

A STUDY ON EMPLOYEE RELATIONS WITH REFERENCE TO ITES SECTOR IN CHENNAI CITY

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ABSTRACT: Employee relations that aim at establishing and maintaining a cordial relationship between employees and company, managers and among employees is in the limelight since past decade. The article focused on the reasons for poor employer employee relations, role of managerial relationship and co-worker relationship in contributing to good employee relations. 175 employees of ITES sector were approached to carry out this survey. Factor analysis and multiple regression has been used to satisfy the said objective. Results were discussed and suggestions made on the basis of the analysis. Employee felt that the company should provide for better basic work culture, yielding to good employee relations. Excellence in supervision and credible relationship among co-workers were found to be the top most factors contributing to good employee relations. Smart managerial and co-worker relationship contribute significantly to employee relations.

IndexTerms: Managerial Relationship, Co-worker relationship, Poor employee relations, ITES

“The whole is greater than the sum of its parts”

Aristotle

I. AN OVERVIEW OF EMPLOYEE RELATIONS:

The only thing that is permanent is change. Industrial relations is no exception to it. The term itself has gained a new name called employee relations which is more comprehensive and relevant in the current scenario. Industrial relations confine to trade unions and collectivism, the rights of workers are sought or fought for by the trade unions. In the scenario of globalization, opening of the economy for the foreign companies, closed the gate for trade unions. The fastest growing information technology industry which is affiliated to foreign companies either as partners or customers, find it difficult to allow trade unions in their system, due to the pressure of being competitive, change in the attitude of workers. Being competitive requires the firms to be flexible, creative in remunerating their employees, which trade unions could not cherish or help. As the employees, even at the entry level are graduates, feel that they do not require outsiders to ask for their rights, they undermine the presence of trade union. Globalisation has led to the decline of trade unions and rise of a new concept called Employee Relations. On the other hand the Information technology and Information Technology Enables Services industry is labour intensive. Companies are thus facing the challenge of retaining the talented labour force, in a sophisticated non -union set up. This paper intends to bring out the relevance of employee relations in ITES sector.

Welbourne 2014, points out that “Employee energy at work is a critical factor in assessing a firm’s growth, innovation and performance”. For employee energy, a vital factor is employee relations.

Wargborn 2008 defines “Employee Relationship Management as a strategic tool and a HRM process which focuses on the continuous perfection of the relationships between organisation and employees through increased communication and knowledge of individual and shared interest” .

II. REVIEW OF RELATED LITERATURE

Mohammed Sahedur Rahman, Rabeya Khatun Taniya (2017)¹, in their article highlighted that Employee Relationship Management is a motion that focuses on new forms of communication. Maintaining good employee relations benefit both employer and employee. The study was conducted to test the impact of ERM on performance of banking sector employees. The authors carried out the study with the ERM components like HR Practices, Trust, Communication, Leadership style, shared goals, and values. The study confirmed the positive impact of ERM components’ on performance. They suggest that ERM practices should be acknowledged in every walk of employees’ organizational life, which would directly improve organizational performance.

Pamuditha and Harshani Samarasinghe (2017)² in an article focused on three factors such as communication, grievance handling and counselling as the factors determining Employee Relationship Management, and found out its impact on motivation of associate level employees in a hotel in Columbo. They found that there exist a poor employer employee relations and therefore in their article suggested few tips to improve employer employee relations, revolving around these three factors.

The objective of the study by **Rowland Worlu et al., (2016)³** is to identify the relationship between employee relation strategies and employees’ performance in an educational institution in Nigeria. Variables such as flexible organizational policies, recognition, equity, promotion, mentoring has a positive influence on organizational performance with the mediating variables of employee involvement and retention. It was found that employee relations strategies influence employees’ performance. They suggested the policy makers that when there is more supportive employee relations strategy, then higher will be the retention level of employees, which would lead to improved job performance. They gave a call to the managers to focus more on flexible organizational policies.

