



Determinants of employee relations practices in grade 1 construction firms in Ethiopia

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Abstract

The general purpose of the study was to assess the practices and related challenges of employee relations in the Grade-1 contractors mainly focusing on the variables of employee voice, employee communication, conflict management, employee engagement, quality of work life of the organizations, and roles of external stakeholders. The study built the conceptual and empirical basis of employee relations practices by reviewing sources relevant to the current realities and prospects of the construction industry in ever growing business context in the country. As far as methodology of the study was concerned, the mixed approach of descriptive survey style was adopted. As such, both primary and secondary sources were adopted. 485 respondents were selected through stratified sampling of which 414 fully responded to the questionnaire, which was the main data collection instrument of the study. The study used multi-regression analysis model to test the hypotheses whether the six variables (employee voice, employee communication, conflict management, employee engagement, quality of work life of the organizations, and roles of external stakeholders) had statistically significant positive relationship with employee relations practices in the Grade 1 construction firms in Ethiopia. The findings of the study showed that as far as the model analysis results are concerned, all six variables have been tested through multiple linear regression and all have had statistically significant positive relationship with employee relations practices in the Grade 1 construction firms in Ethiopia. Based on the efforts stated above, the study drew on conclusions regarding the determinants of the employee relation practices in order to forward feasible recommendations to address the identified potential problems. As such, it was recommended that employee voice could be enhanced through increasing union membership or better worker councils; alternate conflict management techniques should be used such as negotiation techniques; two way and participatory communication system has to be adopted to improve information flow to employees; compensation and safety standards have to be improved to increase work life quality; motivation and trust as well as performance based system need to be applied to increase employee engagement; and policy as well as administrative support must be significantly provided from stakeholders such as trade union confederations and ministries of labour and social affairs and construction to improve the employee relations practices in the Grade 1 construction firms in Ethiopia.

Keywords: employee relations, employee voice, employee engagement, communication, work life quality, conflict management, external stakeholders

1. Introduction

Problems in employee relations are mainly characterized by unfair compensation systems, lack of organization's readiness to commit to collective agreements (especially with non-unionized workers), failure to design and apply participative decision making systems, and aggressive and singular dispute handling mechanisms. These views, as observed in Bredin (2008) have caused such problems as high labor turnover, lack of commitment to build career, decline of productivity in project-based organizations including construction companies. Such problems, directly or indirectly, would result in the insignificant growth in the productivity and investment share of the industry.

Though conclusive findings could not be forwarded here, the views that are reflected in some of the reviewed studies and reports imply the dominant presence of traditional approaches to employee relations in local construction companies in Ethiopia. In our context, there are indications that

organizations in the Ethiopian construction industry try to limit employee relations management to rules and regulation and restrict their roles to dealings with organized labor unions, which make things difficult to employees with no representation of trade/labor unions. One of such indicators is ILO's 'The Global Report of Workers' Rights'. According to ILO (2011) ^[12], employee relation system in Ethiopia is described 'repressive', due to the apparent imbalance of power between employers and workers when it comes to employment contract negotiation, lack of representation of workers, and the legal and procedural complexities that workers face when trying to enforce their rights of collective bargaining, dispute resolution, etc. The Ethiopian Trade Unions Country Report (organized in 2011 by Assefa Besufickad) particularly states the presence of employee relations approaches that undermine the capacity of individual employees to negotiate/bargain in the issues of wage, benefits, work conditions, and other rights.

1.1 Research Questions

In view of the points addressed above, this study is intended to answer the following questions.

- How does employee voice/representation affect the employee relation practices in the Grade-I construction firms in Ethiopia?
- How does conflict management affect the employee relation practices in the Grade-I construction firms in Ethiopia?
- How does employee communication affect the employee relation practices in the Grade-I construction firms in Ethiopia?
- How does work life quality programme (employee compensation and safety affect the employee relation practices in the Grade-I construction firms in Ethiopia?
- How does employee engagement affect the employee relation practices in the Grade-I construction firms in Ethiopia?
- How does the role of external stakeholders affect the employee relation practices in the Grade-I construction firms in Ethiopia?

