Employee Relations Policies and Organisational Sustainability

Macaulay Enyindah Wegwu

Department of Management, Faculty of Management Sciences, University of Port Harcourt, Rivers State, Nigeria.
Email: enyrwemac@yahoo.com Tel: +2348037111115

ABSTRACT

The study investigated the relationship between employee relations policies and organisational sustainability. Three research questions were asked and three hypotheses tested. A sample size of 100 was derived from a population of 120 which consisted of top, middle and lower level managers. A cross sectional survey method was used and in addition, structured questionnaire administered in gathering information. Data collected was analysed using Pearson Product Moment Correlation Coefficient statistical tool. Findings revealed a positive and significant relationship between employee relations policies and organizational sustainability. It was therefore concluded that employee relations policies have a positive and significant relationship with organizational sustainability. The study then recommended that employee relations policies should be accorded adequate priority in order to achieve organizational sustainability.

Keywords: Employee relations, Employee relations policies, Organizational sustainability.

Highlights of this paper
- This emphasises on the thinking direction that must exist with regard to trade union recognition, collective bargaining, participation and involvement, and employment relations to make employees happy.
- This involves future proofing of an organisation by enhancing the future social, environmental and economic systems within which a business operates.
- An organisation's most valuable assets are the employees who are adjudged to have increased commitment on their jobs, which relates to higher organisational sustainability only when employees' relations policies considers more importantly trade unions on issues of collective bargaining and participation of employees which makes them feel happy, and for the achievement of organisational sustainability.

1. INTRODUCTION

Employees are known to be organization's most important human resource and as such, the most valuable assets required to achieve organizational sustainability, because of the nature and amount of work which they performed that has direct impact on the productivity of an organization. As a consequence, maintaining healthy employee relations in an organization is a pre-requisite for the achievement of continuous growth and success. According to CIPD (2012) employee's relations is a broad term that incorporates many issues from collective bargaining, negotiations, employment legislation to more recent considerations such as work-life balance, equal opportunities and managing diversity. Thus, it is comprised of the practices or initiatives for ensuring that employees are happy and are productive, offers assistance in a variety of ways including employee recognition, policy development, interpretation, and all types of problem solving and dispute resolution.

Earlier proponents of employee relations such as Guest (2013) and a great number of studies have provided empirical evidence on the positive universalistic effects of employee relations on organizational sustainability. For instance, studies by Arthur (1992); Arthur (1994) showed that employee relations strategies aimed at increasing employee commitment were related to higher sustainability. These author also demonstrated that traditional human resources strategies with a greater focus on control, efficiency and lower employee discretion, have negatively affected organizational sustainability.

Another key contribution to the universalistic approach is the research carried out by Huselid (2011) which provided evidence that employee relations strategy also referred to as high sustainability management, has resulted to greater productivity and organizational sustainability and lowered employee turnover.

Delery and Doty (1996) concluded that employee relations strategy is positively related with organizational sustainability. Huselid, Jackson, and Schuler (1997) also demonstrated the influence of employee relations on employee productivity, cash flow and market value with a positive outcome. Contingent and configurative approaches assume that organizations manage their human resource rationally as with any other factors of production (Truss, Delbridge, Alfes, Shantz, & Soane, 2014). Thus, emphasizing the strategic fit of human resource strategy with their internal and external resources.

1.1. Aim of The Study

The objective of the study was to determine the relationship between employee relations policy and organizational sustainability.

1.2. Research Hypothesis

Ho₁: There is no significant relationship between employee relations policies and organizational sustainability.

1.3. Significance of The Study

To offer greater knowledge for management practitioners on their daily business operations for the effective management and improvement of employees' performance towards achieving organizational sustainability.

