SCHOOL OF GRADUATE STUDIES DEPARTMENT OF MASTERS OF BUSINESS ADMINISTRATION

EMPLOYEE RELATIONSHIP MANAGEMENT AND ITS EFFECTS ON EMPLOYEES' PERFORMANCE CASE OF HOSEA TRADING HOUSE

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ADDIS ABABA, ETHIOPIA

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A THESI SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULLFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTERS OF BUSINESS ADMINISTRATION (MBA)

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Declaration

I, Fata Frhiwot, the under signed, declare that this thesis entitled: “Employee Relationship Management and Its Effects on Employees’ Performance: the Case Hosea trading house ” is my original work. I have undertaken the research proposal independently with the guidance and support of the research supervisor. This study has not been submitted for any degree or diploma program in this or any other institutions and that all sources of materials used for the thesis has been duly acknowledged.

Fata Frhiwot	_________________	______________
Name of Student	Signature	Date

CERTIFICATE

This is to certify that the thesis entitles "Employee Relationship Management and Its Effects on Employees' Performance: The Case of Hosea trading house" submitted to St. Mary's University for the award of the Degree of Master of Business Administration (MBA) of the Postgraduate Studies, St. Mary's University and research work carried out by Fata Frhiwot SGS/0036/2013B, under our guidance and supervision. Therefore, I hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

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St. MARY'S UNIVERSITY
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APPROVAL SHEET

EMPLOYEE RELATIONSHIP MANAGEMENT AND ITS EFFECTS ON EMPLOYEES' PERFORMANCE CASE OF HOSEA TRADING HOUSE

BY: FATA FRHIWOT

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Acronyms

ERM- Employee Relationship Management

EP- Employee Performance

HR- Human Resource

CI- Confidence Interval

CRM- Customer Relationship Management

ERMM- Employee Relationship Management Model

Abstract

This study investigates the effects of Employee Relationship Management (ERM) on employee performance at Hosea Trading House PLC in Addis Ababa, Ethiopia. The research focuses on five key components of ERM: HR practices, communication, trust, shared goals and values, and leadership styles. A quantitative approach was employed, with data collected from 72 employees through structured questionnaires. Descriptive statistics, correlation analysis, and multiple regression were used to analyze the data.

The findings reveal that trust has the strongest positive impact on employee performance, followed by communication and leadership styles. Shared goals and values also showed a significant but weaker effect. Surprisingly, HR practices were found to have a negative relationship with performance, suggesting potential issues in their implementation. The regression model explained 90.2% of the variance in employee performance, highlighting the critical role of ERM in enhancing workplace productivity.

The study concludes that fostering trust, improving communication, and aligning leadership styles with organizational goals are essential for boosting employee performance. Recommendations include enhancing managerial trust in employees, involving staff in goal-setting, and reevaluating HR practices to ensure they positively contribute to performance. This research contributes to the limited literature on ERM in Ethiopia and provides practical insights for organizations aiming to improve employee relations and performance.

***Keywords**: Employee Relationship Management (ERM), employee performance, trust, communication, leadership styles, HR practices*

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Employees are the central point in the triumph of every organization. If the employees work together and carve up a good relationship with employers, they can attain their tasks much quicker. Managing employee relationship is imperative and precious to the organizational success and achieving spirited benefit. It is required to have a study relationship between employees and employers that leads to productivity, motivation, and better performance. Employee Relationship Management (ERM), in some organizations is labelled Employee Relations Management, meaning the same thing, is a device and a strategic process to manage and increase motivation in the workforce by increased focus on nonstop excellence of the individual relationships between the employer and each employee (Wargborn, 2008).

Employee relationship is a special kind of interpersonal relationship. The concept of ERM has its origin to the 20th century coined to refer the relationship of right and obligation, and management between the enterprise and the employees. Employee relation is largely influenced by the economic, political, legal and socio-cultural background of the society (Yongcai, 2010). Employee relationship is mainly dealing with the internal relationship between the employer and employee in an organisation, this internal relationship is focussed on theories of human behaviour (Liao et al., 2004). Therefore, it can be defined as the organisations while implementing ERM. relationship between the employer and employees or the morale, trust and a productive and conducive work environment (Bajaj et al., 2013)Currently, business organizations operate their businesses in a dynamic and turbulent environment which demands highly skilled and flexible manpower that can offer better quality services and enjoy high levels of customer retention. To do this, companies should have retained a good rate of employee retention; as higher rates of employee retention would increase the employee satisfaction rate, which contributes to earning more loyal customers (Hagos Brhane (PhD scholar), & Shimels Zewdie (PhD), p.1-2).

Generally speaking, Employee Relation Management (ERM) means that the administrative staff at all levels of enterprises and the administrative staff of human resource realizes the organizational goal through working out and implementing various human resource policies and administration behaviours, and regulating the connection and influence among enterprise and staff. Especially ERM, refers to the communication management between enterprise and the staff. This kind of communication adopts flexibility, encouraging and non-compulsory means to improve staff's satisfaction, and support enterprises to achieve the goal. ERM runs through every aspect of human resource management, which begins from the first day employing the staff. (Yongcai, 2010, p. 940).

Since people are the centre of concern, ERM needs sensitive handlings, especially during times of constant technological changes, market slump, cost-cutting and organizational restructuring. The ERM must address procedural and interactional equity, which means "people" involvement in all fundamental business processes (Singh & Kumar, 2011, p. 126). Hence, for a sustainable business growth, a periodical study of ERM and its effects on employees' performance reigns supreme among other things.

The concept of performance encompasses both what has to be accomplished and how it can be realized. Organizational performance can be measured in various ways. In line with this, Coulter (2006) describes employee performance as the total or aggregate output of an employee activities and actions in an organization. She goes further to declare that the level of employee performance may be characterized as low performance levels, moderate performance levels and high-performance levels.

It is desirable for an organization to have proper and effective ERM since this enables the personalizing of Employee Relations. Good Employee Relationships contributes significantly to the success of the organization and create world class organization. In every organization there are some unidentifiable issues which lead to productivity gaps. These gaps can be filled through Employee Relations as it acts proactively on those issues which retard productivity (Vineet et al., 2013, p. 23).

Most prominent models of ERM and its variables are discussed in the literature review. There are lots of variables expressing ERM. In this research out of all the variables five of them are selected as they fit well in the area of this particular study and relate to employee performance well compared to the other variables. The most distinctive characteristic of this research is that it is one of the few studies which studied ERM and its effect on employees' performance encompassing almost all ERM components in their totality. This is to imply that it is also different in the variables used in the research (HR Practices, Communication, Trust, Shared Goals and Values, Leadership Styles). So, the research gap to be filled in this research is that there was little research done in this media industry as most of previous researches were done on the banking sector banking and small business sectors like (Md. Sahedur Rahman & Rabeya Khatun Taniya, 2017), (Dr. Janes O. Samwel, PhD, 2018) and other and it fills the gap that most researchers used little variables compared to this one.

1.2. Statement of the Problem

Employee Relationship Management (ERM) has increasingly gained attention for its potential to enhance employee performance and overall organizational effectiveness. Various international studies have examined this relationship across sectors and countries. For instance, Chaudhry, Sohail, and Riaz (2013) investigated the impact of employee relations on performance in Pakistan's hospitality sector. Similarly, Sinha and Bajaj (2013) examined human resource determinants of strong employee relations, while Al-Khozondar (2015) assessed the impact of ERM on employee performance in the telecommunication and banking sectors.

Other relevant studies include Omur Hakan Kuzua and Derya Ozilhan's (2014) empirical research on the role of employee relationships and knowledge sharing in the service industry. Shahzad et al. (2011) examined HR practices and their influence on perceived employee performance among university staff in Pakistan. Chinomona and Sandada (2013) focused on shared goals, communication, and conflict resolution in South African higher education. Additionally, Abuwarda (2010) explored the impact of communication on job performance at the UNRWA Gaza Field Office, while Gill (2008) studied the importance of trust in employee-manager relationships.

While these studies have significantly contributed to the global understanding of ERM, their findings may not be fully applicable in the Ethiopian context due to cultural, organizational, and economic differences. In Ethiopia, research on ERM remains in its infancy. Most local studies focus on individual ERM components rather than the construct as a whole. For example, Kirubel (2015) examined organizational trust at the Development Bank of Ethiopia, Alganesh (2015) assessed communication and performance at Ethio-Telecom, and Tadele (2012) studied leadership styles at Save the Children Ethiopia. Although insightful, these studies did not comprehensively explore the interconnected effects of all ERM components on employee performance.

Moreover, literature reviews by Hagos Brhane and Shimeles Zewdie (2018) have indicated that ERM is under-researched in Ethiopia, particularly within the trading and service sectors. As a result, there is limited knowledge on how integrated ERM practices influence performance in this setting. This research seeks to fill that gap by drawing upon multiple ERM models and variables including HR practices, communication, trust, leadership style, and shared goals/values to offer a holistic perspective.

This study is distinct in that it not only examines ERM within an Ethiopian context but also focuses on a relatively unexplored sector: trading. By investigating ERM practices at Hosea Trading House PLC, which operates across several sectors (e.g., real estate, retail, hospitality, and manufacturing), the research will contribute to a deeper understanding of how ERM influences employee performance in complex business environments.

Therefore, the central research problem is To what extent does Employee Relationship Management (ERM) contribute to improving employee performance? And how do the specific components of ERM namely communication, trust, leadership style, shared goals/values, and HR practices affect employee performance at Hosea Trading House PLC?

