focused on human resource development or only human resource management practices (Amanuel, 2020; Daniel and Mekonen, 2020). This demonstrates that one of the most important determinants of workplace performance is employee relationships, which has received little attention. According to Janes (2018), only a few organizations (if any) can thrive without paying attention to their employees. Small financial institutions in Ethiopia appear to put employee relations last by not giving it special attention and priority; as a result, they are still struggling to establish and maintain an effective employee relation, which cause unnecessary disputes in these organizations and affects their performance.

A comprehensive employee relations program should be implemented to achieve strong and healthy relationships with employees because good relationships positively impact performance and organizational growth. The purpose of this study is to determine the impact of employee relationship management on organizational performance in Awach SACCOS ltd.

## **1.5. Research Questions**

### **1.5.1. Main Research Question**

- ❖ How does employee relationship management influence organizational performance of Awach SACCOS ltd?

### **1.5.2. Specific Research Questions**

- ❖ To what extent does an HR practice influence organizational performance of Awach SACCOS ltd?
- ❖ To what level does communication influence organizational performance of Awach SACCOS ltd?
- ❖ To what extent does conflict management influence organizational performance of Awach SACCOS ltd?
- ❖ What is the level of leadership style influence on organizational performance of Awach SACCOS ltd?
- ❖ To what extent does trust influence on organizational performance of Awach SACCOS ltd?

## **1.6. Objectives of the Study**

### **1.6.1. General Objective of the Study**

- ❖ To examine the effect of employee relationship management on organizational performance of Awach SACCOS ltd.

### **1.6.2. Specific Objectives**

- ❖ To find out the level of effect, HR practices has on organizational performance of Awach SACCOS ltd.
- ❖ To showcase the influence of communication on organizational performance of Awach SACCOS ltd.
- ❖ To study the extent conflict influence on organizational performance of Awach SACCOS ltd.
- ❖ To find out the level of effect, leadership style influence has on organizational performance in of Awach SACCOS ltd.
- ❖ To find out the level of effect, trust influence has on organizational performance of Awach SACCOS ltd.

## **1.7. Significance of the Study**

The findings of this study are of significance to various stakeholders including academic researchers, policy and practical implications and positive consequences. The study is valuable to various financial and non-financial institutions as it gives them gainful insights on the benefits of sound employee relations practices in their organizations. By acquisition of HR understandings and on how employee relationship, communication, leadership style, employee participation and conflicts impact on the organizational performance in their institutions, the leadership will be able to adopt them as key employee relations strategies to manage human resource so as to achieve their objectives. Other service oriented companies may use the study findings to formulate and implement policies that will help in sound human resource management that will stir commitment from staff and improve service delivery.

The study will serve as an input for the human resource management in recruitment and selection, training and development in improving the effectiveness of HRM practices. The conclusions are of support to the organizations management by providing them with information, like how training makes the human capital improve the company's performance. Also, HR specialists will also advantage from this study since they will be able to reorganize the gaps that can affect the overall organizational performance.

The conclusions of the study are of also benefit to policy makers to craft policies that are appropriate to the micro institutions and enterprises, policies that will lead to improved performance in financial sector. The study will also contribute to the body of knowledge by academia and researchers in the same area of study since the study will act as reference in their literature reviews. It will encourage further research on employee relations strategies. To the student researchers, academicians, researchers, scholars, the study will explore the direct relationship between ERM and organizational performance. The results will greatly benefit to researchers and scholars, for it is anticipated to help them increase general knowledge on the subject in terms of how the variables should be related and may provide useful reference to future studies as part of their literature. In addition, the study will have a huge significance to future researchers, as it will reveal the effect of ERM on organizational performance.

## 1.8. Scope of the Study

The study was limited to Employee Relations strategies employed in Awach SACCOS Ltd and their effect on organization performance. The research was carried out in Addis Ababa headquarters for convenience and proximity purposes. The study was done in only one company in saving and credit or financial sector in a range of so many different organisations. The study was limited to five variables which are HR practices, communication, conflicts, leadership style and trust because it is not possible to include all the employee relations strategies in one study. Accordingly, the study further was narrowed to five factors which will be the independent variables and the dependent variable was organization performance. Moreover, Addis Ababa was selected for this study due to limited time and fund, which restricted the researcher to collect data countrywide in order to achieve the study objective with convenience and cost justification. In addition, this study focuses on ERM of public financial organization in Addis Ababa head quarter from April to May, 2022.

This study had sample employees from the top management, middle level management and lower level management from the target department in providing the needed information. Further, this study applied explanatory research design to investigate the casual relationship between RERM and organizational performance. It had also used descriptive research design to describe the current practices of ERM and HRM in the surveyed organization.

## 1.9. Definition of Terms

- ❖ **Communication** is important in organization. It serves as the coordination link between people and organizational functions; ongoing, frequent two way communication is one of the most important components of a comprehensive employee relations strategy (Wangila, 2019).
- ❖ **Employee Relationship** is well-defined as a relationship between employer or the representative manager and employees, aimed towards maintaining commitment morale and trust so as to create productive and secure workplace environment (Sahedur and Rabeya, 2017).

- ❖ **HR Practices:** is critical function of Human Resource Management which can bring change status of ERM in the organization as this function could be quantified and resulted in statistical data to prove its importance in enhancing ERM status in the organization (Daniel and Mekonen, 2020).
- ❖ **Leadership Style:** is considered a factor that has a major influence on the performance of organizations, managers and employees (Wang et al., 2005). Leadership style, often called ‘management style’, describes the approach managers use to deal with people in their teams (Sahedur and Rabeya, 2017).
- ❖ **Trust is** a critical variable influencing the performance, effectiveness, and efficiency of the organization (Hagenimana et al., 2018).
- ❖ **Conflict** involves opposing forces, pulling in different directions; it is disruptive and it can be uncomfortable, it is not unhealthy, nor is it necessarily bad that will always be present in leadership situations, and surprisingly, it often produces positive change (Hagenimana et al., 2018).

### **1.10. Organization of the study**

The study was structured into five different sections starting with the introduction. Similarly, the general background of study, statement of the problem, objectives of the study, the research hypotheses, significance of study, and also the limitations and delimitations of the study included in chapter one . Chapter two reviews both the theoretical and empirical part of the materials and work related to the research. It explains the definition of human resources management and organizational performance. The next chapter (Chapter three) explains area description of the study, Research design, sampling techniques and method of data analysis and concludes with explaining the references used. And then again, Chapter four and five includes data analysis, presentation, and discussion, summary of major findings, conclusion and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1. Theoretical Literature Review**

##### **2.1.1. Basic Concepts**

ERM is a reasonably new HRM concept; a general definition hence recognizes ERM as strategy, programs and technology to effectively manage how organisations relate to prospective, current and former employees. There are features and several resemblances to customer relationship management (CRM), which is understandable since the notion of ERM has been derived from that concept (Sahedur and Rabeya, 2017). Basically, Employee Relationship is defined as a relationship between employer or the representative manager and employees, aimed towards maintaining commitment morale and trust so as to create productive and secure workplace environment. As a specific field of human resource management, ERM can be defined as the process of adopting various controlling methods and practices to regulate the relations between company vs. staff and employee vs. employee, and enables the company to achieve its goals (Hagenimana et al., 2018).

ERM is a process that companies use to effectively manage all interactions with employees, ultimately to achieve the goals of the organization. ERM is a dynamic process of managing the relationship between knowledge worker and corporation such that knowledge workers elect to continue a mutually beneficial exchange of intellectual assets for compensation in a way that provides value to the corporation.

It is all about effective organizational communications, which can build employee confidence, trust and loyalty, enabling managements to realize the potential of the skills and knowledge within the organization (Sahedur and Rabeya, 2017).

Employee relationship is more valued than employee relation and employee attracting practices. Employee relation practices depend on objectives of the organisation and needs of the employee for improving quality of work-life and running a business smoothly. The functional relationship between employer and employee indicates the term industrial relations. The negative sign of industrial relations effect on long term

success of the organisation. The negative sign of industrial relations impact on six factors they are as follows Management – Employee Relations, Employee Commitment and Responsibilities, Nature of work, Employee motivation climate, Safety measures, Work participation. The employer-employee relationship is the product of an employment relationship in an organisation. This relationship cannot exist without employers and employees. It is the organisation which offers the atmosphere for the employer-employee relationship. (Kaluva and Saravana, 2020).

Organizational Performance is a complex and multidimensional phenomenon in the business literature. Organizational performance comprises of the results of an organization or the actual outputs of an organization, which can be measured against intended outputs, goals and objectives. The organizational performance involves three areas associated with the organization – financial performance (return on investments, profits etc.), shareholder return (economic value added, total shareholder etc.) and the product/service market performance (market share, sales etc.) (Ebrahim, 2018). Organization performance refers to how well an organization is performing in different aspects. The organization's management should talk with its employees about what makes the organization great, how it brings value to the customers, and how the employees make that possible. The performance of organizations is dependent upon the performance of employees and other factors such as the environment in which the organization operate. An organization performs well successfully attains its objectives. Business performance can be measured by many indicators, such as asset base, market share, quality, customer satisfaction and profitability.

The achievement of organization performance leans on basic fundamental rights like professional management, specific use of performance indicators, performance monitoring and enforcement, greater discipline in use of resources, decentralization of organizations, introduction of flatter organizational designs, introduction of competition for resources and service delivery through competitive tendering, establishment of remuneration linked to results and promoting personnel rotation, pursuit of user satisfaction, implementation of measuring and evaluation systems, shift in the focus of management systems from inputs and processes to out puts and outcomes (Sultan, 2016).



### **2.1.2. Related Theories**

The following section presents theories guiding the study. The study was guided by the human theory, social exchange theory, systems theory, Pluralist Theory unitary theory and process theory.

#### **2.1.2.1. Human Theory**

Hagenimana, et al., (2018) stated that this theory originates from the human relations school. In this case the reduction of organizational tension is held to rest on the ability of individuals to achieve self-fulfilment in the workplace. If workers are denied autonomy on the job, or are reduced to acting as mere extensions of the machinery they operate, or are given work that inhibits their capacity to create and think, it is argued that they will invariably find ways to subvert the methods of control that enforce these conditions. To this end, companies operating on this basis are expected to recognize the right of employees to have a say in how they are governed. They are also expected to take an active interest in developing the skills of employees as a means of demonstrating a commitment to their personal well-being.

#### **2.1.2.2. Social Exchange Theory**

James and Nickson (2016) stated that a social exchange relationship begins with one party bestowing a benefit to another. If the beneficiary reciprocates, and then a series of benefits exchanges occur, this creates feelings of mutual obligation between the parties. Over time, the relationship can then be characterized as one where the exchange partners trust each other to reciprocate benefits received. Confidence is required between the parties to social exchange because there is some inherent risk that the benefits provided will not be returned.

Social exchange relationships involve recurring exchanges of benefits in which both parties understand and abide by the “rules of engagement” the bestowing of a benefit creates an obligation to reciprocate. It was also proposed that learning and business outcomes are optimized when organizational antecedents are in place, when individuals bring stated personal characteristics, and that the interaction between organizational antecedents and personal characteristics is enhanced by focused social exchanges. High – quality social exchanges are evident based on the interaction

between leaders and members of the organization being evaluated, which in turn produces authentic learning and business outcomes (Chinomona and Sandada, 2013).

### **2.1.2.3. System Theory**

As per Wangila (2019), it was originally developed by Bertalanffy (1968) drawing on a pluralist frame of reference that argues that industrial relations are best regarded as a subsystem of the wider social system. The theory grips work to be administered by a wide range of formal and informal rules and regulations which cover everything from recruitment, holidays, performance, wages, hours and a myriad of other details of employment. It avows that these rules are what industrial actors try to determine that their establishment is influenced by the wider environmental context in which the actors operate and that the actors themselves share an interest in maintaining the processes of negotiation and conflict resolution. Systems theory is very significant to this study since employee relations thrive on both formal and informal rules and regulations. Organizations must put in place clear rules and regulations that guide communication, staff welfare, employee participation and grievance resolution for consistency and fairness.

### **2.1.2.4. Pluralist Theory**

According to the pluralist viewpoint, the employing organization is a coalition of individuals and groups with diverse goals, values, and interests. The underlying assumption of this viewpoint is that individuals in an organization form a variety of distinct sectional groups, each with its own set of interests, goals, and leadership. In an organization, different groups compete for leadership, authority, and loyalty. Conflict in this regard kept the organization in a constant state of dynamic tension (Swanepoel et al., 2005:404).

According to Nel and Holtzhausen (2008:7), a pluralist perspective acknowledges the mutual dependence of the two groups. The assumption is that the conflict between management and labor is not fundamental and unbridgeable, resulting in the parties' failure to cooperate. They argue that the key to this is the regulation of the employment relationship. As a result, this is how conflict is institutionalized in order to contain and control its impact on the parties and their relationships.