2. Hypotheses of the Study

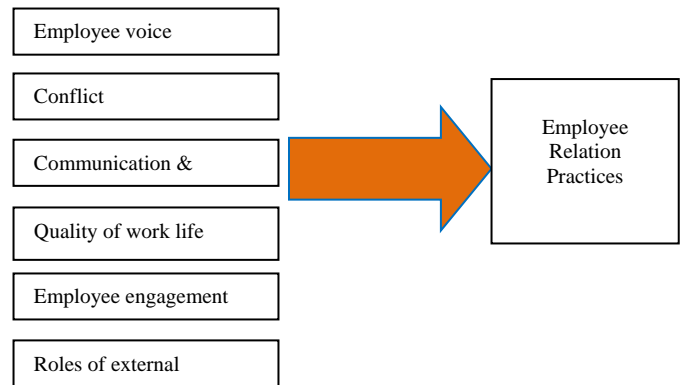
In this sub-section, the researcher attempts to present the general hypothesis in line with research questions. However, the test for specific variable that were presented in the conceptual framework of the study is made. Hence, in order to address the research questions the following general research hypotheses were developed:

- H01** : There is no statistically significant positive relationship between employee voice and employee relations practices.
- H02** : There is no statistically significant positive relationship between conflict management and employee relations practices
- H03** : There is no statistically significant positive relationship between quality of work life and employee relations practices
- H04** : There is no statistically significant positive relationship between employee communication and employee relations practices
- H05** : There is no statistically significant positive relationship between employee engagement and employee relations practices
- H06** : There is no statistically significant positive relationship between roles of external stakeholders and employee relations practices

3. Research Methodology

3.1 Conceptual Framework of the Study

Derived from the reviewed literature sources of similar subject matter, the conceptual framework of this study (see the figure below) demonstrates the relationship between six variables: employee voice, conflict management, work life quality, communication, employee engagement, and roles of external stakeholders AND employee relations practices of Grade 1 construction firms in Ethiopia (Muthoka, 2016; Otieno, 2015; Odhong and Omolo, 2014; Awot, 2013; Armstrong, 2010; Torrington, 2012; de Silva, 1996) [16, 21, 20, 3, 1, 10]. The conceptual model that guided this study is reflected in the Figure.



Source: Compiled by the researcher from various sources

Fig 1: Conceptual model of the study

3.2 Research Design

It has been already mentioned that this study is limited to assessing the practices of employee relations in the selected industry of Ethiopian context: the construction industry, by further restricting its target population to the Grade-I construction firms. The nature and scope of the subject matter (employee relations) and the study population (construction sector) is expansive. This, coupled with the lack of relevant and adequate research coverage on the issue, forces the researcher to limit the study to a descriptive study of the practices of employee relations in the specified environment.

Greener (2008) [11] implies that the descriptive approach should be adopted under such circumstances. Concurring to such views, this study is designed so that it shall represent the overall practices of employee relations in the construction firms by considering a fair number of issues that will be analyzed through a single process of collection and analysis of primary and secondary data. As a descriptive survey, the study shall not try to go deep in to investigating and analyzing one or another aspect of the employee relations issues and their practices.

Though most descriptive studies use quantitative research design formats (Pellessier, 2010) [22], management research usually employs mixed research approach. This study is also in demand of opinions, personal experiences, and values of those that are linked to such a behavioral practice of organizational as well as industrial scope as employee relations. It is also understood that employee relation issues involve such qualitative variables as differences in attitude, perspectives, caused by culture, social values, and economic interests among the workforce. With the objective to capture comprehensive ranges of the study variables, this study adopted a survey research design consistent with studies of (Awot, 2013; Odhong & Omolo, 2014; Otieno, 2015; Muthoka, 2016) [3, 20, 21, 16]. Due to the nature of variables to be investigated, this study can be described as a mixture of qualitative and quantitative in its research design approach.

3.3 Population, Sample Size, and Sampling Techniques

3.3.1 Population

As Bailey (1982) [5] and Grinnell and Williams (1990) noted, the population of the study is defined as the sum total of all units of analysis from which sample is to be drawn. In sampling strategy, it is common to identify the study

population from where the samples are drawn. This often undertaken by using the list of the population where such lists (which forms the sampling frame) are available; otherwise, prepare this lists and administer the designed study based on the selected sampling strategy and size.

In this case, the lists containing all contractors in Addis Ababa and Ethiopia were registered at Federal Ministry of Construction. According to this list, even if there are about 6000 contractors in the country, only less than 2% (100) of them are Grade 1 contractors. The rest belong to the 2nd-10th grades. As such, those that are licensed as Grade 1 construction firms were considered as target population for this study purpose. This is because any semblance of system based employee relations practices could only be found in these organizations. This is due to their size, capital level, operational scope, employee/staff volume and composition, organizational structure, and oversight from regulatory agencies. Therefore, this study considered the construction firms in general and the Grade-1 construction companies in particular as its primary target population. In this regard, the primary focus of the study was on those construction firms undertaking general and building construction works in Ethiopia with some from the road and special sectors.