1.3. Research Questions

This study aims to explore the relationship between Employee Relationship Management (ERM) practices and employee performance at Hosea Trading House PLC. The specific research questions are:

1. What are the existing Employee Relationship Management (ERM) practices at Hosea Trading House?
2. How do Human Resource (HR) practices affect employee performance at Hosea Trading House?
3. What types of leadership styles are practiced at Hosea Trading House, and how do they influence employee performance?
4. Which demographic groups are more significantly affected by ERM practices at Hosea Trading House?

1.4. Objective of the study

1.4.1. General Objective

The general objective of this study is to investigate the effects of Employee Relationship Management (ERM) on employee performance at Hosea Trading House PLC.

1.4.2. Specific Objectives

This study was guided by the following specific objectives:

1. To identify the existing ERM practices at Hosea Trading House.
2. To assess the impact of Human Resource (HR) practices on employee performance.
3. To examine the influence of leadership styles on employee performance at Hosea Trading House.
4. To determine which demographic groups are most affected by ERM practices.

1.5. Research Hypothesis

The following hypotheses are developed based on the proposed conceptual model and are intended to address the specific objectives of the study:

H1: Communication has a positive and significant effect on employee performance.

H2: Human Resource (HR) practices have a positive and significant effect on employee performance.

H3: Leadership style has a positive and significant effect on employee performance.

H4: Trust has a positive and significant effect on employee performance.

H5: Shared goals and values have a positive and significant effect on employee performance.

1.6. Scope of the Study

The study is limited to examining the effects of Employee Relationship Management (ERM) on employee performance at Hosea Trading House in Addis Ababa, Ethiopia. The research will focus on employees and department heads/managers of the company within Addis Ababa. Participants include front desk employees, supervisors, purchasers, accountants, engineers, sales and marketing personnel, and other specialized departmental staff. The perceptions of these groups are vital for understanding the current state of ERM practices and their impact on individual and organizational performance.

The scope of the study is categorized into three dimensions: Conceptual Scope, Geographic Scope, and Time Scope.

Conceptual Scope: This study focuses on core elements of Employee Relationship Management, including communication, trust, employee engagement, recognition, and conflict resolution, and how these elements affect employee performance outcomes such as productivity, job satisfaction, and organizational commitment (Armstrong & Taylor, 2014; Guest, 2017). The research does not extend to other areas of Human Resource Management like recruitment, training, or compensation. The emphasis remains strictly on how ERM practices contribute to employee effectiveness and performance.

Geographic Scope: The geographic boundary of the study is confined to Addis Ababa, specifically within the operational premises of Hosea Trading House. All data will be collected from employees working in this location. Other branches or operational areas of the company outside of Addis Ababa are excluded from the study, making this a location-specific inquiry.

Time Scope: The time scope of the study is limited to data collection and analysis within the 2025 calendar year, specifically focusing on employee performance and ERM practices as they exist at the time of the study. It is a cross-sectional study, capturing perceptions and relationships at one point in time rather than tracking changes over a longer duration (Creswell & Creswell, 2018). Therefore, the study does not account for historical or future shifts in ERM practices or performance trends.

1.7. Significance of the Study

This research will help the company to pay special attention to all components of ERM involving HR practices, communication, trust, leadership styles and shared goals and values as important variables because of its major effect on employee performance in the long term.

The research will enable the managers and workers of the study targets decide on having a clear model for ERM that constitutes every aspect for the employee relationships where ERM will be a new concept the organizations may adopt and implement where the employees are the key success of the organization.

The study will also fill the literature gaps mentioned in the statement of problem and be a starter point for future researchers who want to conduct and expand the concerned title in Ethiopia.

1.8. Operational Definition

The current study defines the underneath terminologies in relation to the study constructs and research setting.

Employee Relationship Management: Is the process of adopting various controlling methods and practices to regulate the relations between companies. Staff and employee vs. employee, and enables the company to achieve its goals (Jing, 2013, p. 2).

HR Practices: Is crucial functions of Human Resource Management which can bring about change status of ERM in the organization as this function can be quantified and can result in statistical data to prove its importance in enhancing ERM status in the organization (Sinha & Bajaj, 2013, p. 33).

Trust: Is willingness to increase the resources invested in another party, based on positive expectations resulting from past positive mutual interactions” (Tzafrir and Eitam-Meilik, 2005).

Communication: Is the extent of exchanging information among employees to aware about the important aspects of the organization which includes institutional policy, strategy, procedures and manuals that help them to understand what is expected of them and how they are going to accomplish their duties (Chinomon and sandata, 2013).

Shared Goals and Values: Is the establishment of clearly achievable and mutually agreed goals that relates towards the vision of the organization and motivates employees for its accomplishment (Nelson, 1997; sax, 2012).

Employee performance: Is the total or aggregate output of an employee's activities and actions in an organization. (Coutler, 2006).

1. 9. Limitation of the study

This study, which examined the impact of Employee Relationship Management (ERM) on employee performance at Hosea Trading House, faced limitations that should be considered when interpreting the results. Firstly, the research was geographically limited to the Addis Ababa branch, which restricts the generalization of the findings to other locations where the company operates. Similarly, since the study focused solely on a trading and service-based organization, its conclusions may not apply to other sectors such as manufacturing or finance, where ERM dynamics can differ significantly.

Methodologically, the study adopted a cross-sectional design, capturing employee perceptions at a single point in time. This approach limits the ability to observe changes or trends in ERM practices and employee performance over time. Another notable limitation lies in the reliance on self-reported data, which may be influenced by personal bias or respondents' desire to answer favorably rather than truthfully.

Additionally, while the study explored five major ERM components—HR practices, communication, trust, leadership styles, and shared goals and values—it excluded other potentially influential factors such as organizational culture, conflict resolution, and employee engagement. Interestingly, HR practices showed a negative relationship with performance, but the study did not explore the underlying causes behind this result.

Overall, these limitations highlight areas for future research and call for caution in broadly applying the study's findings beyond its specific context.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

The primary purpose of this chapter is to provide a comprehensive understanding of the concept of Employee Relationship Management (ERM) and its impact on employee performance, through both theoretical and empirical lenses. The literature review critically analyzes existing knowledge, identifies conceptual frameworks, and presents research findings relevant to the topic under investigation.

The chapter is structured into two major sections: theoretical review and empirical review**.** The theoretical section explores foundational theories and models underpinning ERM, such as Social Exchange Theory**,** Psychological Contract Theory, and Human Relations Theory, and how these relate to employee motivation, organizational commitment, and job performance (Blau, 1964; Rousseau, 1995; Mayo, 1933). It also defines key components of ERM—including trust**,** communication**,** employee engagement**,** conflict resolution, and recognition**—**and discusses their theoretical relevance to employee performance outcomes (Armstrong & Taylor, 2014).

In the empirical section, the review examines previous studies and scholarly work conducted across diverse organizational contexts—both in developed and developing economies—on the relationship between ERM and employee performance. Special attention is given to research that aligns with the Ethiopian organizational context or the trading and service sectors. These studies assess how ERM practices influence indicators such as productivity**,** job satisfaction**,** organizational citizenship behavior, and employee retention (Guest, 2017; Alfes et al., 2013). The section also evaluates the research methodologies used, the robustness of findings, and identifies gaps that justify the need for the present study.

By integrating theoretical and empirical insights, this chapter aims to contextualize the research problem, establish gaps in the current body of knowledge, and provide a strong foundation for the study's conceptual framework.

. **Background of the Organization: Hosea trading house**

Hosea trading house was established in 1994 E.C as Hosea trading, dealing in the metal retail shop; and has over the years diversified into other businesses spanning multiple sector of the economy. Currently, there are five active business units (real estate, hospitality, retail, import, and export) and one business unit in process i.e. manufacturing business unit.

2.1. Theoretical Review

ERM is a relatively new concept derived from Customer Relationship Management (CRM). It encompasses strategies, programs, and technologies to manage how organizations interact with current, former, and potential employees (Lagergren & Andersson, 2013). ERM is defined as the relationship between the employer (or their representative) and employees aimed at maintaining morale, trust, and commitment to create a secure and productive workplace (Bajaj et al., 2013).

According to Yongcai (2010), ERM is a specific domain within human resource management that includes methods and practices to regulate employer-employee and peer-to-peer relationships to achieve organizational goals. Jing (2013) defines ERM as a strategic tool for managing all employee interactions. Bergeron (2003) emphasizes its dynamic nature in managing intellectual capital exchange for mutual benefit. Rai & Pareek (2012) argue that ERM builds trust and loyalty through effective organizational communication.

ERM theory draws from several foundational frameworks:

Social Exchange Theory

Blau (1964) suggests that reciprocal relationships between employers and employees promote organizational commitment. Trust and recognition foster a sense of obligation among employees to reciprocate through improved performance.

Psychological Contract Theory

Rousseau (1995) states that unwritten expectations between employers and employees affect commitment and satisfaction. Fulfillment of these psychological contracts enhances employee engagement.

Human Relations Theory

Mayo (1933) emphasizes the significance of social factors and employee well-being. ERM practices that promote interpersonal harmony and communication contribute to enhanced performance.

ERM's primary goals, as outlined by Singh & Kumar (2011), include:

1. Aligning employment relationships with psychological commitments.
2. Ensuring fairness in employment terms.
3. Developing clear policies and performance expectations.
4. Establishing effective communication systems.