#### **2.1.2.5. Process Theory**

Process theory focuses on psychological processes which affect motivation and it is also known as cognitive theory because it is concerned with people's perceptions of their working environment and the ways in which they interpret and understand it. Sahedur and Rabeya (2017) cited Armstrong (2001) observed that the basic requirements for job satisfaction may include comparatively higher pay, an equitable payment system, real opportunities for promotion, considerate and participative management, a reasonable degree of social interaction at work, interesting and varied tasks and a high degree of autonomy.

Process theories of motivation mentioned herein contribute heavily to human resource practices that have a bearing on psychological contract. Understanding motivation theory can certainly be more useful to managers than needs theory because it provides more realistic guidance on motivation techniques.

#### **2.1.2.6. Unitary Theory**

It portrays the employment relationship as harmonious, with employer and employed working together to achieve success. It accepts a common set of values which binds the two parties together and ensures there is no potential source of conflict. Though this might be considered the most primitive theory used to designate the employment relationship, it clearly connects with many of the contemporary ideas related with corporate culture and the use of human resource management (HRM). The agreement about the objectives of an organization can be produced by thoughts and values between employers and employees being absolutely identical as a result of a happy coincidence (Beriya, 2014). This theory signifies this study as it focused on ideas and values being a condition of entry to the organization, their existence therefore being established at the recruitment and selection stage of employment and creating with management being learnt by those entering the organization on a voluntary basis and subsequently adopted by employees. It helps to understand ideas and values being part of a socialisation programme and through corporate induction courses and other training activities, being involuntarily learnt and adopted and employees being confronted with these ideas and values and their adopted or not by employees, depending on their own circumstances.

### **2.1.2.7. Summary**

The goal is to deliver a performance review so that the relationship between employee and employer of information leads to positive business and individual outcomes. Performance negotiation requires engagement between supervisors and employee. This study believed that high - quality social exchange is enhanced through compensatory dialogue that brings congruity to incongruous interpersonal dynamics. It is recommended that the compensatory employee relationship be structured to reduce the risk of a performance cooperation impasse.

Drawing on the social exchange theory, this paper aims to examine the effect of employee relationship management on organizational performance of public financial organization. The social exchange theory is one of the most suitable theories to explain employees' intention to quit. According to this theory, individuals are constantly in the process of exchange in which the needs of each of the parties should be met by the other (James and Nickson, 2016). The theory suggests that since individuals cannot satisfy their needs and goals alone, they must be in a mutual exchange relationship with others

### **2.1.3. Individual Variables Affecting Employee Relationship Management**

#### **2.1.3.1. HR Practices**

HR Practices is crucial function of Human Resource Management which can bring change status of ERM in the organization as this function could be quantified and resulted in statistical data to prove its importance in enhancing ERM status in the organization. Hence improved quality and productivity linked to motivation can be achieved through Training, Job rotation, Job Satisfaction, Participative Management, Performance Appraisal, Career planning and development. This will definitely improve ERM status in the organization. This makes employees more satisfied and can improve employee's performance in the organization (Sahedur and Rabeya, 2017). Human resource practices are vital for every employer to bring changes in ERM. HR practices continuously motivate employees to achieve organizational goals. In this process, communication serves coordination between all department employees and employers to implement organizational functions.

Parashar (2018) stated that human resource management practices have the ability to create firms that are more intelligent, flexible, and competent than their rivals through the application of policies and practices that concentrate on recruiting, selecting, training skilled employees and directing their best efforts to cooperate within the resource bundle of the organization. Chaubey, Mishra and Dimri (2017) examined the relationship between employees' relationship and training and development practices. The analysis of his study despite the strong relationship between employee relations and training and development practices with evidence that there is a positive relationship between employees training and their outcome.

#### **2.1.3.2. Leadership Style**

Leadership is considered a factor that has a major influence on the performance of organizations, managers and employees. Leadership style, often called 'management style', describes the approach managers use to deal with people in their teams. Leadership style is viewed as a combination of different characteristics, traits and behaviours that are used by leaders for interacting with their subordinates (Sahedur and Rabeya, 2017). Wangila (2019) mentioned Harris et al (2007) who also hypothesized that leadership style can be defined as the kind of relationship that is used by an individual so as to make people work together for a common goal or objective. According to modern leadership styles, leadership styles can be categorized and included transformational leadership style, transactional leadership style, and culture based leadership, charismatic leadership, and Wangila (2019), visionary leadership. Companies taking this approach are expected to regard workplace relations holistically, whereby collaboration between management and employees is encouraged through the development of a unifying culture, strong and pervasive leadership, and a clear vision of organizational goals (Duah and Danso, 2017).

#### **2.1.3.3. Communication**

Communication is important in organization. It serves as the coordination link between people and organizational functions. On-going, frequent two way communication is one of the most important components of a comprehensive employee relations strategy. Communication allows interaction among team members and this can happen in various ways that consist of face-to-face meetings, telephone, e-mails and others.

Communication in the organization is important because employees well informed in order to perform well and share ideas with their colleagues. Communication is the exchange of messages between people for the purpose of achieving common meanings. Unless common meanings are shared, managers find it extremely difficult to influence others. Verbal communication is the written or oral use of words to communicate. Both written and oral communications are pervasive in organizations. The two communication skills of prime importance to managerial effectiveness are listening skills and feedback skills.

Communication is not only important in our daily lives but also plays a crucial role at workplace. It is one of the most important factors which improves or spoils the relationship among employees (Sahedur and Rabeya, 2017).

#### **2.1.3.4. Trust**

Trust is a critical variable influencing the performance, effectiveness, and efficiency of the organization (Rau-Foster, 2017). Trust is considered one of the most influential variables on organizational performance. Trust may grow, decline, or even remerge over the course of a relationship. In employee employer relationship trust is the level of reliance one can place upon the information received from another person and confidence in the relationship partner. As such, trust is a key relationship element (Caldwell and Anderson, 2018). If employees do not trust their managers, the flow of upward communication will be compromised (or simply will not happen); likewise, if managers do not trust the employees who work for them, the downward flow of communication will be negatively affected.

Trust may increase and decrease directly proportional to course of employee and employer relationship. The main aim of this study explains industrial relations in simple words like solve the disputes for creating a healthy environment to increase organizational performance (Parashar, 2018). Organizations are open systems; they affect and are affected by the environment. The organizational relationship is on trust, which comes in many forms, i.e. deterrence based, knowledge-based and identification based. The deterrence-based trust is found in most delicate relationships. Single violation or contradiction may put an end to the link. Employees in this type of relationship do what they say since they are afraid of the repercussions of not performing their requirement (Kaluva and Saravana, 2020).

### **2.1.3.5. Conflict Management**

Hellriegel (2010), define conflict management as a process whereby managers design plans, and implement policies and procedures to ensure that conflict situations are resolved effectively. In considering the significance of conflict management in organizational context; Knippen, Yohan, and Ghalla (2011), expressed conflict management as organizational tool which, broadens understanding of the problem, increases the resolutions and tend to work towards consensus and to seek a genuine commitment to decision making. Conflict management is an integral part of the entire organizational functions that closely related with employment and employee relation practice, which effectively contributes to organizational and employee's performance (Buchele & Christiansen, 2007).

Steve, dean, and Kenneth (2000) stated that co-operative approach to solve conflict leads to conflict efficacy that in turn results in effective employee's performance. George and Jones (2005) viewed conflict as an opportunity that lead to organizational performance, if it is carefully managed and negotiated. According to the research result of Okechukwu (2013) significant relationship exists between conflict management strategies and organizational performance. Ifeyinwa and Chinonso (2016) confirmed identical finding with above studies. Other studies revealed positive relationship between conflict management and employee's performance includes: (Mwangi and Ragui, 2013)

## **2.2. Empirical Literature Review**

This part of the study helps to provide additional understanding about employee and management relationship in the organization. It can give awareness to the management the consequences of employee management relationship and it reminds the management of the organization to provide big concern for the issues related. And it helps to use as a base to other researchers who is interested in writing this type of research.

### **2.2.1. Human Resource Practices**

Human resource practices are crucial for every employer to bring changes in ERM. Brhane and Zewdie (2018) collected and organized various literature review on the Effects of Employee Relation on improving performance.

Accordingly, they found that HR practices always motivate employees to achieve organizational goals. In this process, communication serves coordination between all department employees and employers to implement organizational functions. Internal coordination between employer and employee is influencing the performance and efficiency of the organization, and it is considered as a trust. Trust may increase and decrease directly proportional to course of employee and employer relationship. Trust between employees and employers depend upon integrity and reliability.

Caldwell and Anderson (2018) stated that human Resource place a pivotal role in achieving competitive advantage for organization 21st century. Entire world total less than 15% of employees concede they engage at work efficiently. Human resources play a crucial role in the social, economic, and political scenario. Chaubey, Mishra and Dimri (2017) examined the relationship between employees relationship and training and development practices. It was investigated based on 217 question survey of small and medium organizations in Dehradun. The analysis of his study despite the strong relationship between employee relations and training and development practices with evidence that there is a positive relationship between employees training and their outcome.

❖ *Hypothesis 1 – HR Practices has a positive and significant effect on organizational performance*

### **2.2.2. Leadership Style**

It is a process of handling in which leaders change their associates 'awareness of what is important, and move them to see themselves and the opportunities and challenges of their environment in a new way. It does not replace transactional leadership, but augments it in achieving the goals of the group and occurs when leaders broaden and elevate the interests of their employees, when they generate awareness and acceptance of the purposes and mission of the group, and when they stir employees to look beyond their own self-interest for the good of the group.

There is a considerable impact of the leadership styles on organizational performance. The leadership style influences the culture of the organization which, in turn, influences the organizational performance. Ebrahim (2018) proved this fact by using four factor theory of leadership along with the data collected from employees.



The organizational culture and performance are related to the type of leadership style. Transformational leadership style focuses on developing the followers and considering their needs. The managers that focus on transformational leadership focus particularly on developing the overall value system of the employees, development of moralities, skills and their motivation level. The transformational leadership occurs when the leaders broaden or elevate the interest of the employees. The transformational leaders are the ones who encourage the employees to look beyond their self-interest.

❖ *Hypothesis 2 – Leadership Style has a positive and significant effect on organizational performance*

### **2.2.3. Communication**

The communication has to be transparent and precise for a warm relationship to develop among employees. Clarity in thoughts is important. The employees must be very clear about what is being expected of them. The roles and responsibilities of employees must be communicated before the start of the job and in case of any change or urgency that should also be communicated to the concerned employees.

Every employee should have the liberty to give his or her point of view and to advance his ideas to contribute to the development of the organization. The management has an obligation to encourage employees to talk freely, and support one another. Good communication helps to build trust, support positive negotiations and resolve disputes (Amanuel, 2020).

❖ *Hypothesis 3 – Communication has a positive and significant effect on organizational performance*

### **2.2.4. Trust**

Ngui (2016) found that the relationship between Employee Relations Strategies and Performance of Commercial Banks in Kenya with reference to communication established a positive effect of quality of communication between managers and staff and between employees among themselves on performance. The study was carried out in banking industry hence provides a gap for a study in the water sector.

Also presented that when there was proper, continuous and efficient communication between employees and management and also with the unions it was found that the levels of trust increased and this in turn led the employees to be ready and willing to undertake their duties responsibly. The employees were also willing to accept changes aimed at improving the performance of the organization (Awan and Ahson, 2015).

❖ *Hypothesis 4 – Trust has a positive and significant effect on organizational performance*

#### **2.2.5. Conflict management**

Parashar (2018) also examined the Industrial relation management in Indian ordnance factories in Madhya Pradesh. The main aim of this study explains industrial relations in simple words like solve the disputes for creating a healthy environment to increase organizational performance. Conflicts are a natural and inevitable among people working together but they should be kept at manageable levels. Within any organization, there are usually different positions and jobs. Some of the negative effects off conflicts are employee dissatisfaction, insubordination decreased production, and economic loss among many others. A firm's management has to develop strategies for minimizing conflicts in order for organization to succeed (Awan and Ahson, 2015). Conflicts have both negative and positive effects, the employer and the employees should work towards achieving the positive effects rather than the negative. Terry (2016) involved in the influence of conflict resolution on job satisfaction at the Swissport Kenya Limited established that job satisfaction is significantly influenced by conflict resolution practices and that employees' job satisfaction can be affected by how they are treated by the employer during conflict management and also the decision made during conflict management. People occupying these positions have different perceptions, goals, thought systems and concerns.

