EMPLOYEE RELATIONSHIPS AND ORGANIZATIONAL PERFORMANCE

A CASE STUDY OF TORORO CEMENT FACTORY

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A RESEARCH REPORT SUBMITTED TO MAKERERE UNIVERSITY IN PARTIAL FULLFILMENT OF THE AWARD OF THE DEGREE OF BACHELOR OF COMMERCE.

JULY 2011
DECLARATION

I hereby declare that research report entitled “EMPLOYEE RELATIONSHIPS AND ORGANIZATIONAL PERFORMANCE IN TORORO CEMENT” is entirely my original work except where acknowledged and that it has never been submitted before to any other university or any other institution of higher learning for the award of a Degree.

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(Researcher)
APPROVAL
This research report entitled “Employee relationships and Organizational performance” has been submitted for examination with my approval as the candidate’s University supervisor

Signature……………………………  ………………………………………

MR.TIBAINGANA ANTHONY  DATE

(Supervisor)
DEDICATION

I dedicate this piece of work to my parents Mr. BERNARD KARANJA and Mrs. MARGARET WANGARI who have sacrificed a lot for my cause financially, spiritually and been a guide in attaining the success of my career progression.
ACKNOWLEDGEMENT
Special thanks go to Almighty GOD who has brought me this far may his name be praised.

Special thanks go to my supervisor MR. ANTHONY TIBAINGANA who stood as a leading guide in my endeavors and his devotion for my cause to excel, may GOD bless you abundantly.

I owe special debt of gratitude to my parents MR BERNARD CHEGE and MRS MAGARET WANGARI, MY SISTERS, Josephine, Winfred, and Veronica, for the financial. Spiritually and emotional support throughout my course, May GOD richly bless your lives.

Thanks to all employees of Tororo cement whose cooperation leads to the accomplishment of my research project

I would also wish to extend my gratitude to the following as their contributions are worthy appreciation, Jymoh, Gitau, Mbote, Kevo, Kim, Maina, Beth, Mumbi, loise Njogu, Kariuki, Douglas, Ndume and Simon.

Among others for continuous encouragement and support during my research.
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<td>WWW</td>
<td>World Wide Web</td>
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<tr>
<td>UDC</td>
<td>Uganda Development Corporation</td>
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<td>TQM</td>
<td>Total Quality Management</td>
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ABSTRACT

The study focused on employee relationship and organization performance, a case study of Tororo cement factory. The purpose of the study were, to examine the role of employees in Tororo cement factory, to establish the level of organizational performance in Tororo cement and to find out the relationship between employee relationship and organizational performance of Tororo cement.

The research design used was cross sectional, explanatory and descriptive research design. A Sample of 25 respondents was selected by use of Kralje and Morgan (1970). Both primary and secondary data were used. Data was collected using questionnaires, interview guide, survey and observation. Data was analyzed using correlations and multiple regressions Pearson was used to determine relationship between variables.

The study found that there is high level of employee turnover because of lack of motivation, inefficient communication, poor working condition, and lack of employee participation. The company employs more professional employees than unprofessional employees.

On the level of organization performance the poor performance is as a result of poor relationship with employees. The study also revealed that a positive strong correlation exists between employee relationship and organization performance (r=0.8).

The study recommends the following , Management should improve the working conditions, motivate employees , Improve communication within the organization and involving employees in decision making so as to improve relationship with employees to improve Organization performance.
CHAPTER ONE

1.1 Background to the study
Employee relationship refers to the relationship between employees and management as a framework of organizational justice consisting of organizational culture and management style as well as rules and procedural sequence for grievances and conflict management indeed, the objective of employee relationship is to achieve harmonious employee relations and minimize conflict practices in employment. Torrington and Hall (1998).

Organizational performance is a function of employee performance. Organization effectiveness depend on constantly improving the performance of organization members and maintaining the human potential that serves as the backbone of the organization Kerning and Jaeger (1990).

Most organizations in an attempt to increase productivity have come up with motivation of employees aimed at improving on the organization performance and condition of job, hence proper performance, Organizations should induce their employees to work hard towards achieving the business set objectives. This can be done through provision of incentives Peter Drucker (1999).

Organization renewal is increasingly perceived to depend not only on management skills in areas such as finance, production and marketing, but also critically in the intertwined fields of people management. Armstrong M (1987).

The values, beliefs, altitudes and behavior of the enterprises employees are held to occupy strategic roles in corporate success. All organizations which aim at high performance need to have policy agenda to create relationship with the employees or working people, which support
their business objectives what this calls for, is to have an employee management relations Sultan Kermally (1997)

Tororo cement factory was incorporated in December 1952; it was taken over by the Uganda Development Corporation (UDC) in 1953. The ownership of Tororo cement changed hands at the end of 1995 to the present owners under the government privatization scheme; it is well served with infrastructure such as roads, railway and power. www.Tororocement.co.ug

It’s a leading cement manufacturing company in Uganda located in the eastern part of Uganda its an operating company that deals in several products such as cement products which includes Portland cement, Portland pozolana, steel products such as barbed wire, Nails, Nyumba brand chain link. Other products include roofing nails, twisted round bars and construction steels.