Arunkumar Agariya, Sri Harsha Yayi (2015)⁴, A study was conducted among 270 employees of IT sector, to bring out the importance and relevance of ERM in IT sector, which has brought a glut of knowledge in the field of ERM. It is brought out that apart from retaining the knowledge of employees, it is important that the psychological well-being of the employees are taken care off. There arises a need for Employee relationship management. ERM is an extension of CRM, where companies try to inculcate the CRM practices to make their internal customers happy. The authors suggested that the factors that influence ERM are communication and coordination, knowledge management, organizational policies, organizational environment and perceived trust.

Employee relations is a critical component of a successfully run business. Effective employee relations involve interactions at multilevel of organizational structure, encompassing the communication between employer and employee, and among employees. Creating a culture of effective employee relations demand all levels of management on board. It is suggested that the ER strategies like open communication, adjusting management styles according to the requirements of employees, very importantly maintaining a positive work environment would pave a long way for good employee relations. **Jonathan Lister www.bizinfluent.com⁵** .

Michael Armstrong et al (2014)⁶ in their book introduced various aspects of Human Resource Management practices, including Employee Relationship Management. Employee relations consist of approaches and methods adopted by employers to deal with employees, either collectively through union or individually. It is concerned with providing employees, an opportunity to voice and thereby developing a better communication between employees and management. The authors highlight the superiority of Employee relations over industrial relations in the employee relations chapter. Employee relations are basically about how management and employees live together and what can be done to make that work. They bring out the two perspectives on Employee relations (i) Unitary view and (ii) Pluralistic view. Unitary view is that both management and employees share same concerns and they tend to cooperate. Pluralistic view states that the interests of employees will not match with that of employers. Irrespective of the perspectives employee relations is inevitable in today's context of work environment. The authors have brought out various approaches for carrying out ER strategies like, Adversarial, Traditional, Partnerships and Power sharing.

Patrick Gunnigle et al., (1997)⁷ in their article brings into light the growth of individualist management of employees, overtaking the union led collectivism. The study is based on Ireland in selected Greenfield companies during the year 1987-1992. Power of union or even the role of union is invisible, due to the unemployment problem, competitive product market. Also the industries wanted to convince the employees that they are far off in providing employee benefits even without the presence of union, by adopting sophisticated HR practices right from recruitment, selection, orientation, training and performance and pay. These sophisticated HR practices are termed as soft HRM, which is the buzz word for Greenfield companies. Opening up of economy has forced companies to adopt to the market competitive practices of being flexible in their working styles, which unions would certainly oppose, thus waiving the role of unions, greenfield companies, adopted soft HRM practices, without Union. From employees perspective, as their level of education has increased, their association with a union for bargaining needs has drastically reduced, with their perception is anti-union. The article has exquisitely explained the changing employment scenario of declining union presence and increasing individual concerns of employees, a radical change in industrial relations.

III. RESEARCH GAP

Few studies have been conducted in the area of employee relations in India. The studies reviewed have considered different factors, ranging from communication to relationship with family and friends. But one could rarely find weightage to employee relations in ITES companies. This study has made an effort to understand the reasons for poor employer employee relations, supervisory relationship and interpersonal relations, and ways to improve effective employee relations in ITES sector.

IV. OBJECTIVES OF THE STUDY

The study is carried out with the following objectives:

- i. To identify the demographic profile of the respondents in ITES sector.
- ii. To find out the reasons for poor employer employee relations.
- iii. To find the contribution of managerial relationship and co-worker relationship towards effective employee relations.

V. HYPOTHESIS

H₀: There is no significant contribution of managerial relationship and co-worker relationship on employee relations.

H₁: There is a significant contribution of managerial relationship and co-worker relationship on employee relations.

VI. METHODOLOGY

The study is analytical in nature. The study has been carried out with the objective of finding the relationship between managerial relationship and co-worker relationship on employee relations by using primary data. Hypothesis formulated has been tested with statistical tools like descriptive statistics, factor analysis, and multiple regression. Based on the literature review, and the analysis, suggestions were made to the ITES companies.