❖ *Hypothesis 5 – Conflict Management has a positive and significant effect on organizational performance*

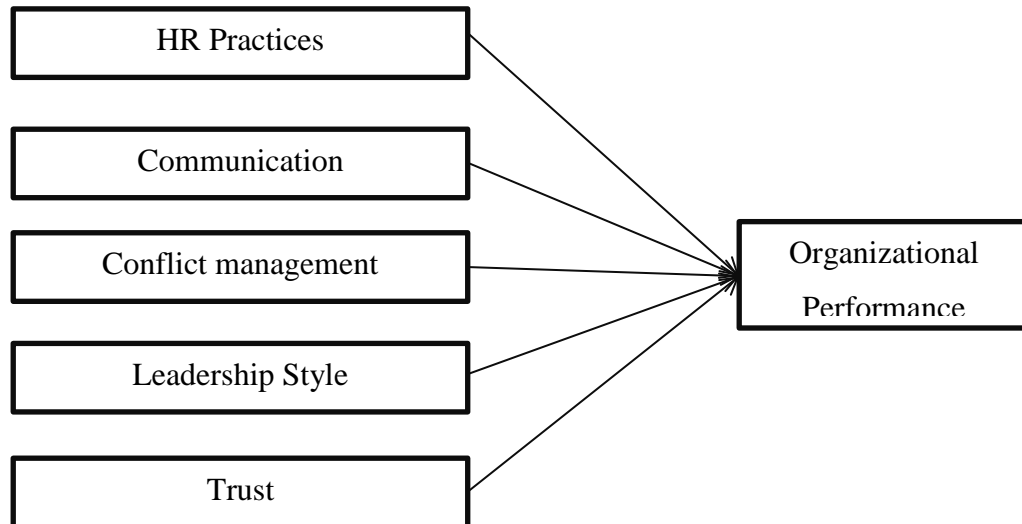
### **2.3. Research Gap**

Empirical research studies were found on the basis of location of study, measurement of performance in terms of employee welfare, communication, and employee participation and grievance resolution. The past studies like Terry (2016) focused on effect on employee job satisfaction and not the general organization performance. This study tested had a very minimal influence on job satisfaction for Swissport Kenya employees which implies that there are other factors which influence the employees' job satisfaction. In general, such studies did not discover other employee relations practices. On other hand, other studies like Ngui (2016) were interested in on two characteristics of employee relations strategies employee participation and communication only. It found that there is a positive linear relationship between employee relations strategies and Organization Performance. In this study leadership trust and employee welfare and grievance resolution on performance were not included. Wide range of studies like Rau (2017) and Awan and Ahson (2015) had a research gap as it was carried out in a different country, sector and organization hence the need to fill the gap. Critique of empirical review about effect of ERM on organizational performance the study reveal that few studies on employee relations strategies have been done in micro and small financial institutions in Ethiopia. Thus, this study focused on the effect of employee relations strategies on organizational performance reveals several gaps and the various research gaps identified give a justification that the research needed to be conducted so as to fill these gaps. These objectives can be attained through implementation of sound employee relations policies and strategies and hence the researcher's rationale of seeking to assess the influence of employee relations strategies at Awach SACCOS ltd.

### **2.4. Conceptual Framework**

This study adapted its conceptual framework from Wangila (2019) and its study stated that a conceptual framework is a model presentation where a researcher represents the relationships between variables in the study and shows the relationship diagrammatically. The conceptual framework described four activities of employee relations strategies which an organization may adopt.

The activities present independent variables which are HR practices, communication, conflict, leadership and trust. The dependent variable is an organizational performance of Awach SACCOS ltd. The study sought to interrogate them as illustrated in figure 1 below.



*As adapted from Wangila (2019)*

*Figure 2.1 Conceptual Framework*

After analysis of the literature review, this study developed the conceptual framework of the study as follows: This study includes a theoretical model to test the hypotheses. Five extracted dimensions were taken as independent variables against employee relationship include HR Practices, leadership styles, communication, trust, and conflict and organizational performance as dependent variable in a conceptual framework model above. It was adapted from previous study, Wangila (2019) to know about the effect of the individual dimensions of employee relationship management on organizational performance.

## **CHAPTER THREE**

### **RESEARCH METHDODOLOGY**

#### **3.1. Introduction**

This section looks at the research methods to be used in order to achieve the objectives of the study. It peaks research design and approach, data source and the methods uses in data collection for the research. It also recognizes the target population for the study, the sample size and frame, sampling technique and other method of study.

#### **3.2. Description of the Study Area**

The study was conducted in Addis Ababa. The capital is administratively subdivided into eleven sub cities. The current metro area estimated population of Addis Ababa in 2021 is 5,006,000 (Female Vs Male), a 4.42% increase from 2020. Addis covers 527 square kilometres of area in Ethiopia. The population density is estimated to be near 5,165 individuals per square kilometre (Source: Addis Ababa City Administration, 2021).

Awach SACCOS Ltd is legally registered and recognized organization in Federal Democratic Republic of Ethiopia (registration number 147/98) and it is registered on September, 2016 by Federal Cooperative Agency (FCA) with registration number 005/09 to work in Addis Ababa and Oromia Region, around Addis Ababa (ASACCOS, 2022).

#### **3.3. Research Approach**

Research can be approached as qualitative and quantitative or mixed when approach to research has been well-thought-out as the criterion of classification. Qualitative research is extra subjective in nature than quantitative research and involves examining and reflecting on the less tangible aspects of a research subject. While, the emphasis of quantitative research is on collecting and analyzing numerical data; it concentrates on measuring the scale, range, frequency etc. of phenomena.

Furthermore, mixed method integrates quantitative and qualitative data collection and analysis in a single study or a program of enquiry (Creswell, 2009).

This study focused on measuring the scale, range, frequency etc. of level of ERM and organizational performance. The study was more structured and results can be easily collected. This study was depended on careful definition of the meaning of ERM and organizational performance and its associated factors ERM. Mixed methods have a procedure in which the researcher converges or merges quantitative and qualitative data in order to provide a comprehensive analysis of the research problem. In this design, the investigator collects both forms of data at the same time and then integrates the information in the interpretation of the overall results. The study applied mixed research approach followed by concurrent triangulation strategy.

### **3.4. Research Design**

It is the conceptual structure within which the research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. Customer based cross sectional study design was applied. The study enables to describe characteristics of ERM and organizational performance in the study sector; its practices explain the conditions of the present by using questionnaires to describe the condition of customer services in financial organization particularly. In addition, it tested the effect of ERM and organizational performance in study sector.

This study, therefore, was conducted to accomplish an answer for the proposed research questions. In addition, the researcher used the facts or information already available to analyze and make a critical evaluation of the data/information. Overall, the study used descriptive and explanatory research design.

### **3.5. Data Sources and Methods of Data Collection**

#### **3.5.1. Data Sources**

For this study, data was collected from both primary and secondary sources. The primary data was collected by using questionnaires from Awach SACCOS ltd employees, and its experts and leaders. Besides, from secondary sources, several published and unpublished documents like books, magazines, annual reports, websites, directives and manuals and other relevant materials were reviewed.

### **3.5.2. Data Collection Tools**

#### **3.5.2.1. Questionnaire**

Structured questionnaire had close-ended question in 5 likert scale items was first prepared in English and then translated into Amharic to collect the required data for this study. The data from customers was collected through actual visits. Before data collection pre-test study for testing the questioner was conducted in order to check the consistency, reliability and validity of the instrument. It was adapted from Ebrahim (2018) for leadership, Wangila (2019) for other individual variables of employee relations and Ngui (2016) for performance measures.

#### **3.5.2.2. Document Review**

This study review the surveyed Awach SACCOS ltd customer mobilization official reports for organizational performance papers to understand the customer motivation towards the MFI that accounted from 2007 to 2022. The documentation method enabled a researcher to obtain the readily available data and information by going through various documents on the topic in question. The study also used reports, booklets and brochures issued by the organization. The reason for using documentary research in this study was to enable the researcher to track various types of information from documents, records, and publications within a short time and with less cost.

### **3.6. Data Collection Procedures**

The data collectors screened employees of Awach SACCOS ltd for eligibility explained the research and invite them to participate in the study. Data was collected by four first degree students. The students took detail information, and carried out the interviews when the customer expresses interest to participate. Interviews were conducted at Awach SACCOS ltd facility using a structured and pre coded questionnaire translated into Amharic.

Data collectors was receiving two days training on how to approach respondent's and obtained consent; administration of questionnaires, and ethical principles of research. Participants of the study were interviewed using a structured questionnaire containing questions.

### **3.7. Population and Sampling**

#### **3.7.1. Study Population**

Population is defined as a group of individuals or items that share one or more characteristics from which data can be gathered and analyzed. According to the surveyed organization or Awach SACCOS ltd, there are 406 employees in 8 branches in Addis Ababa.

#### **3.7.2. Sampling Techniques**

This study used both probability and non-probability sampling methods. There were two sampling procedure in steps in this study. First, eight branches were selected based on their customer size found in Addis Ababa and those which are being opened recently and having small customer size were disregarded in this study. Second, this study used randomly proportion to their total customer number to select customers.

#### **3.7.3. Sample Size Determination**

The known sampling formula called Yamane's formula for calculating sample size was employed in this study. Yamane (1967) suggested simplified formula for calculation of sample size from a population which is an alternative to Cochran's formula. The formula to be used to calculate the sample size of the study is the statistical formula given by Yamane (1967) formula.

Sample size for  $\pm 5\%$  precision levels Where Confidence Level is 95% and  $P=.05$ . For 406 size of population, the sample Size (n) for precision (e) of 5% was 201. The formula is presented below:

$$n = \frac{N}{1 + N(e)^2}$$
$$\frac{406}{1 + 406 (0.05)^2}$$
$$= 201$$

Where n = number of sample size and N = Total number of study population e= level of confidence to have in the data or degree of freedom which is 95% apply for this study with 5% error. Therefore, sample size of the study was 201 respondents of the surveyed organization or Awach SACCOS ltd in Addis Ababa.



Table 3.1 Simple Size Determination

<b>Branch Office</b>	<b>Customer Size</b>	<b>Proportional</b>	<b>Sample Size</b>
Head Office	65	0.495074	32
Jemo and other similar	121	0.495074	60
Southern sites			
Stadium and Central	85	0.495074	42
Addis Ababa Sites			
Sidest Kilo and Northern	61	0.495074	30
Addis Ababa			
Sehalite Mihret and	74	0.495074	37
Eastern part of Addis			
Ababa			
<b>Total</b>	<b>406</b>		<b>201</b>

*Source: ASACCOS and Survey Result, 2022*

#### **3.7.4. Methods of Data Analysis**

The data collected through questionnaire was recorded, edited, organized, analysed, interpreted and presented based on research questions through descriptive statistical tools such as, tables, figures, percentages, and charts supported with SPSS version 22 software. Descriptive statistics was computed to describe the socio demographic characteristics of participants and to summarize the respondents' perception on ERM and organizational performance. Besides, inferential statistics like parson correlation and regression was applied to see the effect of the independent variable (ERM factors) on the dependent variable. Moreover, the data that was collected qualitatively that have been first transcribed into text, next organized based on objective of the study and then analysed by coding, giving meaning, categorization, editing and through thematic organization and descriptive narration.

### 3.7.4.1. Model specification

The multiple linear regression model of the study is based on the theoretical regression model as indicated follows

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Where:

Y = Organizational performance

$\beta_0$  = the constant.

$X_1$  – HR practices

$\beta_1$  = the regression coefficient of HR practices

$X_2$  - Leadership Style

$\beta_2$  = the regression coefficient of Leadership style

$X_3$  - Communication

$\beta_3$  = the regression coefficient of Communication

$X_4$  – Trust

$\beta_4$  = the regression coefficient of trust

$X_5$  – Conflict management

$\beta_5$  = the regression coefficient of Conflict management

e = error term.

## 3.8. Reliability and Validity Tests

### 3.8.1. Instrument Validity

Obasan and Hassan (2014) define as content validity of a measuring instrument is the extent to which it provides adequate coverage of the investigative questions guiding the study. In this study, content validity was determined by consulting the expertise of the supervisor and two marketing experts. These experts examined at every question in the questionnaire and do their own analysis to ascertain that the questions answer research objectives of the area under study. Recommendations (to continue with the instrument with some correction) from the experts was taken into consideration in order to improve the instruments. Opinion of experts who have specialized knowledge and experience on MFIs and human resource management was taken. The questionnaire was adapted from Casey *et al.*, (2010) and other customer based surveys.

### **3.8.2. Pilot Study**

A pilot survey was conducted to promote efficiency in testing and verifying the survey questionnaire before executing a large-scale survey. As a result, the study was used twelve respondents prior to administering the questionnaire. The pilot survey was conducted to check if the questionnaire is clear, easy to understand and straightforward to ensure that the respondents could answer the questions with no difficulty. Based on the feedback from the pilot survey, necessary changes were made on the questionnaire before administering to the selected sample size.

### **3.8.3. Instrument Reliability**

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. Obasan and Hassan (2014). The purpose of deriving a scale score by having multiple items is to obtain a more reliable measure of the construct than is possible from a single item.

Cronbach's alpha, therefore, gives the proportion of the total variation of the scale scores that is not attributable to random error. To address issues of possible common method variance, Cronbach Alpha reliability test is conducted for all the measures. Reliabilities are checked and found high to analyse the association between the variables under study.

