A Sustainable Model for Effective Employee Relations in Contemporary Organizations

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ABSTRACT

Employee relation has emerged as a major point of concern for human resource practitioners. This paper investigated all the possible variables affecting employee relations in the organization through an extensive literature review. A review framework was adopted to fulfill the research objectives of the proposed study. The implications of mediating and moderating variables will be helpful for the manager in building the values and culture by developing the relation of employer-employer. Previous studies have found occasional constructs on the employee relation for a sustainable organization. These study insights on the important variables help in building a strong relationship with employee and employer for sustainable growth. This study focuses on the variables of employee relation which gives strength to employee-employer relations in line with sustainability.

KEYWORDS
Communication, Employee Relation, Empowerment, HRM Practices, Leadership, Mediating Variables and Moderating Variables, Organization Climate, Organizational Justice, Sustainable Organization

INTRODUCTION

Human resources play a vital role in the success of any organization. No organization can survive and sustain in the long run without the continuous and unwavering support of their employees. Organizations should focus and work upon their policies to maintain cordial relations with their employees for sustainable growth (Guest, 1987; Marchington, 1992; Becker, Billings, Eveleth & Gilbert, 1996; Huselid, 2017; Dutton & Ragins, 2017). Employee relations term was first used in the western world in the 21st century to replace the term “Industrial relations”. Employee relations can be classified into four types of relationships, i.e., contractual, emotional, physical, and practical relationship between the employer and employee (Blau, 2017). Initially, Employee relations used to be maintained by the department of human resource management (Strohmeier, 2013; Tsui, Pearce & Porter, 1997), they was solely responsible for managing and enriching the overall HR ecosystem. Nowadays, workplaces are continuously changing owing to their continually evolving organizational culture and focusing more on maintaining cordial relationship with the employees.
In the present era, the rising urge of the organizations to prosper and grow in the short run amidst the cut-throat competition is giving way to various unethical and immoral practices as well (Allen, Porter & Angle, 2015; Young, Davis & McNeil, 2015; Myerson & Bichard, 2016; Kennedy & Anderson, 2017; Gee, 2018; Skinner, 2018). Consequently, short term planning, hasty decision-making, lack of creative and innovative ideas may propel a feeling of doubt and suspicion towards the management amongst the employees in the organizations, proving detrimental to corporate interest (Slawinski & Bansal, 2015; Harper, 2015). This poor attitude of management can give rise to dissatisfaction, disrespect, and lack of trust amongst the employees (Dean, Brandes & Dharwadkar, 1998; Arino, Torre & Ring, 2001; Schein, 2003). Above all, the profit-centric mentality and corporate interest can make the situation more worse. It is mandatory to maintain and strengthen the bond between employees and employers by carving out a valued relationship based upon trust and commitment (Hasim & Tan, 2015; Ganesan & Hess, 1997; Wilkinson, 1999). Employee relations rely upon the psychological contract between the employees and their organizations, rather than the written job contract (Obushenkova, Plester & Haworth, 2018). Organizations need to make employees feel valued at their workplace to ensure healthy employee relations and better organizational performance (Rousseau, 1995; Zhao, Wayne, Glibkowski & Bravo, 2007), failing to do so can lead to a loss of corporate credibility and spoiling the mutual relationship of trust between employee and management (Kazoleas & Teven, 2009; Worthington & NussBaum, 2015).

The organizations that can manage the change over time will see the future other will perish with time. They can remain in business and survive by creating sustainable organizations by ensuring healthy and cordial employee relations and to create sustainable organizations, both the management and the employees need to hold hands together and understand the meaning and concept of the sustainable Organization and its relevance (Kuzu &Ozihan, 2014; Al-khozondar, 2015; Kelchner, 2017).

It is essential to investigate some crucial aspects of employee relations and their impact on their sustainability. Hence, giving rise to questions like what factors make an organization sustainable? Which are the factors that contribute or may contribute to organizational sustainability? What can be done to create sustainable organizations?

The present paper focuses on identifying the various dependent, mediating, and moderating variables of the employee relations that affect the employee and organizational performance. It further discusses the implications of employee relations on the organizations functioning and practices.

