

# **The Employee Relations on Employee Performance in the Apparel Industry in Sri Lanka**

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## ***Abstract***

Performance is a critical factor in organizational success. To achieve strong employee performance for organizational success, maintaining healthy employee relations in an organization is a pre-requisite. Employee relations generally deal with avoiding and resolving issues concerning individuals which might arise out of or influence the work scenario. Strong employee relation depends upon healthy and safe work environment, involvement and commitment of all employees, incentives for employee motivation, and effective communication system in the organization. Employee performance can be identified as one of the prime factor that determines successful achievement of organizational goals, in any organization. The objective of the study is to find out the impact between employee relations and employee performance at the selected company. This study was also intended to help the organization understudy to improve performance through good employee relationship. The study was carried out to measure the relationship between Employee Relation and Employee Performance. Out of 150 questionnaires, 120 were selected after the data validation. The reliability is tested for all the independent and dependent variables. The research findings show that there is a positive relationship between the Employee relations and the Employee performance. It was proved with the values taken for both variables at correlation. It shown that when Employee relations are high the Employee performance is likely to increase. In order to improve the Employee Relations further in the organization the management of the organization can introduce some motivation programs and training programs.

**Keywords:** employee relations, employee performance, apparel industry

## **Introduction**

Employee performance is defined as whether a person executes their job, duties, and responsibilities well. Many companies' asses their employee's performance on an annual or quarterly basis in order to define certain areas that need improvement. Performance is a critical factor in organizational success. To achieve strong employee performance for organizational success, maintaining healthy employee relations in an organization is a pre-requisite. Employee relations generally deal with avoiding and resolving issues concerning individuals which might arise out of or influence the work scenario. Strong employee relation depends upon healthy and safe

work environment, involvement and commitment of all employees, incentives for employee motivation, and an effective communication system in the organization. Healthy employee relations lead to more efficient, motivated and productive employees which further lead to increase in production level.

Employee relations, known historically as industrial relations, are concerned with the contractual, emotional, physical and practical relationship between employer and employee. An individual who works part or full-time under a contract of employment, whether oral or written, express or implied, and has recognized rights and duties. Employee relationship refers to the relationship between employees and management as a framework of organizational justice consisting of organizational culture and management style as well as rules and procedural sequence for grievances and conflict management indeed, the objective of employee relationship is to achieve harmonious employee relations and minimize conflict practices in employment (Torrington and Hall, 1998).

Employee performance refers to the output in terms of quantity and quality that helps the organization to realize its set objectives. In other words, performance can be measured by traits, behaviors' and/or outcomes, (Bratton and Gold, 2003) employee performance encourages the employee to get involved in the planning for the company, and therefore anticipates by having a role in the process the employee will be motivated to perform at a high level.

Most organizations in an attempt to increase productivity have come up with the motivation of employees aimed at improving on the organization performance and condition of the job. Hence proper performance, organizations should induce their employees to work hard towards achieving the business set objectives. This can be done through the provision of incentives (Peter Drucker, 1999). The values, beliefs, attitudes, and behavior of the enterprise's employees are held to occupy strategic roles in corporate success. All organizations which aim at high performance need to have policy agenda to create the relationship with the employees or working people.

### **Problem Statement**

ABC Apparel Export (Pvt) Ltd is an organization that makes a significant contribution to the apparel industry of Sri Lanka. The total workforce of the company is 400. However, an analysis of the employee performance in recent past has revealed that there had been a significant fluctuation of employee performance in 4 main production lines such as casual wear, performance wear, work wear and sublimation products. Furthermore, it had been revealed that there had been the issue associated with employee relations of the company. Employee performance can be identified as one

of the prime factors that determine the successful achievement of organizational goals, in any organization. Hence, it is imperative for the top management of ABC Apparel Export (Pvt) Ltd to take these changes of employee performance very seriously. Therefore, paying attention to employee performance as well as the factor that affects employee performance is of utmost importance in this scenario.