## **3.9. Ethical Considerations**

The study had taken into account the well-established and thorough research ethics reminds us that it is unethical to a researcher to present a biased report or not to report the truth as it is. Respondents of the research were informed about the purpose of the research and personal information must be kept anonymous. Moreover, informed written consent was obtained from every study participant. They were informed about their rights to interrupt the interview at any time. Confidentiality was exactly maintained at all levels of the study. Concerning the research ethical conducts, as it is indicated above, all scientific

## CHAPTER FOUR

### DATA ANALYSIS AND PRESENTATION

#### 4.1. Reliability Test Result

A measuring tool's reliability can be defined as its stability, consistency, or dependability. Cronbach's Coefficient Alpha should be used to ensure the questionnaire's reliability. Ticehurst and Veal (2000) define reliability as the degree to which research findings would be the same if the study was repeated at a later date or with a different sample of subjects.

The Cronbach's coefficient alpha, the most widely used test of inter-item consistency and reliability, was used in this study to determine the validity of survey items. According to Sekaran (2000), reliabilities less than 0.6 are considered poor, those in the range of 0.7 are acceptable, and those greater than 0.8 are considered good. As a result, minimum coefficient alpha values of 0.700 are accepted to finalize the item validity.

Table 4.1 Cronbach's Alpha for each of the dimensions

Dimensions	Item Cronbach's Alpha	Reliability	Result
HR Practices	6	.643	Acceptable
Leadership Style	6	.756	Good
Communication	6	.767	Good
Trust	5	.790	Good
Conflict	4	.673	Acceptable
Organizational	8	.738	Good
All	6	.909	Good

*Source: Own survey result 2022*

Cronbach's Alpha values are shown in Table 4.1 for each questionnaire field and for the entire questionnaire. Cronbach's Alpha values for the fields ranged from 0.643 to 0.909. This range is considered high; the result ensures the reliability of each field of the questionnaire. Cronbach's Alpha for the entire questionnaire is 0.909, indicating that it is extremely reliable. As a result, the researcher established that the questionnaire was valid, reliable, and ready for distribution to the research sample.

## **4.2. Response Rate**

To achieve the study's objectives, questionnaires were designed and distributed to a total of 201 respondents, and all of them were successfully collected, representing a 100% response rate. The analysis relied on the responses of employee respondents as well as their performance evaluations. As a result, the effect of employee relationship management on organizational performance in Awach SACCOS LTD has been statistically examined in this chapter.

## **4.3. Descriptive Analysis**

Descriptive statistics were used to measure the participant's response using statistical tools such as mean, standard deviation, frequency, and percentage. Except for demographic information, all questionnaires were scored using the linkert scale, which included a scale of (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, and (5) strongly agree.

### **4.3.1. Demographic profile of respondents**

Demographic characteristics are presented in frequency, percent, and cumulative percentage, and this study includes demographic variables such as respondents' gender, age, marital status, income, experience, and educational level.

According to Table 4.2, 58.7% of respondents are females, while 41.3% are males. The gender distribution data shows that there was a gender balance in the distribution of questionnaires. The majority of respondents (68.2%) are under the age of 38, while 31.8% are 39 and up.

According the Table, 29.4% of respondents have Diploma or less, 46.8% have a Bachelor degree, and 23.9% have a Master's degree or higher. This implies that respondents have the necessary basic knowledge and literacy level to understand and respond appropriately to the questionnaires they were asked to complete. The marital status of respondents shows that 48.3% are married, 42.8% are single, 6% are separated, and 3% are divorced.

Table 4.2: Frequency table for demographic profile of respondents

Variables		Frequency	Percent	Cumulative Percent
Gender	Male	83	41.3	41.3
	Female	118	58.7	100.0
Age	18-28	68	33.8	33.8
	29-38	69	34.3	68.2
	39-48	50	24.9	93.0
	49-58	12	6.0	99.0
	Above 58	2	1.0	100.0
Education	High School and	5	2.5	2.5
	Certificate	8	4.0	6.5
	Diploma	46	22.9	29.4
	First Degree	94	46.8	76.1
	Masters and Above	48	23.9	100.0
Marital status	Single	86	42.8	42.8
	Married	97	48.3	91.0
	Separated	12	6.0	97.0
	Divorced	6	3.0	100.0
Monthly Income	Below 3000ETB	13	6.5	6.5
	3001-6000ETB	53	26.4	32.8
	6001-10000ETB	71	35.3	68.2
	Above 10000ETB	64	31.8	100.0
How long have you worked for Awach SACCOS LTD?	Below 2 years	62	30.8	30.8
	2-3 years	49	24.4	55.2
	3-4 years	42	20.9	76.1
	4-5 years	30	14.9	91.0
	More than 5 years	18	9.0	100.0

Source: Own SPSS result 2022

The frequency and percentage distribution of respondents' monthly income is shown in Table 4.2. There are four monthly income groups. The majority of respondents earned between 6001 and 10000ETB. It accounts for 35.3% of the total sample in this study.

### 4.3.2. Descriptive statistics of variables

The following descriptive analysis explains how respondents provided their answers and agreement to each variable of the study, and how the researcher summarized the response agreement with their mean value and standard deviations. A summary, interpretation, and comparison of the results were performed for the purpose of assigning meaning to statistical figures.

The respondents' responses to the variables listed below were measured on a five-point Likert scale, with 1 indicating strongly disagree, 2 indicating disagree, 3 indicating neutral, 4 indicating agree, and 5 indicating strongly agree. However, when interpreting the mean and standard deviation results, the scales are reassigned as follows to make the interpretation simple and clear. In measuring each variable with a five-point scale, the intervals for breaking the range are calculated as follows:

$$\text{Agreement level} = \frac{\text{max} - \text{min}}{5} = \frac{5 - 1}{5} = 0.8. \text{ Therefore, the range of the score indicates:}$$

Table 4.3: Descriptive Statistics result for HR Practices

HR Practices statements	N	Mean	Std.
Appointment in my organization is based on performance	201	3.11	1.152
Applicants are fully informed about the qualification required to perform the job before being hired	201	3.28	1.001
Your organization trains the human resources in order to increase their knowledge about their jobs.	201	3.43	1.186
In your organization, compensation for employees is done fairly.	201	3.07	1.020
Your organization pays good salaries and wages to its employees.	201	2.83	.972
There are corrective measures for under-performance in my organization.	201	3.52	.995

Source: Own SPSS result 2022

“There are corrective measures for under-performance in my organization” among HRM practices statements, had the highest mean value (mean=3.52, SD=0.995) indicating that organization takes corrective actions for underperformance. The statement “Your organization trains the human resources in order to increase their knowledge about their jobs” had the second highest mean value (mean=3.43, SD=1.186) indicating that respondents’ organization trains the human resources in order to increase their knowledge about their jobs. This was followed by the

statements “Applicants are fully informed about the qualification required to perform the job before being hired” (mean=3.28, SD=1.001) and “Appointment in my organization is based on performance” (mean=3.11, SD=1.152). The statement “In your organization, compensation for employees is done fairly” has the fifth mean value from HRM practices statements (mean= 3.07, SD=1.02). The sixth ranked statement, “Your organization pays good salaries and wages to its employees” has (mean=2.83, SD=0.972), implying that respondents in this study had less agreement with salaries and wages of the organization.

Table 4.4: Descriptive Statistics result for Leadership Style

<b>Leadership Style</b>	<b>N</b>	<b>Mean</b>	<b>Std</b>
I am always treated with dignity and respect in this	201	3.44	1.009
I am developing cooperative relationships with this	201	3.45	1.058
I obtain a great deal of freedom and choice in this organisation.	201	3.06	1.075
My diverse points of view are considerably heard in this organisation.	201	3.00	.972
I believe I can grow in my jobs by learning new skills through this organisation.	201	3.59	.934
My business decisions are being supported by this organisation.	201	3.27	1.049

*Source: Own SPSS result 2022*

The statement “I believe I can grow in my jobs by learning new skills through this organisation” had the highest mean value (mean=3.59, SD=0.934) among Leadership Style statements, indicating that respondents can grow by learning new skills in this organisation. This was followed by the statements "I am developing cooperative relationships with this organization" (mean=3.45, SD=1.058) and "I am always treated with dignity and respect in this organization." "(Mean=3.44, SD=1.009). “My business decisions are being supported by this organisation” has fourth mean value having (Mean=3.27, SD=1.049). The statement "I have a lot of freedom and choice in this organization" has fifth the mean value from Leadership Style statements (mean= 3.06, SD=1.075). The sixth-ranked statement, "My diverse points of view are considerably heard in this organization," has (mean=3, SD=0.972), implying that respondents in this study agreed less with diverse points of view are considerably heard in this organization.



Table 4.5: Descriptive Statistics result for Communication

<b>Communication</b>	<b>N</b>	<b>Mean</b>	<b>Std.</b>
This organization has communication strategy targeting customers or communities can be interesting to develop.	201	3.11	1.148
Various communication channels including meetings helps to build or maintain key relationships.	201	3.4	1.05
This organization exchanges complicated information well.	201	3.18	1.082
This organization communicates effectively.	201	3.2	1.007
This organization clearly transfer employees' message	201	3.26	1.017
This organisation communication way helps to improving HRM awareness	201	3.19	1.129

Source: Own SPSS result 2022

The statement "Various communication channels including meetings help to build or maintain key relationships" had the highest mean value (mean=3.4, SD=1.05) among communication statements, indicating that respondents preferred communication channels and relationship maintenance. This was followed by the statements "This organization clearly transfers employees' messages" (mean=3.26, SD=1.017) and "This organization communicates effectively" (mean=3.2, SD=1.017). "This organisation communication way helps to improving HRM awareness" has the fourth mean value (mean= 3.19, SD=1.129) in decreasing order of mean values. The statement "This organization exchanges complicated information well" has the fifth mean value from communication statements (mean= 3.18, SD=1.082). The sixth ranked statement, "This organization has communication strategy targeting customers or communities can be interesting to develop," has (mean=3.11, SD=1.148), implying that respondents in this study had less agreement with communication strategy targeting customers or communities.

Table 4.6: Descriptive Statistics result for Trust

<b>Trust</b>	<b>N</b>	<b>Mean</b>	<b>Std.</b>
I trust this organization.	201	3.36	1.016
This organization treats its employees fairly and justly	201	3.19	0.989
This organization can be relied on to keep its promises	201	3.17	1.006
I expect many things from this organization.	201	3.45	1.034
I'm always thinking about this organization.	201	3.07	1.086

Source: Own SPSS result 2022

According to table 4.6, “I expect many things from this organization” had the highest mean value (mean=3.45, SD=1.034) among Trust statements, indicating that respondents expect many things from this organization. This was followed by the statements “I trust this organization” (mean=3.36, SD=1.016) and “This organization treats its employees fairly and justly” (Mean=3.19, SD=1.016). The statement “This organization can be relied on to keep its promises” has the fourth mean value from Leadership Style statements (mean= 3.17, SD=1.006). The fifth-ranked statement, “I’m always thinking about this organization” has (mean=3.07, SD=1.086), implying that respondents in this study agreed less with thinking about this organization.

Table 4.7: Descriptive Statistics result for Conflict Management

<b>Conflict Management</b>	<b>N</b>	<b>Mean</b>	<b>Std.</b>
The management communicates with employees on a regular basis about job challenges and conflicts.	201	3.3	1.132
The organization gives workplace conflict management trainings	201	2.8	1.077
I have the power to negotiate and bargain during conflict resolution	201	3.15	1.019
During conflict resolution the organization tries to arrange for a mutually acceptable time and setting	201	3.31	1.079

*Source: Own SPSS result 2022*

The statement “During conflict resolution the organization tries to arrange for a mutually acceptable time and setting” had the highest mean value (mean=3.31, SD=1.079) among conflict management statements, indicating that the organization tries to arrange for a mutually acceptable time and setting. This was followed by the statements “The management communicates with employees on a regular basis about job challenges and conflicts” (mean=3.3, SD=1.132) and “I have the power to negotiate and bargain during conflict resolution” (Mean=3.15, SD=1.019). The fourth-ranked statement, “The organization gives workplace conflict management trainings” has (mean=2.8, SD=0.077), implying that respondents in this study agreed less with conflict management trainings given at workplace.

Table 4.8: Descriptive Statistics result for Organizational Performance

<b>Organizational Performance</b>	<b>N</b>	<b>Mean</b>	<b>Std.</b>
Customers would be satisfied if I received a financial motivation by Awach	201	3.44	1.178
Customers are satisfied in this Awach corporation polices, working conditions, suppression.	201	3.07	1.020
It is important to me to be recognized by this firm for a job well done	201	2.85	.975
This firm observed a long term improvement of the quality of work as a result of the reward system in place	201	3.53	1.000
My organization is able to meet the goals it sets	201	3.22	1.006
The organization functions smoothly with a minimum of internal conflict	201	3.28	1.012
My organization can satisfy the owners/ shareholders	201	3.22	.991
Customers' expectations are met in this organization	201	3.45	1.039

Source: Own SPSS result 2022

According to table 4.8, "This firm observed a long term improvement of the quality of work as a result of the reward system in place " had the highest mean value (mean=3.53, SD=1) among organizational performance statements, indicating that there is reward system in this organization to improve the quality of work. This was followed by the statements "Customers' expectations are met in this organization" (mean=3.45, SD=1.039) and "Customers would be satisfied if I received a financial motivation by Awach"(Mean=3.44, SD=1.178). The eighth-ranked statement, "It is important to me to be recognized by this firm for a job well done" has (mean=2.85, SD=0.975), implying that respondents in this study agreed less with the recognition by this organization for better achievements.