2.2. Components of Employee Relationship Management

Several components of ERM directly influence employee performance:

a) **HR Practices**: Training, job satisfaction, performance appraisal, and career development enhance motivation and productivity (Sinha & Bajaj, 2013).

b) **Trust**: Trust reduces conflict, fosters cooperation, and improves job satisfaction and performance (Tan & Tan, 2000; Dirks & Ferrin, 2002).

c) **Communication**: Effective communication strengthens relationships, fosters harmony, and aligns employee efforts with organizational goals (Chinomona & Sandada, 2013).

d) **Leadership Style**: Leadership influences employee motivation and productivity. Transformational leadership, in particular, is linked to improved employee outcomes (Elkins & Keller, 2003; Armstrong, 2009).

e) **Shared Goals and Values**: Alignment between employee and organizational goals boosts morale and performance (Herington et al., 2009; Nelson, 1997; Richards et al., 2012).

2.3. Employee Performance

Employee performance refers to the output and quality of tasks completed by an employee (Coulter, 2006). It includes attributes such as efficiency, quality, innovation, commitment, and satisfaction. Armstrong (2009) notes that performance is often measured by comparing actual results with expected productivity or profitability. Pilbeam & Corbridge (2002) argue that managing employee performance is essential for achieving organizational goals.

Performance management ensures employees understand both their roles and expected standards, which drives organizational productivity. According to Sarmad et al. (2011), better employee performance leads to greater organizational success, including improved cohesion and commitment.

2.4. Effect of ERM on Employee Performance

Effective ERM strengthens organizational culture and addresses productivity gaps (Vineet et al., 2013). Positive employee relations create a motivating environment that enhances job satisfaction and performance (Kelchner, 2017).

Sequeira & Dhriti (2015) found a direct relationship between ERM practices and improved employee performance. Employees satisfied with ERM practices are more committed and resistant to change. Batista et al. (2003) argue that ERM enables accurate assessment of employee needs, reducing turnover and increasing satisfaction, loyalty, and retention.

According to Yongcai (2010), ERM creates a win-win scenario by aligning employee satisfaction with organizational goals. However, Debowy (2011) warns that many relational dynamics are hidden and require careful management.

ERM is thus critical to unlocking employee potential and aligning individual efforts with organizational objectives.

2.5. Empirical Literature

This section presents previous studies carried out by various authors on ERM and its components. Due to the relatively recent emergence of ERM as a distinct research field, there is a limited body of local literature addressing its effects on employee performance. Consequently, this study relies on both international and local studies to form a broader understanding.

The theoretical literature review emphasized the significance of employer-employee relationships. Empirical studies have examined diverse ERM elements and their impacts on organizational outcomes. For instance, Shahzad et al. (2011) investigated the influence of HR practices on the performance of university faculty in Pakistan, while Chinomona and Sandada (2013) focused on shared goals, communication, and conflict avoidance as antecedents of relationship strength in South African higher education institutions.

Tzafrir (2010) analyzed the interaction between trust, HRM practices, and firm performance, and Carstens & Barnes (2010) explored the impact of leader-employee relationship quality on business performance. These studies demonstrate that ERM dimensions such as trust, communication, and leadership significantly influence organizational outcomes.

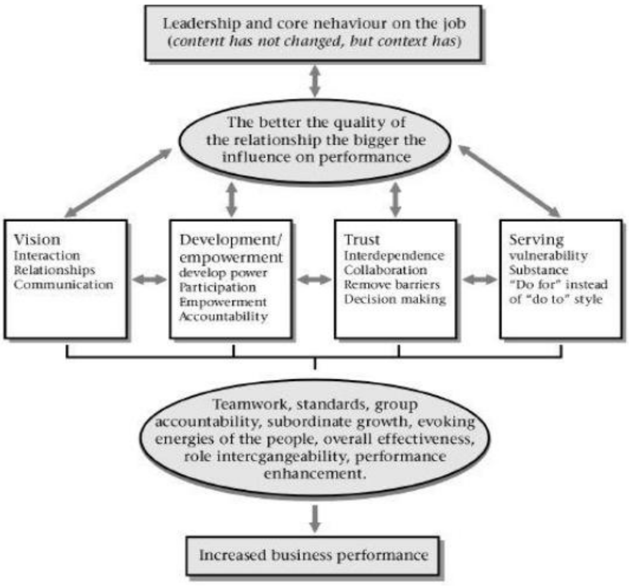
In the Ethiopian context, limited studies have examined ERM holistically. However, several have explored its individual components. Kirubel (2015) assessed organizational trust at the Development Bank of Ethiopia. Alganesh (2015) evaluated the effect of organizational communication on employee performance at Ethio-Telecom. Gebreyesus (2013) studied the influence of managerial communication on performance at the Addis Ababa School of Commerce. Tadele (2012) investigated the relationship between leadership style and performance in Save the Children Ethiopia.

This study is distinctive in that it integrates multiple ERM components—communication, trust, HR practices, leadership styles, and shared goals/values—into a single framework to assess their collective effect on employee performance.

2.6. Conceptual Framework

Two foundational ERM models inform this study:

1. **Employee Relationship Model** (Carstens & Barnes, 2006): This model identifies elements that influence employer-employee relationships, such as leadership quality and HR support.



Source: Carstens & Barnes, "The Quality of Leader/Employee Relationship in Business Performance", Journal of Human Resource Management, 2006, p. 12

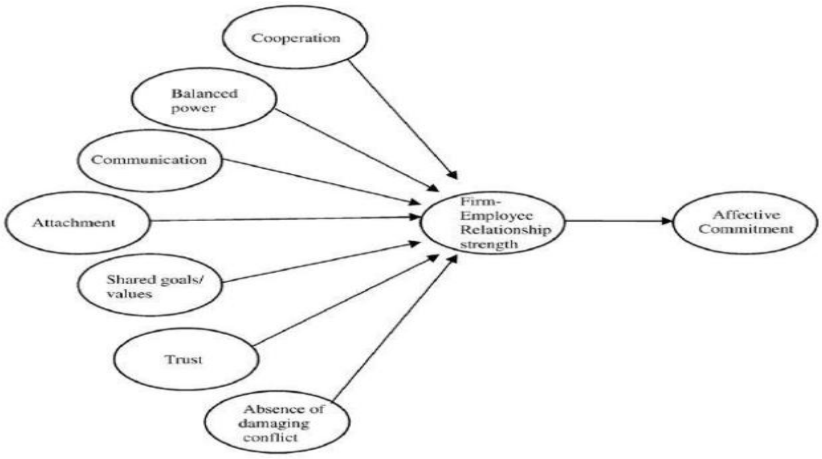
Figure 2.1 Employee Relationship Model

2. **Firm–Employee Relationship Strength Model** (Herington et al., 2009): This model outlines seven dimensions of relationship strength—cooperation, balanced power, communication, attachment, shared goals/values, trust, and absence of damage.

From these models, variables relevant to the Broadcasting and Entertainment industry are selected to develop a customized research model. Specifically:

- From Herington et al. (2009): Communication, Shared Goals/Values
- From Carstens & Barnes (2006): Trust, Leadership Style, HR Practices

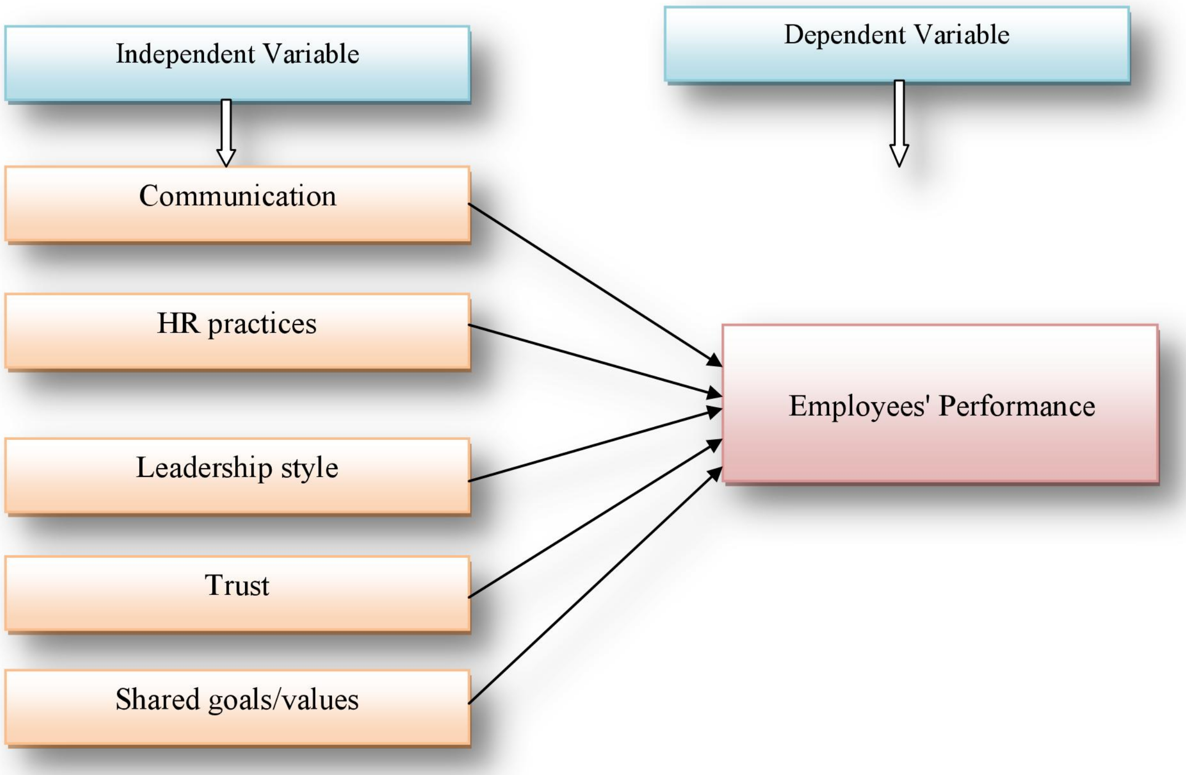
These five ERM dimensions are integrated into the following research framework:



Source:Herington et al., "Firm–employee relationship strength—A conceptual model", Journal of Business Research, 2009, p. 1101

Figure 2.2 Model of firm–employee relationship strength

From the above model's research variables which are related to the employee performance, which are more related to the industry (Broadcasting and Entertainment industry) and also to minimize large number of variables to avoid the risk of collection of inaccurate and incomplete information will be taken. So, taking into account the above parameters the following model is developed. From model of firm–employee relationship strength the variables communication and shared goals/values are taken. From employee relationship model the variable trust, leadership style and HR Practices are taken.