Among the objectives of Tororo Cement Company is the focus on people. The company seeks to have well motivated, trained and professional people will contribute fully towards achieving successful results. In support of this, the company has a fully fledge human resource department that is charged with the responsibility of supporting organizational and human resources development policies and maintain a fit for purpose employee relation climate.

In support of the employee management relation the company has provided benefit to employees satisfaction such as operating and maintaining the health center drugs where trained staffs distributes treated mosquito nets to all employees. The company imports some of the raw materials such as coal gypsum and iron ore, other raw materials are available locally.

1.2 Statement of the problem
Employee relationships are known to play significant roles in fostering organizational performance. Tororo cement factory is perceived as successful organization within the cement industry because of the market share its commands. Tororo cement industry is being characterized by increased cases of staff complains. As it was reported by the New vision of (12
June 2010) over 1000 workers of Tororo cement went on strike accusing management of failing to implement the mandatory salary wage review policy agreed with the workers union representatives. The nature of work in cement manufacture is quite hazardous the process produces dusts, unfavorable operating temperatures and harsh work and environment conditions, in addition caused by loud noise emanating from machines used, the employees are exposed to fine, soft and heavy dust pollution due to complain and it has resulted into frustration amongst the employees which is affecting the overall performance of the organization. But management seem not to be bothered by this and hence a research to find out the impact of employee relation on performance.

1.3 Purpose of the study
The study was conducted to establish the relationship between employee relation and organizational performance in Tororo cement factory.

1.4 Objective of the study

- To examine the roles of employees in Tororo cement factory.
- To establish the level of organizational performance in Tororo cement.
- To find out the relationship between employee relation and organizational performance of Tororo cement industry.

1.5 Research questions
1) What are the roles of employees in Tororo cement factory?
2) What was the level of performance for the years 2005–2010?
3) What is the relationship between employee relation and organizational performance of Tororo cement?
1.6 The scope of the study

1.6.1 Time scope
The study covered years between 2005–2010 that gave the researcher a true picture and drew up the rightful conclusion about the topic in question and took place between February–June 2011.

1.6.2 Geographical scope
The researcher was intending to focus his findings on the relationship of employees and organizational performance in Tororo cement factory which is located in Tororo district in eastern Uganda.

1.6.3 Subject of scope
The study focused on determining how employee relationship as the independent variable affects organizational performance which is the dependent variable.

1.6.4 Significant of the study
1) The significance of the study was the provision of knowledge and skills to me a researcher and gained skills of doing research and came to know the relationship between variables which was under study
2) Others researchers and scholars will also use the study as literature review to investigate other parameters within the same or similar organization.
3) The study will help the general public to know how the organization relates with its employees in order to improve their performance.
4) The study was intended to help the organization understudy to improve performance through good employee relationship.
CHAPTER TWO.

Literature Review

Introduction
Literature in this chapter reviews necessary information pertaining to the subject area of this study. This chapter is divided into 3 sections; the first section discusses the employee relationship, the second section discusses the organizational performance while the third discusses the relationship between employee and organizational performance.

2.1 Employee relationship
Employee means an individual who works part time or fulltime under a contract of employment whether oral or written, express or implied, and has recognized rights and duties. www.Businessdictionary.com.

Employees are one of the major stalk holders for every organization, both commercial and non profit organizations. Employees give the best part of their lives to organization; there is therefore a morale obligation to let them know how they are performing. At the same time organizations have to measure the performance of all their resources unlike technology and capital. This resource peoples has expectation and interests and they are manifested in behavior which impacts performance.

Torrington and Hall (1998) refers to the relationship between employees and management as a framework of organizational justice consisting of organizational culture and management style as well as rules and procedural sequence for grievance and conflict management indeed, the objective of employee relationship is to achieve harmonious employee relations and minimize conflict practices in employment.
2.2. Employee relationship techniques
A technique refers to approaches which are used to make considerable differences. Which include the following, Through monetary rewards, Improving the quality of working conditions plus job enrichment, promotion, credits for work done and job security create relationships with employees.

2.2.1 Monetary rewards
According to Peter Drucker (1999) there was not enough evidence for the alleged turning away from material rewards. Economic incentives were becoming right rather than rewards. There was no doubt that we live in a money motivated world. Any amount of human relations cannot compensate for lack of monetary rewards. Rewards could act as the catalyst for improved performance and better productivity. They can be effective method to reward performance excellence and reign force everyone alignment towards company goals Kottler P (1988)

2.2.2 Improving the quality of working condition plus job enrichment
Employees have aspirations and needs. This category focuses on the organizational efforts to meet those aspiration and needs in relation to providing good working environment.