#### **4.4. Inferential statistics**

Prior to running regression, the researcher should check for multi-co linearity, linearity, homoscedasticity, and data normality.

##### **4.4.1. Correlation Analysis**

Pearson correlation analysis was used to test the relationship between ERM factors and organizational performance. To determine the existence and level of association, the researcher used bivariate correlation.

Pearson's correlation coefficient, which ranges from -1.0 to +1.0, indicates the strength and direction of the association between the two variables. If correlation coefficient (r) is 0.1 - 0.29 it is considered weak correlation; 0.3 - 0.49 is considered moderate; and > 0.5 is considered high degree correlation (Field, 2005).

The bivariate correlation of a two-tailed test confirms the presence of a statistically significant difference at p 0.01, assuming a 99% confidence interval on statistical analysis.

According to Table 4.9, all the independent variables are positively and significantly correlated with the dependent variable at 99 percent confidence level. The highest correlation is HR Practices (r= 0.830), followed by communication (r= 0.776), Trust (r= 0.718), leadership style (r=0.700) and conflict management (r= 0.645).

Table 4.9: Correlation between ERM factors and organizational performance

	Organisational Performance		
	Correlation	Sig. (2-tailed)	N
HR Practices	.830**	.000	201
Leadership Style	.700**	.000	201
Communication	.776**	.000	201
Trust	.718**	.000	201
Conflict management	.645**	.000	201
Organisational Performance	1		201
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: Own SPSS result 2022

#### 4.4.2. Tests for multiple regression assumptions

##### 4.4.2.1. Test for linearity assumption

The first assumption of Multiple Regression is linearity assumption between the independent variables and dependent variable.

The data are plotted against a theoretical normal distribution in such a way that the points should form an approximately straight line. A departure from the straight line is considered as departure from normality.

According to figure 4.1, it was found that the independent variables have linear relationship with dependent variable indicating that the linearity assumption is fulfilled.

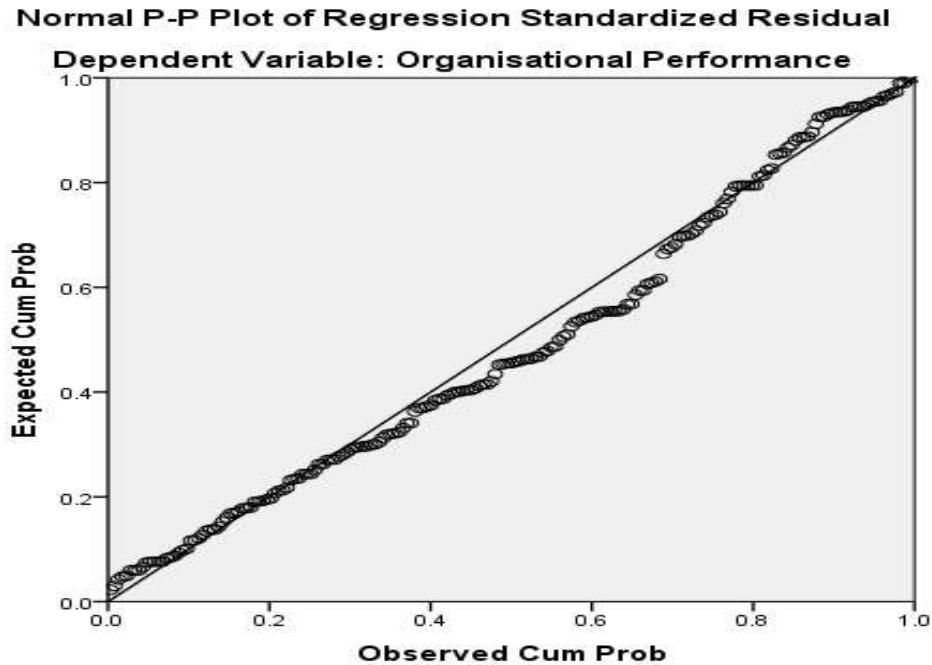


Figure 4.1: Linearity test plot for independent and dependent variables

#### 4.4.2.2. Test for autocorrelation assumption

To check whether the values of the residuals are not related to independent variable (Autocorrelation assumption), Durbin-Watson is used. If the value is between 1.5 and 2.5, there is no relationship between the residual variable and the independent variable.

Table 4.10: Autocorrelation test result

Model	Durbin-Watson
1	1.700

Source: Own SPSS result 2022

#### 4.4.2.3. Test for normality

Descriptive statistics were created to assess the normality of the data collected. Skewness and Kurtosis were used to validate the data's normality. The table below elaborates on the Skewness and Kurtosis results of the data collected for this study.

If a normal distribution has a symmetric bell-shaped curve, and the mean, median, and modes are equal or close to each other, it is possible to conclude the data is normally distributed.

Table 4.11: Test for normality

	N	Skewness	Std. Error	Kurtosis	Std. Error
HR Practices	201	-.548	.172	.168	.341
Leadership Style	201	-.748	.172	.841	.341
Communication	201	-.736	.172	.626	.341
Trust	201	-.548	.172	.114	.341
Conflict management	201	-.473	.172	.069	.341
Organizational Performance	201	-.923	.172	1.077	.341

Source: Own SPSS result 2022

According to the statistics results in table 4.11, the Skewness and Kurtosis values are within the acceptable range of -2 to +2. As a result, it was possible to conclude that the data was fairly normal and that the basic assumptions or normality test were met.

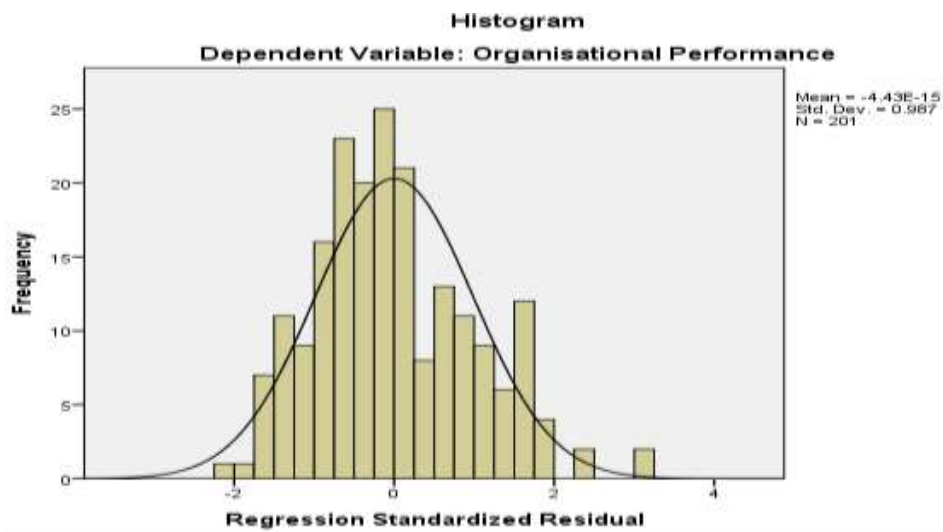


Figure 4.2: Residual distribution curve

Therefore figure 4.2 above shows the underlying frequency distribution, which has bell-shaped curve indicating that the data are normally distributed and the inferences made about the population parameters from the sample statistics tend to be normal.

#### 4.4.2.4. Test for multi-co linearity

When two or more independent variables are highly correlated with one another, this is referred to as multi-collinearity (DeFusco, 2007). The multicollinearity test was performed to determine whether the independent variables (HR practices, Leadership Style, Communication, Trust and Conflict Management) are interrelated. The Multi-collinearity tests for this study were carried out using tolerance and variance inflation factor (VIF) analysis.

According to Field (2005), intercorrelation of independent variables with tolerance values greater than 0.1 and VIF values less than 10 is considered free of multicollinearity constraint. As shown in Table 4.17, the tolerance values of all independent variables are greater than 0.1, and the VIF values are less than 10, indicating the absence of muticollnearity. As a result, the variables were retained in the current research model and used for further analysis.

Table 4.12: Test of Multi-Collinearity Statistics

Model		Collinearity Statistics	
		Tolerance	VIF
1	HR Practices	.477	2.097
	Leadership Style	.409	2.446
	Communication	.365	2.742
	Trust	.443	2.256
	Conflict management	.501	1.995

Source: Own SPSS result 2022

#### 4.4.2.5. Test for outlier

If there are no circles or asterisks on either end of the box plot, this is an indication that no outlier is present. As clearly shown in figure 4.3, there is no outlier on either side of the plot. Therefore test for outlier is fulfilled and the data is ready for further analysis.

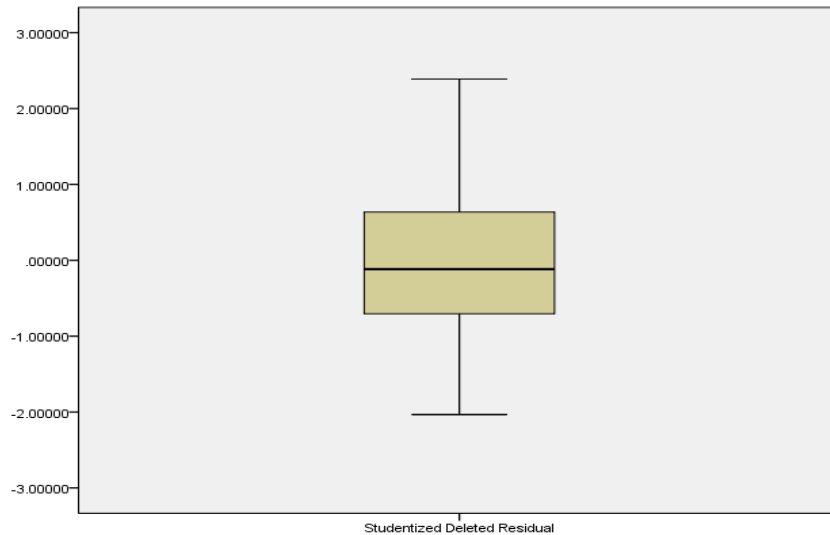


Figure 4.3: Outlier box plot

#### 4.4.2.6. Test for heteroscedasticity

If there is a clear pattern on the scatter plot, it is concluded that there is heteroscedasticity problem. As shown on figure 4.4, it appears that the spots are diffused and do not form a clear specific pattern. Therefore, it can be concluded that the regression model does not occur heteroscedasticity problem.

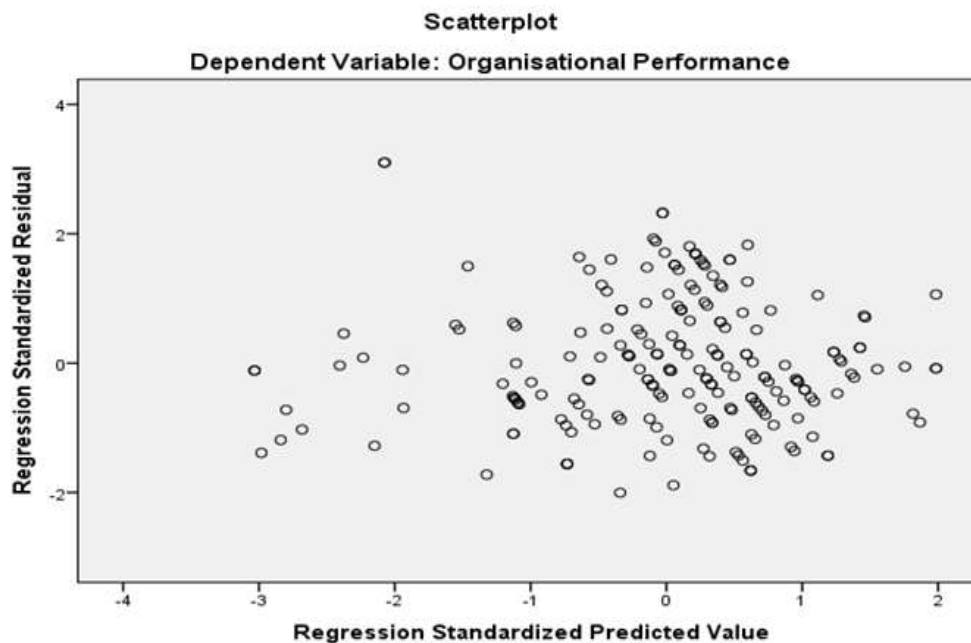


Figure 4.4. Test for heteroscedasticity



#### 4.4.2.7. Test of Significance

As shown on table 4.13, the F-test associated with a value is significant (if the value in the column labeled sig. is less than 0.05), it means that there is statistically significant relationship between variables.

Table 4.13: Test of significance

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	65.362	5	13.072	273.263	.000 <sup>b</sup>
	Residual	9.328	195	.048		
	Total	74.690	200			
a. Dependent Variable: Organizational Performance						
b. Predictors: (Constant), Conflict management, HR Practices, Trust, Leadership Style, Communication						

The analysis of variance tells us whether the overall model results are statistically significant in predicting the outcome variable. The relationship between the dependent and independent variables of the study is described using analysis of variance (ANOVA) of regression analysis results.