The workers in these firms were sample surveyed for their views and experiences of employment relationship with their employers in order to build a fair and balanced base for the findings. This fits the employee based direction of studying the issue followed by most researchers of employee relations (Awot, 2013; Muthoka, 2016; Odhong and Omolo, 2014; Otieno, 2015) [3, 16, 20, 21]. However, the management of the selected firms, the trade unions in the industry, the concerned federation of the industry's trade unions and employer association, and the relevant governmental agencies (particularly the MoLSA) were also addressed as interested parties in the employee relations practices in the Grade 1 construction companies.

3.3.2 Sampling Strategy and Selection Scheme

Bhattacharjee (2012) [4] emphasizes that social science research (the source of most of the research methodologies in management/business) is generally about inferring patterns of behaviors within specific populations. It is extremely important for a study of quantitative and qualitative mix to choose a sample that is truly representative of the population so that the inferences derived from the sample can be generalized back to the population of interest.

In this study multi-stage sampling techniques were employed to select the sample respondents from the Grade 1 construction firms. Stratified sampling occurs when the population of the interest is partitioned into non-overlapping groups, called strata and a random sample is then selected from each subgroup (Teddle & Yu, 2007) [23]. In the stratified random sampling, the strata are formed based on members shared attributes or common characteristics.

In this study, the contractors that operate in the four sub-sectors were considered as strata. Currently, there are at least 100 Grade-1 construction firms in Ethiopia participating in various sectors. Of this total, 54 were general contractors, 34 building contractors, 6 road contractors, and 6 special contractors (MoConstn, 2016) [17] and (ERA, 2016).

3.3.3 Sample Size Determination

There are several approaches to sample size determination depending on the nature of the study. However, inappropriate and inadequate sample size influences adversely the quality and the accuracy of the study (Bartlett *et al.*, 2001) [7]. As the result, sample size determination is argued as an important step in planning a statistical study (Lenth, 2001) [15]. In the survey research, the data must be collected from the representative. But the question is how large sample is required to infer the research findings back to a population. In this study, given the large number of the Grade 1 construction firms, the total sample size of construction firms which represents the population was determined on the 30% rule of representation advocated by Israel (2003) [13].

As such, 30% of the total number of Grade 1 construction firms from which sample employees are selected desired level of precision (5%) and (95%) confidence level as follows:

$$n = N (30\%) = 30$$

Where,

n= Sample Size =30

N= Total Population= 100

Following the above sample size determination formula, sample size (n) =30, Grade 1 Contractors that represent the population is determined. After the total sample size is determined based on the desired precision level required as presented above, the calculated sample size is allocated to each stratum using proportional sampling allocation. Following Kothari (2008) [14], the proportional allocation to each sub-sector is determined as follows: 16 general contractors, 10 building contractors, 2 road contractors, and 2 special contractors.

Finally, the allocated minimum sample size for each stratum using proportional sampling allocation is selected by employing purposive sampling techniques. Thus, the total sample size was the sum of the samples drawn from each sub-sector. The address or specific locations for selected Grade 1 Contractors were obtained from Federal Ministry of Construction. According to the ministry records, almost 9 out of 10 of the Grade 1 contractors (89%) are found in Addis Ababa. Thus, geographically, the data collection is concentrated in Addis Ababa with limited data coming from the regions.

In determining the sample size of employees, the study considers the most common technique applied in such situations-Yamane's model (1967) [25]. In this model, the number of sampled representatives is computed by considering the total population size, required minimum confidence level, and tolerable sampling error as presented below:

$$n = N/1+N(e)^2$$

Where

n = sample size

N = population size

e = sampling error/level of precision

Given total work force size of 30,000 and confidence level of 95.5% (meaning error level of 4.5%, which according to Israel

(2003) ^[13] and Weisberg & Bowen (1977) is especially recommended in such cases where sample size is wanted to be higher to increase the reliability of the study), the sample size of the respondents is computed as follows:

$$n = 30,000 / (1 + 30,000(0.045)^2) = 485$$

Hagos (2017) used the same error level (4.5%) as calculation basis to determine a sample size for a total population size of more than 20,000. As such, his sample size was 485. However, the sample selection technique requires consideration of the realities that dictate the construction environment. For example, as illustrated above (Table 4.5), the composition of firms (26) and workers (26,000) in the general and building sector is far higher than that of the road + special sector (4 firms and 4000 workers). Therefore, the representation of the respondents was made by taking this factor in to consideration.

3.4 Data Type and Data Collection Techniques

A cross-sectional data set consists of data collected from a sample at a given point of time by employing random sampling from underlying population (Wooldridge, 2002) ^[24]. The data used in this study was mainly primary and cross-sectional data in its nature. Due the nature of the problem to be investigated, unavailability sufficient and well organized secondary data to address the research objectives, the primary data that helps to obtain information on employee relations and its determinants were designed and collected. Self-administered structured questionnaires were used to collect the data. Thus, structured questionnaires were distributed to sample employee respondents of the selected Grade 1 construction firms in their work places (by getting permission from the organizations) and collected back by the data enumerators.