Out of numerous factors that affect employee performance, Employee relations can be identified as one important factor. Given that the deterioration of employee relations in ABC Apparel Export (Pvt) Ltd that has led to some organizational issues, it is very important to study whether employee relations have had an impact on recent fluctuations of employee performance and if so what extent has formerly affected latter. In this manner, the researcher wants to find out is there a significant impact on employee relations and employee performance.

### **Objectives of the Study**



To find out the impact on employee relations and employee performance at ABC Apparel Export (Pvt) Ltd.



To find out the relationship between employee relations and employee performance at ABC Apparel Export (Pvt) Ltd.



To examine the level of employee relations at ABC Apparel Export (Pvt) Ltd.



To examine the level of employee performance at ABC Apparel Export (Pvt) Ltd.

The significance of this quantitative research project is notable since little research exists concerning employee relations and job performance in the apparel industry. The study will help the general public to know how the organization relates to its employees in order to improve their performance. This study was also intended to help the organization understudy to improve performance through good employee relations.

### **Literature Review**

#### **Employee Relationship**

Employee means an individual who works part-time or full time under a contract of employment whether oral or written, express or implied, and has recognized rights and duties. Employment is a contract between two parties, one being the employer and the other being the employee. An employee may be defined as: "A person in the service of another under any contract of hire, express or implied, oral or written, where the employer has the power or right to control and direct the employee in the material details of how the work is to be performed." (Black's Law Dictionary, 1979)

Employees are one of the major stakeholders for every organization, both commercial and nonprofit organizations. Employees give the best part of their lives to the organization; therefore, a moral obligation to let them know how they are performing. At the same time organizations have to measure the performance of all their resources, unlike technology and capital. These resource peoples have expectation and interests and they are manifested in behavior which impacts performance.

Michael (2005) defined that Employee Relations is to manage the relationship between employer and employees with the ultimate objectivity of achieving the optimum level of productivity in terms of goods and services, employee motivation taking preventive measures to resolve problems that affect adversely the working environment. Employee Relation Managers exercise their expertise to provide guidelines to the line managers how to improve performance and behavior of the employees. Employee Relation Managers provide assistance to the Business Managers in resolving employee grievances, disputes, and legal matters. This is one of the basic responsibility of Employee Relations Department to provide information to internal customers about rules, regulations, policies, goals, and targets of the organizations to communicate the vision and mission of the Management.

### **Employee Performance**

Employees are performing different jobs in an organization depending upon the nature of the organization. They mainly perform tasks like production, storage, manufacturing, transportation, marketing, purchasing, distribution, promotion of business, finance and accounting, human resource, research and public relations. All these activities are interrelated to achieve the targets. These are to be performed by the employees properly so they can give their best output on the job.

Performance means both behaviors and results. Behaviors emanate from the performance and transform performance from abstraction to action. Not just the instruments for results behaviors are also outcomes in their own right the product of mental and physical effort applied to tasks and can be judged apart from the result. (Armstrong, 1996) Performance is a multidimensional construct the measurement of which varies depending on a variety of factors. (Bates and Holton, 1995) Job performance is how well (or poorly) employees perform their job duties compared to expectations for the job. (Donald and Dunham, 2001).

This is the ability to achieve organizational goals more effectively and efficiently. If an organization is to meet its goals effectively and efficiently ways of accurately measuring management performance must be

implemented for performance to be effective employers should recognize the legitimate desires and needs of employees for progress in their professions Harold Koontz (1994) ways in which employee's performance can be increased to achieve organizational goals include proper incentives systems, these include financial incentives and non-financial incentives.

Performance is a major concern to all organizations. It's the level at which an organization is placed in a particular industry various measures are used to measure it, ranging from gross sales, profit, market share, competitive advantage and customer rating. Performance of an industry in an economy could best be measured in terms of time taken to finish and costs incurred in relation to the originally planned project duration and financial budget Ubeku (1983). Purpose of this study is to find the relationship between employee relations and employee performance. Based on this, the following conceptual framework has been developed.