The overall ANOVA result for the regression coefficient revealed (F=273.263, p value = 0.000<sup>b</sup>). The results show that the P value of 0.00, which is less than 0.05, indicates that the regression model statistically and significantly predicts the outcome variable and thus a good fit model for the data analysis. This suggests that in the Awach SACOOS LTD, there is a significant positive relationship between employee relationship management (HR practices, leadership style, communication, trust and conflict management) and organizational performance.

#### 4.4.3. Regression Analysis

Multiple regression analysis is used to determine how much the independent variables influence the dependent variable. The model summary table indicates the strength of the relationship between the independent and dependent variables.

Table 4.14: Multiple Regression Analysis

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.935 <sup>a</sup>	.875	.872	.21872
a. Predictors: (Constant), Conflict management, HR Practices, Trust, Leadership Style, Communication				
b. Dependent Variable: Organizational Performance				

Source: Own SPSS result 2022

According to Table 4.14, R-Square (coefficient of determination) is a commonly used statistic to assess model fit. The adjusted  $R^2$ , also known as the coefficient of multiple determinations, is the percentage of the variance in the dependent variable explained solely or jointly by the independent variables. The coefficient of determination measures how well the regression model explains the variation of the dependent variable. The closer  $R^2$  value is to 1, the better the independent variables predict the dependent variables. According to the analysis, 87% of the changes in the organizational performance variables could be attributed to the combined effect of the predictor variables, or there is 87% of variation in organizational performance due to employee relationship management dimensions, and the remaining 23% variation is explained by other external factors or variables known as exogenous variables that are not part of this study.

According to the model summary in table 4.14, the value (R=.935a) represents the correlation coefficients between the independent variables and dependent variable. This standard error estimate is 0.21872, indicating the variability of correlation model. In a nutshell, the model is statistically significant, or p-value is less than (0.05), indicating that the model fitness in explaining organizational performance is influenced by employee relationship management components.

#### 4.4.4. Un-Standardized and Standardized Beta coefficient

The beta value of a regression can be standardized or unstandardized, and it represents the contribution of a single independent variable when all other variables are held constant. Unstandardized beta value is used to specify the contribution of each independent variable to the dependent variable, while standardized beta value is used when it is necessary to compare the contributions of each independent variable with one another.

The researcher found that the independent variables significantly contribute to dependent organizational performance after analyzing the regression coefficient. The contribution of each independent variable is as follows: HR Practices ( $\beta=0.546$ ), Leadership Style ( $\beta=-0.035$ ) Communication ( $\beta=0.275$ ), Trust ( $\beta=0.163$ ) and Conflict management ( $\beta=0.040$ ). Each of these beta values has a standard error associated with it, which indicates how much these values would vary across different samples, as shown in table 4.20. These standard errors are used to assess whether or not the  $\beta$  value deviates significantly from zero.

Table 4.15: Coefficients of ERM Dimensions

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.080	.089		.896	.371
	HR Practices	.546	.035	.566	15.450	.000
	Leadership Style	-.035	.035	-.040	-1.000	.319
	Communication	.275	.035	.329	7.844	.000
	Trust	.163	.031	.202	5.310	.000
	Conflict management	.040	.029	.051	1.418	.158

Source: Own SPSS result 2022

#### 4.4.5. Optimal Regression Coefficients

As seen in table 4.15 above, a positive coefficient exists, meaning that the predicted value of the dependent variable rises as the value of the independent variables rises except leadership style. Since the partial regression coefficients for each of the four predictors in the model are positive, this suggests that employee relationship management has a favorable impact on workers' productivity whenever independent variable increases.

Since p is less than 0.01, the coefficients analysis for HR practices, communication and trust supports a positive linear relationship between the independent variables and dependent variables. HR Practices had the highest effect on the organizational performance ( $B=0.546$ ) while trust had the least effect on organizational performance,  $B=0$ . This is a clear indication that proper application of HR practices had the highest organizational performance.

Thus the optimal regression equation is formulated as follow:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where,

Y= Dependent Variable (Organizational Performance).

X=Independent variables i.e. X<sub>1</sub>-HR Practices,

X<sub>2</sub>-Leadership Style,

X<sub>3</sub>-Communication,

X<sub>4</sub>-Trust,

X<sub>5</sub>-Conflict management

$\beta_0$ = constant coefficient

$\beta_1$ = un-standardized regression coefficient of HR Practices

$\beta_2$ = un-standardized regression coefficient of Leadership Style

$\beta_3$ = un-standardized regression coefficient of Communication

$\beta_4$ = un-standardized regression coefficient of Trust

$\beta_5$ = un-standardized regression coefficient of Conflict management

$\varepsilon$ =error term

The linear equation is written as follows, taking the regression coefficient result into consideration:

$$Y = .080 + .546X_1 - .035X_2 + .275X_3 + .163X_4 + .040X_5 + \varepsilon$$

When comparing the standardized beta coefficient of each independent variable, HR Practices have the greatest impact with a value of ( $\beta$ ) = .566. Communication is the second variable with a high level of impact on organizational performance, with a value of ( $\beta$ ) = .329, followed by trust with a value of ( $\beta$ ) = .202 and conflict management with a value of ( $\beta$ ) = .051. But leadership style has a negative impact ( $\beta$ ) = -.040.

## 4.5. Hypotheses Testing

- ❖ Hypothesis 1 – HR Practices has a positive and significant effect on organizational performance.

From the model summary, HR Practices has significant positive effect on organizational performance in Awach SACCOS Ltd with ( $\beta=.546$ , and p value 0.000). This means that an increase in HR Practices will increase organizational performance significantly. The alternative hypothesis: “HR Practices has a positive and significant effect on organizational performance” was accepted and the null hypothesis was rejected. Therefore, it can be concluded that HR Practices had significant positive effect on organizational performance in Awach SACCOS Ltd.

- ❖ Hypothesis 2 – Leadership Style has a positive and significant effect on organizational performance

From the model summary, Leadership Style has a non-significant negative effect on organizational performance in Awach SACCOS Ltd with  $\beta=-.035$ , and p value 0.319 which is greater than 0.05. This means that an increase in Leadership Style will decrease organizational performance insignificantly. The alternative hypothesis: “Leadership Style has a positive and significant effect on organizational performance” was rejected and the null hypothesis was accepted. Therefore, it can be concluded that Leadership Style had insignificant negative effect on organizational performance in Awach SACCOS Ltd.

- ❖ Hypothesis 3 – Communication has a positive and significant effect on organizational performance

Communication has significant positive effect on organizational performance in Awach SACCOS Ltd with ( $\beta=.275$ , and p value 0.000). This means that an increase in communication will increase organizational performance significantly. The alternative hypothesis: “Communication has a positive and significant effect on organizational performance” was accepted and the null hypothesis was rejected. Therefore, it can be concluded that Communication had significant positive effect on organizational performance in Awach SACCOS Ltd.

- ❖ Hypothesis 4 – Trust has a positive and significant effect on organizational performance

From the model summary, Trust has significant positive effect on organizational performance in Awach SACCOS Ltd with ( $\beta=.163$ , and p value 0.000). This means that an increase in trust will increase organizational performance significantly. The alternative hypothesis: “Trust has a positive and significant effect on organizational performance” was accepted and the null hypothesis was rejected. Therefore, it can be concluded that trust had significant positive effect on organizational performance in Awach SACCOS Ltd.

- ❖ Hypothesis 5 – Conflict Management has a positive and significant effect on organizational performance

Conflict Management has insignificant positive effect on organizational performance in Awach SACCOS Ltd with  $\beta=.040$ , and p value 0.158 which is greater than 0.05. This means that an increase in conflict management will increase organizational performance insignificantly. The alternative hypothesis: “Conflict Management has a positive and significant effect on organizational performance” was rejected and the null hypothesis was accepted. Therefore, it can be concluded that conflict management had insignificant positive effect on organizational performance in Awach SACCOS Ltd.

Table 4.16: Summary of Hypothesis Testing

Hypothesis	$\beta$ -	p-	Comment
Hypothesis 1–HR Practices have a positive and significant effect on organizational performance.	.546	.000	Accepted
Hypothesis 2 –Leadership Style has a positive and significant effect on organizational performance	-.035	.319	Rejected
Hypothesis 3–Communication has a positive and significant effect on organizational performance	.275	.000	Accepted
Hypothesis 4–Trust has a positive and significant effect on organizational performance	.163	.000	Accepted
Hypothesis 5–Conflict Management has a positive and significant effect on organizational performance	.040	0.158	Rejected

Source: Own SPSS result 2022

## 4.6. Discussions

The aim of the study was to investigate the effect of Employee Relationship Management on organization performance in Awach SACCOS Ltd. Thus, discussions on the following main findings are made by referring both previous studies of empirical findings and theoretical framework.

As per the statistical result gained from SPSS, employee relationship management has an effect on organizational performance. There is a strong positive correlation between ERM dimensions and organizational performance. HR practices took the highest, significant and positive impact on organizational performance. The finding of this study is almost similar with previous studies of Yuris et al (2022) where they found organizational performance is most dependent on ERM components especially HR practices and it is positively influenced by good ERM practice. In addition, the result of the study is consistent with Janes, O. Samwel (2018) findings, where their showed that ERM has direct impact on the organization performance. The study found that leadership style has insignificant effect on organization performance. This finding contradicts with the findings of Babatunde et al (2015), where their studies showed that leadership style has significant effect on organization performance. Communication has significant impact on organization performance. This is also proofed by Banerji, A. and A. Dayal, (2005) that good communication is the key for better organization performance. Trust has found to have significant positive effect on organizational performance in Awach SACCOS Ltd. This result is similar with the investigation of Hagenimana et al (2018) which showed that trust has a positive and significant effect on organizational performance. The studies of Fu Bajaj et al (2013) also mentioned the same finding as it is discussed in this particular study.

Finally the last component of ERM in this study (conflict management), has insignificant effect on organizational performance. These findings contradict with the result of Alper et al (2000) and Ifeyinwa & Chinonso (2016). According to those researchers, conflict management has significant effect on organizational performance. Furthermore the study finding came to be consist with major conclusion and summery of Janes, O. Samwel. (2018).

## CHAPTER FIVE

### CONCLUSIONS AND RECOMMENDATIONS

#### 5.1. Major Findings Summary

According to the findings, ERM significantly affects organizational performance in Awach SACCOS Ltd. The descriptive data analysis revealed that the majority of respondents agreed with the statements made about ERM and its favorable impact on organizational performance. According to the inferential analysis of ERM, there is a significant and highly correlated positive relationship between most ERM dimensions and organizational performance. The statistics also discovered that in the Awach SACCOS Ltd, ERM could account for 87% of variation in organizational performance.

HR practices have a significant, positive impact on organizational performance. There is a strong positive correlation between HR practices and organizational performance. The majority of respondents indicated their agreement with the HR practices statement and its impact on organizational performance, and this was determined from their responses. The mean value of the variable implied that the majority of responses were attributed to the agree rate. Regression analysis also showed that HR practices have a positive, significant impact on organizational performance. The alternative hypothesis was also accepted.

Leadership style has insignificant, negative impact on organizational performance. Regression analysis showed that leadership style has a negative, insignificant impact on organizational performance and thus, alternative hypothesis was rejected or null hypothesis was accepted.

According to the study, the communication has a significant, positive impact on organizational performance. There is a strong positive correlation between communication and organizational performance. The majority of respondents indicated their agreement with the communication statement and its impact on organizational performance, and this was determined from their responses. Therefore, the alternative hypothesis was also accepted or null hypothesis was rejected.



Trust has also a significant, positive impact on organizational performance. There is a strong positive correlation between trust and organizational performance with beta value 0.163. The majority of respondents indicated their agreement with the trust statement and its impact on organizational performance, and this was determined from their responses. Therefore, the alternative hypothesis was also accepted.

Conflict management has insignificant, positive impact on organizational performance with p value.158. Regression analysis showed that leadership style has a positive, insignificant impact on organizational performance and thus, alternative hypothesis was rejected or null hypothesis was accepted.

## **5.2. Conclusions**

The findings proved that there is a positive and significant influence of employee relationship management on organizational performance. This suggests that organizational performance was enhanced when Awach SACCOS Ltd give focus for employee relationship. From employee relationship management practices in Awach SACCOS Ltd, the HR practices took the largest impact to improve organizational performance. Communication and trust has also more significant effect in maximizing organizational performance.

As per the findings above, it is proved that leadership style and conflict management factors do not significantly affect the organizational performance. Even if all the variables seemed crucial for organizational performance, leadership style and conflict management dimensions in this study have insignificant contribution.

ERM concept is practiced in Awach SACCOS Ltd; but this practice is not attributed and labeled as ERM separated department or job position with ERM title. This study finally suggests that there should be high level of focus for employee relationship management to have a better the success of the organization. Finally, it can be concluded that without strong employee relationship management, it is impossible to be successful in retaining and maximizing performance of the organization.

