PERFORMANCE OF NATIONAL ORGANIZATION EMPLOYEE RELATIONS: LITERATURE REVIEW

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ABSTRACT

This study aims to analyze the relationship between organization performance and employee relations through a literature review approach. The methods used include collecting data from journals published in the last 10 years, from 2015 to 2025, from credible sources such as Google Scholar, DOAJ, Scopus, and drawing implicative conclusions. The results show that organizational performance, measured by objectives such as profitability, employee satisfaction, and innovation, is greatly influenced by harmonious employee relations through two-way communication, manager trust, and remote work adaptation. Specifically in national organizations such as state-owned enterprises and private companies in Indonesia, practices to minimize labor conflicts, increase productivity, and provide competitive advantages with practical implications require HRM strategies that focus on employee empowerment. The literature confirms a strong positive relationship between employee relations and organizational performance, where good employee relations drive individual productivity that reflects overall organizational performance, reduce labor conflicts, and provide competitive advantage through psychological empowerment.

Keywords: Organization Performance, Employee Relations, National Companies, Literature Review

INTRODUCTION

In recent years, technological advancements have intensified competition across all economic sectors, particularly among national companies. To survive and thrive in this competitive landscape, organizations must adopt practices that bolster employee relationships, thereby gaining a competitive edge over rivals. Swift technological progress and escalating competition compel organizations to proactively educate, guide, and support employees, fostering an environment that boosts productivity and positive morale. Organizations require employees who collaborate harmoniously toward shared objectives; this is attainable only through strong employee relations and minimized labor conflicts (Torrington & Hall, 2018). This challenge grows more intricate and critical in national organizations, such as state-owned enterprises, government agencies, or multinational firms operating across regions.

Organizations must be adaptive and responsive to changes arising from external and internal factors. Organization performance is highly dependent on the ability and speed to respond to change through breakthroughs or innovations (Rahmawati et.al, 2024). Employee performance is a combination of skills, effort, and opportunity reflected in the results of their work. Performance is neutral without normative connotations, so it can range from poor to excellent (Setiawan, 2016). Good performance is very important because it is a key step towards effectiveness, which is the level of achievement of organizational goals. When employees have a high level of trust, they feel like an important part of the team, which makes them more enthusiastic and satisfied with their work (Saputra & Noor, 2022).

Employee relations emphasize individual and collective relationships in the workplace, with greater emphasis on interactions between managers and employees. Engaged leaders can encourage the fulfillment of these basic needs through reinforcement, connection, empowerment, and

inspiration of employees, thereby increasing the level of work engagement of their followers (Schaufeli, 2015). Employee relations encompass the contractual, practical, physical, and emotional dimensions of employee-manager relationships. Work engagement is described as a positive and satisfying mental state related to work, characterized by enthusiasm, dedication, and full involvement (Rahmadani et.al, 2019).

When employees have a high level of trust, they will see themselves as an important and valuable part of the team, making them feel more motivated and happy with their work (Basiswanto & Elmi, 2023). One of the problems often faced by companies is a decline in the quality of employee services due to dependence on and waiting for work from colleagues, which causes slow administrative processes and a lack of employee framework development (Sunarsi et.al, 2020). Employees who understand organizational values will make those values part of the organizational personality, which is then reflected in their daily behavior in the work environment (Dewi & Wibowo, 2020).

This journal aims to understand the performance of national organizations through employee relations and highlight the importance of the performance of these national organizations. The findings of this study are expected to provide strategic recommendations for decision makers in the field of human resources and general management to redesign organization performance and employee relations policies that are more effective and relevant to the Indonesian context. Therefore, the author compiled a study entitled "Performance of National Organization Employee Relations: Literature Review."

LITERATURE REVIEW

Organizational performance is often difficult to evaluate due to various assessment standards, such as sustainability, profitability, group satisfaction, and readiness to face environmental changes (Anwar & Abdullah, 2021). Although organizational performance can be measured through various financial metrics, in practice it often remains a theoretical concept without real implementation. Abdullah & Rahman (2015) emphasize the important role of human resource management (HRM) in organizations, as it significantly affects employee efficiency and behavior. As stated by Cooke et.al, (2020), a lack of employee commitment to work will result in high turnover rates, low efficiency, poor service quality, and increased managerial workload. Organizational performance reflects the effectiveness of the implementation of procedures and coordination processes between divisions with the company's objectives. This performance evaluation is also reflected in the official financial reports published by the organization. Successful organizations will strengthen governance to maintain quality on an ongoing basis. Therefore, performance is the result of achieving goals that are in line with the overall business orientation.

The concept of employee relations has undergone rapid development since its inception, which initially only emphasized the relationship between employees and management in the context of industry and labor unions (Anjani et.al, 2021). This term encompasses interactions between employees and organizations, including micro aspects such as employee engagement, psychological empowerment, and psychological contracts (Eldor & Vigoda, 2017). According to Arimie & Oronsaye (2020), employee relations are structured efforts by organizations to create a conducive work environment in order to build positive relationships with employees. In order to maintain these relationships, organizations need to position employees as strategic partners and valuable contributors. In industrial relations studies, the main focus is on interactions between employees and employers (Donohoe, 2015).