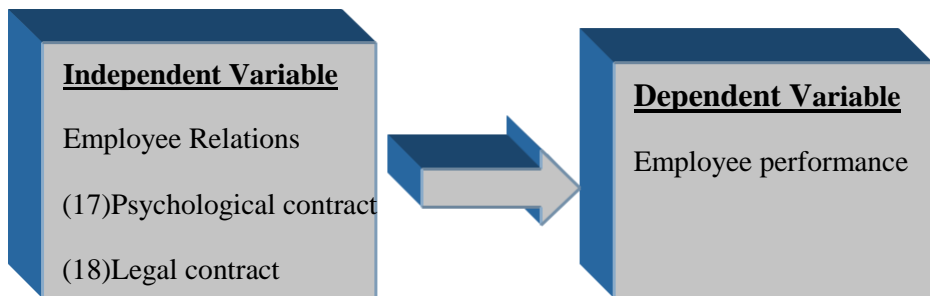


Figure 1: Conceptual Framework

**H<sub>1</sub>**– There is a significant impact on employee relations and employee performance, psychological contract and employee performance, legal contract and employee performance in ABC Apparel Export (Pvt) Ltd.

**H<sub>2</sub>**– There is a significant relationship between the psychological contract of employee relations and employee performance in ABC Apparel Export (Pvt) Ltd.

**H<sub>3</sub>**– There is a significant relationship between legal contract of employee relations and employee performance in ABC Apparel Export (Pvt) Ltd.

## Methodology

The data collection process used in this research is a mix of two basic methods that are questionnaires and personal interviews. The researcher has decided that questionnaire as the best effective and suitable data-collection technique for the study with the aims of getting an appropriate response. Also, some informal interviews have been carried out to collect primary

data. To collect primary data the researcher would visit 4 main production lines such as casual wear, performance wear, work wear and sublimation products informally and by distributing questionnaires to a random sample. Secondary data were collected from available books, publications, research studies, articles, and websites. As well as the researcher used company internal records like work-study reports and performance appraisal reports. All employees at ABC Apparel Export (Pvt) Ltd is taken as a target population and numerically it will be 400 employees. A sample size was taken as 150 of the total employee from 4 main production lines of ABC Apparel Export (Pvt) Ltd for the research.

For the purpose of evaluating the Employee Relations and Employee performance in ABC Apparel Export (Pvt) Ltd, a printed questionnaire was developed and distributed. Questions are mainly related with the Employee Relations and Employee performance. Questionnaire consist of three parts. In the first part represent the personal details of selected employees, second part used to find out Employee Relations through the Psychological contract and Legal contract and the third part are used to evaluate the Employee performance through the Traits, Behaviors, and Results. Statements which are used to test with 5-point Likert scales ranging from strongly agree to strongly disagree.

## **Data Analysis and Discussion**

The study was carried out to measure the relationship between Employee Relation and Employee Performance in ABC Apparel Export (Pvt) Ltd. Descriptive and Correlation analysis was used to check the relationship between the level of employee relationships and the level of performance. Out of 150 questionnaires, 130 were received. Finally, 120 were selected after the data validation. The reliability is tested for all the independent and dependent variables. According to Sekaran reliability should take a value of 0.7 or more to be acceptable (Sekaran, 2003). The questions regarding employee relations since it takes a value of 0.893 and also reliable employee performance are 0.923 which are greater than 0.7.

Descriptive statistics show that the male and female representation of the total sample. Among them, 31 are male which represents 25.83% of the sample and 89 are female which represents 74.17% of the sample. There are 58 married respondents which represent 48.33% of the sample. There are 62 respondents who are single which represent 51.67 % of the sample. The age of respondents where the majority are in 21-25 years of age. 37 respondents include in it (30.8%). The age between 26-30 and less than 20 years represents 27 respondents (22.5%). The age between 31-35 represent 18 respondents and the percentage is 15%. The age above 40 years represents 8 respondents and the percentage is 6.7%. The rest, between 36 and 40 represents 3 respondents (2.5%). Further shows the work experience of

employees where the majority is in 1-3 years' experience taken 27%. Next are in 6 months – 1-year as 26.7%. 19 are between 3-5 years as 15.8%. more than 5 years and less than 6 months get equally 18 as 15%.