UNDERSTANDING OF SUSTAINABLE ORGANIZATION

A sustainable Organization defines the ability to maintain the management process over a long period (Bansal & Des Jardine, 2014). According to the Chartered Institute of Personnel and Development Report, sustainable Organization emphasizes creating the Organization’s value towards the long-term preservation and enhancement of environmental, social, and financial aspects. Sustainable Organization is all about keeping the business growing and create enormous value and culture (Colbert & Kurucz, 2007).The four pillars of the sustainable Organization are cooperation, recognition, relationships, and fair rewards to attain full sustainability (Reynolds, 2017). This paper picked employee/human resource as an essential factor for the growth of the business and also discussed the variables that are required for the developing relationship, value, culture, and trust in a sustainable organization

SUSTAINABLE HRM

Liberalization of the economy has led to intense market competition and has forced HR strategists to implement sustainable HRM practices (Brewster, Chung & Sparrow, 2016). Evidence suggests that employee involvement, a high-performance work system, and employee engagement are primary practices for a sustainable Organization (Storey, 1992). The organizational theorist has argued that competency assessment, skills, and capabilities are the primary source of strategic advantage (Mabey
et al., 1998; Ellinger et al., 2002; Galbreath, 2005; Cabrera & Cabrera, 2005). Sustainable practices are most challenging to emulate (Paauwe & Boselie, 2002). Thus, it is seen as a competitive advantage that positively affects the Organization (Schuler & Jackson, 1987; Wright, McMahan & McWilliam, 1992; Wright and McMahan, 1994). Authors recommended that sustainable organizations’ cores are economic, environmental, and social benefits acknowledged as three sustainability components, as also explained by (Elkington 1994; Vuontisjarvi, 2006). Since the development of sustainable strategies needs intense involvement of multilayered organizational structures.

Researchers from the past studies have asserted that human resource development (Masi & Cooke, 2000; Wall & Wood, 2005; Bratten & Gold, 2017), positive incentive systems (Ashton & Sung, 2006; Lerner & Wulf, 2007), constructive organization culture (Chapman & Fitzgerald, 2015; Plester, 2015; Chatman & Reilly, 2016) shared values and goal settings, employee motivation and social climate (Singh, 2000; Albrecht, Bakker & Gruman, 2015; Barrick, Thurgood & Smith, 2015) are the effective practices to manage and enhance employee relation which leads to sustainable organizations if propagated and appropriately executed.

**METHODOLOGY**

The variables were identified from the past studies published in the various journals of repute. A rigorous literature review process was adopted to fulfill the research objectives of the proposed research (Misra, 2021). This paper focuses on identifying the possible moderators and mechanisms involved in employee relations. It begins by presenting reviews, which are supposed to determine the overall impacts of factors by considering all relevant studies. To achieve the paper’s objective, mediating variables are identified by the available research paper that shows and explains the relationship of the variables with the employee relation, where moderating variables are determined by the theories available. These variables influence the strength and relationships of the dependent and independent variables.

**Organization Trust, Organization Structure, Organization Justice, and Organization Climate**

Nowadays, business dynamics are changing like never before in emergent economies for sustainability (Dawar & Frost 1999). Organizational trust, structure, and justice connect the employees with sustainable long-term relationship management. These terms define the employees' trust in managers or immediate superiors, the role of employee justice in the delegation of work by the seniors, and the structures that give each employee value. So, employees can easily share their ideas and opinions with the managers that contribute to creating sustainable organizations (Ashford, Lee & Bobko, 1989; Scott & Bruce, 1994; Costa, 2003; Schoorman, Mayer & Davis, 2007). Organizational trust plays a mediating role in the relationship between employees and employers, whereas the corporate climate has been seen as a moderating variable by various researchers (Eisenbeiss, Knippenberg, & Boerner, 2008). Moreover, in terms of sustainable organizations, the social ecosystem can be defined as a need for social connection and individual advancement with the workplace’s managers (French & Bell, 1973; Emery & Trist, 1973). As per the social exchange theory, people interact because they expect to receive benefits from the other party (Gouldner, 1960; Blau, 1964). It is a significant antecedent of the internal employee and employer relationship (Cropanzano & Mitchell, 2005). POS assures organizational commitment, organizational endorsement, trust, status, and regard (Blau, 1964; Mueller and Lee, 2002; Fuller et al., 2008). When an individual value aligns with organizational values, the employee feels more empowered (Parry & Strohmeir, 2013). A high level of engagement reflects a positive relation with trust and loyalty (Bhatnagar, 2013). Stroh (2002) also explained communication’s role to build employee commitment, confidence, and stakeholders’ satisfaction.
Leadership Style, Behaviour, and Attitude

Leadership style, behavior, and attitude are the pertinent factors in building strong employee relations (Young and Dulewicz, 2008). Sustainable leadership has come into the limelight, where the whole world has started to think about the ethical responsibilities of the business for the sustainable (Porter & Kramer, 2006; Colbert & Kurucz, 2007). All previous studies on sustainability define the term in one word, i.e., development of the society (Avery, 2005; Wirtenberg et al. 2007; Bottery et al. 2008; Harris, Twomey 2008; Ameer, Othman 2012; Bottery 2012; Ehnert, Harry 2012; Lambert, 2012; Kramar 2014; Suriyankietkaew & Avery, 2014; McCann & Sweet 2014, Dalati et al. 2016; Evans, Sinclair 2016). But limited literature is available in terms of a sustainable leadership role in employee relations.