VII. SAMPLING

ITES employees are more in numbers, but reaching them is quite difficult, due to stringent access issues. Hence convenience sampling has been used to select the ITES companies, and simple random sampling has been used to collect information from 175 ITES employees in Chennai city, few low level managers were also included in the study.

VIII. QUESTIONNAIRE DESIGN

Questionnaire consists of demographic variables, questions soliciting employee's opinion on managerial relationship and co-worker, reasons for poor employer employee relations, measures to improve employee relations, using Likert Scale ranging from strongly agree to strongly disagree.

IX. LIMITATIONS OF THE STUDY

- The Study is limited with 175 samples, as there is lesser accessibility in ITES sector.
- The study has been conducted from employee's perspective only, thus excluding management participation.

X. DATA ANALYSIS AND INTERPRETATION

Data collected from 175 ITES employees were analysed to reach the set objective. Simple percentage and Factor analysis were used to bring out meaning to the raw data. Demographic variables were presented with percentage analysis. Reliability test was used to find out the reliability of the two factors managerial relationship, co-worker relationship, descriptive statistics was used to find the reasons for poor employer employee relations. Multiple regression was used to find the contribution of managerial relations and coworker relations on employee relations. The paper has been designed in such a way that the statistical tools were presented in simple tables followed by interpretation.

TABLE 10.1 DEMOGRAPHIC VARIABLES

Demographic Variable	Frequency	Percentage
Age of the respondents		
Less than 25	129	74
25-35	37	21
35-45	8	4
Above 45 years	1	1
Role of the employees		
Production staff	149	85
Team leader	12	7
Lower management	7	4
Middle management	4	2
Upper management	3	1
Gender		
Male	55	31
Female	120	69
Marital Status		
Single	142	81
Married	33	19
Qualification		
UG	73	42
PG	56	32
Professional degree	40	23
M.Phil, Ph.D	6	3
Monthly Income		
Less than 15,000	148	85
15000 to 25000	20	11
25000 to 35000	4	2
More than 35000	3	2
Experience in the Company		
Less than 2 years	119	68
2-4	30	17
4-6	9	5
Above 6 years	17	10
TOTAL	175	100

(Source: Computed)

Table 10.1 shows the demographic variables, in a nut shell. The study was conducted among 175 respondents who are working in ITES companies in Chennai city. Majority of the respondents are less than 25 years, ie 74%, 85% of the respondents were production staff, 69% of the respondents are female employees. 81% of the sample are single and nearly 42% of them have undergone under graduation.. 85% of the respondents earn below Rs.15,000, 68% of the respondents have worked in the company for less than two years, thus indicating the freshers to the company.

TABLE 10.2 RELIABILITY TEST

Factors	No of items in each factor	Cronbach alpha	Result
Managerial relationship	13	0.906	Highly reliable
Co-worker relationship	15	0.893	Highly reliable

(Source: Computed)

Table 10.2 shows the reliability of the two factors used in the study. It highlights that, the factors managerial relationship and co-worker relationship are highly reliable, as the Cronbach alpha value is more than 0.85.

10.1 REASONS FOR POOR EMPLOYER EMPLOYEE RELATIONS

Table 10.3 REASONS FOR POOR EMPLOYER EMPLOYEE RELATIONS

Reasons for poor employer employee relations	N	Mean	Std. Deviation
Unfair pay	175	3.47	1.149
Strenuous work	175	3.37	1.136
Lack of career growth	175	3.35	1.198
No vent for voicing grievances	175	3.29	1.082
Lack of encouragement	175	3.26	1.194
Favouritism at work place	175	3.26	1.102
Unhealthy work environment	175	3.03	1.184
Job insecurity	175	3.01	1.234
Indifferent management	175	2.86	1.266
Total	175		

(Source: Computed)

Table 10.3 explains how respondents opined on the causes of poor employer employee relations. The top three reasons that spoil employee relations are unfair pay, strenuous workload, Lack of career growth. In many a cases employees are paid according to their performance, and also based on company's performance, in spite of this policy, in practice employees felt the existence of unfair pay. IT and ITES companies are known for its heavy work load, also the scope of career growth in ITES sector is much limited. These factors are detrimental to good employee relations. Employees don't see an indifferent management and job insecurity as a cause for poor employee relations, actually it is an end.