Employee relations are crucial to organizational success, especially with the emergence of knowledge-based workers who rely on knowledge as their primary resource (Ugoani, 2019). Employee relations activities include developing and maintaining relationships that support employee performance through satisfactory improvements in productivity, motivation, attitude, and discipline. In addition, it plays a role in creating a conducive, cohesive, and productive work environment by building positive two-way communication between management and employees.

Through this communication, cooperation and harmonious relationships are created, which ultimately improve the overall performance of the organization.

METHOD

This study uses a qualitative approach with a literature review. The data sources in this study are books published in the last ten years that discuss organizational behavior and international culture, as well as journals published between 2015 and 2025, obtained from Google Scholar, DOAJ, Scopus, etc. These sources will provide an explanation of the objectives of this study. The selection of literature was based on inclusion criteria that included topic relevance, recency, and credibility of the publication source.

Data analysis in this study uses content analysis, which aims to identify, categorize, and synthesize information from the collected literature. The first stage is data reduction by sorting and selecting literature according to the research focus. The second stage is data categorization, where findings are grouped into main themes such as organization performance and employee relations in national organizations. The third stage is data synthesis, which integrates various findings to form a comprehensive conceptual framework. The final stage is drawing conclusions, which formulates theoretical and practical implications related to strategies for strengthening organization performance and employee relations in national organizations. This process is expected to provide a comprehensive overview and recommendations based on scientific studies.

DISCUSSION

Organizational Performance in National Companies

Organizational performance refers to the attainment of key organizational goals, which must include measurable targets, as it has proven essential for fostering employee engagement and commitment (Abubakar et.al, 2019). When an organization operates at peak efficiency and maximizes its capabilities, its overall performance strengthens accordingly. Thus, organizational performance mirrors the collective efforts of its individuals. Properly executed practices within an organization can yield a competitive advantage. Key elements defining organizational performance include market reputation, employee satisfaction, customer loyalty, and market share (Imran et.al, 2018). An organization's survival and success hinge on its capacity to share skills, knowledge, and experiences among employees, converting them into innovative ideas (Soto et.al, 2017).

Empirical studies demonstrate a robust link between trust in managers and employee performance, underscoring trust's substantial impact on performance outcomes (Jaiswal & Dhar, 2017). When organizations deliver their peak efforts and reach optimal performance levels, their overall effectiveness enhances (Soelton et.al, 2021). Corporate sustainability, profitability, and superior customer service are closely interconnected (Hameed & Anwar, 2018). Research by Singh et.al, (2020) reveals that pressures from global economic expansion have prompted organizations to prioritize productivity and customer satisfaction. Abdullah & Othman (2016) highlight the critical need for company managers to grasp the value of high-quality service in competitive business landscapes. Managers' proficiency in boosting productivity and employee welfare bolsters organizational management and financial stability (Haniÿ & Jevtiÿ, 2020).

Employee Relations in National Companies

Employee relations refers to the interactions between employers and employees (Leo et.al, 2022). Presently, it serves as the cornerstone of organizational success and plays a pivotal role in human resource strategies aimed at optimizing human capital to fulfill company goals, mission, and vision (Kumar & Jayesh, 2022). Yet, in practice, organizations often lack the insights and tangible strategies needed to cultivate and sustain healthy workplace relationships between employees and employers (Zhao et.al, 2023). Forming positive relationships stands out as one of the most effective ways to bridge employee productivity gaps.

Enhancements in employee effectiveness and productivity arise when managers invest time in fostering strong relationships and offering work guidance, leading to superior work quality. Essa

& Wadi (2019) corroborate this through findings of a positive correlation between employee relations and performance. Effective internal communication for strengthening employee relationships hinges on three core elements: a transparent management system, mutual respect, and bidirectional dialogue. Employees engaged in similar tasks and frequent interactions typically share comparable views on specific work aspects or conditions (Bulińska & Bagieńska, 2021).

Ongoing shifts in work arrangements, propelled by technological progress and evolving employee expectations, compel companies to refine their employee relations strategies to sustain satisfaction, loyalty, and productivity (Nevianto et.al, 2021). In this context, organizational performance extends beyond profits or tangible targets to encompass internal stability and adaptability to change. The rise of remote and hybrid work models in national organizations has diminished the relevance of traditional employee relations frameworks, which fail to address the intricacies of virtual collaboration and flexible schedules. Consequently, employee relations strategies must evolve to harmonize with contemporary work cultures, emphasizing engagement, communication, and retention of virtual employees (Pereira et.al., 2021).

CONCLUSION

National companies in Indonesia, such as state-owned enterprises (SOEs) or private companies, are encouraged to integrate employee relations into HRM to support individual performance that reflects overall performance, with an emphasis on employee empowerment and retention in the era of remote working. To improve sustainable organizational performance, both in state-owned and private companies, it is necessary to strategically prioritize the quality of employee relations by implementing a culture of transparency and active dialogue. State-owned companies are advised to accelerate debureaucratization and ensure a meritocracy system in the promotion process to increase motivation, while private companies need to prioritize work-life balance and structured career development to retain top talent. Strategies such as open management, mutual respect, and adaptation to remote work can be used to overcome common obstacles such as inter-employee dependency and slow administrative processes, which often occur in large national organizations.

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