Besides this, the Contemporary leadership style provides more empowerment to their people in terms of the decisions related to their work. It helps build a solid connection between both the employees and employers (Biswas & Bhatnagar, 2013). It gives a sense of psychological empowerment to the employees (Bhatnager & Sharma 2005; Bhatnagar 2007).

Other studies also supported this view and added that such discussions could bring positive outcomes to the Organization, i.e., organizational commitment, individual performance (Walumbwa et al., 2011) organizational citizenship behavior (Bambale et al. 2012; Shamsudin et al. 2012).

Role of Communication in Employee Relations

Communication has a pivotal role in employee relations (Manjula & Prakash, 2019). Stroh (2002) found a positive relationship between effective communication and employee relations in their respective studies. On the contrary, previous research has emphasized transparency in touch as a key to effective employee relations and higher organizational performance. Communication is also the mode of sharing feelings and information, suggestions, and opinions (Grenbaum, 1974; Buck & Watson, 2006; Cole, 2006; Noordin et al., 2010). Effective communication builds trust between employees and employers (Daniel, 2008; Chinomona & Sandada, 2013).

Effective communication is required for better employee relations for the creation and development of a sustainable organization. (Mefalopulos, 2005; Kutzschenbach & Brönn, 2006). Clampitt and Williams (2005) felt that employee understanding of their work and role is seen more in employees with better communication. Employees also feel that their work needs to be recognized in the form of day-to-day informal recognition. If changes to be made in the Organization should be communicated effectively to the employees well in advance to avoid confusion. Most of the time, employee relation challenges are due to communication-related issues. It also includes interpersonal and interpersonal conflicts, coordination issues; cross-cultural communication, and performance-related issues (Goldhaber, 1993; Sinkula, 1994) coordination and trust are achieved through effective communication that can influence the overall productivity of the Organization (Pettit et al. 1990; Daft & Huber, 1986).

Employee Relations and Employee Motivation

Employee motivation has also been studied extensively as a critical factor of employee relations (Omollo & Oloko, 2015). It is argued that motivated employees are the assets for any organization. Effective employee relation practices such as employee growth and development, quality work assignment, positive leadership, rewards and incentives, empowerment, and innovation lead to higher employee productivity (Gangne & Deci, 2005; Shahzadi et al., 2014; Nabi et al. 2015).

Relation of Independent Variables and Dependent Variables for Sustainable Organization

Employee Relations With Organization Performance

Organizational performance has been replaced by sustainable organization performance. In this, performance is defined in three terms; leadership, engagement, and organization development. In
this study, the researcher picked the literature of employee relation with organization performance due to the unavailability of the sustainable organization performance linked with employee relation.

Organizational performance is based on the employees’ performance; the employees’ understanding would be better after the execution of better policies and programs related to employee relationship management (Swanson, 1998; Wargborn, 2008; Daniel, 2003). A review and update of the recent financial analysis research covering human resource development explain a positive relationship between human resources practices adopted by the Organization and its performance. The study results also showed that organizational performance is positively correlated with employees’ work and performance (Schurman, 1998; Moses & Stahelski, 1999). Findings from past researches revealed that there is a significant relationship between employee relations and organizational performance (Moses & Stahelski, 1999; Singh & Srivastav, 2012), (Lau, 2000; Debaawy, 2011; Mortazavi et al. 2012; Bratton & Gold, 20017). Employee relations are positively associated with employee performance, and it also decreases burnout and absenteeism (Shaw, 2011).

In early literature also, scholars emphasized the role of trust as a vital requirement for organizational effectiveness and performance (Argyris, 1962; Likert, 1967; McGregor, 1967). Later, many studies substantiated employee relation on the overall point of performance at both the levels, i.e., individual and organizational (Earley, 1986; Robinson, 1996) and job satisfaction in a sustainable era (Muchinsky & Rich, 1997). At the workplace, the job is taken care of by the employees and the supervisors/managers, so the impact of the relationship between the two parties is crucial for the sustainable organization (Judge, Thoresen, Bono & Patton, 2001; Hunter, Schmidt & Jackson, 1982).