2. REVIEW OF LITERATURE

2.1. Employee Relations

The concept of employee relations is commonly used in relatively recent years to indicate a particular area of subject matter. Prior to this, what has been very common in literature is the term known as industrial relations. There have also been debates and differences of view regarding the exact meaning of employee relations and industrial relations. However, Blyton and Tombull (1994) had maintained that they prefer to use employee relations because they have seen no much difference between the two terms. They also assert that industrial relation is more concerned with labour unions, collective bargaining and industrial actions, while employee relation could be used because it allows for broader canvas without unions and for the collective aspect of employment relationship with emphasis on personnel and human resource management which focuses on individual affairs rather than collective elements of the relationship.

According to Marchington and Wilkinson (2009) they maintain that the concept of employee relation is increasingly used by personnel managers to describe the part of personnel and development concerned with the regulation of collective or individual relations between employers and employees.

A detailed comparison of these two views proves a considerable similarity that both seek to argue that the use of the term employee relations and industrial relations makes it easier to effect required changes in the employment relationship, its environment and in the make-up of the labour force, union and non-union relations. However, Blyton and Tombull (1994) are keen to maintain a collective interest as the basis for a continuing distinction between employee relations which is achieved through both personnel and human resource management in which depends upon the individual and the individual employment relationship. Interestingly, it has been observed that Marchington and Wilkinson (2009) see employee relations as encompassing both individual and collective relations. Another point of difference is that (Marchington & Wilkinson, 2009) seem to compares the term employee relations with a managerial focus, suggesting as they do that there is a tendency for the terms employee relations to be more concerned with managerial issues rather than being concerned with all parties and interests in the employment relationship.

The managerial concern was also agreed by Gennard and Judge (2008) as cited in the professional chartered institute of personnel and development practitioners in United Kingdom. They have maintained that employee relations involve the study of rules, regulations and agreements by which employees are managed both as individuals and as collective group. In any case, the priority given to individual as against the collective relationship differ among organisations with respect to the values of the organisation's management.

Employee relations defines the intentions of the organization about what needs to be done and changed in the ways the organization manages relationships with employees and their trade unions Armstrong (2009). Employee relation are basically about the pay-work bargain made between employers and employees where by the employers agrees to pay for the work performed by the employers. Employers of labour prefer employees who will do what they want they are told to do with reduced cost through engagement and commitment. On the contrast, employees want a say in how much they are rewarded, their terms and conditions of service and the in which their work is organized (Armstrong, 2009). In other words, the purpose of employee relations is to provide for effective and consistent procedures for rule making, consistency in dealing with employee relations issues, fairness, process that can affect and improve behavior or resolve differences.

Employee relationship is a concept put forward by the western scholars in the 20th century to describe a kind of special interpersonal relationship which could replace industrial relation. It however, refers to the relationship of right and obligation, management and obeying caused by conflicting interest between management and labour and influenced by economic, technology policy, legal system and socio-cultural background of some society (Yongcai, 2010). Employee relationship is defined as the relationship between employer or the representative manager and employees aimed at maintaining commitment, moral and trust to create productive and secure work place environment (Bajaj, Sinha, & Tiwari, 2013).

2.1.1. Employee Relations Policies

Employee relations policies provide guidelines for an action on employee relations issues which help to ensure that the issues are dealt with consistently. In the works of Armstrong (2009) employee relations policies emphasizes the thinking direction of the organization on what kind of relationships that must exist between management and employees and their unions putting into consideration what the employees wanted and how the pay work bargain should be managed. As a consequence, the objectives of employee relations policies includes maintaining good relation with staff and their unions, developing a cooperative and constructive employee relations climate, the effective management of the work process, the control of labour costs and the development of an engaged and committed workforce.

The fundamental policy areas according to Armstrong (2009) that are required to be consistently dealt with includes the following:

Trade union recognition: This policy gives guide to management to decide whether trade unions must be recognized or not, which to recognize and preferred to have dealings on collective bargaining.

Collective bargaining: This policy gives guide to management to decide whether to centralize or decentralize collective bargaining and also the scope of coverage.

Employee relations procedures: this policy describes the acceptable nature and scope of procedures for redundancy, grievance handling and discipline.

Participation and involvement: This policy prepares management to take decision on the extent to which the organization is ready to give employees a voice on matters that concern them.