### **5.3. Recommendation**

As per the findings, the researcher makes the following recommendations to enhance organizational performance.

- ❖ It is important for Awach SACCOS Ltd to pay special attention to all dimensions of ERM especially HR practices, communication and trust as these variables have great effect on organizational performance on long run.
- ❖ Best HR practices should be applied to achieve consistently improving results in their organizational performance. Organization should train the human resources in order to increase their knowledge about their jobs and compensation for employees should also be considered to have better organizational performance. Awach SACCOS Ltd is also recommended to have good salaries and wages to its employees and corrective measures should be taken for under-performance.
- ❖ Creating good communication channels including meetings also helps the organization to build or maintain key relationships. Awach SACCOS Ltd should exchange complicated information well, communicate effectively and clearly transfer employees' message so as communication helps to improve ERM awareness. In addition, there should be an environment for open communication where all members feel free to share feedback, ideas and even criticize management decisions, thereby encouraging staff to freely give their views without being victimized by the management. Employees need to be updated and managers should provide formal and informal feedback, and engage employees in open and honest dialogue, so that they can improve the relationships they share with employees
- ❖ Awach SACCOS Ltd needs to treat its employees fairly and justly and rely on keeping its promises. The study suggests in all types of decision need to be given by considering employees and managers should treats its employees fairly and justly. All type of promised and agreed benefits, compensation and incentives must be forwarded as promised. In parallel with this, Awach should strive and work towards accomplishments of what it set as target goals, this will enhance competency of employees and strength their relationship. Additionally employee must buy-in the vision of the organization and they need to be considered as components of the entire organizational system.

- ❖ The study recommends Awach SACCOS Ltd to allow employees to participate on different activities of organization followed with formulation of smart, understandable and in simple manner, further orientation and induction about organizational core values, policies, rules and regulations so that to increase trust and ownership mentality of employees. Managers should also clearly share and communicate their plans, expectations and possible futures with employees so that to make their efforts align with organizational vision, mission and goals.
- ❖ Awach should have clear model for ERM. This model should contain every aspect including those studied in this paper for the better employee relationship.
- ❖ Finally, it is advised that Awach SACCOS Ltd should apply, follow and evaluate ERM and related activities to have vital employee and employer relationship that will aid in tailoring its service.

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# ANNEX I- QUESTIONNAIRE

## ST.MARY'S UNIVERSITY SCHOOL OF POST GRADUATE STUDIES

Dear Respondents,

My name is Ruth Yiheyis, a postgraduate student pursuing Master's Degree in Business Administration at St.Mary's University. I am conducting a research study on “Effect of employee relationship management on organizational performance in Awach SACCOS LTD”. The purpose of this study is to see how employee relationship management affects organizational performance at Awach SACCOS LTD”. To that goal, a questionnaire is utilized to collect relevant data from respondents. The confidentiality of the information you supply is totally guaranteed because the data collected is only used for academic purposes. For that reason, I would appreciate the genuine response you give to the questions. All information given was strictly confidential.

Please contact me at (+251939881530) or ([abyalatyihyis@gmail.com](mailto:abyalatyihyis@gmail.com)) if you have any queries about this study.

We greatly value your co-operation. Thank you for your consideration and timely completion of the questionnaire.

***Direction:***

Do not write your name.

Put a tick mark “√” in the space provided in front of each item.

The questionnaire has three parts that includes respondents profile and study related questions.

**Ruth Yiheyis**  
**The Researcher**

## Part I - Personal Information

**Direction:** Please select an appropriate response category by putting a thick mark (√) on the one that corresponds to your response.

1. Gender

❖ Male

❖ Female

2. Age

❖ 18-28

❖ 49-58

❖ 29-38

❖ Above 58

❖ 39-48

3. What is your level of Education?

❖ High school and below

❖ First Degree

❖ Certificate

❖ Masters and above

❖ Diploma

4. Marital status

❖ Single

❖ Separated

❖ Married

❖ Divorced

5. Monthly Income

❖ Below 3000ETB

❖ 6001-10000ETB

❖ 3001-6000ETB

❖ Above 10000ETB

6. How long have you worked for Awach SACCOS LTD?

❖ Below 2 Years

❖ 2-3years

❖ 3-4 years

More than 5 Years

## Part II- ERM

**Direction:** This part of the questionnaire uses a five-point Likert scale to assess your perception for employee relationship management. Please place (√) mark in the space provided to indicate your level of agreement with the statements in the first column. Where, 1 =Strongly Disagree, 2= Disagree, 3= Neutral, 4 = Agree and 5 =Strongly Agree.

No	Measurement Items	Measurement Scale				
		<i>SD</i>	<i>D</i>	<i>N</i>	<i>A</i>	<i>SA</i>
		1	2	3	4	5
<b>HR Practices</b>						
1	Appointment in my organization is based on performance					
2	Applicants are fully informed about the qualification required to perform the job before being hired					
3	Your organization trains the human resources in order to increase their knowledge about their jobs.					
4	In your organization, compensation for employees is done fairly.					
5	Your organization pays good salaries and wages to its employees.					
6	There are corrective measures for under-performance in my organization.					
<b>Leadership Style</b>						
1	I am always treated with dignity and respect in this organization.					
2	I am developing cooperative relationships with this organization.					
3	I obtain a great deal of freedom and choice in this organization.					
4	My diverse points of view are considerably heard in this organization.					
5	I believe I can grow in my jobs by learning new skills through this organization.					
6	My business decisions are being supported by this organization.					
<b>Communication</b>						
1	This organization has communication strategy targeting customers or communities can be interesting to develop.					
2	Various communication channels including meetings helps to build or maintain key relationships.					

3	This organization exchanges complicated information well.						
4	This organization communicates effectively.						
5	This organization clearly transfer employees' message						
6	This organization communication way helps to improving HRM awareness						
<b>Trust</b>							
1	I trust this organization.						
2	This organization treats its employees fairly and justly						
3	This organization can be relied on to keep its promises						
4	I expect many things from this organization.						
5	I'm always thinking about this organization.						
<b>Conflict management</b>							
1	The management communicates with employees on a regular basis about job challenges and conflicts.						
2	The organization gives workplace conflict management trainings						
3	I have the power to negotiate and bargain during conflict resolution						
4	During conflict resolution the organization tries to arrange for a mutually acceptable time and setting						

## Part II- Organisational Performance

**Direction:** This part of the questionnaire also uses a five-point Likert scale to assess your perception for organisational performance. Please place (√) mark in the space provided to indicate your level of agreement with the statements in the first column. Where, 1 =Strongly Disagree, 2= Disagree, 3= Neutral, 4 = Agree and 5 =Strongly Agree

No	Measurement Items	Measurement Scale				
		<i>SD</i>	<i>D</i>	<i>N</i>	<i>A</i>	<i>SA</i>
		1	2	3	4	5
1	Customers would be satisfied if I received a financial motivation by Awach.					
2	Customers are satisfied in this Awach corporation polices, working conditions, suppression.					

3	It is important to me to be recognized by this firm for a job well done.					
4	This firm observed a long term improvement of the quality of work as a result of the reward system in place.					
5	My organization is able to meet the goals it sets					
6	The organization functions smoothly with a minimum of internal conflict					
7	My organization can satisfy the owners/ shareholders					
8	Customers' expectations are met in my organization.					

## ANNEX II- SPSS STATISTICAL OUTPUTS

### Descriptive statistics

#### Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	83	41.3	41.3	41.3
Female	118	58.7	58.7	100.0
Total	201	100.0	100.0	

#### Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-28	68	33.8	33.8	33.8
29-38	69	34.3	34.3	68.2
39-48	50	24.9	24.9	93.0
49-58	12	6.0	6.0	99.0
Above 58	2	1.0	1.0	100.0
Total	201	100.0	100.0	

**What is your level of Education?**

	Frequency	Percent	Valid Percent	Cumulative Percent
High School and Below	5	2.5	2.5	2.5
Certificate	8	4.0	4.0	6.5
Diploma	46	22.9	22.9	29.4
Valid First Degree	94	46.8	46.8	76.1
Masters and Above	48	23.9	23.9	100.0
Total	201	100.0	100.0	

**Marital status**

	Frequency	Percent	Valid Percent	Cumulative Percent
Single	86	42.8	42.8	42.8
Married	97	48.3	48.3	91.0
Valid Separated	12	6.0	6.0	97.0
Divorced	6	3.0	3.0	100.0
Total	201	100.0	100.0	

**Monthly Income**

	Frequency	Percent	Valid Percent	Cumulative Percent
Below 3000ETB	13	6.5	6.5	6.5
3001-6000ETB	53	26.4	26.4	32.8
Valid 6001-10000ETB	71	35.3	35.3	68.2
Above 10000ETB	64	31.8	31.8	100.0
Total	201	100.0	100.0	

**Statistics**

**How long have you worked for Awach SACCOS LTD?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Below 2 years	62	30.8	30.8	30.8
2-3 years	49	24.4	24.4	55.2
3-4 years	42	20.9	20.9	76.1
4-5 years	30	14.9	14.9	91.0
More than 5 years	18	9.0	9.0	100.0
Total	201	100.0	100.0	

**Inferential statistics**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.935 <sup>a</sup>	.875	.872	.21872	1.700

a. Predictors: (Constant), Conflict management, HRM Practices, Trust, Leadership Style, Communication

b. Dependent Variable: Organizational Performance

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	65.362	5	13.072	273.263	.000 <sup>b</sup>
	Residual	9.328	195	.048		
	Total	74.690	200			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Conflict management, HRM Practices, Trust, Leadership Style, Communication

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.080	.089		.896	.371
	HRM Practices	.546	.035	.566	15.450	.000
	Leadership Style	-.035	.035	-.040	-1.000	.319
	Communication	.275	.035	.329	7.844	.000

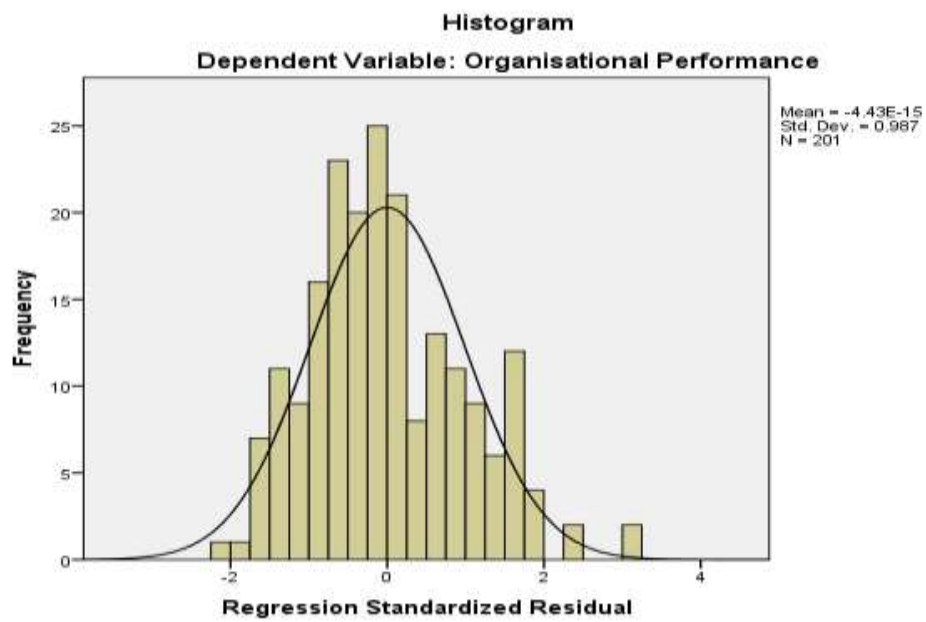
Trust	.163	.031	.202	5.310	.000
Conflict management	.040	.029	.051	1.418	.158