**Employee Relation and Employee Engagement**

Work engagement has become an essential part of sustainable organizations. According to the Deloitte Report, 2015; Employee engagement is of three types in the current scenario,
i.e., actively engaged, not engaged, and disengaged, measuring employee engagement has become imperative for maintaining employee relations for sustainable businesses. Studies show that employee engagement affects productivity, employee performance, revenue, growth, and retention. Measuring employee engagement is based on meaningful work, supportive management, growth opportunity, and leadership trust (Truss et al., 2013). All these factors maintain healthy relations with the employees by the managers/management to understand the working interest of an individual, goal, growth, and building trust within the leaders (Ologbo & Sofian, 2012).

Many researchers have proved that highly engaged employees give rise to a healthy environment and higher productivity. Beyond this, it is a tremendous challenge for employee relationship managers to manage a diverse workforce at a workplace where employees come from a different culture in a sustainable world (Guillaume, Dawson, Otaye-Ebede, Woods & West, 2017). One study shows that self-efficacy plays an essential role in measuring employers’ and managers’ relationship towards engagement. The self-efficacy of the manager plays a mediating role in maintaining employees’ engagement. Another research defined the word collaboration between two parties to support employee relations and enhance employee engagement for future growth (Townsend et al., 2014).

Table 2. Studies related to moderating variables in the relationship of employee relations and organizational outcomes

<table>
<thead>
<tr>
<th>Moderating Variables</th>
<th>Outcome</th>
<th>Related Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived Organizational Support</td>
<td>Organization Performance</td>
<td>Eisenberger, Huntington, Hutchison &amp; Sowa, 1986; Rhodes &amp; Eisenberger, 2002; Shore &amp; Shore, 1995; Macey &amp; Schneider, 2008; Ming, Mai, Sang &amp; Dai, 2018</td>
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<tr>
<td></td>
<td>Organization Commitment</td>
<td>Byrne &amp; Hochwarter, 2008; Ristig, 2009</td>
</tr>
<tr>
<td>Organization climate</td>
<td>Organizational Performance</td>
<td>Khandekar &amp; Sharma, 2005</td>
</tr>
<tr>
<td>Organizational Structure</td>
<td>Organizational Performance</td>
<td>Guillaume, Dawson, Otaye-Ebede, Woods &amp; West, 2017</td>
</tr>
<tr>
<td>Organization justice</td>
<td>Organization Performance</td>
<td>Bambale; Shamsudin &amp; Subramaniam, 2012</td>
</tr>
<tr>
<td>Organization Culture</td>
<td>Organization Performance/Job Satisfaction</td>
<td>Torrington &amp; Hall, 1998; Wang et al., 2005; Van de Ven, 2008</td>
</tr>
<tr>
<td>Organization trust</td>
<td>Organization Commitment</td>
<td>Blau, 1964; Fuller et al., 2006; Ming, Mai, Sang &amp; Dai, 2018</td>
</tr>
<tr>
<td></td>
<td>Organization Performance</td>
<td>Ologbo &amp; Sofian, 2012</td>
</tr>
<tr>
<td></td>
<td>Employee Commitment</td>
<td>Thomas, Tram &amp; Hara, 2005</td>
</tr>
<tr>
<td>Psychological Empowerment</td>
<td>Organization Satisfaction</td>
<td>Mowday, 1982; Eisenberger et al., 1986; Gundlach, 1995</td>
</tr>
<tr>
<td></td>
<td>Organization Commitment</td>
<td>Bateman and Strasser, 1984; Lance, 1991; Martin and Bennett, 1996</td>
</tr>
<tr>
<td></td>
<td>Job Involvement</td>
<td>Lease, 1998; Vegel et al., 2001</td>
</tr>
<tr>
<td></td>
<td>Organization Productivity</td>
<td>Deci &amp; Gangne, 2005; Shahzadi et al., 2014; Nabi et al., 2015</td>
</tr>
</tbody>
</table>
Employee Relation With Employee Commitment

Employee commitment is the reaction towards the Organization’s related policies and practices. In these terms, it is called reciprocate theory (Gouldner, 1960). Employee commitment is portrayed by affective, continuance, and normative measurements (Meyer & Allen, 1991). Organizational trust influences the employees’ commitment levels in this era, where organizations are striving for sustainability. Corporate trust plays a mediator in the relationship between management and commitment development (Whitener, 2001).