3.5 Data Analysis & Presentation

In order to test the hypothesis of the study variables, the multivariate economic techniques such as multiple linear regression (OLS) was employed to test the effect of the six above stated variables on the employee relations practices of Grade 1 construction firms in Ethiopia. Linear regression is a method that summarizes how the average values of a numerical outcome variable vary over subpopulations defined by linear functions of predictors.

For linear regression, the dependent or outcome variable should be an interval or scale level variable, which is normally distributed in the population from which it is drawn. The independent variables should be mostly interval or scale level variables. For instance, when employee voice variable is used in the study as an independent variable of continuous scale in a linear regression, we are coding it as 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree. Then, the aggregate results of these variables are used to analyze the linkage with employee relations effectiveness.

Model Specification- The study attempts to investigate the determinant of employee relation practices from six major perspectives: employee voice, conflict management,

communication, work life quality, employee engagement, and roles of external stakeholders and other unobservable factors which are represented in error term. Thus, functional form to the general regression model based on ordinary least square is specified as follows:

Employee Relation =

$$\beta_0 + \beta_1 (\text{employee voice}) + \beta_2 (\text{conflict management}) + \beta_3 (\text{work life quality}) + \beta_4 (\text{communication}) + \beta_5 (\text{employee engagement}) + \beta_6 (\text{roles of external stakeholders}) + \varepsilon \quad (1)$$

Where,

- **Employee relations** represent the employee relations system, policies, strategies and trends in the Grade 1 construction firms in Ethiopia (dependent variable)
- **Employee voice** represents collective bargaining, union membership, and representation of employees in their respective organizations
- **Conflict management** represents dispute handling, grievance handling, and disciplinary management system of the organizations
- **Work life quality** represents compensation, working conditions, and safety & health of the employees.
- **Communication** represents access to information, communication channels and medium, and feedback system of the organizations
- **Employee engagement** represents job clarity & commitment, trust & shared vision, learning and job authority (empowerment) of the employees
- **Role of external stakeholders** represents the efforts of concerned organizations (government agencies, confederations of trade unions, employer associations, professional associations, rights groups, academic and research institutions) to protect the rights of employees and employers in the employee relations process
- $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$: multiple regression coefficients for Employee voice, Conflict management, Work life quality, Communication, Employee engagement, and Role of external stakeholders variables or show by what level the employee relations practices perform better for a unit change (increase or decrease) in factors.
- ε : Disturbance term or error term

The model is assumed to have two components: the systematic element and the stochastic element. The systematic part identifies the relation between employee relations practices and all the explanatory variables and the random or stochastic element is represented by the disturbance term ε .

Test of Measures

Before OLS regression analysis is undertaken, the preliminary analysis, such as normality and linearity assumption for each set of the variables must be examined. As such, this researcher tested the fitness of the regression model using such measures as multi-collinearity diagnosis using VIF and Tolerance; auto-correlation matrix using Durbin-Watson test; normality distribution using Shapiro-Wink test; and correlation matrix. As such, the above stated assumptions were found fit to the regression model used. Thus, the multiple regression model was run.

Software: it is complicated and time consuming to compute and analyze the data by descriptive and inferential analysis through manually due to large sample size. To this end, software package called Statistical Package for Social Sciences (SPSS) version 20 was used to compute and analyze the data.

4. Research Findings

Multiple linear regressions is a method that summarizes how the average values of a numerical outcome variable vary over sub populations defined by linear functions of predictors. The method of ordinary least squares (OLS) is popularly used method for estimating the parameters of the multiple regression models (Wooldridge, 2002) [24]. To this effect, various factors that affect employee relations practices are tested.

4.1. Estimation Result of OLS Regression on Determinants of Employee Relation Practices

The empirical, OLS estimation result depicted in Table 1, revealed the various factors that affect employee relations practices. According to the estimated result of OLS regression, some of the variables are consistent with researcher prior expectation and statistically significant determinants of employee relations practices. The detail explanations for estimated coefficient on the significant variables are presented under the empirical result discussion section.

Table 1: Determinants of Employee Relation Practices, OLS Regression Result (N=414)

Variables	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	25.160	.699		36.000	.000
Employee voice	.103	.027	.207	3.769	.000
Conflict management	.081	.026	.154	3.081	.002
Quality of work life	.080	.016	.147	4.893	.000
Communication	.131	.018	.264	7.187	.000
Employee engagement	.094	.023	.208	4.179	.000
External stakeholders	.044	.021	.087	2.117	.035
R-squared		0.658			
Adjusted R-squared		0.653			
F-statistics- Durbin-Watson test		130.362			.000

Dependent Variable: employee relations practices
Note: *, **, significant at 1%, 5% and respectively
Source: SPSS output, 2016

As it is observed from the above Table 1 the p –value of F-test is statistically significant with means of at p-value of zero to three decimal places, the model is statistically significant. The p-value associated with the F value is very small (.000) and when compared with our alpha level of 0.05 we can conclude that the independent variables reliably predict the dependent variable. if the p-value is greater than 0.05, we would say that the group of independent variables do not show a significant relationship with the dependent variable, or the group of independent variables do not reliably predict the dependent variable.

