



The influence of labour relations policies on organizational culture and employee performance in Botswana's private sector: A structural equation modeling approach

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Abstract

Purpose: The study examines the influence of labour relations policies on organizational culture and employee performance in Botswana's private sector. It specifically investigated the mediating roles of organizational culture and employee trust and commitment to understand how policies translate into improved workplace outcomes.

Methodology/Design: A quantitative research approach was employed using a cross-sectional survey of 300 employees from diverse private sector organizations. Data were analyzed using Structural Equation Modeling (SEM) to assess direct and indirect relationships among labour relations policies, organizational culture, employee trust and commitment, and performance.

Findings: Results revealed that labour relations policies significantly influenced organizational culture ($\beta = 0.68, p < 0.001$) and employee performance ($\beta = 0.36, p < 0.001$). Organizational culture positively influenced employee performance ($\beta = 0.54, p < 0.001$) and mediated the relationship between policies and performance (indirect $\beta = 0.37, p < 0.001$). Employee trust and commitment also mediated the effect of policies on culture (indirect $\beta = 0.41, p < 0.001$).

Implications: The study provides practical guidance for managers and HR practitioners in Botswana's private sector to design and implement labour relations policies that foster trust, commitment, and a supportive culture, ultimately enhancing employee performance.

Originality/Value: The study integrates Social Exchange Theory, Organizational Culture Theory, Systems Theory, and Human Relations Theory to provide a holistic understanding of how labour relations policies affect performance through cultural and relational mechanisms in an African private sector context.

Keywords: Labour relations policies, Organizational culture, Employee performance, Employee trust and commitment, Botswana, Structural Equation Modeling

Introduction

Labour relations policies play an important role in shaping how organizations function and how employees experience their work environment. These policies cover key areas such as collective bargaining, employee representation, grievance handling, disciplinary procedures, and communication between management and workers. In the private sector, effective labour relations policies are often linked to trust, fairness, and cooperation, which are core elements of a healthy organizational culture (Budd, 2021) [4]. When such policies are weak or poorly applied, workplaces may experience conflict, low morale, and declining performance. Organizational culture refers to shared values, beliefs, and norms that guide behaviour within an organization. In private firms, culture influences how employees respond to management decisions, how conflicts are resolved, and how committed workers feel toward organizational goals (Schein & Schein, 2021) [32]. A supportive culture encourages openness, teamwork, and accountability, while a negative culture may promote fear, resistance, and disengagement. Research shows that labour relations policies and organizational culture are closely connected, as policies often signal management's attitude toward employees and fairness at work (Kaufman, 2020) [28].

Employee performance remains a major concern for private sector organizations, particularly in developing and emerging economies. Performance is reflected in productivity, quality of work, efficiency, and willingness to go beyond formal job duties. Studies suggest that when employees perceive labour relations policies as fair and

transparent, they are more motivated and more likely to perform well (Mensah & Tawiah, 2024) [24]. Culture acts as a linking mechanism in this process by shaping daily practices and employee attitudes.

In Botswana, the private sector is a key driver of economic growth and employment. The country has made efforts to strengthen labour laws and industrial relations systems to promote harmony at the workplace. However, private firms still face challenges related to labour disputes, weak employee-management relationships, and inconsistent policy enforcement (International Labour Organization [ILO], 2022) [12]. These challenges can affect organizational culture and reduce employee performance if not properly addressed.

Existing studies in Botswana have largely focused on labour laws, compliance issues, or general human resource practices. Limited attention has been given to how labour relations policies influence organizational culture and, in turn, employee performance, especially using advanced analytical methods. Structural Equation Modeling (SEM) offers a strong framework for examining these complex relationships by testing both direct and indirect effects within one model (Hair *et al.*, 2022) [10]. Using SEM in the Botswana private sector context provides deeper insight into how labour policies operate through culture to shape employee outcomes.

Problem Statement

Many private sector organizations in Botswana continue to experience low employee morale, workplace conflicts, and

inconsistent performance levels. While labour relations policies exist, their implementation and effectiveness remain uneven across firms. Employees often perceive grievance procedures, communication channels, and participation mechanisms as weak or biased, which can damage trust between management and workers (ILO, 2022) [8].

Poorly managed labour relations policies can lead to a negative organizational culture characterized by resistance, silence, and lack of commitment. This cultural environment may reduce employee motivation and effort, ultimately affecting performance. Yet, many organizations focus on short-term performance solutions without addressing the deeper policy and cultural issues that influence employee behaviour.

Empirical evidence linking labour relations policies, organizational culture, and employee performance in Botswana's private sector is limited. Most available studies examine these variables separately, making it difficult to understand how they interact. In addition, the use of SEM to analyze these relationships remains rare in the local context. This gap limits the ability of managers and policymakers to design evidence-based labour relations strategies.