To understand the phenomenon of employee relation in the current scenario, we have to look back at the organization support theory, which clearly explains the importance of encouragement, respect, and overall belief regarding the perceived organizational support (POS) from the organization perspective, which leads to affirmative behaviors, less absenteeism and high level of performance (Huntington, Hutchison & Sowa, 1986; Shore & Wayne, 1993; Rhodes & Eisenberger, 2002; Macey & Schneider, 2008). In this line, previous research (Byrne & Hochwarter, 2008; Ristig, 2009) also indicated the role of POS in the evaluation of the job and its relation with the employer. POS assures organizational commitment, organizational endorsement, trust, status, and regard (Blau, 1964; Fuller et al., 2006).

The relationship between commitment and satisfaction has received enormous attention (Bateman and Strasser, 1984; Lance, 1991; Martin and Bennett, 1996). Employee commitment thrives in an atmosphere where employees feel valued (Mowday, 1982; Eeisenberger et al., 1986; Gundlach, 1995), resulting in affective attachment, job involvement, and better employee relations (Lease, 1998). Affective commitment is the firm’s desired outcome–employee relationship strength, representing the ultimate goal of relationship-building between a firm and the employees (Herington et al., 2009). Consequently, employees have a feeling of ownership, and their work commitment increases multiple times.

DISCUSSION

The present study aimed to explore and identify the various factors that impact employee relations and help make sustainable organizations. The authors from the regress review of the literature
identified the multiple variables that can mediate and moderate employee relations in sustainable organizations. The various factors that can improve employee-employer relationships are perceived organizational support, organizational climate, organizational structure, and organization trust—the organizations which extend unconditional support to their employees and stand by their side gain employee loyalty. The organizations’ positive climate with supportive structures built based on the trust claims high-performing employees and gives birth to positive employee relations. The organizations that empower their people and make them involved in the Organization’s processes increase their employees’ self-efficacy, fostering cordial employee and employer relationships (Townsend et al. 2014). The leadership style and attitudes have a significant effect on employee relations. The authentic and trustworthy leader and propagates accessible communication flow across the Organization command their people’s trust and loyalty (Eisenbeiss, Knippenberg, & Boerner, 2008; Ozen, 2018). The employees, who share cordial relations with the top management experience high job satisfaction, depict high performance, and found more involved and engaged in their jobs. Sustainable organizations are not created in a day or two but take years to develop the same. The management needs to focus upon their practices and their approach towards their people management strategies which, in the real sense, can make organizations sustainable and ensure their perpetual growth in the future. The organizations should exhibit the philosophy of justice and transparency to have better employee relations and develop sustainable systems to ensure long-term sustainability and growth. If the employees perceive their organizations transparent and fair, it leads to good employee relations and better employee and organizational performance, leading to sustainable business organizations.

CONCLUSION

The present depicts that employee relations are the outcome of the various antecedents ranging from organization culture, employee involvement, leadership attitude, and behavior-driven by organization trust and communication. Organizations need to create an ethical organizational culture to propel job satisfaction and increased performance among the employees to foster excellent and cordial employee relations and develop sustainable and prosperous organizations.

Managerial Implications

Organizations need to work upon the strategies which can improvise employee-employer relations. They need to emphasize the Organization’s culture and create a climate of trust and commitment to have better employee relations. Organizations should extend their support to their employees and empower them to participate in the organizational activities actively. The organization structures need to be aligned with the Organization’s goals, which will help augment self-efficacy, job satisfaction, and involvement in the organizations’ processes. The organizations should upgrade their communication across the organizations to communicate their expectations to the employees to improve productivity and performance. The management should be transparent in their dealings with their employees to gain their trust and commitment, which improves employee relations and benefits Organization overall. Organizations should try to get their employees involved in the decision-making process with the organizational leadership’s assurance and commitment. In totality, organizations should enhance employee experiences to get committed and dedicated employees to have cordial and smooth employee relations and increase business sustainability.

Future Scope of the Study

The current study delves upon past research to draw out the various factors that may impact employee relations. The proposed conceptual model can be further tested statistically by drawing a sample from the desired population and checking the impact and relationship. The various
variables picked in the study can be utilized to check their mediating and moderating effect by using structured equation modeling. The significant studies have happened in the western world that calls for empirical testing in the Indian context that can provide new sights in the field of employee relations.

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REFERENCES


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