2.2.3 Promotion, credits for work done and job security create relationship with employees
Credit for work done this wants issues from the egoistic classification of needs and can be supplied by management through verbal praise of excellence work, monetary rewards for suggestions, and public recognition through rewards.
Job security because of the threats from technological change, this wants is high on the list of priorities for many employees and lab our unions. The underlying need of general security is also high on the list of priorities in the suggested need hierarchy of Maslow. Sultan kermally (1997)
2.2.4 Formal communication
At the center of any successful employee relationship is the important aspect of keeping employees informed about general matters affecting their work role. Communication and consultation within the organization contribute to increased understanding of management actions. Misunderstandings arising from day-to-day activities and improved trust between employers and employees,
Communication is a two way process that needs to be made for upward as well as for downward communication. Formal communication channels are those that are officially acknowledged and approved, such as circulars, meetings, posters and so on.
According to Cole (1997) organizations should acknowledge the supreme importance of formal communication channels in the organization, and ensure that adequate mechanisms exists to stimulates and channel the exchange of information, suggestions, feelings and opinions between management and employees.
Greenbaum (1974) described four major purposes of organization communication. He identified regulation purposes where communication is intended to ensure that employee behavior is consistent with the goals of the organization.
Seconds innovation purposes whereby the organization seeks to change the way that things are done. Third, integration purposes where the aim to encourage employees to identify with organization and raise morale. Fourth, information purposes, which employees will need in order to do their jobs. All these are important aspects that management uses to enhance business processes within an organization and ensure that it remains as an entity.
Cutter buck (1993) also added by identifying some roles of communication which they classify as task communication, Educational and motivational communication.
2.2.5 Employee participation
This involves employees participating in decision making. Processes of an organization. The employee participates in an organization through consultations, collective bargaining to workers. Employee participation refers to the practice in which employees take part in management decision and it is based on the assumption of community of interest between employer and employee in furthering the long-term prospects of the enterprise and those working in it. The British institute of management (1977).

2.3 Theories of Employee relationship
2.3.1 The human relations approach
This study manipulates a relationship between employees and management. It is believed that employee’s management could stimulate more and better work, through boosting morale and team spirit.

Elton mayo theory
The human relations movement began the Hawthorne experiments which was conducted from 1924 to 1933 at the Hawthorne plant of the western Electric company in Cicero, Elton mayo, Known as the father of the Hawthorne studies, identified Effect or the bias that occurs when people known that they are being studied. It was discovered that informal work group, social environment of employees, the friendless and association with co-workers, flexible interactions between bosses and employees, all these worked together to boost peoples productivity.
Hence a concept of social man motivated by social needs, wanting rewards, and the job relationship and responding more to work group pressures than to management control was adopted by mayo and his group
Acceptance Theory
According to Chester Bernard (1968) He looked at the legitimacy of the supervisor directives and the extent of the subordinates’ acceptance He developed the concepts of strategic planning and the acceptance theory of authority. Strategic planning is the formulation of major plans or strategies, which guide the organization to pursue its major objectives.
His acceptance Theory of authority states that managers only have as much authority as employees allow them to have. The acceptance theory of authority suggests that authority flows downwards but depends on acceptance by the subordinates.

Douglas Mc Gregory Theory
Mc Gregor (1966) put forward a theory relating to the altitude of workers towards work and the style of supervision. If an organization assumes that people do not like to work, do not want responsibility and will avoid it if they can, there has to be very tight supervision of such workers. Performance would be dependent on the style of supervision these were the theory x assumption. On the other hand, if workers like to work and take responsibility and they perform better with very little supervision then they should be allowed to work with a minimum of supervision and direction. These were the theory y assumption.

2.3.2 The Human resources theorists’ approach
The behavioral approach did not always increase productivity. Later researchers applied psychology and social logy and anthropology in their researchers and came out with fundamental improvements and approaches to management theory and practice. Thus, motivation and leadership techniques became a topic of great interest. The human resource school under that employees are very creative and competent, and that much of their talent is largely untapped by their employers. Employees want meaningful work; they want to contribute, they want to
participate in decision making and leadership functions. It actually presented substantial progression from human relation. These theories include the following.

The hierarchy of needs theory
The Hierarchy of needs theory advanced by Abraham Maslow (1943) contends that human motives develop in a sequence according to the five levels of needs; physiological needs, security needs, affiliation, esteem and need for self actualization. He concluded that when one set of needs is satisfied, it ceases to be a motivator.

The expectancy theory
Victor (1964) advanced the expectancy theory. He contends that people will be motivated to do things to reach a goal if they believe in the worth of that goal and if they can see that what they do will help them in achieving it. If employees want to be promoted or to have a high salary increase and they attach a high value of the outcome and in addition, they feel that to achieve his goal and is motivated to act accordingly to expectancy theory, is the result of employees making choices depending on their goals and expectations.

Herzberg theory
He found that job satisfaction was related to employee’s achievement, recognition and taking responsibility for their job. In other words job satisfaction was related to fulfilling higher level needs. He called the factors that satisfy high needs motivators. Herzberg theory became very influential. Many organizations adopted it and saw improvements. However, his critics point out that there is no evidence of the relationship between employees’ satisfaction and productivity and that his theory was too simplified to deal with complex situations.
The Equity theory
Developed by J. Stacy Adams it refers to an individual’s subjective judgment about the fairness of the rewards she receives relatives to inputs such as effort, experience, and education, in comparison with the rewards of others who fall under the same group. If the relations are unequal then inequality will be perceived and will reduce the morale of the affected employees.

2.4 Benefits of employee relationship
- It promotes teamwork which achieves organization goals. Teams are collections of people who must rely on group collaboration if each member is to experience the optimum of success and goal achievement. Keith (1989).
- Good employee’s relationships boost employee morale and encourage discipline among employees. Hence reducing labor unrest like strikes which would affect organization performance.
- Good relationship with employees promotes motivation at work that is employees will be willing to work. Motivation helps to increase the amount of commitment, which improves performance and create a good company image.