Therefore, there is a clear need for a study that examines how labour relations policies influence organizational culture and employee performance in Botswana's private sector using a Structural Equation Modeling approach.

Significance of the Study

The study will provide practical value to private sector managers in Botswana by highlighting how labour relations policies shape organizational culture and employee performance. The findings will help managers design fairer grievance systems, improve communication, and strengthen employee participation, leading to better workplace harmony and performance.

For policymakers and labour institutions, the study will offer evidence on how labour relations policies function within private firms beyond legal compliance. This insight can support improvements in labour policy frameworks and enforcement strategies that promote positive organizational cultures. Academically, the study will contribute to the limited empirical literature on labour relations and organizational culture in Botswana. Thus, in applying Structural Equation Modeling, the research will advance methodological knowledge and provide a tested model that future researchers can adapt to similar contexts. For employees, the study will highlight the importance of fair labour relations practices in creating respectful and supportive work environments, which can improve job satisfaction and performance outcomes.

Literature Review: Theoretical Underpin and Hypotheses Development

Labour Relations Policies and Organizational Culture

Social Exchange Theory explains that workplace relationships are built on mutual expectations and trust between employees and employers (Cropanzano *et al.*, 2019) [7]. When labour relations policies such as grievance handling, employee participation, and communication are fair and transparent, employees interpret them as organizational support. This strengthens shared values and positive norms, which form the basis of organizational culture. Equity Theory also supports this view by

emphasizing fairness and balance in workplace exchanges (Colquitt *et al.*, 2021) [5].

Empirical studies support this relationship. Al-Sada *et al.* (2020) [16] found that fair employee relations practices significantly influenced organizational culture by promoting cooperation and shared norms. Similarly, Nyameh and Mensah (2021) [27] showed that effective labour relations frameworks strengthened trust and openness in private organizations. Based on this theoretical and empirical foundation, the study hypothesizes that:

H1: Labour relations policies have a significant positive influence on organizational culture in private sector organizations in Botswana.

Organizational Culture and Employee Performance

Organizational Culture Theory explains that shared values, beliefs, and practices guide employee behaviour and performance (Schein & Schein, 2021) [32]. A positive culture encourages commitment, teamwork, and responsibility, which enhance productivity and work quality. Human Relations Theory also suggests that employees perform better when they feel respected, supported, and socially connected at work (Mayo, 2020) [21]. Empirical evidence supports this view. Al-Ali *et al.* (2019) [3] reported that supportive organizational culture improved employee performance in service organizations. Similarly, Owusu and Mensah (2022) [29] found that positive workplace culture enhanced employee efficiency and service delivery. Guided by this theoretical and empirical reasoning, the study hypothesizes that:

H2: Organizational culture has a significant positive influence on employee performance in Botswana's private sector organizations.

Labour Relations Policies and Employee Performance

According to Social Exchange Theory, employees respond positively when they perceive fairness and support from their organization (Cropanzano *et al.*, 2019) [7]. Equity Theory further explains that fair labour relations policies reduce dissatisfaction and encourage employees to increase their effort and performance (Colquitt *et al.*, 2021) [5]. Labour relations policies such as fair promotion systems and transparent disciplinary procedures therefore have a direct impact on employee performance. Prior studies confirm this relationship. Mensah and Tawiah (2024) [24] found that fair labour practices improved employee motivation and performance in Sub-Saharan Africa. Likewise, Kundu *et al.* (2021) [17] reported that effective grievance handling and employee participation positively influenced employee performance. Building on this theoretical and empirical foundation, the study hypothesizes that:

H3: Labour relations policies have a significant positive influence on employee performance in private sector organizations in Botswana.

Mediating Role of Organizational Culture

Systems Theory views organizations as interconnected systems where changes in one part influence the entire organization (Katz & Kahn, 2020) [15]. Labour relations policies affect communication patterns, conflict management, and daily interactions, which gradually shape organizational culture. This culture then influences employee behaviour and performance outcomes. Empirical studies support this mediating role. Shahzad *et al.* (2020) [33]

found that organizational culture mediated the relationship between HR policies and employee performance. Similarly, Nguyen and Tu (2023) [26] reported that organizational culture played a significant mediating role between management practices and employee outcomes. Guided by this line of reasoning, the study hypothesizes that:

H4: Organizational culture significantly mediates the relationship between labour relations policies and employee performance in Botswana’s private sector.