Source: Articulated by the Researcher, 2025, based on ERM Models

Figure 2.3 conceptual frame work of the study

2.7. Hypothesis of the Study

The research hypotheses are derived from both theoretical frameworks and empirical findings:

H1: Communication has a positive and significant effect on employee performance. (Based on Alganesh G/Medhin, 2015)

H2: HR practices have a positive and significant effect on employee performance. (Based on Shahzad et al., 2011)

H3: Leadership style has a positive and significant effect on employee performance. (Based on Tadele Solomon, 2012)

H4: Trust has a positive and significant effect on employee performance. (Based on Kirubel Arega, 2015)

H5: Shared goals/values have a positive and significant effect on employee performance. (Based on Holtzhausen & Fourie, 2012)

CHAPTER THREE
RESEARCH METHODOLOGY

3.1. Research Design

There are three main approaches to conduct a research project in this aspect: quantitative, qualitative and mixed research approaches. Out of these approaches quantitative research method is mainly used to test a theory by investigating the factors based on the previous studies, identifying the research relationships and obtaining the findings. It depends on a few variables and it follows many tools in order to test the validity and reliability of the data. Therefore, in order to achieve the objectives of this study and thereby to give answers for its problems, a quantitative research approach is used.

Creswell (2003) defines a research design as the scheme, outline, or plan that is used to generate answers to research problems. Further Dooley (2007) notes that a research design is the structure of the research that serve as the glue that holds all elements of a research project together. This implies the fact that it gives direction and systematizes the research as it involves the process, which the investigator followed from the inception to completion of the study.

According to Robson (2002), the three purposes of conducting research are generally the following: explorative, descriptive and explanative. Explorative research is characterized as the seeking of new insights, the looking around, and the asking of questions or the bringing of some phenomenon into new light. Explanative research aims at gaining an explanation of a specific situation or problem, generally in the form of causal relationships. A causal study's hypothesis is a directional one which predicts that one variable or set of variables (marketing mixes), called "independent variables," will affect another variable or set of variables, known as "dependent variables (brand loyalty)," in a certain way or magnitude.

So, to examine the extent of influence of the independent variable to the dependent variable, explanatory design will be used.

3.2. Sample size and sampling techniques

3.2.1. Research Population

The research population included the employees of hosea trading house. These will be selected based on their Expertise to be the study targets as requested by the researcher on a personal visit interview. Based on current information gathered from the company; in Total there are 80 employees.

3.2.2. Sampling technique

The most popular research sampling method of Yamane is used for sampling. Yamane's statistical formula will be used to determine sample size and the questionnaires are designed in Likert scale format.

Yamane (1967:886) provides a simplified formula to calculate sample sizes. A 95% confidence level or e=0.05 is assumed for Equation 5.

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

Where n is the sample size, N is the population size, and e is the level of precision.

$$n = \frac{80}{1 + 80(0.05)^2} = 66.7$$

When this formula is applied to the above 80 population we get 66.7 sample sizes. Although the total population is relatively small (80), the Yamane formula ensures statistical validity while managing resource constraints. However, due to the manageable size of the entire workforce, it is feasible—and methodologically sound—to distribute questionnaires to all 80 employees for increased representativeness and response accuracy. Therefore, a census approach will be adopted by involving the entire target population, rather than limiting the sample to 67 respondents.

To ensure a comprehensive understanding of ERM perceptions across job roles, all managers will be included in the sample, with the remaining respondents selected proportionally from non-managerial staff. This stratified approach enhances the generalizability of the findings across different employee categories.

3.3. Data Source and Data Collection Methods

3.3.1. Data type and source

Two sources of data will be used that will be collected carefully in order to achieve the research objectives. The sources and the data gathering tools have been described as under: -

Secondary Data: Is obtained from several journals that discussed ERM and its components. Also, many books related to it will be used, in addition to thesis from universities and electronic libraries. Data about the selected companies will be collected from its websites, quarterly and in annual reports.

Primary Data: Primary data will be collected from company managers and employees. A questionnaire will be used to collect data about the effectiveness of ERM on the performance of employees Hosea trading house. The respondents will be asked regarding the research variables.

3.3.2. Data Collection Tools

The questionnaire will be carefully designed in order to facilitate the collection process, in addition to maximizing the reliability and validity of data gathered from respondents. The questionnaire will be composed of the following parts:

Part I will have demographic content including (age, gender, Marital Status, Functional Level, educational degree, years of experience in the organization, and the organization's working sector) as these are important factors for ensuring the validity and reliability of the data collected (Bajaj et al., 2013, p. 75).

Part II will have questions focusing on the independent variables and will have sub part "a" up to "e" addressing questions related to HR practices, communication, trust, shared goals and Values and leadership styles respectively.

Part III will have questions focusing on employees' performance.

In order to be able to select the appropriate method of analysis, the level of measurement must be understood. For each type of measurement, there must be an appropriate method/s that can be applied to some and not to others. In this research, ordinal scales will be used. Likert scale is a ranking or a rating data that normally uses integers in ascending or descending order. The numbers assigned to the important (1, 2, 3, 4, 5) do not indicate that the interval between scales is equal, nor do they indicate absolute quantities.

3.4. Variables and Measurements

The variables of the research are the following:

1. Dependent Variable: Employee Performance
2. Independent Variables (ERM Components):
    a. HR Practices
    b. Corporate Communication
    c. Trust
    d. Shared goals/values
    e. Leadership Style

3.5. Data Analysis

The Statistical Package for Social Sciences (SPSS) is used as an aid in the analysis to analyse the data obtains from primary sources. SPSS is preferred because of its ability to cover a wide range of the most common statistical and graphical data analysis. The procedure of the data analysis process will be done through three steps. First, the collected data from the survey questionnaire will be transformed into useful information by Statistical Package for Social

Science studies. Based on the information entered and coded in SPSS V.26, the researcher will perform a preliminary analysis to test the multivariate assumptions such as normality, missing data, outlier, collinearity and auto-correlation. It is widely accepted that researchers should spend much of their time and effort in data preparation and screening (Kline, 2011).Thus, proper data preparation and screening will be done by identifying missing data, outliers, normality, and multi collinearity issues. Second, descriptive statistics will be conducted to perform reliability Test, Pearson Correlation Coefficient Analysis and finally Multiple Regression Analysis will be done to test hypothesis. For this particular study, multiple regressions are considered as an appropriate multivariate analysis statistical technique which enables the researcher to associate a number of independent variables and their effect on a single dependent variable (Zikmund, 2012).

One of the objectives of this research is to find out the relationships and the effect between employee relationship components(HR Practices, Trust, Communication, Leadership styles and shared goals and values) and employees' performance, so regression analysis is the best suitable tool for that purpose.

3.6. Validity and Reliability

3.6.1. Validity

Validity refers to how well a test measures what it is purported to measure. Validity is the accuracy and meaningfulness of inferences based on the research results. It is the degree to which results obtained from analysis of the data actually represent the phenomenon under study. It is the correctness and reasonability of the data. It refers to getting results that accurately reflect the concept being measured. In relation to construct validity that is the instruments measure the variables that they are supposed to measure and no other variables. Expert opinion from supervisors is sought to assess the validity of the data collection instruments. The researcher will also improve Employee Relationship Management and Its Effects on Employees' Performance (Case of Hosea trading house) validity, by matching assessment measures to the goals and objectives and by making useful adjustments to the research instruments after the study.

3.6.2. Reliability

The reliability of an instrument is the degree of consistency which measures the attribute it is supposed to be measuring (George & Mallery, 2006). The less variation an instrument produces in repeated measurements of an attribute, the higher its reliability. Reliability can be equated with the stability, consistency, or dependability of a measuring tool. The test is repeated to the same sample of people on two occasions and then compares the scores obtained by computing a reliability coefficient (George & Mallery, 2006). To ensure the reliability of the questionnaire, Cronbach's Coefficient Alpha should be applied. Cronbach's Coefficient Alpha method is used to measure the reliability of the questionnaire between each field and the mean of the whole fields of the questionnaire. The normal range of Cronbach's coefficient alpha value is between 0.0 and + 1.0, and the higher value reflects a higher degree of internal consistency. The Cronbach's coefficient alpha calculated for each field of the questionnaire by previous researchers mentioned in the literature review will be used as the basis.

