

Chapter 3

Employee Relations as a Tool of Strategic Competitive Environment

Saloni Pahuja

 <https://orcid.org/0000-0002-0500-0777>

Amity School of Business, Amity University, Noida, India

Kadiyala Mounica Chowdary

Amity School of Business, Amity University, Noida, India

Sakshi Mittal

Amity School of Business, Amity University, Noida, India

ABSTRACT

Challenging and ever-changing market scenarios made it difficult for organisations to be different and sustain in the market. While having innovative products, USP (unique selling proposition) and the like are on one side of the competition, attracting and retaining employees have emerged to become key concerns of the organizations. This chapter explains how employee relations help organisations in retaining employees and gain competitive edge. One of the major threats of competition with relation to employees is the changes it brings along with it in terms of the company's policies, strategies, and the pressure it brings to the employees. It is important to maintain employee relations so that these changes do not impact employee performance negatively. The authors further show how these changes will impact the work and how management can overcome the aftereffects by maintaining good employee relations.

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INTRODUCTION

Due to the heavy competition in the market, it is becoming important to realise the value of resource of sustained competitive advantage. According to (Barney, 1991), for a resource to qualify as a source of competitive advantage or to hold the potential of sustained competitive advantage, the resource should possess the following traits- a) it must be valuable, in the sense that it either should exploit opportunities or neutralize threats or do both in the firms environment; b) it must be rare among the firm's current and potential competitors; c) it must be imperfectly imitable, and d) there shouldn't be any equivalent substitutes.

Human Resource meets all criteria of being source of sustained competitive advantage that a firm needs. Thus it is important to focus on talent management, healthy relations and welfare aspect. Traditionally HR was not given much importance but after realizing their worth as true contributor in Organisational success firms started investing in them. Many firms talk about the importance of HR but fail to implement the HR strategies effectively. Almost all successful firms invest in managing employees and having good employee relations. Employee relations start right from procurement. It includes transparent communication, fair policies for improving cooperation, having effective grievance redressal mechanism, involving then and encouraging employee participation and thus creating High performance and high involvement work system.

In this chapter, we will further see how these employee relations are helping/ will help the firms use their human resources as sources of competitive advantage.

EMPLOYEE RELATIONS

Employee relation is a word that recently evolved from the word industrial relations. Even though many authors use the two words interchangeably, there is a slight difference between the two words. Industrial relations deal with workplace relations between industrial workers and employers and bargaining between them regarding wages and other terms of employment. The term is now replaced by the word employee relations which covers all kinds of workplaces. Employee relations is defined as "a study of relationships between employees, as well as the relationship between employer and employee so as to find ways of resolving conflict and to help in improving productivity of the organization by increasing motivation and morale of the workers" (Nikoloski, Dimitrova, Koleva, Kacarski, 2004). In simple words, employee relations can be defined as the relation that the employee has with their subordinates, reporting managers, superiors and organization as a whole. Employee

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