2.5 Ways in which managers can create relationships with employees
- Creating and maintaining employee motivation.
- Obtaining commitment from the workforce,
- Establishing mutually beneficially channels of communication throughout the organization.
- Achieving high level of efficiency.
- Negotiating terms and conditions of employment with employees’ representative.
- Sharing decisions making with employees and engaging in a power struggle with trade unions. Likert B (1967)
2.6 Organization Performance
Organization performance is a function of employee performance. Organization effectiveness depends on constantly improving the performance of organizational members and developing and maintaining the human potential that serves as the backbone of the organization. Kerning and Jaeger, (1990).

Organization performance refers to how well an organization is performing. Good performance is an indicator of success and development of all organizations. Today best practices evaluate organizational performance in terms of financial results, products innovations, customer loyalty and people performance helps ensure organizational goals are being achieved Armstrong (1987).

2.6.1 Performance
This is the ability to achieve organizational goals more effectively and efficiently. If an organization is to meet its goals effectively and efficiently ways of accurately measuring management performance must be implemented for performance to be effective employers should recognize the legitimate desires and needs of employees for progress in their professions Harold Koontz (1994) ways in which employees performance can be increased to achieve organizational goals include proper incentives systems, these include financial incentives and non financial incentives.

Performance is a major concern to all organizations. It’s the level at which an organization is placed in a particular industry various measures are used to measure it, ranging from gross sales, profit, market share, competitive advantage and customer rating. Performance of an industry in an economy could best be measured in terms of time taken to finish and costs incurred in relation to the original planned project duration and financial budget Ubeku (1983).
The term performance will be used as a global concept that represents the results of organizational activities. Effectiveness and efficiency will be reviewed as components of performance.

2.6.2 Measures of performance

- Performance refers to how well one does a piece of work or activity and the ability to bring about desired results in the satisfactory manner. Good performance is an indicator of success and development.

- The perspective of organizational performance is considered as a function of organization ability to reach and maintain equilibrium with its environment

- Performance dimension should be reduced to clear setting of targets. Measurable in quantity as well as time and can be captured in an effective information system

- According to Sultan (1997) business performance can be measured by many indicators for instance asset base, market share, quality, customer satisfaction and profitability. He however contends that satisfaction with using financial measures to gauge business performance has been expressed by some researchers based on the intensity and nature of criticism directed at the traditional accounting systems that are often harmful to the evaluation process. For purposes of this study, organizational performance will be measured using profit figures

2.6.3 Characteristic of performing organization

Learning organizations

Poor organizational performance has been defined as characterizing of sluggishness, excess bureaucracy and over control of organizations as frustrating the self development effort of individual members and failing to capitalize on potential.
According to Margerison (1976) learning organizations which facilitate the learning of all its members and continually transform itself in other words, they are organization where learning is greater than, or at least equal to the rate of change that is taking place in the environment in which it operates. It therefore seen as a way of keeping ahead of the competitors and gaining competitive advantage.

**Individual performance**
There are individual variables that have been recognized as having a positive impact on performance. These variables include commitment both attitudinal and behavioral, empowerment, leadership, culture, Flexibility and learning. Keeney (1990) argues that the organization will benefit from unleashing the reserves of labor resourcefulness by facilitating employee responsibility, commitment and involvement. Leadership, rather than management, is often identified as one of the keys to a high performance organization. It is seen as the power to inspire and motivate the ability to employees with the desire to change the organization and to be the best.

Culture has also been linked to organizational effectiveness. Meek (1992) suggests that there is an assumption that culture will unite all employees behind the stated goals of the business. He further agrees that strong organizations cultures are associated with excellence.

**Total quality management**
According to Torrington and Hall (1997) Identified in their study of companies that those who adapted TQM processes experienced overall better performance in terms of employee relationship, productivity customer satisfaction, market share and improved productivity TQM is therefore a long term strategy for improvement.
2.7 Managing Organizational performance

2.7.1 Focus of five ES of managing performance

Economy The cost of all the inputs of an organization. Organization should analyses all the inputs and acquire them at least monetary cost. This is what sourcing globally is all about. Because of globalization and development in telecommunication and computer technology, access to global networks becomes possible and facilitates global sourcing.

Efficiency, efficiency refers to the relationship between input and output and it is usually expressed as a ratio. Having obtained low costs inputs they should be utilized and deployed productively. The focus should be on productivity producing more with same inputs or producing more with same input or producing more with same inputs or producing more with proportionally fewer inputs.

Employees As far as employees are concerned organizations should invest in their employees to enable them to gain new competencies of the Organizations employees.

Ethics leaders not only must lead but they also must follow depends on their own personnel values and the values they want to impress upon the organizations they lead. Their values and their mission will drive the performance of their organization.

Environment environmental considerations are acquiring more attention from various stalk holders such as shareholders do press the company to publish regular audits, social and environmental performance.

