

-RESEARCH ARTICLE-

HUMAN RESOURCE ECONOMICS: IMPACT OF SOCIAL AND ECONOMIC FACTORS ON EMPLOYER-EMPLOYEE RELATIONSHIP

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—Abstract—

Relationships between employers and employees are vital to the development of human resources, but little is known about the social and economic factors that influence these relationships. For a comprehensive understanding of the phenomenon, the current research simultaneously focused on these two categories of factors. For this purpose, qualitative research methodology was employed. Interviews with 25 professors, assistant professors, and lecturers from Saudi Arabian universities were used to compile data. The data were analyzed using a grounded theory approach, and the themes were identified. The study investigated whether work-life balance, leadership, autonomy, social support, inflation, and unemployment significantly impact employee and employer relationships. It directs policymakers to focus not only on the social health of workers but also on their economic health, as the latter is a crucial determinant of good workplace relationships, improving the organization's overall performance.

Keywords: Human Resources, Leadership, social support, unemployment, employees-employer relationship

Citation (APA): Doghan, M. A. A., Zakariya, A. (2023). Human Resource Economics: Impact of Social and Economic Factors on Employer-Employee Relationship. *International Journal of Economics and Finance Studies*, 15 (01), 490-509. doi:10.34109/ijefs. 202315123

1. INTRODUCTION

Few societies worldwide have experienced social and dynamic unpredictability due to several external environmental factors. The HR departments of various organizations are also affected by the external environment. These factors represent both a hazard and an opportunity for the HR division (Rizal et al., 2017). As the HR department's primary responsibility is to provide efficient and effective resources (Chitescu & Lixandru, 2016), strategies must be implemented to mitigate the issues that can impact HR policies in organizations.

The human is the social animal that interacts with others while living in a society. Individuals can't exist in isolation. Consequently, a person's decisions are influenced by society. According to researchers, it is necessary to focus on human behavior and the factors that influence human behavior. Few studies have examined the impact of social factors on economic models (Posadzy, 2017). These studies highlighted the significance of social factors in the decision-making procedure. The influence of social factors on human behavior is multifaceted. Even though numerous studies have been conducted in this area over the past two decades, the true mechanism of the influence of social factors on human behavior remains unexplored (Rodrigues et al., 2016). Consequently, research is necessary in this regard.

In contrast, the success of an organization depends on its human resources or employees. Employees around the world are also vying for the attention of prospective employers. Most innovations in the contemporary world are created by personnel of various organizations. Researchers affirmed that skilled employees are the organization's primary source of success and innovation. The employees' culture of diligent work fosters the employer-employee relationship. When an organization employs an individual (White et al., 2020), a new relationship is formed between the organization and the employee. As employees and employers cultivate close working relationships, their relationship grows. The organization's failure or success must manage this relationship. The business proprietors must also recognize the significance of human resources to the organization. (Ansah et al., 2018) The employees of the organizations represent the social architect who can collaborate with others in various settings with diverse individuals.

Employee relations management involves fostering positive relationships between the organization and its employees. It also discusses employee relations strategies and policies that address the relationship between unions, employees, and employers. (Lopez-Cabrales & Vallahuebrera, 2020) Employee relationship management aims to develop alignment among all stakeholders to increase employee engagement and organizational productivity. With time, the organization's attrition rate can be reduced and its profitability enhanced (Rahman & Taniya, 2017). Legal, economic,

environmental, social, and political factors may affect the employee-employer relationship.

Several external factors affect the employment of new and current employees. These factors also influence the employee-employer relationship. State of the industry [Jayaweera et al. \(2021\)](#) have the potential to influence the nature of this relationship. Social factors such as family issues, immigration, and unemployment also influence this relationship. According to [Alshraideh, Al-Lozi, and Alshurideh \(2017\)](#), some factors can potentially impact employee relations. These factors include employee engagement, conflict management, diversity, employment autonomy, social support, communication strategies, flexible work hours, training, and leadership style. These various factors are crucial in enhancing the relationship between employees and employers. [Maheshwari et al. \(2020\)](#) have also confirmed the connection between employee satisfaction and social relations. These factors can influence an organization's capacity to retain or recruit employees.

Governments throughout the world are primarily concerned with containing domestic inflation. The primary factor discouraging investment within the nation is inflation. In contrast, if the country's inflation is under control, economic growth, and financial stability will result. The supply and demand sides of an economy cause inflation within a country ([Ha et al., 2021](#)). Inflation is detrimental to employees because it diminishes their purchasing power. On the other hand, working employees also encounter difficulties with their savings. Inflation creates ambiguity in the country, making it difficult to plan at the micro and macro levels ([Girdzijauskas et al., 2022](#)).