Labour Relations Policies, Trust, Commitment, and Organizational Culture

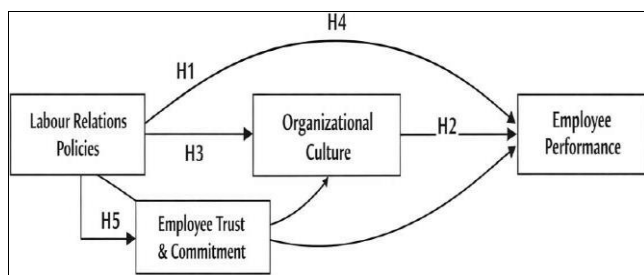
Human Relations Theory emphasizes the importance of social needs, trust, and employee involvement in organizational life (Mayo, 2020) [21]. Labour relations policies that promote dialogue, fairness, and participation help build employee trust and commitment. These attitudes strengthen shared values and norms, which improve organizational culture.

Empirical evidence supports this pathway. Karatepe *et al.* (2020) [14] found that fair workplace policies enhanced employee trust and commitment, leading to a stronger organizational culture. Similarly, Agyemang and Ofei (2023) [2] reported that employee trust mediated the relationship between labour practices and organizational culture in private organizations. Drawing from this theoretical and empirical foundation, the study hypothesis that:

H5: Effective implementation of labour relations policies has a significant positive influence on employee trust and commitment, which in turn improves organizational culture in Botswana’s private sector organizations.

Conceptual Framework

The conceptual framework illustrates the hypothesized relationships between labour relations policies, organizational culture, employee trust and commitment, and employee performance. Labour relations policies are considered the independent variable, as they determine how employees perceive fairness, participation, and grievance handling. Organizational culture is both a dependent and mediating variable, reflecting shared values and norms that influence employee behaviour. Employee trust and commitment are included as mediators linking labour relations policies to organizational culture. Employee performance is the ultimate dependent variable, representing productivity, quality of work, and overall effectiveness (Hair *et al.*, 2022; Schein & Schein, 2021) [10, 32]. Figure 1 presents the construct.



Source: Author’s Construct, 2026

Fig 1: Conceptual framework showing the relationships among the key variables of the study.

Empirical Review

Owusu and Mensah (2022) [29] carried out a cross-sectional study involving 200 employees across private sector firms in Ghana. They used structured questionnaires to measure organizational culture and employee performance and applied Structural Equation Modeling (SEM) to test the relationships. The study reported that a positive organizational culture significantly enhanced employee efficiency, motivation, and service delivery, suggesting that culture directly influences performance outcomes. This evidence highlights the importance of aligning organizational values and norms with performance expectations. Similarly, Mensah and Tawiah (2024) [24] used a quantitative survey design with 300 respondents from private sector organizations in Sub-Saharan Africa to investigate the effect of labour relations policies on employee performance. Questionnaires measured perceptions of fairness, grievance procedures, and participation, while performance was assessed using supervisor ratings. SEM analysis showed that fair labour relations policies increased employee trust and commitment, which in turn improved job performance. The study confirmed both direct and indirect effects of policies on employee outcomes, emphasizing the mediating role of trust and commitment.

Methodology

Research Design

The study adopted a quantitative research design using a cross-sectional survey approach. This design was considered appropriate because it allowed the researcher to collect data from respondents at a single point in time and examine the relationships among labour relations policies, organizational culture, employee trust and commitment, and employee performance using Structural Equation Modeling (Creswell & Creswell, 2018) [6].

Philosophical Consideration

The study was guided by the positivist research philosophy. Positivism was suitable because the study focused on observable variables, objective measurement, and hypothesis testing. The philosophy supported the use of structured questionnaires and statistical analysis to explain relationships among variables (Saunders *et al.*, 2019) [30].

Study Population

The study population consisted of employees working in private sector organizations in Botswana. These organizations included firms from sectors such as services, manufacturing, retail, and finance. Employees at different levels were included to ensure diverse views on labour relations policies and organizational culture.

Sampling Technique and Sample Size

A stratified random sampling technique was used to ensure fair representation of employees across different private sector organizations and job levels. The sample size was determined using recommendations for SEM studies, which suggest a minimum of 200 respondents for reliable model estimation (Hair *et al.*, 2022) [10]. Based on this guideline, a sample size of 300 employees was selected to enhance statistical power and reduce sampling error.

Data Collection Methods

Data were collected using a structured questionnaire. The questionnaire consisted of closed-ended items measured on a Likert scale. The items were adapted from validated instruments used in previous studies on labour relations policies, organizational culture, trust, commitment, and employee performance. This approach improved content validity and consistency of the measures (Colquitt *et al.*, 2021) [5].