The ability of each individual variable to predict the dependent variable is addressed in Table 1. The R-square is .658; this means that, 65.8 percent of the variability of employee relations practices is accounted for the variables in the model indicated above. The adjusted R-square as shown in Table 1 indicates that 65.3 percent of quantity of employee relations practices is accounted by the model, even after taking in to account the number of predictor variables in the model.

As shown in Table 1 the coefficients for each of the variables indicates that the amount of change one could expect in employee relations practices given a one unit change in the value of that variable, given that all other variables in the model are held constant.

Therefore, we would expect an increase of 20.7% in employee relations practices effectiveness for every one unit increase in employee voice assuming that all other variables in the model are held constant. Also we would expect an increase of 15.4% in employee relations practices effectiveness for every one unit increase in conflict management assuming that all other variables in the model are held constant.

With regard to quality of work life, we would expect an increase of 14.7% in employee relations practices effectiveness, assuming that all other variables in the model held constant. Likewise, employee engagement, we would expect an increase of 26.4% in employee relations practices, assuming that all other variables in the model held constant.

On the other hand, a one unit increase in employee empowerment would lead to 20.8% increase in employee relations practices effectiveness, assuming that all other variables in the model held constant. In addition, a one unit increase in roles of external stakeholders would lead to 8.7% increase in employee relations practices, assuming that all other variables in the model held constant.

The difference between the regular co-efficient (unstandardized) and the standardized coefficient is the unit of measurement. For instance, to describe the row coefficient for employee voice, we say a one unit increase in employee voice would result in a 10.3% increase in the predictable variable: employee relation practices effectiveness. However, for the standardized coefficient (BETA) we say a one standard deviation increase in employee voice would lead to a 20.7% standard deviation increase in employee relation practices effectiveness.

As shown in Table 1 above, the coefficient for employee voice is significantly different from 0 using alpha of 0.05 because its p-value of .000 is smaller than 0.05. The coefficient for conflict management was significantly different from 0 using alpha of 0.05 because its p-value of .002 is smaller than 0.05. Similarly, the coefficient for quality of work life was significantly different from 0 using alpha of 0.05 because its p-value of .000 is smaller than 0.05.

In addition, in the above table, the coefficient for employee engagement was significantly different from 0 using alpha of 0.05 because its p-value of .000 is smaller than 0.05 respectively. Finally, the coefficient for employee empowerment and roles of external stakeholders was significantly different from 0 using alpha of 0.05 because its p-value of .000 and 0.035 is smaller than 0.05 respectively.

4.1.1 Hypothesis Testing

The following hypothesis was tested in this study.

1. **H₀1:** There is no statistically significant relationship between employee voice and employee relations practices.
2. **H₀2:** There is no statistically significant relationship between conflict management and employee relations practices.
3. **H₀3:** There is no statistically significant relationship between quality of work life and employee relations practices.
4. **H₀4:** There is no statistically significant relationship between communication and employee relations practices.
5. **H₀5:** There is no statistically significant relationship between employee engagement and employee relations practices.
6. **H₀6:** There is no statistically significant relationship between roles of external stakeholders and employee relations practices.

Hypothesis 1

There is no statistically significant relationship between employee voice and employee relations.

As observed from Table 1, the coefficient of employee voice is significantly different from 0 using $B=.207$, $N=414$ at p – value of 0.01 which has statistically significant positive relationship with employee relations. Therefore, this result rejects the null hypothesis and accepted alternative hypothesis.

Hypothesis 2

There is no statistically significant relationship between conflict management and employee relations

The regression result depicted at Table 1 shows that, the coefficient of conflict management is significantly different from 0 using $B=.154$, $N=414$; at p –value of 0.01 which has statistically significant positive relationship with employee relations. As a result, we reject the null hypothesis and accepted alternative hypothesis.

Hypothesis 3

There is no statistically significant relationship between quality of work life and employee relations

Table 1 indicates that, the coefficient of quality of work life is

significantly different from 0 using value of $B=.147$, $N=414$; at p –value of 0.01 which has statistically significant positive relationship with employee relations. As a result, we reject the null hypothesis and accepted alternative hypothesis.