For the reliability test of the data Cronbach's alpha was calculated using SPSS and the result is presented in Table 3.1 below. The alpha values for all constructs in the study are greater than the guideline of 0.70, so it can be concluded that the measurements can be applied for analyses with acceptable reliability. The alpha values for all constructs in the study are greater than the guideline of 0.70, so it can be concluded that the measurements can be applied for analyses with acceptable reliability.

Table 3.1 Reliability test result of the scale items

Constructs	Cronbach's Alpha	Number of items
HR Practices	0.841	14
Communication	0.850	10
Trust	0.844	9
Shared goals and Values	0.802	9
Leadership styles	0.824	8
Employee performance	0.877	15
Reliability of total scale	0.969	65

Source: Computation from survey data (2025)

3.7. Ethical Considerations

All the research participants included in this study will be appropriately informed about the purpose of the research and their willingness and consent are secured before the commencement of distributing questionnaires. Respondents are informed of their full right to fill the questions or to withdraw from the study at any time without any unfavourable consequences, and they are not harmed as a result of their participation or non-participation. Moreover, no information will be modified or changed, therefore information presented will be as collected and all the literature collected for the purpose of this study are appreciated in the reference list.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

Generally, this chapter is organized in the following manner: It consists of reliability test for the measures used; the demographic profile of the respondents; correlation analysis and regression analysis are also presented and analysed. To facilitate ease in conducting the empirical analysis, the results of descriptive analyses were presented first, followed by the results of Pearson's correlation coefficient. Moreover, One-Way ANOVA analysis and independent t-test was carried out to compare mean difference between and among demographic profiles.

4.1.RESPONSE RATE

Out of 80 distributed questionnaires, 72 were valid and used for analysis, yielding a response rate of 90%.

4.2. Descriptive Statistics

Descriptive statistics are used to summarize and describe the main characteristics of the collected data. In this study, the researcher analyzed demographic information and perceptions of ERM components based on responses from 72 valid questionnaires. The data highlights general trends, including central tendencies and variation, which provide context for the deeper statistical analyses presented in the following sections

4.2.1. Demographic profile of respondents

Descriptive statistics are used to summarize and describe the main characteristics of the collected data. In this study, the research analyzed demographic information and perceptions of ERM components based on responses from 72 valid questionnaires. The data highlights general trends, including central tendencies and variation, which provide context for the deeper statistical analyses presented in the following sections.

The respondents were classified according to gender, age, marital status, educational level, job experience, and functional level. Table 4.1 below summarizes the demographic distribution of the sample.

Table 4.1 Demographic information of the respondents

Category	**Subcategory**	**Count**	**Percentage (%)**
Gender	Male	38	52.8%
	Female	30	47.2%
Age in Years	<20	10	13.9%
	20–29	26	36.1%

Category	Subcategory	Count	Percentage (%)
	30–49	25	34.7%
	≥50	11	15.3%
Marital Status	Single	31	43.1%
	Married	30	41.7%
	Divorced	11	15.3%
Education	Secondary School	7	9.7%
	Diploma	12	16.7%
	Degree	30	41.7%
	Master's	17	23.6%
	Doctorate	6	8.3%
Job Experience	<3 years	18	25.0%
	3–5 years	20	27.8%
	6–10 years	16	22.2%
	>10 years	18	25.0%
Functional Level	Manager/Assistant Manager	16	22.2%
	Director/Vice Director	23	31.9%
	Employee	33	45.8%
Subtotal		72	100%

Source: Computation from survey data (2025)

4.2.2. Mean and Standard Deviation of the Scale Items

Mean and Standard Deviation of the Scale Items is used to know the respondent's perception on ERM Variable and Employee performance. To explain the mean since the range is from 1 to 5 the neutral cut off point is 3. So, the expected value to have positive implication of above 3. Below in table 4.3 there is the descriptive statistics of the items of ERM namely HR Practices, Communication, Trust, Shared goals and Values, Leadership styles.

Table 4.2 Descriptive statistics result of the items of ERM variables

	Mean	Standard Deviation
HR practices		
The strengths and weaknesses of the employees is recognized by performance appraisal system.	3.74	.98
Each worker is mindful of his career way within the organization.	3.50	.91
Employee's Training needs are conversed with the manager.	3.8	1.0
Managers pursue to strengthen and expand relations with employees.	3.88	1.08
Organization depends of pulling in recognized qualified and mastery coaches to prepare workers.	3.34	1.03
Performance appraisal system contains standards to	3.35	.97

measure the employees' skills and performance.		
Determination and recruitment processes in the organization are considered fair.	3.35	1.10
Revising the performance appraisal outcomes contributes in employee's growth.	3.37	1.01
Rewards and motivations framework within the organization are characterized by its objectivity and straightforwardness.	3.46	.98
The worker put particular targets for his career way which he needs to reach within the future.	3.34	1.00
The organization is inquisitive about creating the career ways for workers.	3.49	.83
The organization gives representative with preparing openings that increment their capacities and aptitudes.	3.50	.81
There is proportionality between training the employee had and the requirements of his work.	3.47	.77
Preparing contributes in having unused data and abilities that offer assistance to progress employee's performance.	3.58	.71
Communication		
Regular meetings are done by the manager to discuss the employees' achievements.	3.65	.80
Delivery information process to employees is considered quick and clear	3.51	.84
The manager accepts criticism from the employee.	3.56	.73
The manager can deliver clear messages to employees about matters relating to work.	3.53	.73
The manager talks continuously with employees about work problems and obstacles.	3.54	.75
The manager devotes part of his time to understand and know the employee's needs.	3.35	1.08
The manager uses various communication methods to clarify his ideas.	3.40	1.06
The manger takes the employee's Opinion before making decisions.	3.52	1.02
The organization asks for feedback from the employees about the quality of information they receive.	3.63	.83
Written information is provided to employees in an easy manner to understand.	3.62	.82
Trust		
The employees feel very confident about their manager skills and abilities.	3.50	.67
Managers appreciate employees who perform their tasks properly.	3.54	.89
Managers are successful in the work they attempt to accomplish.	3.42	.88
Managers takes the opinions of employees into account when making decisions.	3.60	.93
The organization treats employees fairly and without discrimination.	3.55	.85

The employees trust the decisions taken by managers.	3.53	.78
The Employees trust the promises provided by managers.	3.65	.78
The organization is considered successful in things it attempts to do.	3.59	.71
Whenever the manager makes decision, he considers the decision's impact on employees.	3.51	.71
Shared goals and values		
Employees understand and know the organization goals and values.	3.57	.71
Employees achieve goals easily because they know it well.	3.58	.74
Employees find that their goals and values are similar to the organization goals and values.	3.82	.98
Employees participating in setting organization goals and values help them to understanding the nature and the flow of work process.	3.82	.98
Employees' participation in setting goals affect their performance in a positive way.	3.90	1.11
Employees participate in setting the organization goals and values and works to achieve it.	3.38	1.05
Participation in identifying goals strengthens the relation between the employee and manager.	3.35	.98
Questioning and punishment are executed in case any violation of the organization terms and regulations.	3.50	1.11
Shared goals and values lead the employees to become active participants in the organization.	3.42	1.06
Leadership styles		
Manager encourages employees to be creative in their work and bring new ideas.	3.45	1.02
Manager concerns the working procedures and gives employees freedom to choose tasks because he trusts their opinions and decisions.	3.27	1.03
Manager delegates some of his power to all employees working with him.	3.38	1.01
Manager encourages employees to express their opinions in planning and implementing the work.	3.38	1.04
Manager follow up employees when they late believing that strict supervision make them feel the importance of their work.	3.36	1.06
Manager participate his employees in decision making process	3.49	1.00
Manager used varied methods of reward and punishment as required by situation and conditions.	3.80	1.05
Managers give opportunity to employee's initiative in facing difficult situations.	3.47	.98

Source: Computation from survey data (2025)

Table 4.2 presents the descriptive statistics results related to Enterprise Risk Management (ERM) practices within the company. As indicated in the table, respondents generally demonstrated a positive perception toward the implementation of strategic ERM components. Specifically, the findings show favorable mean values above the neutral cutoff point of 3.0 across all five ERM dimensions: HR practices, communication, trust, leadership styles, and shared goals and values. This suggests that the company has established a visible and functioning ERM system, aligning with prior findings that effective ERM frameworks are often characterized by strong internal communication, trust, and alignment of values (Beasley et al., 2005; COSO, 2017).

The item with the highest mean score was "Employees' participation in setting goals affects their performance in a positive way" (mean = 3.90), reflecting strong support for inclusive goal-setting processes. Research shows that involving employees in setting strategic goals can enhance commitment and performance outcomes (Locke & Latham, 2002). Conversely, the lowest-rated item was under the leadership styles dimension: "The manager concerns the working procedures and gives employees freedom to choose tasks because he trusts their opinions and decisions" (mean = 3.27). This indicates that, while employee participation is viewed positively, there may be limitations in managerial trust and autonomy granted to employees, which can undermine innovation and adaptability (Yukl, 2013).

When considering the overall average for each ERM component, the results further emphasize the variation in perceived effectiveness. The highest-rated category was Shared Goals and Values (mean = 3.59), suggesting it is the most influential factor in supporting ERM practices. This finding supports the argument that cultural alignment and shared objectives foster risk-aware behavior and collective responsibility (Frigo & Anderson, 2011). In contrast, Leadership Styles received the lowest overall mean (mean = 3.45), implying that current leadership approaches may be less effective in advancing the organization's ERM objectives. Poor leadership integration into ERM practices can limit proactive risk management and strategic decision-making (Miccolis & Shah, 2000).