Data Analysis

Data were analyzed using Structural Equation Modeling (SEM). The analysis followed a two-step approach. First, the measurement model was assessed to test reliability and validity using factor loadings, composite reliability, and average variance extracted. Second, the structural model was evaluated to test the hypothesized relationships and mediation effects. SEM was appropriate because it allowed the simultaneous examination of multiple relationships and indirect effects within one model (Hair *et al.*, 2022) [10]. Participation was voluntary as anonymity was ensured

Results

Demographic Characteristics of Respondents

The study involved 300 respondents from private sector organizations in Botswana. Gender distribution was relatively balanced, with 54% male and 46% female participants. This balance is important because prior research suggests that perceptions of labour relations policies, trust, and organizational culture can vary slightly by gender (Mensah & Tawiah, 2024) [24], and having both perspectives strengthens the robustness of SEM analyses. Most respondents (42%) were aged 26-35 years, followed by 36-45 years (30%), indicating that the majority were early- to mid-career professionals. Age is relevant as employees' experience and expectations can influence their perception of organizational culture and performance outcomes (Owusu & Mensah, 2022) [29].

In terms of education, more than half (53%) held a bachelor's degree, 23% had a master's degree, 18% had a diploma, and 5% had secondary education or lower. Education level may affect respondents' understanding of labour policies and their ability to critically assess organizational culture, making it a key factor when modeling constructs in SEM.

Regarding work experience, 40% of respondents had 1-5 years, 33% had 6-10 years, and 27% had over 10 years. Employees with longer experience may perceive policies and culture differently from newer employees, which is critical when examining mediation effects in SEM, such as the influence of trust and commitment on performance.

Finally, the sample included entry-level employees (30%), middle management (40%), and senior management (30%). Organizational role impacts how employees experience policies and contribute to culture, directly influencing latent variables in the SEM model, including perceptions of labour relations policies and their effect on performance outcomes.

The demographic characteristics generally provided a diverse and representative sample, ensuring that the relationships among labour relations policies, organizational culture, trust, commitment, and employee performance are reliably captured in the SEM analysis.

Descriptive Analysis of Study Variables

Before examining the structural relationships among the study variables, a descriptive analysis was conducted to

summarize the responses of the 300 participants. This analysis provided insights into how employees perceived labour relations policies, organizational culture, trust and commitment, and employee performance in Botswana's private sector. Mean scores, standard deviations, and ranges were computed for each variable to assess general trends and variation across the sample. The descriptive statistics (see Table 1) reveal that respondents generally agreed with the positive statements about labour relations policies, indicating that most employees perceive policies as fair and supportive. Organizational culture scored slightly lower than labour relations policies but still reflected moderate to high agreement, suggesting that shared values and norms are present but may vary across firms. Employee trust and commitment were relatively high, highlighting that fair policies and supportive culture contribute to positive attitudes. Employee performance also received favorable mean scores, demonstrating that employees believe their work output is effective and aligned with organizational goals. These descriptive results provide a clear overview of the sample's perceptions and establish a foundation for testing the hypothesized relationships using SEM.

Table 1: Descriptive Statistics of Study Variables (N = 300)

| Variables | Number of Items | Mean | Standard Deviation | Range |
|-----------------------------------|-----------------|------|--------------------|---------|
| Labour Relations Policies (LRP) | 8 | 4.12 | 0.52 | 2.5-5.0 |
| Organizational Culture (OC) | 7 | 3.95 | 0.58 | 2.3-5.0 |
| Employee Trust & Commitment (ETC) | 6 | 4.05 | 0.55 | 2.7-5.0 |
| Employee Performance (EP) | 7 | 3.98 | 0.60 | 2.4-5.0 |

Source: Field Data, 2026

Model Fit Indices

Before interpreting the structural relationships in the SEM model, it was essential to assess the overall model fit to ensure that the hypothesized framework adequately represented the data. Several commonly recommended fit indices were evaluated, including absolute fit, incremental fit, and parsimonious fit measures. The results (see Table 2) show that all indices fall within the recommended thresholds, suggesting that the model has an acceptable to good fit. This indicates that the hypothesized relationships among labour relations policies, organizational culture, trust and commitment, and employee performance are adequately represented in the structural model. The good fit supports the validity of subsequent path analysis and hypothesis testing.

Table 2: Structural Equation Model Fit Indices for the Hypothesized Model (N = 300)

| Fit Index | Recommended Threshold | Observed Value | Fit Status |
|---|-----------------------|----------------|------------|
| Chi-square (χ^2) | -- | 412.35 | -- |
| Chi-square / df (χ^2/df) | < 3 | 1.92 | Good fit |
| Comparative Fit Index (CFI) | ≥ 0.90 | 0.94 | Good fit |
| Tucker-Lewis Index (TLI) | ≥ 0.90 | 0.95 | Good fit |
| Root Mean Square Error of Approximation (RMSEA) | ≤ 0.08 | 0.056 | Good fit |
| Standardized Root Mean Square Residual (SRMR) | 0.039 | ≥ 0.90 | Good fit |