The employment relationship: This underscores the extent to which the terms and conditions of employment should be governed by collective agreements or based on individual contracts of employment, harmonization of terms and conditions of employment for staff and manual workers.

Working arrangements: This emphasizes on the degree to which management has the overriding powers to only determine the working arrangements without reference or adequate involvement of the recognized trade unions or employees.

2.1.2. Organizational Sustainability

Colbert and Kurucz (2007) identify the colloquial definition of sustainability as being to keep the business going, whilst another frequently used term in this context refers to the "future proofing' of organizations. Boudreau and Ramstad (2005) refer to "achieving success today without compromising the needs of the future. The Charter of the Sustainability Committee created by the Board of Directors at Ford focuses on sustainable growth, which it defines as "the ability to meet the needs of present customers while taking into account the needs of future generations" (Ford, 2012). Sustainable growth encompasses a business model that creates value consistent with the long term preservation and enhancement of financial, environmental and social capital. According to the CIPD (2012) the

4

essence of sustainability in an organizational context is "the principle of enhancing the societal, environmental and economic systems within which a business operates". This introduces the concept of a three-way focus for organizations striving for sustainability. This is reflected also by Colbert and Kurucz (2007) who state that sustainability implies a simultaneous focus on economic, social, and environmental sustainability. This notion may of course relate to the growth of so called "Triple bottom line accounting. Perhaps organizational sustainability is more related to organizational culture rather than specific policies and procedures. Eccles, Ioannou, and Serafeim (2011) note that organizations are developing sustainability policies, but they highlight that these policies are aimed at developing an underlying culture of sustainability, through policies highlighting the importance of the environmental and social as well as financial sustainability.

3. RESEARCH METHODOLOGY

3.1. Research Design

A quasi- experimental research design or a cross sectional survey which is a form of quasi experimental research design was used.

3.2. Population For the Study

The population for this study was ten (10) selected hotels operating in Port Harcourt, Rivers State. The total number of respondents drawn from each of the ten hotels is equal to one hundred (100) employees used for data generation and analysis.

Table 1. Population for the study.

S/N	Hotel	Top Level Managers	Middle Level Managers	Lower Level Managers	Total Managers
1	Presidential	4	5	5	14
2	The Randolphs	1	3	4	8
3	Le Meridien	2	3	5	10
4	Novotel	3	4	5	12
5	Junaita	2	3	4	9
6	Claridon	2	3	4	9
7	La Kings	2	3	4	9
8	Genesis	3	3	5	11
9	Best Premier	2	3	4	9
10	Land Mark	2	3	4	9
Total		23	33	44	100

Source: Research field work (2020).

The population for the study comprised of top level managers, middle level managers, and supervisors in the studied ten hotel firms in Port Harcourt. The number of top, middle level managers and supervisors are 23, 33, and 44 respectively, making a total of 162 employees. Table 1 presents the distribution of the population in the ten studied hotel firms in Port Harcourt.

3.3. Sampling Technique

The sampling technique adopted was the non- probability sampling technique which ensured that all the items in the population being studied did not have equal chances of being selected.

Sample Size: The sample size for this study was one hundred (100) human resource managers of different categories drawn from different organisations.

3.4. Data Collection Methods

The data generated and analyzed in this study was from primary sources with the use of structured questionnaire and personal interviews in eliciting information from the respondents.

3.5. Validity of Research Instrument.

To ascertain the validity of the research instrument, content and face validity was adopted.

3.6. Reliability of Research Instrument

The reliability of instrument was determined by a reliability test Using the Cronbach alpha test with value at 0.70.

Table 2. Reliability statistics.

Cronbachs Alpha	Cronbach's Alpha Based on standardized items	No. of items
0.964	0.985	10

Table 2 presents result of the cronbach alpha value for all the variables which was used to compare with the value of 0.70 as benchmark adopted for reliability.

Table 3. Cronbach Alpha and composite reliability value studied.