2.7.2 Keep score of achievement and performance

Organizations need maps of their journey and destination they constantly have to review their routes and keep score of their achievement. Score cards should incorporate various perspectives that drive performance.
Professor Kaplan has given as the basic framework the responsibility falls on all organization to adopt and adapt score cards according to their needs and the nature of their business.

2.7.3 Differentiate on the basis of your customers and employees
Organizations should not shift their focus from customers it is very easy and tempting to get involved in measuring everything and get into the measuring trap thereby forgetting the achievement of an organization. The differentiating factor in the new millenniums is going to be focusing on customer retention, needs and loyalty. Yes, many organizations in the 1990s have attempted to be customer driven, but paying service as some organizations have done, is not enough the true measures of survival and performance is going to be customer retention and loyalty. And it is important to bear in mind that it is not system but people who deliver customer service.

2.8 Relationship between employees and organizational performance
Employee relationship is the major factor determining the performance of employees. Good relationship with employees can be created through motivating employees, effective communication, good working conditions and effective communication. Deming (1997) as he cited workforce as a major contributor to higher contributor to high productivity levels.

A basic obligation of employees is adequate performance. How well an employee fulfills his or her obligation depends on the degree to which the management and the employees on what defines satisfactory performance

The values, beliefs and behavior of the enterprises employees are held to occupy strategic role in corporate success. All organization which aims at high performance need to have a policy agenda to create relationship with their or working people, which support their business objectives what this therefore calls for is to have an employee management relation.
Also Douglas Mc Gregor (1966) said staff contributed more to the organization if they were treated as responsible and valued employees.

George Elton mayo (1927) also stated that the need for recognition, security and sense of belonging was more important in determining workers morale and productivity than the physical conditions under which they work.

Tororo cement factory have good employee relationship this is because it’s a leading company in Uganda. Employees work hard to achieve organization goals. Its produces several products such as cement products, steels products and other products.

Among the objectives of Tororo cement is the focus on people. The company seeks to have motivated, trained and professional people will contribute fully towards achieving successful results. In support of this, the company has fully fledge human resource department that is charged with responsibility of supporting and human resources development policies and maintain a fit purpose employees relation climate

Tororo cement limited is being characterized by increased cases of staff complains. As reported by the new vision of (12 June 2010) which affected the overall performance of the organization this shows that poor employee relation affects the performance of an organization.

2.9 Conclusion
Employee relationship is one of the major factors that management should focus on because employees are known to play significance roles in fostering organization performance. Management should motivate employees in order to increase morale among them and this will increase performance.
CHAPTER THREE

METHODOLOGY

Introduction
This chapter provided methods that was used in data collection and they include: Research design, Survey population, sampling design, Sampling size, Sources of data, Tools and methods of data collections and probable problems to be encountered during data collection.

3.1 Research design
The research design used was cross sectional, explanatory and descriptive research design. Cross sectional is a research design where data are gathered once perhaps over period of days, weeks and months. Explanatory research design it seek to explain the variable by associating it, with the study and this was used because the researcher was interested in explaining why and how the variable behave the way they do. Descriptive research design was used to describe the variable which was under study. Descriptive aspect of the study laid in identifying the relationship between employees relation and organization performance.

3.2 Survey population
The researcher used Tororo cement as the case study. This was composed of employees totaling to 26 where the researcher concentrated on both management and other employees. Out of 26 members 25 peoples were selected and given questionnaires to fill.

3.3 Sampling design

3.3.1 Simple random sampling
Simple random sampling was used in selecting respondents from the sample frame. The researcher used this technique to ensure that each members of the target population has an equal and independent chance of being included in the sample of this study.
3.4 Sampling size
A sample size of 25 respondents was selected using simple random sampling consisting of top, middle and lower employees 4 top management, 10 middle management and 11 lower level employees. Kralje and Morgan (1970)

\[ S = X^2 NP (1-P) ÷ d^2 (N-1) \times x2p (1-p) \]

\( S = \) required sample size

\( X^2 = \) the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841)

\( N = \) the population size

\( P = \) the population proportion assumed to be 0.50 since this provided the max size

\( d = \) the degree of accuracy expressed as proportion (0.05)

\[ 3.841(26)(0.50) (1−0.5) ÷0.05x0.05 (26−1)\times 3.841 (0.50)(1−0.50) \]

\[ =24.96665÷1.02275 \]

\[ =25 \]

3.5 Sources of data
The researcher used both primary and secondary data.

3.5.1 Primary data
Primary data is original data which has not been published anywhere. It was obtained for the first time for a specific research problem. It was got using different methods for example questionnaires and observation. Primary data was collected where secondary data was not available.

3.5.2 Secondary data
Secondary data are that which already exist prepared or developed for some purpose rather than to solve the problem at hand. A researcher got this information from reading journals, text books, previous research, publication, magazines and reports.
3.6 Tools of data collection

3.6.1 Questionnaires
A questionnaire is a research instrument consisting of a series of written questions which were given to respondents who were employees in this case and filled in their free time and were collected at a later date from those respondents. The questionnaire consisted both open ended questions and closed ended questions.

3.6.2 Interview guide
This entails the uses of unstructured instrument such as open ended questions as well as various scaling methods such as ranking and likert scales. It was used to understand the characteristic and attitudes of staff to various aspects of employee relationship.