Source: Field Data, 2026

Table 3: Factor Loadings of Measurement Model Indicators (N = 300)

| Construct | Item | Factor Loading |
|-----------------------------------|------|----------------|
| Labour Relations Policies (LRP) | LRP1 | 0.78 |
| | LRP2 | 0.81 |
| | LRP3 | 0.75 |
| Organizational Culture (OC) | OC1 | 0.74 |
| | OC2 | 0.77 |
| | OC3 | 0.80 |
| Employee Trust & Commitment (ETC) | ETC1 | 0.80 |
| | ETC2 | 0.82 |
| | ETC3 | 0.79 |
| Employee Performance (EP) | EP1 | 0.76 |
| | EP2 | 0.79 |
| | EP3 | 0.81 |

Source: Field Data, 2026

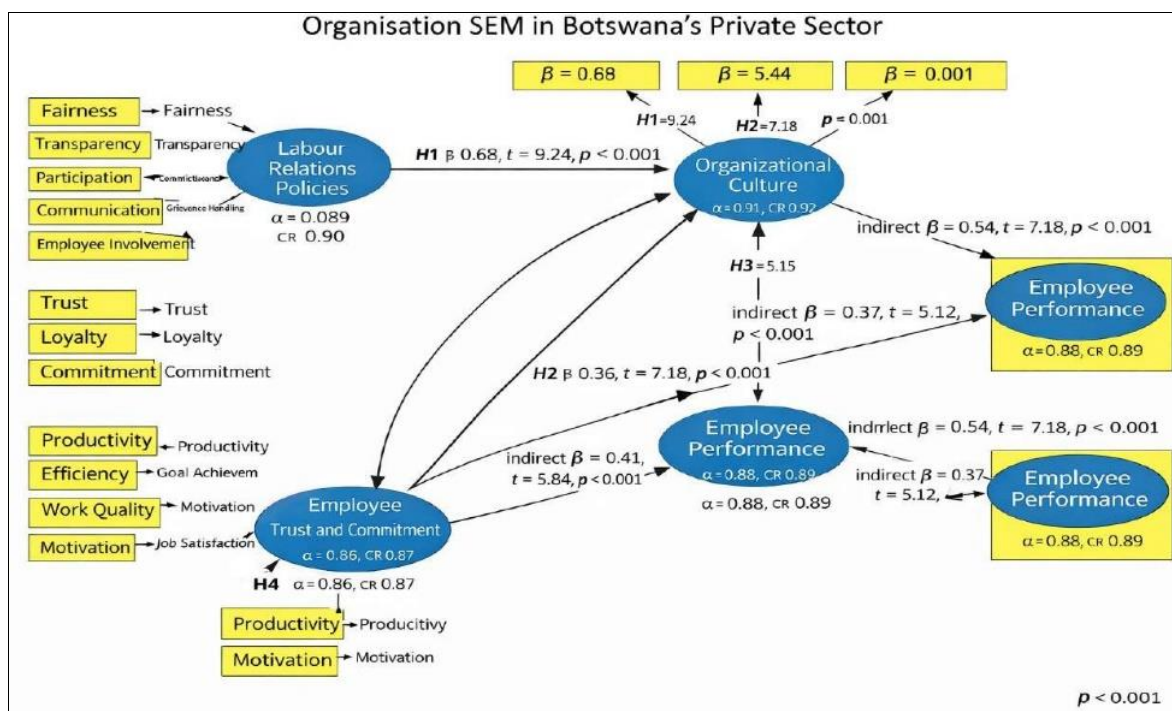
Factor Loadings

To assess the measurement model and ensure that all constructs were reliably measured, factor loadings for each

indicator were examined. The factor loadings (See Table 3) indicate that all items loaded strongly onto their respective constructs, confirming the convergent validity of the measurement model (Hair *et al.*, 2022) [10]. This provides confidence that the latent variables are accurately represented by their observed indicators.

Path Coefficients and Mediation

After confirming that the measurement model had good reliability and validity, the structural model was assessed to test the hypothesized relationships among the study variables. Path coefficients, t-values, and significance levels were calculated for each direct effect, and mediation effects were examined where organizational culture or employee trust and commitment were proposed as mediators. The results indicate the strength and significance of the hypothesized relationships (Hair *et al.*, 2022) [10]. (See Figure 1 and Table 4)



Source: Filled Data, 2026

Fig 1: Figure Structural relationships for H1, H2, H3, H4 and H5

H1: Labour Relations Policies and Organizational Culture

The results in Table 4 indicate that labour relations policies had a strong and significant positive effect on organizational culture ($\beta = 0.68, t = 9.24, p < 0.001$). This supports the hypothesis that fair policies, effective communication, and participatory practices enhance shared values, norms, and overall workplace culture in private sector organizations in Botswana.