Hypothesis 4

There is no statistically significant relationship between employee communication and employee relations

As shown in Table 1 above that, the coefficient of communication is significantly different from 0 using value of $B=.264$, $N=414$; at p –value of 0.01 is smaller than 0.01 which has statistically significant positive relationship with employee relations. Hence, we reject the null hypothesis and accepted alternative hypothesis.

Hypothesis 5

There is no statistically significant relationship between employee engagement and employee relations

As shown in Table 1 above that, the coefficient of employee engagement is significantly different from 0 using value of $B=.208$, $N=414$; at p –value of 0.01 which has statistically significant positive relationship with employee relations. Therefore, we reject the null hypothesis and accepted alternative hypothesis.

Hypothesis 6

There is no statistically significant relationship between roles of external stakeholders and employee relations effectiveness

Table 1 shows that, the coefficient of roles of external stakeholders is significantly different from 0 using value of $B=0.087$, $N=414$ at p value greater than 0.01. This indicates that there was statistically significant relationship between roles of external stakeholders and employee relations. Therefore, we reject the null hypothesis and accepted alternative hypothesis.

4.1.2 Summary of Hypothesis Tested

The findings of variables used to identify and measure determinants of employee relations exhibited psychometric properties and their hypothesized relationship in the regression model is depicted below.

Table 2: Summary of Hypothesis Tested

Hypothesis	Association between variables	Significant	Decision	
			H ₀	H _a
H1	Employee voice and employee relations	Yes	Rejected	Accepted
H2	Conflict management and employee relations	Yes	Rejected	Accepted
H3	Quality of work life and employee relations	Yes	Rejected	Accepted
H4	Communication and employee relations	Yes	Rejected	Accepted
H5	Employee engagement and employee relations	Yes	Rejected	Accepted
H6	Roles of external stakeholders and employee relations	Yes	Rejected	Accepted

Source: Compiled from survey data, 2016

4.2 Discussion on Regression Results

This part discusses the results of regression analysis of the study in relation to prior literature. In presentation of this section, there is a discussion on the six variables stated above which were determinant factors that affect employee relation practices in the Ethiopian construction sector and particularly

the Grade 1 construction firms. Detailed discussions were conducted as per the result of the model and each determinant factor was analyzed indicating their relationship with employee relation practices. The findings have supported by literatures of different studies and finally, conclusion of this discussion has been followed.

With respect to employee voice, the result of this study show that, positive and statistically significant relationship between employee voice and employee relation practices, which was depicted in the regression analysis in such a way that the coefficient of employee voice is significantly different from 0 using (Beta value .207, degree of freedom (t) value 3.77 and its p-value .000 is smaller than 0.05 (See table 5). The positive coefficient for employee voice/representation implies that an increase in employee voice/representation increases effectiveness in employee relations practices by 20.7%. Increasing in the size of 1 point in employee union or council representation and/or collective bargaining inclusion results in an increase in the effectiveness of employee-employer relationship by 20.7%, keeping other factors constant. In support of this finding, Muthoka (2016) ^[16] indicated that the degree of representation of employees in unions and worker councils increases the chance of their voices being heard. Actually, she went further by indicating that this improves the overall effectiveness of employee relations practices of the Kenyan public health sector, thereby increasing its performance providing more effective and efficient health services. Awot (2013) ^[3] studied the link between the collective bargaining practices of the Chinese construction firms in Ethiopia and also underscored the relevance of employee representation in the process for a better/more effective employee relations system in place. Omolo and Odhong (2014) ^[20] have come up with similar findings in their study regarding An Analysis of the Factors Affecting Employee Relations in the Flower Industry in Kenya (a Case of Waridi Ltd, Athi River).

As per the result of the regression analysis, there was positive and significant relationship between conflict management practices of the Grade 1 construction firms and the effectiveness in their overall employee relations practices. This was signified by the fact that the coefficient of conflict management being significantly positive from 0 using Beta value 0.154, degree of freedom (t) value of 3.08 and its p-value 0.002 smaller than 0.05 (see Table 5). This result shows that, on average, if the conflict management approach becomes more conciliatory and positive by 1 point, the effectiveness in employee relations practices increases by 15.4% other things remain constant. The result further indicated that, disciplinary management as part of conflict resolution can improve employee relation practices in organizations. The model (regression) analysis results of Muthoka (2016) ^[16] and Otieno (2015) ^[21] goes in line with the results discussed above. For example, Muthoka (2016) ^[16] underlined that a 1-point improvement in conflict resolution practices would improve the entire employee relations system and hence organizational performance by 0.589 point (58.9%). Similar results to that of this researcher have been reiterated by others who studied the linkage between employee pay and benefit accompanied by working conditions (programs for quality of work life/conditions). The regression analysis results above indicate that a 14.7% improvement can be achieved in the entire employee relations practices by the Grade 1 construction firms if they improve their programs for work life quality by just 1 point. This implies that there is a, positive and significant relationship between the two because the coefficient of quality of work life is significantly and