10.2 MANAGERIAL RELATIONSHIP

Table 10.4 KMO and Bartlett's Test for Managerial Relationship

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.868
Bartlett's Test of Sphericity	Approx. Chi-Square	1202.046
	df	78
	Sig.	.000

(Source:Computed)

Table 10.5 Total Variance Explained

Component	Extraction sums of squared loadings		
	Total	% of Variance	Cumulative %
1	6.266	48.202	48.202
2	1.187	9.133	57.335

(Source: Computed)

Table 10.4 explains the KMO test of sampling adequacy, where KMO value is 0.868, highly adequate, and it is highly significant as the significance value is less than 0.01. Hence the factors has high explanatory perspective in explaining the managerial relationship. Table 10.5 shows the contribution of each factor. Factor analysis has helped to reduce 13 variables into two factors, where the first factor explains 48% of variance and the second factor explains 9% of variance. Together the factors contribute to 57% of the variance.

Table 10.6 Rotated Component Matrix^a

Variables	Component	
	1	2
MR.1		.807
MR.2		.577
MR.3		.560
MR.4		.674
MR.5	.571	
MR.6	.714	
MR.7	.792	
MR.8	.782	
MR.9	.673	
MR.10	.762	
MR.11	.667	
MR.12	.726	
MR.13	.707	
Extraction Method: Principal Component Analysis.		
Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

Table 10.6 explains the factors emerged from the study. Manager plays an important role in retaining employees. **First Factor, Excellence in managerial function** comprises of attributes like manager being

impartial, technically sound and helps in carrying out tasks, good conflict resolution, information sharing, listening subordinates in their problems, getting suggestions from subordinates. **Second Factor , Basic managerial function**, constitutes manager is cordial, approachable, instrumental in fixing remuneration, remembers names of subordinates. Excellence in management factor is the major contributor of effective employee relations.

10.3 CO-WORKER RELATIONSHIP

Table 10.7 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.868
Approx. Chi-Square	874.822
Bartlett's Test of Sphericity df	105
Sig.	.000

(Source: Computed)

Table 10.8 Total Variance Explained

Component	Extraction sums of squared loadings		
	Total	% of Variance	Cumulative %
1	5.278	35.190	35.190
2	1.756	11.704	46.894
3	1.173	7.818	54.712

(Source: Computed)

Table 10.7 explains the KMO test of sampling adequacy, where KMO value is 0.868, highly adequate, and it is highly significant as the significance value is less than 0.01. Hence the factors has high explanatory perspective in explaining the co-worker relationship. Table 10.8 shows the contribution of each factor. 15 variables were reduced into three factors, where the first factor explains 35% of variance and the second factor explains 11% of variance, while the third factor explains 8%. Together the factors contribute to 55% of the variance.

Table 10.9 Rotated Component Matrix^a

Variables	Component		
	1	2	3
CWR.1		.543	
CWR.2		.533	
CWR.3	.725		
CWR.4	.687		
CWR.5	.815		
CWR.6	.689		
CWR.7		.620	
CWR.8	.607		
CWR.9			.573
CWR.11			.718

CWR.12		.441	
CWR.13			.672
CWR.14		.742	
CWR.15		.680	
(Source: Computed)			
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

Table 10.9 depicts the three factors emerged from factor analysis. **First Factor credible relationships**, constituting Trustworthy team, people treating with respect and dignity, cooperative colleagues, Willing to share work in case of emergency, opportunity to learn by working in a team, contributes to 35% of the total variance, **Second Factor receptive relationship**, which comprises of having friends at work, warm relationships by greeting everyone in the department, reaching out new employees, enjoy working in teams, cheerful and constructively discusses problems. **Third Factor Inclusive relationship** which constitutes, facility for team members discussions, outing with team members, and attending personal functions of team members. Co-worker relationship is a vital thread in retention of employees.