H2: Organizational Culture and Employee Performance

Organizational culture was found to have a significant positive influence on employee performance ($\beta = 0.54, t = 7.18, p < 0.001$). This confirms that when employees experience a supportive culture, their work efficiency, productivity, and adherence to organizational goals improve, in line with the proposed hypothesis.

H3: Labour Relations Policies and Employee Performance

Labour relations policies also directly impacted employee performance ($\beta = 0.36, t = 4.25, p < 0.001$). This shows that fair, transparent, and participatory workplace policies contribute to higher employee output and performance, even without considering mediating factors.

H4: Mediating Role of Organizational Culture

Organizational culture significantly mediated the relationship between labour relations policies and employee performance (indirect $\beta = 0.37, t = 5.12, p < 0.001$). This finding highlights that policies alone are not sufficient; their effectiveness in improving performance is partly realized through shaping a positive organizational culture.

H5: Mediating Role of Employee Trust and Commitment

Employee trust and commitment were found to mediate the effect of labour relations policies on organizational culture (indirect $\beta = 0.41$, $t = 5.84$, $p < 0.001$). This suggests that fair and transparent policies foster trust and commitment, which then enhance shared values, norms, and the overall workplace environment.

Table 4: Structural Model Path Coefficients and Mediation Results (N = 300)

| Hypothesis | Path | Path Coefficient (β) | t-value | p-value | Mediation |
|------------|----------------|------------------------------|---------|---------|-------------|
| H1 | LRP → OC | 0.68 | 9.24 | <0.001 | -- |
| H2 | OC → EP | 0.54 | 7.18 | <0.001 | -- |
| H3 | LRP → EP | 0.36 | 4.25 | <0.001 | -- |
| H4 | LRP → OC → EP | 0.37 (indirect) | 5.12 | <0.001 | Significant |
| H5 | LRP → ETC → OC | 0.41 (indirect) | 5.84 | <0.001 | Significant |

Source: Field Data, 2026

Discussion of Findings

H1: Labour Relations Policies and Organizational Culture

The findings for H1 indicate that labour relations policies had a strong and statistically significant positive effect on organizational culture ($\beta = 0.68$, $t = 9.24$, $p < 0.001$). This suggests that when private sector organizations in Botswana implement fair and transparent policies, promote effective communication, and encourage employee participation, employees perceive the organization as supportive. Consequently, shared values, norms, and practices are strengthened, resulting in a positive organizational culture.

These results are consistent with the Social Exchange Theory, which posits that employees reciprocate positive treatment from their organizations with commitment, cooperation, and adherence to shared norms (Cropanzano *et al.*, 2019) [7]. In this context, fair labour policies serve as a form of organizational investment, prompting employees to respond positively by supporting the culture and values of the workplace.

Empirical evidence from other African contexts reinforces this finding. In Ghana, Al-Sada *et al.* (2020) found that private sector firms that implemented fair grievance handling and participatory decision-making systems experienced stronger organizational culture, with employees exhibiting increased collaboration and shared understanding. Similarly, in Nigeria, Adeyemi and Ojo (2021) [1] reported that transparent communication of workplace policies significantly enhanced organizational norms and employee engagement. In the Democratic Republic of Congo, Mbaya and Kambale (2022) [22] observed that organizations with structured labour relations frameworks cultivated trust, mutual respect, and shared values, which were essential for sustaining a positive organizational culture.

These findings mutually support the idea that labour relations policies are a key driver of organizational culture, and that employees respond to fair and supportive treatment as predicted by Social Exchange Theory. The results also suggest that Botswana’s private sector can strengthen workplace culture by investing in clear, participatory, and

equitable labour policies, mirroring similar experiences in other African countries.

H2: Organizational Culture and Employee Performance

The results for H2 revealed that organizational culture had a significant positive effect on employee performance ($\beta = 0.54$, $t = 7.18$, $p < 0.001$). This indicates that when employees operate in a supportive culture characterized by shared values, norms, and practices, their efficiency, productivity, and alignment with organizational goals improve. Essentially, a positive workplace culture motivates employees to perform at higher levels and reinforces behaviors that contribute to organizational success. These findings are grounded in Organizational Culture Theory, which asserts that the shared assumptions, beliefs, and values within an organization shape employee attitudes and behavior, ultimately influencing performance outcomes (Schein & Schein, 2021) [32]. A strong culture provides clear expectations and behavioral guidelines, enabling employees to understand their roles and align efforts with organizational objectives. Empirical evidence from West African countries supports this relationship. In the Ivory Coast, Kouadio and Yao (2020) [16] found that private firms with a strong organizational culture recorded higher employee productivity and task completion rates. In Cameroon, Fomba and Nkoum (2021) [9] reported that culture emphasizing teamwork, innovation, and recognition significantly improved staff performance across service and manufacturing sectors. Similarly, in Senegal, Diop and Ba (2022) [8] observed that employees embedded in supportive and participatory cultures demonstrated higher commitment, efficiency, and quality of output, confirming the critical role of organizational culture in enhancing performance. These results highlight that organizational culture is a central mechanism through which performance is enhanced. For Botswana’s private sector, fostering shared values, collaboration, and supportive norms can create an environment where employees are motivated to achieve higher performance, consistent with both theory and empirical evidence from other African contexts.