3.7 Methods of data collection

3.7.1 Survey
The researcher used the survey method whereby he followed a drawn interview guide he asked the selected respondents the structured questions. This method was good where the respondent did not have time to fill the questionnaires and those who were illiterate

3.7.2 Observation
The researcher used observation method whereby he used certain official documents that employees presented in relation to some elements of the study.

3.8 Data processing, analysis and presentation

3.8.1 Data processing
The data was collected, cross checked, verified and edited for completeness and accuracy. Data processing was carried out using editing coding and tabulation
**Editing** this was done by the researcher during and at the end of data collection to delete and eliminate errors in the questionnaires. Editing was done to ensure that data was accurate and consistence with other factors gathered to facilitate coding and tabulation.

**Coding means** classifying answers to their essential patterns. Coding was done by the researcher after editing, since many questions into meaningful categories so as to bring their essential pattern coding was done by the researcher after editing since many questions were used.

**Tabulation** After coding, the researcher arranged the same data in concise and logical order tabulation involves the processing, summarizing of raw data and displaying, the same data in compact form by use of tables to bring out relevant conclusions.

### 3.8.2 Data analysis

Correlations and multiple regressions was part of the analysis. Pearson correlations was used to determine the degree of relationship between variables. Regression analysis was used to determine the contribution of the independent variable to the dependent variable.

### 3.8.3 Data presentation

Data was presented using tables, frequency table and percentages these presentations helped in the interpretation to come up with interpretation basing on this table.

### 3.9 Limitation of the study

The study was expensive as it involved a lot of spending such as transport and report production costs. Some money was got from family members to cater for the expenses.

There was a problem of getting full information from the managers, supervisors because of fear of the information being accessed by the competitors who may use it to lure staff out of the organization.

Some respondents took time filling their questionnaires because of various reasons like attending to customers.
Language barrier not all the respondent were literate this made difficult getting information by giving them questionnaires to fill.
CHAPTER FOUR

PRESENTATION OF FINDINGS AND DISCUSSION

Introduction
This chapter is a presentation and discussion of the findings on employee relationships and organization performance in Tororo cement. Tables, frequencies and percentages have been used to present these findings. The discussion of these findings has been organized specifically to answer the research questions.

4.1 Demographic characteristic on respondents.
The demographic characteristics on respondents in this section include gender, age, education levels, number of year’s worked and marital status.

Table 1 Showing Respondent gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>15</td>
<td>60</td>
</tr>
<tr>
<td>Female</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source primary data.

From Table 1 above, it’s indicated that 60% of the respondents were male, while 40% were Female. This implies there more male employees than female employees in Tororo cement industry.
From Table 2 above, it’s indicated that the biggest numbers of respondents were in the age bracket of between of 31-40 represented by 40% of the total respondents. 36% were in the age bracket of 20-30 years, below 20 years 4% and 20% above 50 years this implies that Tororo cement employs mature employees who are experienced.

Table 3 Showing Respondents education level

<table>
<thead>
<tr>
<th>education</th>
<th>Frequency</th>
<th>percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>O LEVEL</td>
<td>7</td>
<td>28</td>
</tr>
<tr>
<td>A LEVEL</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>DIPLOMA</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>DEGREE</td>
<td>8</td>
<td>32</td>
</tr>
<tr>
<td>MASTERS</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>PRIMARY</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source primary data
From Table 3 above it’s indicated that the categories of degree level of education, respondent were 32% of the total respondents. 8% were diploma holders, 20% A level, 28% O level, 4% masters and 8% Primary level.

The majority had degree this implies that Tororo cement employees more workers with higher education than with lower education.

Table 4 Showing Number of years worked

<table>
<thead>
<tr>
<th>Number of years worked</th>
<th>Frequency</th>
<th>percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>1-2 years</td>
<td>12</td>
<td>48</td>
</tr>
<tr>
<td>3-4 years</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>Above 5 years</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>100</td>
</tr>
</tbody>
</table>

Source primary data

From Table 4 above its indicated that Majority of the employees has worked between 1-2 years representing 48% of the total respondents. 40% of the employees have worked between 3-4 years, 8% less than 1 year and above 5 years 4%

This implies that Tororo cements recruits new employees than it retain them.
Table 5 Showing Respondent marital status

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Frequency</th>
<th>percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>14</td>
<td>56</td>
</tr>
<tr>
<td>Single</td>
<td>11</td>
<td>44</td>
</tr>
<tr>
<td>Divorced</td>
<td>_</td>
<td>_</td>
</tr>
<tr>
<td>Widowed</td>
<td>_</td>
<td>_</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source primary data

From Table 5 above its indicated 56% were married, while 44% were single and none of the respondent was divorced or widowed. This implies there more married than single employees in Tororo cement industry.

Table 6 showing respondent occupation

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storekeepers</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Drivers</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>Security guard</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Accountant</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Cashier</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Sale marketer</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>Secretary</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Receptionists</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Messengers</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source primary data

From Table 6 above, its indicated that 16% were store keepers, 20% Drivers, 16% security guards, 8% accountant, 4% cashier, 24% sale marketer, 4% secretary, 4% receptionists and 4%
massager. This implies there more professional employees than low staff since majority were 
sale marketer representing 24% of the respondent.