Table 4.3 Overall mean and standard deviation scores for the strategic management practices variables

Construct	Mean	Standard Deviation
HR practices	3.51	.54
Communication	3.53	.57
Trust	3.54	.54
Shared Goals/Values	3.59	.61
Leadership styles	3.45	.69

Source: Computation from survey data (2025)

4.3. Result's Interpretation

Under this subtopic results and interpretation for correlation analysis and regression analysis of the study are seen.

4.3.1. Correlation Result Analysis

In this study, Pearson's correlation coefficient was used to determine the strength and significance of the relationships between the ERM variables and employee performance. The analysis aimed to identify which ERM elements are most strongly related to employee performance within the company. The results are summarized below.

Table 4.4 shows that all correlation coefficients between the independent variables (HR Practices, Communication, Trust, Shared Goals and Values, and Leadership Styles) and the dependent variable (Employee Performance) are positive, linear, and statistically significant at the 0.01 level (2-tailed). This indicates strong associations among these variables.

Table 4.4 Correlation analysis of cross-cultural issues

Correlations[b]							
		HR	C	T	SGV	L	EP
HR	Pearson Correlation	1					
	Sig. (2-tailed)						
C	Pearson Correlation	.786**	1				
	Sig. (2-tailed)	.000					
T	Pearson Correlation	.879**	.848**	1			
	Sig. (2-tailed)	.000	.000				
SGV	Pearson Correlation	.906**	.758**	.854**	1		
	Sig. (2-tailed)	.000	.000	.000			
L	Pearson Correlation	.811**	.825**	.780**	.735**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
EP	Pearson Correlation	.821**	.890**	.892**	.820**	.872**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
**. Correlation is significant at the 0.01 level (2-tailed).							
b. List wise N=72							

In order to discuss the strength of the association among the study variables, the value of correlation strength developed by Cohen (1988) was presented as follows (see table 4.7):

Table 4.5 Degree of correlation and the value of r

S.No	Type of Correlation Level	r- value	Significance
1	No correlation	< ± 0.01	No significance
2	Small correlation	± 0 .10 to 0.29	Weakly significant
3	Medium Correlation	± 0.30 to 0.49	Moderately significant
4	Larger correlation	± 0.50 to 1.00	Strongly significant

Source Cohen (1988)

The findings show significant positive correlations between all ERM variables and employee performance at the $p < 0.001$ level. Specifically:

Trust has the strongest correlation with employee performance ($r = 0.892$, $p < 0.001$). This aligns with prior studies highlighting trust as a critical factor influencing employee commitment and performance (Dirks & Ferrin, 2002; Mayer, Davis, & Schoorman, 1995).

This is followed by Communication ($r = 0.890$, $p < 0.001$) and Leadership Styles ($r = 0.872$, $p < 0.001$), supporting the literature that effective communication and transformational leadership positively impact employee outcomes (Men, 2014; Bass & Riggio, 2006).

HR Practices and Shared Goals and Values (SGV) are also strongly correlated with performance, with coefficients of $r = 0.821$ and $r = 0.820$, respectively. These results are consistent with research demonstrating that well-designed HR practices and alignment of individual and organizational goals enhance employee productivity (Becker & Huselid, 1998; Locke & Latham, 2002).

Notably, Shared Goals and Values (SGV) shows the lowest correlation with employee performance, indicating an opportunity for improvement. For example, the company could focus on enhancing the item “Participation in identifying goals strengthens the relation between the employee and manager.” This supports the idea that employee involvement in goal setting fosters engagement and better performance (Locke & Latham, 2002).

Regarding relationships among the independent variables themselves, the highest correlation exists between HR Practices and Shared Goals and Values ($r = 0.906$, $p < 0.001$), suggesting that improvements in HR practices may positively influence shared goals and values within the organization. The lowest correlation among the independent variables is between Shared Goals and Values and Leadership Styles ($r = 0.735$, $p < 0.001$), implying that leadership styles may be limiting the full development of shared goals and values. This is in line with findings emphasizing the role of leadership in shaping organizational culture and shared values (Schein, 2010; Yukl, 2013).

4.3.2. Regression Analysis data preparation

Multiple regression analysis was conducted to examine the effect of Enterprise Risk Management (ERM) on Employee Performance (EP).

Assumptions of Regression Analysis

This section focuses on ensuring the accuracy and suitability of the data for regression analysis. It involves proper data entry, coding, and screening for errors and anomalies. Before hypothesis testing, it is essential to prepare and screen the data for issues such as missing data, normality, and multicollinearity (Kline, 2011). In this study, missing data was examined both on a case-wise and variable-wise basis, revealing no significant issues with missing values.

Normality Test

Testing for normality is crucial because many statistical analyses, including regression, assume that data are normally distributed (Tabachnick & Fidell, 2019). Normality was assessed using multiple methods: skewness and kurtosis statistics, as well as visual inspection through Normal Probability (N-N) plots and histograms. The SPSS Version 26 output for these graphical analyses is presented in Figures 4.1 and 4.2. The results indicate that the data approximates a normal distribution, fulfilling this assumption and supporting the appropriateness of using regression analysis

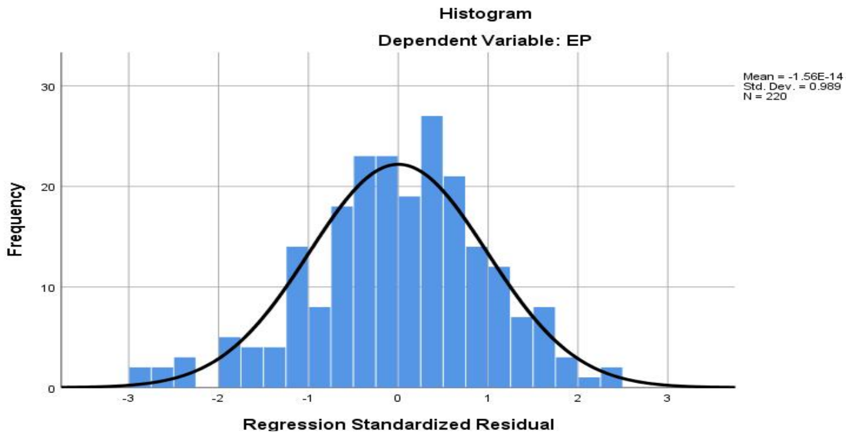


Figure 4.1 Test of normality using Histogram on the dependent variable, Employee performance

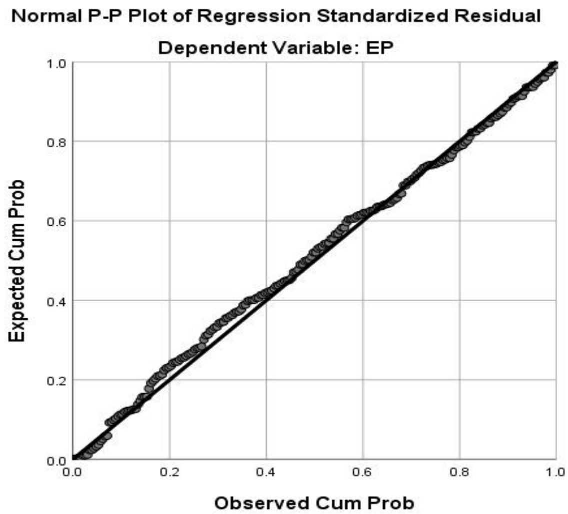


Figure 4.2 Test of normality using N-N on the dependent variable, Employee performance

Mulcollinearity Test

Another important multivariate assumption to check before conducting regression analysis is multicollinearity among the independent variables. Multicollinearity occurs when predictor variables are highly correlated, which can distort the estimation of regression coefficients (Creswell, 2009). To assess this, the Variance Inflation Factor (VIF) and Tolerance values are commonly used. According to Creswell (2009), a VIF value below 10 and a tolerance value greater than 0.01 indicate that multicollinearity is not a concern. In this study, these criteria were applied to ensure that the independent variables did not exhibit problematic multicollinearity.

Table 4.6 Collinearity Assessment Result using Tolerable and VIF test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	HR	.117	8.518
	C	.211	4.745
	T	.154	6.478
	SGV	.163	6.140
	L	.248	4.038

Source: Computation from survey data (2025)

Table 4.6 displays the collinearity assessment of the independent variables, namely awareness of company strategy plan, product design, quality conformance, and service reliability. The findings confirm that the Variance Inflation Factor (VIF) values are all below the threshold of 10, and the tolerance values exceed 0.01. This indicates that multicollinearity is not a concern in the present study.

Once data are properly prepared and screened for missing data, normality, and multicollinearity issues, researchers can be confident in the accuracy and reliability of the results. Proper data entry, coding, and cleaning are critical stages in the research process, as emphasized by Hair et al. (2010). These steps improve data accuracy, which in turn leads to more robust research outcomes and minimizes errors.

Following the preliminary analysis confirming the appropriateness of the sample data, the study proceeds to model fitness evaluation and hypothesis testing. The next section presents the findings and discussion of the research.

4.3.3. Regression model summary and Auto correlation test

Table 4.7 presents the regression model summary and ANOVA results. The coefficient of determination (R^2) is 0.902, indicating that 90.2% of the variance in Employee Performance (EP) is explained by the independent variables: HR Practices, Communication, Trust, Shared Goals and Values (SGV), and Leadership Styles. This means that the remaining 9.8% is attributed to other unknown factors.