positively different from 0 using Beta value 0.147, degree of freedom (t) value of 4.89 and its p-value 0.000 is smaller than 0.05 (see Table 5). This implies that, availability of programs for quality of work life has positive and significant effect on the effectiveness of the overall employee relations domain in organizations. Various research studies convey similar findings to what is stipulated above. Omolo and Odhong (2014) ^[20], Muthoka (2016) ^[19], Awot (2013) ^[3], and Otieno (2015) ^[21] are few and the most recent of those that reflected this in their respective findings. To this effect, Muthoka (2016) ^[19] came up with a linkage level between the two variables signified by a beta value of .359 with a degree of freedom of 8.141.

With regard to communication and participation efforts of the organizations (Grade 1 contractors), there was positive and significant relationship because the coefficient of communication and participation is significantly and positively different from 0 Beta value 0.264, degree of freedom (t) value of 7.187 and its p-value 0.000 (see Table 5). The result shows that a unit increase in a communication and participation increases the effectiveness of the employee relation practices by 26.4%, keeping other factors constant. As communication and participation are the centerfolds of any relationship between employees and employer, this makes quite a lot of sense. The more employees get access to information about what is going on and the more management is open to accept their opinions and feedbacks, they become more engaged in their organization's affairs. Thus, this makes the employee relations environment healthier and then system more effective. Among many, Otieno (2015) ^[21] stood by this stand in her study in Kenya. According to her findings, one unit increase in the employee communication results in 0.245 units increase in employee relation effectiveness then organization performance. The result of this study also shows a positive and statistically significant relationship between employee engagement system in the Grade 1 construction firms in Ethiopia and their employee relations practices, which is significantly different from 0 using Beta value of 0.208, degree of freedom (t) value of 4.179 and its p-value 0.000 (see Table 5). This implies that, a one unit improvement in the organizations' employee engagement system results in an increase in the effectiveness of the employee relations practices by 20.8% keeping other variables which affect the later constant. This is quite realistic in that any employee who feels being appreciated, recognized, authorized, developed, and trusted at work would have many reasons to build positive relationship with his/her employer. Thus, delegating job authority to employees, facilitating their career growth, having good supervision, and recognizing their contributions are critical to a successful employee relations system. The above stated finding and the subsequent discussion is backed by other researchers who worked on this topic. To mention few, Muthoka (2016) ^[19] and Otieno (2015) ^[21] came up with results that convey this scenario. They respectively found that a unit change in employee engagement level improves employee relations system then organizational performance by 0.534 and 0.110 points. This puts the result generated by this researcher (0.208) in the middle of the two.

Finally, the relationship between the roles of external stakeholders on the effectiveness of employee relations

practices of the Ethiopian Grade 1 construction firms comes in to view. This variable discusses the roles of civic societies (confederations of trade unions, rights groups) and the regulatory institutions in facilitating smooth, mutually beneficial, and pluralist employee relation system in the sector. Thus, the finding of this study shows that there is a positive and statistically significant relationship at beta coefficient value of 0.087, t value 2.117 and p-value 0.035 (See Table 5). The significant and positive relationship should be viewed in the light of the extreme gap of power balance between individual workers and their employers requiring the intervention of the above mentioned institutions as balancing factors. The presence of these stakeholders in employee relations process by one unit is meant to improve the effectiveness of the employee relations practices by 8.7%. Awot (2013) [3] emphasized the importance of these stakeholders in his excellent study on the employee relation practices of the Chinese construction firms in Ethiopia.

5. Suggestions & Recommendations

Based on the findings and conclusions established in this study and in response to the research questions, the researcher forwards some key recommendations to help address the problems identified so far.

5.1 Employee Voice

In this modern and globalized world, collective bargaining should be viewed as a two-way process in order that the basic interests of both parties are protected (Zenglein, 2008) [27]. It is important to appreciate that both sides (employee and employer) have a responsibility to each other and are ultimately dependent on each other for survival. Therefore, the following points are forwarded as recommendations.