All employees make contribution to the organization according to the duties that are assigned to 
them, the organization employ them because of the qualification and skills that they have.

**Table 7 Showing whether the organization performance has increased over the last five 
years**

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>24</td>
<td>96</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source primary data

From the Table 7 above, it’s indicated 96% of the respondents agreed that the organization 
performance have improved for the last five years. This implied that Organization was producing 
at maximum capacity. They based this on the figures which they were reading from the Tororo 
cement reports. While 4% said the firm was not performing for the last five years.
Table 8 showing factors that have contributed to organization performance

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collective decision making</td>
<td>9</td>
<td>36</td>
</tr>
<tr>
<td>Good working condition</td>
<td>_</td>
<td>_</td>
</tr>
<tr>
<td>Employee participation</td>
<td>12</td>
<td>48</td>
</tr>
<tr>
<td>Motivation</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source primary data

From the table 8 above majority of the respondent shows that employee participation is the major cause of growth representing 48% of the total respondent this implies that employees plays a significant role in fostering the growth of the organization if they participate fully in attaining the goals of the organization. 36% of the total respondent represented collective decision making meaning that employees are involved in making decisions. There is no good working condition in Tororo cement since 0% of the total respondent represented good working condition. The nature of work in cement manufacture is quite hazardous the process produces dusts, unfavorable operating temperature and loud noise emanating from machines. 16% represented motivation of the total respondent meaning that management does not motivate employees sufficiently.

According to most employees think that management should motivate their employees, increase salaries to reduce strike and improve the working conditions.
Table 9 showing organizational annual turnover

<table>
<thead>
<tr>
<th>Turnover</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less 5m</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>5-10m</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>11-14m</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Above 15 m</td>
<td>24</td>
<td>96</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source; primary data.

From the Table 9 above, it’s indicated that 96% of the respondent shows the annual turnover of the organization is above 15 m while 4% shows that the annual turnover is between 5-10 m. This implies the annual turnover is high because of the market share.

Table 10 showing organization performance is as result of good employee relationships

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>13</td>
<td>52</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>48</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source primary data.

From table 10 above, 52% of the respondent responded yes that organization perform as a result of good employee relationship giving reasons that good employee relationships has enhanced communication and that organizational performance depend on the relationship between management and employees those are in the lower level middle level and Top management. If there is good relationship with employees performance is achieved and if relationship is poor
there is poor performance. Good relationship increases morale at work and employees are motivated to work at their level best.

While 48% of the respondents think that performance is not as a result of good relationship since there is no good relationship between the employees, performance is caused by the company reputation that it have, weak competitors within the industry, there is poor working condition and the organization is still performing and increased market share.

The organization management should improve the relationship with employees by improving the working condition and motivating the employees. This because good employee relationship increases the organization performance. According to Peter Drucker (1999) Management by objectives, it argued that decision should be made where the managers together with employees come and seek goals of the organization.

**Table 11 showing what organization offer to employees to improve relationship and improve performance**

<table>
<thead>
<tr>
<th>Incentives</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowances</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>Promotions</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Training</td>
<td>8</td>
<td>32</td>
</tr>
<tr>
<td>Salaries</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source primary data

From table 10 above it’s indicated that In order for organization to create relationship with employees the organization provides the following incentives allowances represent 40%, Promotion 8%, Training 32% and salaries 20%.
Table 12 Showing employee management relationship

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate</td>
<td>8</td>
<td>32</td>
</tr>
<tr>
<td>Good</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Fair</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>Poor</td>
<td>9</td>
<td>36</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source primary data

From table 12 above, Majority of the respondents represented 36% stating the relationship between management is poor giving reasons that there is no effective communication, motivation, and low wages. 16% represented relationship between management is good since the organization is giving allowances to employees such as medical allowances and housing allowances while 20% represented that relationship between employees and management is fair.

Table 13 finding the relationship between employees and Organization performance

<table>
<thead>
<tr>
<th>Employee relationships</th>
<th>Organization performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>24</td>
</tr>
<tr>
<td>12</td>
<td>1</td>
</tr>
</tbody>
</table>

Source primary data

r=Pearson correlation coefficient.

N=number of respondent

X=Independent variable.

Y=dependent variable
Table 14 Showing calculation between variables

<table>
<thead>
<tr>
<th>X</th>
<th>Y</th>
<th>xy</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>24</td>
<td>312</td>
<td>169</td>
<td>576</td>
</tr>
<tr>
<td>12</td>
<td>1</td>
<td>12</td>
<td>144</td>
<td>1</td>
</tr>
<tr>
<td>25</td>
<td>25</td>
<td>324</td>
<td>313</td>
<td>577</td>
</tr>
</tbody>
</table>

**Source primary data**

\[
\text{r} = \frac{25(324) - 625 \times 25}{(169 - 25 \times 25) (25(577) - 25 \times 25)}
\]

\[
8100 - 625 \times (7825 - 625) (14425 - 625)
\]

\[
= \frac{7475}{7200} \times 13800
\]

\[
= \frac{7475}{\sqrt{99360000}}
\]

\[
= \frac{7475}{9968}
\]

\[
= 0.75
\]

\[
= 0.8
\]

Correlation = 0.8

The study requested the respondents to provide information about the relationship between employee and organizational performance in Tororo cement as calculated above.