There is an approximately linear relationship between employee relation and employee performance. So Pearson correlation can be used to analyze the strength of the relationship. According to Table 1, the Correlation between psychological contract and employee performance is 0.713 at a significant level of 0.01 which indicates that there is a strong positive relationship between psychological contract and employee performance and that relationship is significant. The Correlation between the legal contract and employee performance is 0.674 at a significant level of 0.01 which indicates that there is a strong positive relationship between legal contract and employee performance and that relationship is significant.

Table 1- Correlation between psychological contract and employee performance

<b>Correlations</b>		Employee performance
Psychological contract	Pearson Correlation	.713 <sup>**</sup>
	Sig. (2-tailed)	.000
Legal contract	Pearson Correlation	.674 <sup>**</sup>
	Sig. (2-tailed)	.000
Employee relation	Pearson Correlation	.745 <sup>**</sup>
	Sig. (2-tailed)	.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The correlation between employee relation and employee performance is 0.745 at a significant level of 0.01 which indicates that there is a strong positive relationship between employee relation and employee performance and that relationship is significant. Same as the correlation between psychological contract, legal contract of employee relation and employee performance were significant at the level of 0.01. Therefore, hypotheses H2 and H3 are accepted.

Table2 - Model Summary (Between employee relation and employee performance)

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.745 <sup>a</sup>	.556	.552	.329

a. Predictors: (Constant), Employee relation

After including these variables to the model, the  $R^2$  value is .556, implying that variable (employee relation) explains 55.6% of the total variability of the dependent variable (Employee performance).

Table 3 - Coefficient (Employee relation)

<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.510	.136		3.760	.000
	Employee relation	.698	.057	.745	12.145	.000

a. Dependent Variable: Employee performance

Above table shows the value of beta coefficients of employee relation is .745. This explains the impact of .745 of employee relation helps to increase employee performance by one point. Therefore, hypothesis H1 is accepted at the level of 0.01. The mean value of Employee relations is 2.30 where it indicates most of the sample respondents believe that there is a good employee relation in the organization. Its median value takes 2.29 and mode takes 2.29. The mean value of Employee performance is 2.11, where it indicates that the employee relations have affected in a good manner to improve the employee performance. Its median value takes 2.20 and mode takes 2.30.

## Conclusion and Recommendations

### Conclusion

The research was focusing on the employee relations and the impact of it on the employee performance. The research findings show that there is a positive relationship between the Employee relations and the Employee performance. It was proved with the values taken for both variables at correlation. Employee performance value takes positive 0.745 value. So, it proved that there is a positive relationship between the Employee relations



and the Employee performance. It implies that when Employee relations are high the Employee performance is likely to increase. The mean value of employee performance is 2.11 which is showing that the Employee performance is high in the organization. It could be concluded, that there is a moderate positive relationship between Employee relations and the Employee performance.

### **Recommendations**

In order to improve the Employee Relations further in the organization, the management of the organization can introduce some motivation programs and training programs. And also having entertainment programs might also lead to improving the Employee relations of the organization, which could automatically affect the Employee performance of the organization in a very good and healthy manner. If the management gets involved with the staff of the organization more, especially with the lower level of employees the Relations might be improved rapidly. So, it could affect in a very positive manner in the Employee Performance as well. Taking initiatives at the right time is so important as far as the Employee Relations are concerned. Initiatives should be taken in a good positive manner, otherwise, it may affect the organization badly.

There are some limitations regarding this study according to the researcher's identification. This particular study focuses only on a single organization. This study produced a number of questions that prompt the need for future research. It can be done using both the domestic and the foreign organizations. The research is conducted based on the questionnaires prepared according to the standards. Conducting face to face interviews with respondents could be given some valuable information regarding Employee Relations and the Employee Performance.

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