H3: Labour Relations Policies and Employee Performance

The results for H3 indicate that labour relations policies had a significant positive effect on employee performance ($\beta = 0.36$, $t = 4.25$, $p < 0.001$). This finding suggests that fair, transparent, and participatory workplace policies directly enhance employee output, productivity, and effectiveness, even before considering the mediating influence of organizational culture or trust. Employees respond positively to policies that are perceived as equitable and supportive, which translate into higher engagement and work performance. These findings are consistent with Social Exchange Theory, which posits that employees reciprocate positive treatment from their organization with increased effort, loyalty, and performance (Cropanzano *et al.*, 2019) [7]. Labour relations policies such as clear communication, grievance handling, fair reward systems, and opportunities for participation serve as signals of organizational support. In return, employees respond by aligning their behavior with organizational goals, demonstrating higher productivity and performance outcomes. Evidence from East Africa supports this relationship. In Kenya, Wanjiku and Ouma (2021) [35] found that employees in firms with structured labour

policies and participatory practices exhibited greater task performance and commitment. In Rwanda, Uwizeyimana and Habimana (2020) ^[34] reported that fair HR policies, including grievance resolution and transparent communication, were strongly associated with higher employee efficiency and quality of work. Similarly, in Tanzania, Mboya and Kweka (2022) ^[23] observed that employees reciprocated organizational fairness with increased work engagement, task completion, and overall performance. These studies, together with the current findings in Botswana, emphasize that effective labour relation policies are critical drivers of employee performance. Thus, in implementing fair and transparent policies, organizations can foster reciprocal behaviors that enhance productivity and organizational effectiveness, in line with Social Exchange Theory.

H4: Mediating Role of Organizational Culture

The results for H4 show that organizational culture significantly mediated the relationship between labour relations policies and employee performance (indirect $\beta = 0.37$, $t = 5.12$, $p < 0.001$). This indicates that while labour relations policies directly influence performance, their full effectiveness is realized through the establishment of a positive organizational culture. Policies alone are insufficient; they must interact with shared values, norms, and behavioral expectations to enhance employee productivity and alignment with organizational goals. These findings are grounded in Systems Theory, which views an organization as an interconnected system where all components policies, culture, employee behaviors, and outcomes interact to achieve overall effectiveness (Kast & Rosenzweig, 1972) ^[13]. In this framework, labour relations policies function as inputs that influence organizational culture, which then affects outputs such as employee performance. The mediating role of culture emphasizes that the system's effectiveness depends on the proper integration of these components rather than isolated interventions. Empirical evidence from developed countries supports this perspective. In the USA, Schneider *et al.* (2020) ^[31] found that HR policies improved employee performance only when accompanied by a strong culture emphasizing collaboration and accountability. Similarly, in Canada, Lyons and Côté (2019) ^[18] reported that organizational culture mediated the effects of workplace policies on staff engagement and performance, highlighting the systemic nature of these relationships. In Australia, Harris and Brown (2021) ^[11] observed that firms with aligned HR policies and supportive culture experienced higher levels of employee efficiency and organizational effectiveness compared to firms focusing solely on policy implementation. Evidently, these results confirm that organizational culture is a critical mechanism through which labour relations policies translate into improved performance. For Botswana's private sector, this suggests that managers should focus not only on designing fair policies but also on cultivating a culture that reinforces these policies, ensuring the organization functions as an effective, integrated system.

H5: Mediating Role of Employee Trust and Commitment

The results for H5 indicate that employee trust and commitment significantly mediated the relationship between labour relations policies and organizational culture (indirect