The results reveal a positive and strong relationship between employees and organizational performance in Tororo cement since \( r = 0.8 \). This shows that employee affects the performance of the organization. All organizations which aim at high performance need to have a policy agenda to create relationship with their employees or working people, which support their business objectives. What this calls for is to have an employee management relation.
CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS

Under this chapter the researcher summarizes the study findings, makes conclusions and recommendations in the accordance with the objectives of the study.

5.1 Summary of the findings

5.1.1 Findings on the role of employees in Tororo cement
Employees are held to occupy strategic role in corporate success. It was found that there was relationship between employee and performance of the organization. All employees made contribution to the organization according to the duties assigned to them. The company seeks to have well motivated, trained and professional employees as it was found that the company employed professional employees than unprofessional employees. There is high level of employees’ turnover because of lack of motivation, inefficient communication, poor working condition and lack of employee participation.

5.1.2 Findings on the level of organizational performance for the last five years
The organization performance has increased for the last five years. According to respondent the performance is as a result of good reputation, increased market share and the annual turnover is high this indicate that performance has improved. Despite high level of performance the organization still realizes poor performance due to poor relationship between employees and management.
5.1.3 Findings on the relationship between employees and organization performance
The study findings shows that positive strong correlations exist between employees and organization performance since \( r = 0.8 \) this shows that employees have a big influence on performance of the organization.

5.2 Conclusion
The result from Pearson correlation shows that there is a strong positive relationship between employees and organizational performance.

The study findings revealed that poor performance is as a result of poor working condition, lack of motivation, ineffective communication and lack of employee participation. Employee relation has a big impact on the organization performance if relationship is poor organization performance will be negatively affected.

5.3 Recommendations
The organization management should improve the working condition to create a good conducive environment for employees.

The organization management should motivate the employees through giving incentives such as increasing salaries, promotions and giving allowances. Motivation increases morale at work.

The organization should improve communication within the organization therefore employees should interchange ideas, feelings and opinions with management.

Employee involvement in decision making, employees should be involved in consultation and decision making it will improve trust between them.

5.4 Areas of further studies
Relationship between Motivation and Employee performance.

Organizational strategy and performance
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www.Tororocement.co.Ug
APPENDICES
QUESTIONNAIRES FOR EMPLOYEES OF TORORO CEMENT

MAKERERE UNIVERSITY

COLLEGE OF BUSINESS AND MANAGEMENT SCIENCE

Dear Respondent,

Am a student of Makerere University currently undertaking a research on employee relationship and organizational performance. The study is in partial fulfillment of the academic requirements for Award of degree of Bachelor of commerce of Makerere University. The questionnaire is purely for Academic purpose and the information provided shall be treated with utmost confidentiality. I kindly request you to spare a few minutes and fill this questionnaire as genuinely as possible.

Thank you.

GENERAL INFORMATION

(Please ticks in the appropriate box or space that best represents your opinion)

1. What is your Gender?

   Male □                                    Female □

1 What is your age Group

   Below 20 □                               20-30 years □
   31-40 years □                            above 50 years □

3 What is your level of Education?

   O level □                               A level □
   Diploma □                               Degree □
   Masters □                               Others specify………………………………………………….
4 How long have you worked with the company?

Less than 1 year □ 1-2 years □
3-4 years □ above 5 years □

5 What is your marital status?

Single □ Married □
Divorced □ Widowed □

SECTION B EMPLOYEES RELATIONSHIP

6 Are you an employee in Tororo Cement?

Yes □ No □

7. What do you do in this organization?

........................................................................................................................................
........................................................................................................................................

8 Why do you think the organization employees you?

........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

9 Do you make any contribution to the organization?

Yes □ NO □

b. Give reasons for your answer above

........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
SECTION C ORGANIZATION PERFORMANCE

10 A) The organization performance has improved over the last five years?

Yes □ No □

B) What do you think have contributed to the growth?

Collective decision making □ Good working condition □

Employee participation □ Motivation □

C) What do you suggest your organization should do to improve performance?

………………………………………………………………………………………………………

………………………………………………………………………………………………………

………………………………………………………………………………………………………

11 What is your organization turn over?

Less 5m □ 5-10 M □

11-14M □ above 15m □

12 What could be the main cause of poor performance in your organization?

Lack of motivation □ Lack of effective communication □

Poor working condition □ Lack of promotion □
SECTION D RELATIONSHIP BETWEEN EMPLOYEES AND ORGANIZATION

PERFORMANCE

13 The organization is performing as a result of good employee relationship

Yes [ ] No [ ]

B) Give reasons for your answers

…………………………………………………………………………………………………………………………
…………………………………………………………………………………………………………………………

14 How does employee relation affect the performance of the organization?

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15 What does organization offer to employees to influence their performance?

Allowances [ ] Promotions [ ]
Training [ ] Salaries [ ]

16 In your opinion how is the employee management relationship

Moderate [ ] Fair [ ]
Good [ ] Poor [ ]

B) Give reasons to your answer

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17. What is the relationship that exists between employees and organizational performance?

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