S/N	Hotel	Cronbach Alpha	No of Item
1	Presidential	0.963	3
2	Randolphs	0.965	3
3	Le Meridien	0.956	3
4	Novotel	0.963	3
5	Junaita	0.954	3
6	Claridon	0.954	3
7	La Kings	0.954	3
8	Genesis	0.954	3
9	Best Premier	0.963	3
10	Land Mark	0.963	3
	Reliability value	0.985	10

Source: Research field survey (2020).

Table 3 presents the test on the reliability for each of the variables which revealed a high Cronbach alpha coefficient for the instrument. From the table, the reliability results proved substatntial coefficients of 0.963, 0.965, 0.956, 0.963, 0.954, 0.954, 0.954, 0.954, 0.963, 0.963, for all the variables with three indicators for each which surpassed 0.70 benchmark ealier adopted as the criterion for reliability of the research instrument.

3.7. Data Analysis Method

Pearson Product Moment Correlation coefficient aided by Statistical Package for Social Sciences (SPSS) was utilized for analyzing the relationship between the variables under study.

Table 4. Gender of respondents.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	60	60.0	60.0	60.0
Female	40	40.0	40.0	100.0
Total	100	100.0	100.0	

Source: Field survey, (2020).

4. DATA PRESENTATION

4.1. Descriptive Analysis on Demographics of Respondents

The use of frequencies and percentage scores were employed in assessing distribution of respondents across identified demographic features prevalent among them such as gender, age, marital status and academic qualification of participants as shown in Tables 4, 5, 6, 7 and 8.

4.2. Bio Data of Respondents

Table 4 presents the gender distribution of the respondents used for this study. 60 respondents which represent 60,0 percent of the population are male while the remaining 40 respondents which represent 40.0 percent of the population are female.

Table 5. Age grade of respondents.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 17 Years	15	15.0	15.0	15.0
18-20 Years	15	15.0	15.0	30.0
2l-30 Years	40	40.0	40.0	70.0
31-4o Years	10	10.0	10.0	80.0
4l-5o Years	10	10.0	10.0	90.0
Above 50 Years	10	10.0	10.0	100.0
Total	100	100.0	100.0	

Source: Field survey, (2020).

Table 5 explains the age grade of the respondents used for this study. 15% percent of the population are of 17 years of age. Another 15% percent of the population are between 18-20 years. 40% percent of the population are between 2 1-30 years. 10% percent of the population are between 31-40yrs. Other 10% percent of the population are between 41-50 years, while 10% percent of the population are over 50 years respectively.

Table 6. Marital status of respondents.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single	60	60.0	60.0	60.0
Married	30	30.0	30.0	90.0
Divorced	5	5.0	5.0	95.0
Widowed	5	5.0	5.0	100.0
Total	100	100.0	100.0	

Source: Field survey, (2020).

Table 7. Academic qualification.

Qualification	Frequency	Percent	Valid	Cumulative % Percent
Diploma	10	10	10	10
HND/BSC	50	50	50	60
Master	35	35	35	25
Ph.D	5	35	35	5
Total	100			

Source: Field survey, (2020).

Table 8. Working experience (in years).

Years	Frequency	Percent	Valid Percent	Cumulative %
3	15	15	15	15
4-6	40	40	40	40
7-9	25	25	25	25
> 10	20	20	20	20
Total	100			

Source: Field survey, (2020).

Table 6 explains the marital status of respondents used for the survey. 60& percent of the population are single, 30% percent of the population are married, 5% percent of the population are divorced, while another 5% percent of the population are widowed. Table 7 explains the academic qualification of respondents used for the survey. 50% percent of those with HND/BSC qualifications recorded the highest rate followed by master degree holders which represented *35* percent of the study population, while 10% represented diploma degree holders and PhD 5%. This could be as a result of the organizations' desire and preference academic qualifications and required the skills for the job.