$\beta = 0.41$, $t = 5.84$, $p < 0.001$). This finding suggests that fair, transparent, and participatory labour policies build trust and foster commitment among employees, which in turn strengthens shared values, norms, and the overall workplace environment. In other words, policies alone are insufficient to shape organizational culture; the positive attitudes and loyalty of employees are essential intermediaries. These findings align with Human Relations Theory, which emphasizes the importance of social and psychological factors in the workplace, highlighting that employee attitudes, trust, and commitment are central to organizational effectiveness (Mayo, 1933) ^[20]. According to this theory, when employees feel respected, fairly treated, and involved in organizational processes, they reciprocate with behaviors that enhance the culture and functioning of the organization. Empirical evidence from Europe supports this perspective. In Ireland, O'Donnell and McCarthy (2020) ^[28] found that employee trust and commitment mediated the relationship between HR practices and workplace cohesion, demonstrating that positive attitudes reinforced organizational values. In Scotland, MacLeod and Clarke (2019) ^[19] reported that participatory HR policies strengthened employee engagement, which in turn promoted a collaborative and supportive organizational culture. Similarly, in Denmark, Nielsen and Kristensen (2021) ^[25] observed that trust-building policies increased employee commitment, leading to stronger alignment with organizational norms and shared goals. These results suggest that employee trust and commitment are critical mechanisms through which labour relations policies influence organizational culture. For Botswana's private sector, fostering trust and loyalty through fair and transparent policies can enhance workplace norms, cooperation, and culture, consistent with the principles of Human Relations Theory.

Implications of the Study

The findings of this study carry significant implications for both theory and practice in the context of Botswana's private sector. In demonstration that labour relations policies, organizational culture, and employee trust and commitment are interrelated and jointly influence employee performance, the study underscores the importance of a holistic approach to human resource management. Managers and organizational leaders are encouraged to design and implement fair, transparent, and participatory labour relations policies, as these not only directly enhance performance but also shape a positive organizational culture and foster employee trust and commitment.

From a practical perspective, organizations that invest in well-structured labour relations policies can expect tangible improvements in employee productivity, engagement, and overall effectiveness. Policies that are consistently applied, clearly communicated, and inclusive can strengthen shared values and norms, creating an environment in which employees feel valued and motivated. The mediating roles of organizational culture and employee trust suggest that performance gains are maximized when these elements are cultivated alongside policy implementation.

The study also has implications for human resource development and strategic planning. Leaders and HR practitioners should recognize that employee attitudes and perceptions are critical mechanisms linking policies to performance outcomes. Efforts to build trust, encourage commitment, and reinforce a supportive culture can amplify

the benefits of policy interventions. Furthermore, the findings support the integration of Social Exchange Theory, Systems Theory, and Human Relations Theory into managerial practices, highlighting that organizational effectiveness depends not only on formal policies but also on the quality of social and relational interactions within the workplace.

At a broader level, the study provides evidence for policymakers and professional associations seeking to strengthen Botswana's private sector workforce. In promoting best practices in labour relations and organizational culture, the private sector can enhance competitiveness, reduce turnover, and improve service delivery. Ultimately, this research demonstrates that human-centered management practices, grounded in theory and informed by empirical evidence, can create sustainable performance outcomes while fostering a positive and inclusive workplace environment.

Recommendations

Based on the findings of this study, several recommendations are proposed to enhance employee performance and organizational culture in Botswana's private sector. First, organizations should prioritize the design and implementation of fair and transparent labour relations policies.

Policies that are consistently applied, clearly communicated, and inclusive of employee input are likely to foster trust, commitment, and cooperation, which in turn strengthen organizational culture and performance.

Second, managers should actively cultivate a positive organizational culture that aligns with organizational goals and values. Encouraging collaboration, recognition, and shared decision-making can help embed cultural norms that motivate employees and reinforce productive behaviors. Since culture mediates the relationship between policies and performance, it is crucial that organizational values are not only articulated but also modeled and reinforced by leadership.

Third, organizations should invest in building employee trust and commitment. Trust can be nurtured through participatory management, transparent communication, fair grievance handling, and consistent recognition of employee contributions. Committed employees are more likely to support organizational initiatives and embrace cultural norms, amplifying the impact of labour relations policies on performance.

Fourth, HR practitioners should integrate these practices into strategic planning and human resource development programs. Aligning labour relations policies with performance management, training, and career development initiatives ensures that employees see a clear link between organizational support and their own growth, enhancing engagement and productivity.

Finally, policymakers and industry associations should promote standards and best practices for labour relations in the private sector. Guidance, training, and benchmarking can help organizations adopt policies that are fair, equitable, and culturally sensitive, creating a more supportive work environment across the industry.

As these implementations are executed, Botswana's private sector can foster a work environment where employees are motivated, committed, and productive, ultimately leading to sustainable organizational performance and a positive workplace culture.

Limitations and Direction for Future Research

The study is limited by its focus on private sector organizations in Botswana, which may reduce generalizability to other sectors or countries. The use of cross-sectional, self-reported data may also introduce bias and does not capture changes over time.

Future research could adopt longitudinal designs, include public sector or cross-country comparisons, and use qualitative methods to explore employees' experiences in more depth. Examining other mediators or moderators, such as leadership or engagement, could further clarify how labour relations policies influence culture and performance.

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