10.4 CONTRIBUTION OF MANAGERIAL AND CO-WORKER RELATIONSHIP ON EMPLOYEE RELATIONS:

Table 10.10 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.663 ^a	.440	.434	3.84220

a. Predictors: (Constant), managerial relationship and co-worker relationship

To understand the contribution of managerial relationship and co-worker relationship on employee relations, multiple regression was used. Model summary table 10.10 shows that there is 66.3% the correlation (R value), between the said dependent and independent variables. R square give the regression values, which explains the contribution of the independent variables on dependent variable. It shows that 44% of the variance in employee relations is attributed to managerial relationship and co-worker relations.

Table 10.11 ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1995.332	2	997.666	67.581	.000 ^b
1 Residual	2539.148	172	14.762		
Total	4534.480	174			

a. Dependent Variable: Employee relations

b. Predictors: (Constant), managerial relationship and co-worker relationship

It could be stated that both managerial relationship and co-worker contributes towards employee relations, which is confirmed by the ANOVA Table 10.11, where the significance value is less than 0.05. Therefore the model is fit for the sample chosen.

Table 10.12 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-5.352	2.166		-2.471	.014
1 Managerial relationship	.253	.036	.491	7.028	.000
Co-worker relationship	.153	.044	.244	3.494	.001

a. Dependent Variable: Employee relations

$$\text{Employee Relations (X)} = -5.352 + 0.253 (\text{Managerial relations}) + 0.153 (\text{co-worker relations})$$

Co-efficient table, helps in framing suitable equation explaining the relationship between dependent and independent variables. The constant value represents that if the independent variables are assumed to be zero, what is the prediction for Dependent variable. The constant value -5.352 depicts that in the absence of good managerial relationship and co-worker relations, the employee relations will be negative, which reflects the reality.

XI. SUGGESTIONS

- ITES employees give importance to the basic work culture, the absence of which is detrimental to good employer employee relations. More than the ergonomics, the companies should focus of the healthy relationship- based work culture.
- Managers are expected to improve on their relationship with their subordinates and excel in their managerial role, walking the extra mile in relationship management, which would pave way for retaining good employees.
- ITES companies need to create a healthy environment where employees would cherish their interpersonal relationship.

XII. CONCLUSION

The study has been carried out with the objective of finding out the reasons for poor employer employee relationship, role of managerial relationship and co-worker relationship in promoting employee relations. In an era where so called sophisticated perks like flexi work times, flexible pay, work from home has become a normal or basic feature of a company, companies strive hard to retain their talent pool. Employee relations serve to this end by creating a warmth in the relationship shared by their employees. The company alone is not responsible for maintaining good employee relations, it is nourished by good managerial relations, manured by good co-worker relations. The role of the company is thus enhanced to a facilitator of such a

congenial work environment, which is the need of the hour. The study brought out the importance of relationship based management which is a combo of excellence in technical knowledge and taking good care of subordinates. Co-worker relationship too extends beyond mere exchange of wishes, to constructive, trustworthy relationship. As the nature of work in ITES companies is team based, coupled with the independent knowledge workers, companies has to establish an aura for itself, positioning itself as a company focusing on employee relations. For better employee relations both horizontal and vertical relationships are to be strengthened.

XIII. SCOPE FOR FURTHER RESEARCH

- ◆ The study can be conducted among middle level managers, as it would bring a different perspective of employee relations.
- ◆ The study can also be conducted among other service sectors like healthcare, hospitality, banking, teaching etc.
- ◆ It can be further extended to impact of employee relations on employee commitment and involvement.

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