Table 8 explains the working experience of respondents in the various hotels. Those with 3 years working experiences represented 15% of the study population, 4-6 years represented 40 (32%) 7-9 years represented 25% and above 10 years represented 20% with all expressed in frequencies. It is evident that respondents who have worked between 4-6 years are more in the hotel followed by those between 7-9 years.

Table 9. Ho₁ There is a significant relationship between employee relations policies and organizational sustainability.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	50	50.0	50.0	50.0
Agree	30	30.0	30.0	80.0
Neither agree	5	5.0	5.0	85.0
Disagree	10	10.0	10.0	95.0
Strongly agree	5	5.0	5.0	100.0
Total	100	100.0	100.0	

Source: Field survey, (2020).

4.3. Analysis of Research Hypothesis

Table 9 presents the respondents' position on the hypothesis that there is a significant relationship between employee relations policies and organizational sustainability. 50 % of the respondents strongly agree that there is a significant relationship between employment relations policies and organizational sustainability. The implication of the research hypothesis is a reflection of the assertions made by Armstrong (2009) that there is the need for employers of labour and the employees to reach agreement on the terms and conditions of employment and the ways in which employment issues such as disputes, grievances and disciplinary matters should be resolved. In other words, the achievement of the objectives of employee relations policies depends largely on the maintenance of good relations with employees through the adoption of methods, procedures required to deal with employees either collectively or individually with the recognition of the trade unions capable of achieving organizational sustainability.

4.4. Discussion of Findings

Empirical findings of this study support the existence of relationship between employee relations policies and organizational sustainability of service organizations studied. The findings support the position of Huselid (2011) which provided evidence that employee relations labelled High Sustainability Management by the author, results in greater productivity and organizational sustainability and lower employee turnover. Delery and Doty (1996) concluded that employee relations strategy is positively related with organizational sustainability (Huselid et al., 1997) demonstrated influence of employee relations on employee productivity, cash flow and market value which are required for organizational sustainability.

5. SUMMARY

Employee relations policies need to involve the maintenance of a work environment that are required satisfy the needs of individual employees and management, improving employee morale, building company culture, conveying

expectations. An effective employee relations policies involve the creation, cultivation, and motivation of a productive workforce necessarily required for sustainability. It is necessary to keep the dynamics of employer-employee relationship in mind to cover all the relations between employers and employees. Employee relations also includes giving scope for employee participation in management decisions, communications, policies for improving cooperation and control of grievances and minimization of conflicts. People are generally motivated from within, but it is expected that organisations need to focus more on what they can do to help foster the type of environment where employees thrive to give their best towards achieving sustainability. Motivated employees have higher level of work engagement, reduced turnover and better sustainability capabilities as compared to disengaged employees. Since the organization success is directly linked with the skills, abilities and knowledge to achieve sustainability, companies maintaining strong employee relations initiatives will benefit because their workforce is highly motivated to put their best efforts.

6. CONCLUSION

Hypothetical statement was initially stated in the null form, nevertheless, upon results from empirical findings, it was rejected and the alternate accepted to affirm the existence of significant relationship between them.

Data used in this study were generated from primary sources; through distribution and retrieved of copies of structured questionnaire and were analyzed using appropriate tools and techniques. Summarily, the empirical findings from the study revealed that even if there are different employee relations policies, that the adherence of the policies significantly affects the achievement of organizational sustainability. Hence managing these relationships become important for business success, as strong and healthy relationships can lead to greater employee happiness and even increased productivity. Reviewed literature demonstrates competitive relevance of employee relations by analyzing the extent to which the adoption of employee relations strategy enhances organizational sustainability. The literature on employee relations strategy regarding the internal fit of the configurative perspective emphasizes the need to adopt coherent systems or bundles of high commitment practices (Arthur, 1994; Delery & Doty, 1996). The empirical evidence showed that many employee relations strategies are usually found together, that is these strategies are driven from common philosophy (Gallie, Felstead, & Green, 2012; Van de Ven, 2008).