The Durbin-Watson statistic, used to test for autocorrelation (Creswell, 2009), is 1.914, which falls within the acceptable range of 1.5 to 2.5. This indicates that there is no significant autocorrelation in the residuals, validating the independence of errors assumption.

Table 4.7 Model Summary

Model Summary										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.950[a]	.902	.900	.17910	.902	394.092	5	214	.000	1.914
a. Predictors: (Constant), L, SGV, C, T, HR										
b. Dependent Variable: EP										

This R^2 value of 0.902 is higher than the 0.80 reported by Chinomona and Sandada (2013), suggesting that the current model explains a greater proportion of variance in employee performance, highlighting the increasing importance of these ERM variables in organizational settings.

4.3.4. Hypothesis testing

The present study tested five hypotheses regarding the effects of ERM variables on Employee Performance (EP). The results of the multiple regression analysis, as shown in Table 4.10, indicate that four of the five ERM variables—Communication (C), Trust (T), Shared Goals and Values (SGV), and Leadership Styles (L)—have positive and statistically significant effects on employee performance. Conversely, HR Practices (HR) demonstrated a negative effect on employee performance in this particular context.

Among the predictors, Trust emerged as the strongest positive predictor of employee performance, while Shared Goals and Values showed the weakest, albeit still positive, influence. These findings suggest that building trust within the organization significantly enhances employee performance, whereas the alignment of shared goals and values, though important, has a comparatively smaller impact.

These results are consistent with prior research highlighting the critical role of trust and communication in enhancing employee outcomes (Mayer, Davis, & Schoorman, 1995; Men, 2014). The weaker influence of shared goals and values also aligns with findings by Klein et al. (2001), who suggest that while shared values matter, their impact may vary depending on organizational context.

Based on these results, a general regression model was developed to express employee performance as a function of the five ERM components under study.

Table 4.8: Regression statistics of the Model

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.195	.086		2.272	.024		
	HR	-.258	.065	-.247	-3.952	.000	.117	8.518
	C	.259	.046	.262	5.614	.000	.211	4.745
	T	.421	.057	.399	7.321	.000	.154	6.478
	SGV	.208	.049	.225	4.237	.000	.163	6.140
	L	.314	.035	.381	8.854	.000	.248	4.038
a. Dependent Variable: EP								

Source: Computation from survey data (2025)

From this equation it can understand from this study and the specific company a unit increment in HR practice will result in 0.258 decrement in employee performance. From this study identified that the item "Organization depends of pulling in recognized qualified and mastery coaches to prepare workers." has low mean among HR practice. So, it is recommended to avoid such practice and get coaches depending on their outcome.

The standardized regression weight shows the different contribution of the five ERM elements [independent variables) on the dependent variable (EP).

Other things constant, the beta coefficient (regression weight) is the average amount of the dependent variable increases when the independent variables increase by one standard deviation.

This regression analysis can be used as way of recommendation for the previous discussions made.

The multiple regression equation developed to predict Employee Performance (EP) based on the five Enterprise Risk Management (ERM) components is expressed as follows:

$EP=\alpha+\beta1HR+\beta2C+\beta3T+\beta4SGV+\beta5L+e$

Where:

EP = Employee Performance

HR = Human Resource Practices

C = Communication

T = Trust

SGV = Shared Goals and Values

L = Leadership Styles

α = Intercept (constant term)

β1 – β5 = Regression coefficients for each independent variable

e = Error term (residual)

Using the computed coefficients based on survey data from N = 72 respondents, the fitted model becomes:

$$EP=0.195-0.258(HR)+0.259(C)+0.421(T)+0.208(SGV)+0.314(L)+e$$

Interpretation:

- The constant term ($\alpha = 0.195$) represents the expected employee performance when all independent variables are held at zero.
- **Trust (T)** has the highest positive impact on employee performance, with a standardized coefficient of **0.421**.
- **Human Resource Practices (HR)** shows a **negative relationship** with employee performance (**$\beta = -0.258$**), suggesting potential concerns in how HR practices are perceived or implemented.
- Other variables including **Communication (C)**, **Shared Goals and Values (SGV)**, and **Leadership Styles (L)** have **positive effects** on performance.

Table 4.9 Summary of Hypothesis Results

Hypothesis	Proposed hypothesis	Result	ß values since $p < .05$
Hypothesis 1	The ERM variable communication have a positive and significant effect on employee's performance	Accepted	0.259
Hypothesis 2	The ERM variable HR practices have a positive and significant effect on employee's performance.	Rejected	-0.258
Hypothesis 3	The ERM variable Leadership style has a positive and significant effect on employee's performance.	Accepted	0.314
Hypothesis 4	The ERM variable Trust has a positive and significant effect on employee's performance.	Accepted	0.421
Hypothesis 5	The ERM variable Shared goals/values have a positive and significant effect on employee's performance.	Accepted	0.208
Source: Computation from survey data (2025)			

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter tries to discuss and recapitulate the major finding from the study and also provides some possible suggestions and recommendations that in one way or another can be used as remedial action.

5.1.Summary of Major Findings

This section summarizes the key findings derived from the study and highlights the relationships among Enterprise Risk Management (ERM) variables and employee performance in the organization based on data collected from 72 valid responses.

- Perception of ERM Components: Among the ERM variables, Shared Goals and Values recorded the highest mean score ($M = 3.59$), indicating that employees perceive it as the most influential ERM component. Conversely, Leadership Style scored the lowest ($M = 3.45$), suggesting that leadership practices are perceived as the least influential on ERM implementation.
- Model Summary: The regression model yielded an R^2 value of 0.902, indicating that 90.2% of the variance in Employee Performance (EP) is explained by the five ERM variables: HR Practices, Communication, Trust, Shared Goals and Values, and Leadership Styles. The remaining 9.8% of the variance is attributable to other external or unmeasured factors.
- Hypothesis 1: Communication has a positive and significant effect on employee performance. Result: Accepted ($\beta = 0.259$, $p < 0.05$)
- Hypothesis 2: HR Practices have a positive and significant effect on employee performance. Result: Rejected – A negative and significant effect was found ($\beta = -0.258$, $p < 0.05$)
- Hypothesis 3: Leadership Style has a positive and significant effect on employee performance. Result: Accepted ($\beta = 0.314$, $p < 0.05$)
- Hypothesis 4: Trust has a positive and significant effect on employee performance. Result: Accepted ($\beta = 0.421$, $p < 0.05$)
- Hypothesis 5: Shared Goals and Values have a positive and significant effect on employee performance. Result: Accepted ($\beta = 0.208$, $p < 0.05$)
- Correlation with Employee Performance: Among all ERM components, Trust had the strongest correlation with employee performance ($r = 0.892$, $p < 0.001$), while Shared Goals and Values had the lowest significant correlation ($r = 0.820$, $p < 0.001$).

- Correlation Among Independent Variables:
    a. The strongest correlation was found between HR Practices and Shared Goals and Values ($r = 0.906$, $p < 0.001$).
    b. The weakest correlation occurred between Shared Goals and Values and Leadership Style ($r = 0.735$, $p < 0.001$), indicating a potential area for improvement in aligning leadership behaviors with organizational values.

5.2. Conclusions

Based on the data collected, the analysis conducted, and insights drawn from relevant literature, the study aimed to examine the effect of Enterprise Risk Management (ERM) components on employee performance, using Hosea Trading House as a case study. The findings lead to the following conclusions:

- Positive Perceptions of ERM Practices: Employees generally hold positive perceptions regarding the organization's ERM components — including HR Practices, Communication, Trust, Leadership Styles, and Shared Goals and Values — as evidenced by mean scores above the neutral threshold of 3. This suggests that ERM tools are visible and actively practiced, aligning with previous research that supports the positive perception of strategic HRM practices on organizational outcomes (Becker & Huselid, 2006).
- Strengths and Gaps in Specific ERM Areas: Among the ERM components, Shared Goals and Values (SGV) received the highest average perception score, suggesting it is the most influential variable in driving employee performance. In contrast, Leadership Styles received the lowest score, indicating room for improvement in leadership practices. This supports earlier studies emphasizing the importance of value alignment and leadership engagement in achieving ERM objectives (Burns, 2001; Mintzberg et al., 2005).
- HR Practices and Employee Empowerment: While employee participation in goal-setting is viewed positively and has demonstrated beneficial outcomes, the analysis revealed issues in managerial trust when delegating task-related decisions. This reflects gaps in participatory leadership, which is considered essential for sustainable performance (Yukl, 2013). Improvements in HR strategy and transparent performance management could also enhance trust and alignment (Armstrong & Taylor, 2014).
- Significant Impact of ERM on Performance: Regression analysis confirmed that most ERM components — except HR Practices — have a positive and statistically significant effect on employee performance. This supports literature that links ERM practices, such

as communication and trust, to improved organizational effectiveness and employee outcomes (Gates, Nicolas, & Walker, 2012).

- Correlation Insights:
    - Trust demonstrated the strongest correlation with employee performance, confirming its central role in performance enhancement, consistent with Mayer, Davis, and Schoorman's (1995) trust-performance framework.
    - Shared Goals and Values had the lowest (yet significant) correlation, highlighting an area for organizational development.
    - Among the ERM variables themselves, the strongest correlation was found between HR Practices and Shared Goals and Values ($r = 0.906$), suggesting that strengthening HR frameworks can reinforce shared organizational values (Ulrich et al., 2009).
    - The weakest correlation between Shared Goals and Values and Leadership Style ($r = 0.735$) indicates a disconnect that could hinder the full realization of ERM benefits. Addressing this requires leadership strategies that better align with organizational culture and employee needs (Bass & Avolio, 1994).