- **Management:** *Should recognize the rights of employees to be represented by unions or at least rights of protection by a collective agreement as stated in FDRE Labor Proclamation, Section 8, Chapter 1 (FDRE Proclamation 377/03, 2003). It also Should work closely with trade union federations and MoLSA to facilitate the adoption of collective bargaining in a smooth and mutually acceptable process. If/where the organization has a plan to handle a single project in Ethiopia; management can adopt a bargaining/agreement document through the mediation of MoLSA, without the need for the formation of formal union. Management should also seek for consensus or at least seek inputs from workers when making decisions regarding issues of interest to them.*
- **Workers/unions/workers councils:** *Should not expect management to concede on issues that would ultimately impair the company's ability to stay in business. In order for union Voice to remain relevant and contribute to organizational performance as well as promote its strategic position, the study recommends a strategic overhaul of the adversarial approach used by the Unions in representing their members and adopt a more friendly partnership relationship that fosters trust and congruency of goals. The study recommends use of work councils not only union Voice in order to enhance positive employee relations.*

5.2 Conflict Management/Dispute Handling

In the interest of developing and practicing proper dispute handling approaches, the researcher forwards the following recommendations.

The organizations should facilitate the development of collective agreements, which are commonly used as binding means of dispute resolutions. The organizations should design preventive dispute handling systems with clearly established policies and procedures. The study also recommends that mediation should only come in place when negotiation as a conflict resolution process has failed to materialize and the use of arbitration as the last resort to resolve conflicts since it may trigger more tension if not properly handled. The dispute handling policies and procedures should be communicated to workers through orientations and by distributing booklets. Grievance management committees should be formed by including workers in order to facilitate speedy and responsive grievance handling approaches. Disciplinary panels should be set up at different levels in the organizations and written codes of conduct have to be prepared. Management has to respect the legitimate rights of workers to use such mechanisms as industrial actions, mediation, and courts to voice their grievances.

5.3 Programs for Quality of Work Life/Conditions

The two major problems observed regarding the quality of work life/conditions are the lack of adequate benefit packages and lack of systemic growth in pay and benefit rates. To tackle this situation, the researcher pinpoints the following points:

Collective agreement or Organizational/HR manuals that incorporate pay and benefit policies and procedure should be designed and put in to work. The basic provisions such as medical, transportation, workers accident, liability insurance should be incorporated in the benefits packages. The study recommends use of allowances especially in hardship areas as a form of compensation to attract competent construction professionals and reduce absenteeism. The organizations should install and strictly enforce safety and health related policies and procedures as per the government regulations and accepted international conventions

5.4 Employee Communication Practices

In view of this and the problems identified in the study, the researcher recommends the following points.

Continuous and small-scale training and orientation programs should be designed to help workers understand and share the visions, missions, and strategic goals of the organization. The organizations should prepare organizational structure, job descriptions, and other job related issues using local languages in order to facilitate understanding and smooth communication with workers. Workers should be encouraged to forward their views at least on job related matters. Management should facilitate interpersonal relationship between management members and professionals and workers in order to gradually facilitate mutual trust at a formal level. Management should encourage delegation of decision making power to teams at least on small scale technical matters.

5.5 Employee Engagement

Organizations have to invest in their employees, create trust and mutual commitment with them, and make them believe that the success of the organization means the same to the employee. In view of this and the problems identified in the study, the researcher recommends the following points.

Employees should be challenged in their jobs in order for them to develop more innovative ways of handling their jobs. Employees must be recognized for their efforts and contributions to the organization. Learning and development programmes must be launched to help employees build their knowledge, skills, and attitudes. Performance based rewards system must be promoted in the organizations. Training packages must be offered to help employees build more understanding on the vision and goals of their organization and achieve role clarity in their jobs. Adequate authority must be offered to employees to handle their duties and responsibilities. Finally, the organization has to show employees its commitment to them in order to garner commitment from them.

5.6 Roles of External Stakeholders

Given the existing realities of employee relations in the Grade 1 construction firms, the burden is huge on these external stakeholders to ensure protection of workers' rights and positively support the management of such organizations towards developing the right system of employee relations.

As such, Federations of trade unions should continue their efforts to lobby the concerned organizations and the government to implement collective bargaining and union representation. Employers' associations should work more with the trade unions to avoid a confrontational and toxic environment in the employee relations system. They rather should sponsor research, seminars, and consultative meetings to build a smooth employee relationship system in the Ethiopian construction sector. Labor management boards and special labor affairs courts should be made more accessible to both employers and employees to facilitate dispute resolution. The MoLSA should undertake periodic monitoring activities on the employee relation practices in general and the dispute handling, disciplinary measures, and state of working conditions in the Grade 1 construction firms. Labour courts should facilitate the labour cases in their hands in order to resolve the issues of employees quickly and efficiently there by reducing the time and cost burden of employees. Research and academic institutions should be more engaged in issues such as safety, health, risk management, communication, etc. through training and development of more conducive working environment. The MoLSA should push the organizations to enforce the internationally accepted standards and conventions regarding occupational safety, working time, access to operational resources, workers representation, etc. Civic societies and rights groups have to be more engaged in the employee relations practices of the construction sector in order to help create a smooth and positive working environment.

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