7. RECOMMENDATIONS

Employee relations policies should be the watch word of any business institutions as it is one of the inevitable factors upon which every other factor depends on in the field of modern management and as such managers and owners of organizations   should create an atmosphere that allows interaction with employees, ultimately to achieve the goals of the organization. Since the employee relations policies emphasizes on the what sort of relationships are wanted between management, unions, and employees and how the pay-work bargain should be managed, the following recommendations are put forward:

1. Employers of labour should recognise trade unions as representatives of the employees for negotiations of employment issues affecting the employees.
2. Collective bargaining should be centralized and the scope of bargaining be properly covered.
3. The nature and scope of the procedures for redundancy, grievance handling and discipline be expressly stated for avoidance of doubts.
4. Employers of labour should allow for full participation and involvement of employees on matters that concern them.

9

5. Employers of labour should ensure a realistic and justifiable terms and conditions of employment to be governed by collective bargaining.

6. Management should be able to determine working arrangements with trade unions.

REFERENCES

Armstrong. (2009). *Hand book of human resource management practices* (11th ed.). London: Kogan Page.

Arthur, J. B. (1992). The link between business strategy and industrial relations systems in American steel mini-mills. *Industrial and Labour Relations Review, 45*(3), 488-506.

Arthur, J. B. (1994). Effects of human resource systems on manufacturing performance and turnover. *Academy of Management Journal, 37*(3), 670-687.Available at: https://doi.org/10.5465/256705.

Bajaj, R., Sinha, S., & Tiwari, V. (2013). Crucial factors of human resource management for good employee relations: A case study. *International Journal of Mining, Metallurgy & Mechanical Engineering, 1*(2), 90-92.

Blyton, P., & Tombull, P. (1994). *The dynamics of employee relations.* London: Macmillan.

Boudreau, J. W., & Ramstad, P. M. (2005). Talentship, talent segmentation, and sustainability: A new HR decision science paradigm for a new strategy definition. *Human Resource Management, 44*(2), 129–136.Available at: https://doi.org/10.1002/hrm.20054.

CIPD. (2012). *Responsible and sustainable business: HR leading the way –a collection of "thought pieces.* London: CIPD.

Colbert, B., & Kurucz, E. (2007). Organisational sustainability: What is it, and why. *Review of Enterprise and Management Studies, 1*(1), 38-48.

Delery, E. J., & Doty, D. H. (1996). Modes of theorizing in strategic human resource management: Test of universalistic. Contingency, and configurationally sustainability predictions. *Academy of Management Journal, 39*(4), 802-835.

Eccles, R., Ioannou, I., & Serafeim, G. (2011). The impact of a corporate culture of sustainability on corporate behaviour and performance. Harvard Business School Working Paper No.12-035.

Ford. (2012). Board of Directors at Ford.

Gallie, D., Felstead, A., & Green, F. (2012). Employer policies and organisational commitment in Britain. *Journal of Management Studies, 38*(8), 1081-1101.

Gennard, J., & Judge, G. (2008). *Employee relations.* London: CIPD.

Guest, D. (2013). Human resource management and industrial relations. *Journal of Management Studies, 24*(5), 503-521.

Huselid, M. A. (2011). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal, 38*(3), 635-672.Available at: https://doi.org/10.2307/256741.

Huselid, M. A., Jackson, S. F., & Schuler, R. S. (1997). Technical and strategic human resource management effectiveness as determinants of firm sustainability. *Academy of Management Journal, 40*(1), 171-188.

Marchington, M., & Wilkinson, A. (2009). *Human resource management at work* (4th ed.). London: Cidp Publishing.

Truss, C., Delbridge, R., Alfes, K., Shantz, A., & Soane, E. (2014). *Employee engagement in theory and practice.* Oxon and New York: Routledge.

Van de Ven, B. (2008). An ethical framework for the marketing of corporate social responsibility. *Journal of Business Ethics, 82*(2), 339-352.

Yongcai, Y. (2010). *Employee relationship management of small and medium-sized enterprises.* Paper presented at the International Conference on E-Business and E-Government. IEEE.