In summary, while Hosea Trading House demonstrates a well-developed ERM framework, the study identifies specific areas — notably leadership and HR practices — where strategic improvements can further strengthen employee performance and alignment with organizational goals.

5.3.Recommendations

Based on the key findings of this study, the following recommendations are proposed to help Hosea Trading House strengthen its Enterprise Risk Management (ERM) practices and improve employee performance:

1. **Build Managerial Trust in Employee Decision-Making**: Managers should be encouraged and trained to delegate appropriate responsibilities and trust employees in selecting and managing their tasks. A lack of trust may hinder initiative and lower employee morale, ultimately affecting performance. This requires a shift towards more participative leadership styles and empowerment frameworks.
2. **Enhance Employee Participation in Goal Setting**: The Company should institutionalize structured and inclusive processes that allow employees to participate in setting organizational goals. This practice has been shown to improve ownership, motivation, and alignment with corporate objectives.
3. **Reconsider Coaching Approaches**: While investing in skilled external coaches is beneficial, the company should assess their impact based on measurable outcomes.

Where possible, develop internal mentorship programs that align with organizational culture and needs, thereby reducing over-reliance on external training resources.

4. **Develop and Implement a Comprehensive ERM Model**: a clear and customized ERM model should be developed, reflecting the company's specific needs. This model must integrate all key components — HR practices, trust, communication, leadership, and shared values — and ensure that employees are placed at the center of risk mitigation and performance efforts.
5. **Improve Organizational Communication Channels**: the company should improve two-way communication by establishing feedback systems, holding regular briefings, and encouraging open dialogue. Active listening and timely responses to employee concerns can improve workplace relationships and support performance growth.
6. **Foster Participatory Decision-Making**: Involve employees in decision-making processes that affect their roles and responsibilities. This fosters a sense of inclusion, builds trust, and enhances the psychological contract between the organization and its workforce.
7. **Clearly Communicate Organizational Values and Objectives**: Managers should frequently and clearly share the company's values and goals with employees. Transparent communication helps employees understand their role in achieving broader objectives and creates stronger alignment and engagement.
8. **Regularly monitor and Evaluate ERM Practices**: the organization should establish periodic reviews of its ERM practices using both qualitative and quantitative performance indicators. This helps ensure that ERM remains aligned with employee needs and the dynamic nature of business risks.
9. **Provide Leadership Development Programs**: since leadership styles were among the lowest-rated ERM components, tailored training should be provided to managers to develop transformational and inclusive leadership skills that foster employee engagement.

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Annex

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

Dear Respondents!

First of all, my sincere gratitude goes to you. I am working on my thesis for Masters of MBA at St. Marry University and the title of my research is: "Employee Relationship Management and Its Effects on Employees' Performance in Hosea trading house plc The survey should take no longer than 15-20 minutes to complete. The objective of the study is to investigate employee relationship management and the effects it has on employee's performance. Your clear and honest responses are important for successful completion of this study.

Therefore, I kindly request you to give your answers to each of the item included in the questionnaire. I guarantee that your responses are used with utmost confidentiality.

General Direction

1. No need of writing your name on the questionnaire
2. All the information you give will be kept with utmost confidentiality and will be used only for research purpose
3. The questionnaire has three parts. Following the instructions of each section, read each question carefully and give responses which you personally believe are correct

Thank you in advance for your cooperation!

Part One: Demographic profile of the respondents

Below are some questions to get overall information about respondents and they are requested to choose their status. Please indicate the extent of your agreement or disagreement with each statement ticking (√) in the corresponding box.

1. Gender: A._Male ☐ B. Female ☐

2. Age:

   A. Below 20 ☐ B. 20-29 ☐ C. 30-49 ☐ D. ≥50☐

3. Marital Status:

   A. Married ☐ B. Single ☐ C. Divorced ☐

5. Educational status:

   A. Secondary School ☐ B. Diploma ☐ C. Degree ☐ D. Masters ☐ E. Doctorate☐

6. Functional Level:

   A. Manager/ Assistant Manager☐ B. Director/ Vice Director☐ C. Employee☐

7. Experience:

   A. < 3Years☐ B. 3-5 Years ☐C. 6-10 Years ☐ D. >10 Years☐

Part Two: Survey Questions about the variables of ERM.

For each of the following statements below, please indicate the extent of your agreement or disagreement by ticking (√) in the box corresponding a number from 1 to 5 using the scale below:

1= strongly disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

Variable	**No**	**Statement**	**Scale**				
			1	**2**	**3**	**4**	**5**
(A) HR Practices	1	The strengths and weaknesses of the employees are recognized by performance appraisal system.					
	2	Each worker is mindful of his career way within the organization.					
	3	Employee's Training needs is conversed with the manager.					
	4	Managers pursue to strengthen and expand relations with employees.					
	5	Organization depends of pulling in recognized qualified and mastery coaches to prepare workers.					
	6	Performance appraisal system contains standards to measure the employees' skills and performance.					
	7	Determination and recruitment processes in the organization are considered fair.					
	8	Revising the performance appraisal outcomes contributes in employee's growth.					
	9	Rewards and motivations framework within the organization are characterized by its objectivity and straightforwardness.					
	10	The worker put particular targets for his career way which he needs to reach within the future.					
	11	The organization is inquisitive about creating the					

		career ways for workers.					
	12	The organization gives representative with preparing openings that increment their capacities and aptitudes.					
	13	There is proportionality between training the employee had and the requirements of his work.					
	14	Preparing contributes in having unused data and abilities that offer assistance to progress employee's performance.					
(B) Communication	13	Regular meetings are done by the manager to discuss the employees' achievements.					
	14	Delivery information process to employees is considered quick and clear					
	15	The manager accepts criticism from the employee.					
	16	The manager can deliver clear messages to employees about matters relating to work.					
	17	The manager talks continuously with employees about work problems and obstacles.					
	18	The manager devotes part of his time to understand and know the employee's needs.					
	19	The manager uses various communication methods to clarify his ideas.					
	20	The manger takes the employee's Opinion before making decisions.					
	21	The organization asks for feedback from the employees about the quality of information they receive.					
	22	Written information is provided to employees in an easy manner to understand.					
(C) Trust	23	The employees feel very confident about their manager skills and abilities.					
	24	Managers appreciate employees who perform their tasks properly.					
	25	Managers are successful in the work they attempt to accomplish.					
	26	Managers take the opinions of employees into account when making decisions.					
	27	The organization treats employees fairly and without discrimination.					
	28	The employees trust the decisions taken by managers.					
	29	The Employees trust the promises provided by managers.					
	30	The organization is considered successful in things it attempts to do.					
	31	Whenever the manager makes decision, he considers the decision's impact on employees.					
	32	Employees understand and know the organization goals and values.					

(D) Shared goals and values	33	Employees achieve goals easily because they know it well.					
	34	Employees find that their goals and values are similar to the organization goals and values.					
	35	Employees participating in setting organization goals and values help them to understanding the nature and the flow of work process.					
	36	Employee’s participation in setting goals affects their performance in a positive way.					
	37	Employees participate in setting the organization goals and values and works to achieve it.					
	38	Participation in identifying goals strengthens the relation between the employee and manager.					
	39	Questioning and punishment are executed in case any violation of the organization terms and regulations.					
	40	Shared goals and values lead the employees to become active participants in the organization.					
(E) Leadership styles	41	Manager encourages employees to be creative in their work and bring new ideas.					
	42	Manager concerns the working procedures and gives employees freedom to choose tasks because he trusts their opinions and decisions.					
	43	Manager delegates some of his power to all employees working with him.					
	44	Manager encourages employees to express their opinions in planning and implementing the work.					
	45	Manager follow up employees when they late believing that strict supervision make them feel the importance of their work.					
	46	Manager participate his employees in decision making process					
	47	Manager used varied methods of reward and punishment as required by situation and conditions.					
	48	Managers give opportunity to employee’s initiative in facing difficult situations.					

Part Three: Survey Questions about the employee performance

For each of the following statements below, please indicate the extent of your agreement or disagreement by ticking (√) in the box corresponding a number from 1 to 5 using the scale below:

1= Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= strongly Agree

Variable	No.	Statement	Scale				
			1	2	3	4	5
Employee Performance	1	Good relationship between the manager and employee affect job performance.					
	2	Direct supervision and constant follow-up of the managers leads to improve the employee's performance.					
	3	Employees are keen to achieve the organization goals.					
	4	Employees carried out orders and instructions issued by the manager related to the work.					
	5	Employees have the ability to communicate and collaborate with their colleagues.					
	6	Employees have the ability to creativity, innovation and job development.					
	7	Employees have well known and understand to the nature of the assigned tasks.					
	8	Employees make their effort to achieve their tasks in the required time.					
	9	Employees participate in decisions that improve their performance.					
	10	Employees take into account the required time to achieve their tasks.					
	11	Performance appraisal System is considered as a motivation for employees to develop and improve their performance.					
	12	Performance appraisal system identifies the strengthen and weaknesses of employees.					
	13	Employees perform their tasks efficiently and effectively.					
	14	There is ability for employees to adapt in the event of emergency situations at work.					
	15	There is ability for employees to take responsibility for the daily burden of work.					