**Coefficients<sup>a</sup>**

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	HRM Practices	.477	2.097
	Leadership Style	.409	2.446
	Communication	.365	2.742
	Trust	.443	2.256
	Conflict management	.501	1.995

a. Dependent Variable: Organisational Performance

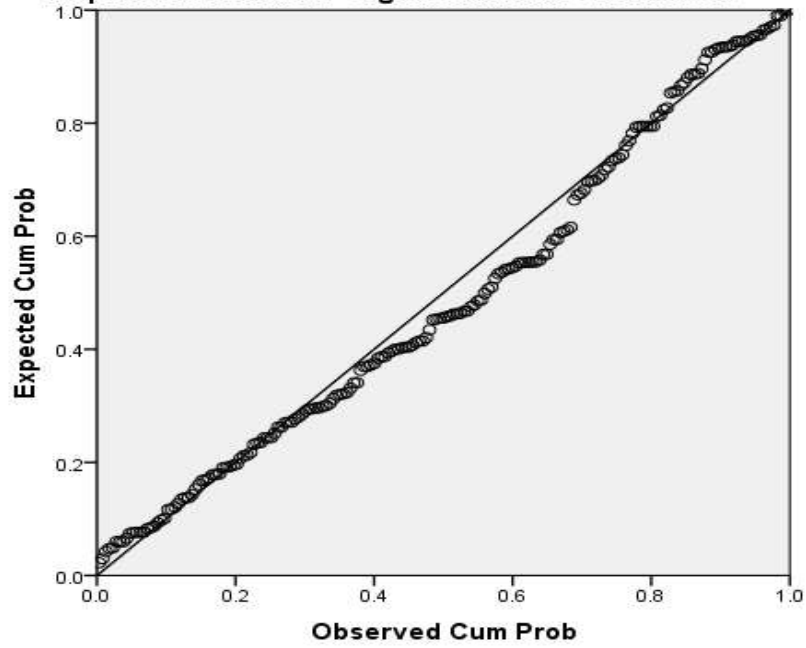
**Charts**





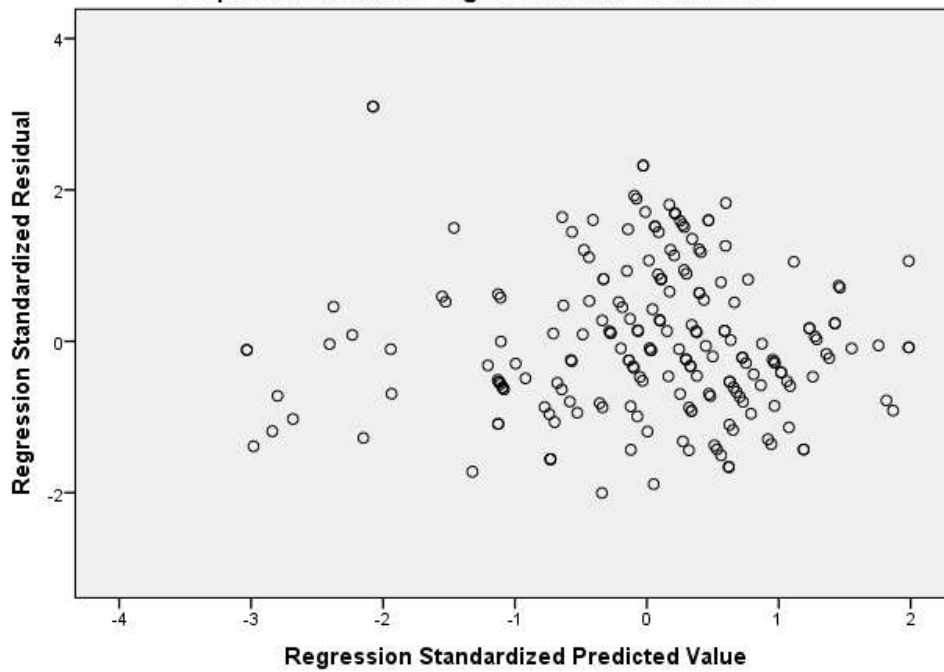
Normal P-P Plot of Regression Standardized Residual

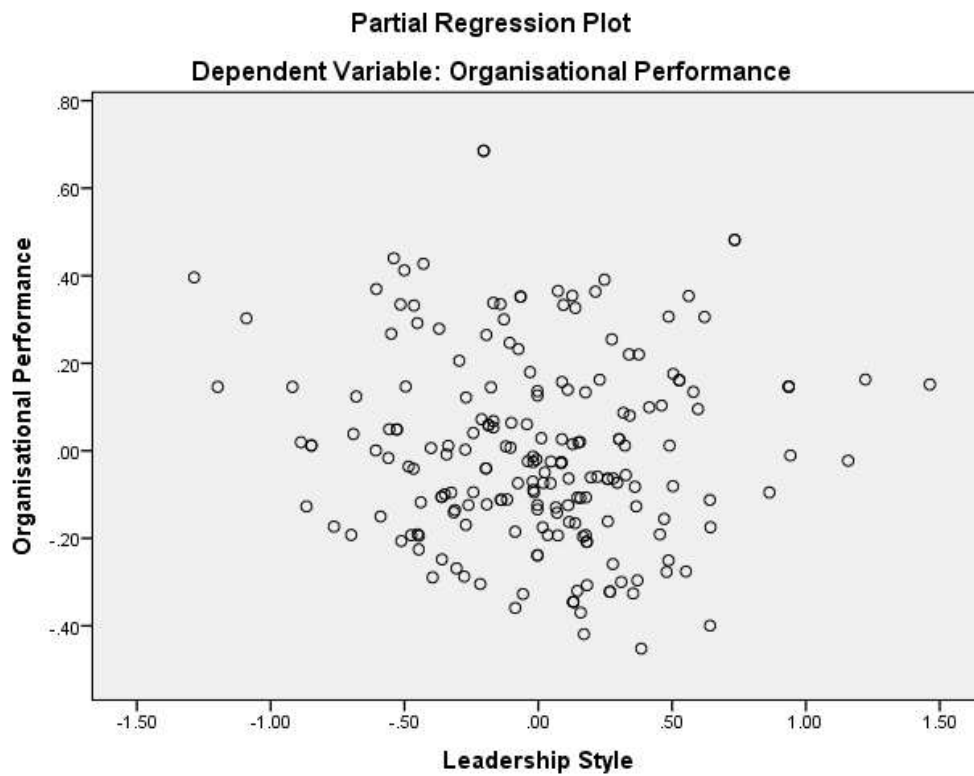
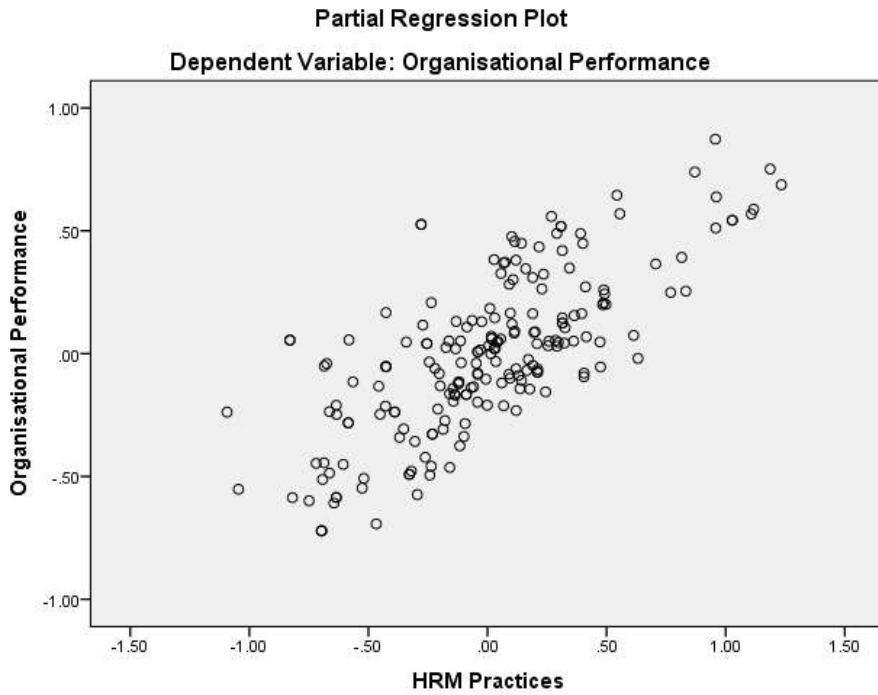
Dependent Variable: Organisational Performance

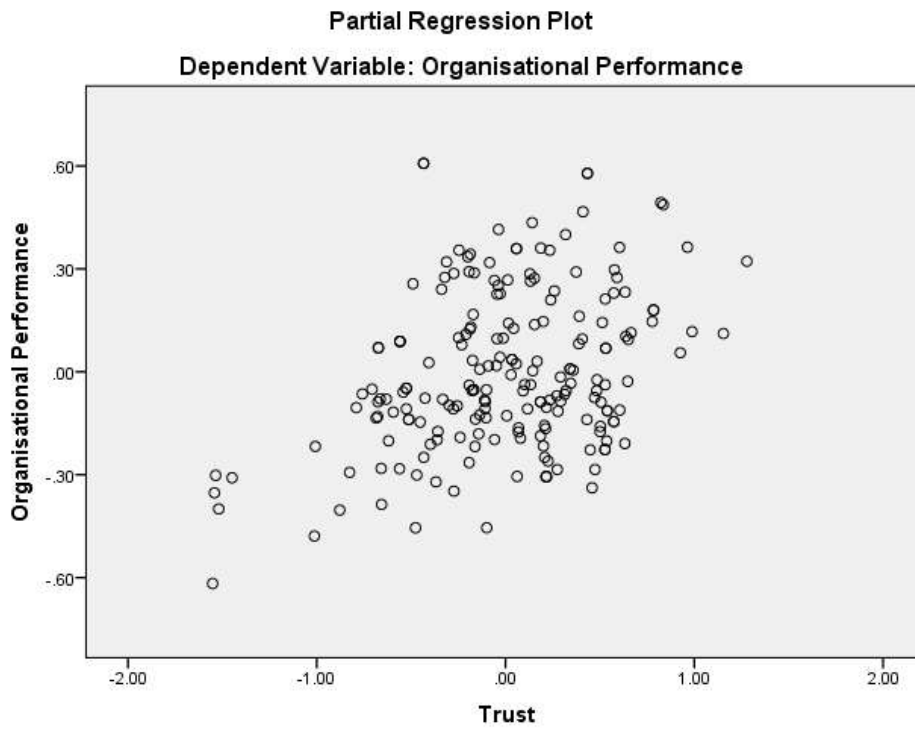
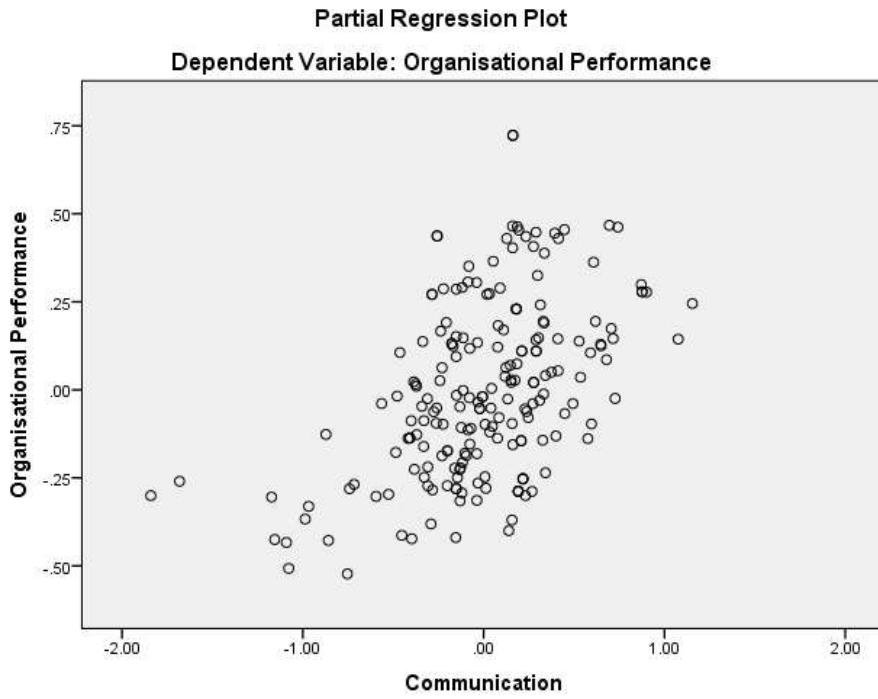


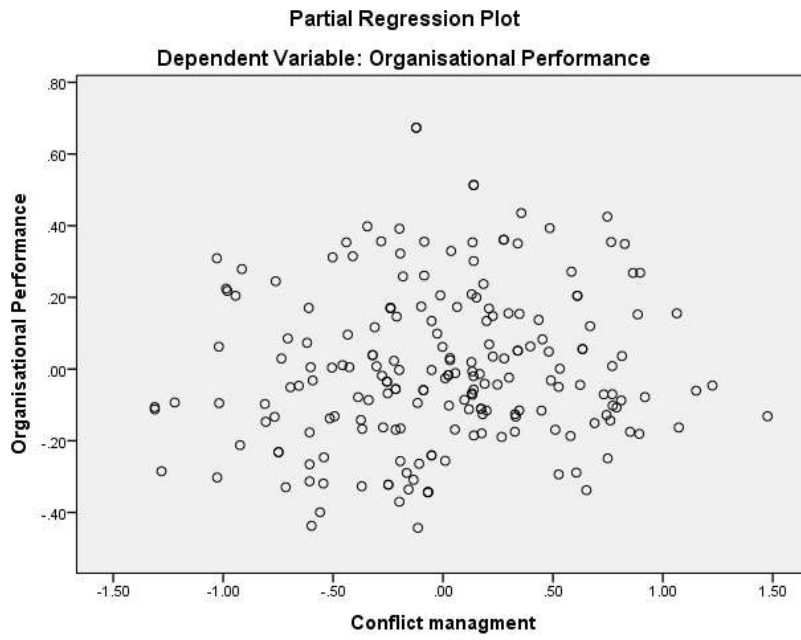
Scatterplot

Dependent Variable: Organisational Performance









### Studentized Deleted Residual