Unemployment is one of the country's most crucial economic indicators. This indicator demonstrates the worker's capacity to obtain the necessary services and goods after contributing to the economy. Scholars have shown the need to identify the causes and consequences of unemployment in the United States. Additionally, unemployment is considered an essential indicator of social exclusion. If there is a high unemployment rate, economic distress will contribute to political and social unrest ([Khalid et al., 2021](#)). Prior research has given unemployment and inflation a great deal of weight regarding economic decision-making in any economy. Political conditions, social conditions, income and wealth distribution, investment, employment, and economic growth can all be affected by inflation ([Khalid et al., 2021](#)). The nation's policymakers believe that inflation also affects the demand side of the economy.

On the other hand, researchers have identified psychological contract breaches as the primary motivator of employee performance. This factor also negatively impacts the employer-employee relationship. The country's inflation and unemployment rates affect employee performance ([Arshad, 2016](#)). Among other macroeconomic factors, inflation and unemployment are the most influential on the employee's decision. They result in psychological distress, the squandering of human resources, increased crime rates, and

economic deprivation (Akinsomi et al., 2018). The amount associated with training, wages, and other benefits affects strategic employee relations. Consequently, these social and economic factors influence job satisfaction (Jayaweera et al., 2021). Therefore, the study's primary objective is to identify social and economic factors affecting the relationship between employees and employers in Saudi Arabian universities.

2. LITERATURE REVIEW

2.1 Concept of Employer-Employee Relations

Most academics are interested in identifying factors that can influence the growth and development of human relationships. It is believed that the relationship between employees and employers is complex. According to Mirza (2016), few researchers believe employee relations involve trade union and employer interactions. While some critics have stated that employer-employee relationships should not be limited to the scope of labor laws, this is not the case. Few scientists view employer-employee relations as the relationship of the employee. The relationship between employers and employees extends beyond the organization's formal communication, procedures, regulations, and processes. In fact, according to Veri (2021), it is also founded on informal interactions that occur daily between these stakeholders regarding employment initiatives and policies.

Employee relations exist due to the interconnection between employees and administrators within the organization. The existence of employer-employee links fosters employee confidence, dedication, and motivation. In addition, employer-employee relationships produce an organizational culture that maximizes an employee's potential to achieve organizational objectives effectively (Li et al., 2018). The foundation of all human relationships is the formation of trust. Moreover, Arimie (2019) argues that the employer-employee relationship increases mutual respect among stakeholders. This is how employees earn their employer's esteem. It is possible that the employee will not concur with every decision made by the employer, but this decision will be respected due to the employee and employer's strong relationship. According to the researchers, effective employee-employer relationships keep employees committed to organizational goals and objectives. They suggested a framework that mandates employee motivation to complete organizational duties must be developed.

2.2 Leadership

Indriati and Karnati (2019) define leadership as motivating others to work diligently to complete organizational tasks. In addition, they assert that the organization's leadership plays a significant role in planning organizational goals and orientations. In addition, they organize the organization's resources by fostering employee enthusiasm and commitment to achieve competitiveness (Okolie et al., 2021). Several authors have described leadership as the social architect interacting with various stakeholder groups.

Leadership is consistently concerned with adaptation, experimentation, implementation, environment, strategy, and structure. The leaders have unwavering faith in communication and individuals, as well as their visibility and accessibility. They offer assistance to their followers and participate in their duties.

Additionally, leaders frequently empower and exchange information with their employees. Changing requirements and external environmental factors influence the leadership process (Leroy et al., 2018). Different leadership styles represent an individual's fundamental approach to organizational duties. Various leadership approaches have been described in the literature. Numerous explanations for the effectiveness of leadership behaviors have been examined in these studies. The work behavior of employees is influenced by the leadership styles employed. As a result of Andronic and Dumitraşcu (2017), employees will perform with dedication and motivation for the organization.

2.3 Autonomy

The level of autonomy is one of the most significant issues for employers and employees, as it has lasting effects and consequences. In the literature, autonomy is described as the psychological contract to which the employer is entitled, along with the workload as a component of the psychological contract Corder and Ronnie (2018), which is again introduced into the employment relationship. Autonomy enables individuals to act, speak, and think rationally. It allows the creation of an environment in which employees can generate task-related ideas. For employees to cultivate autonomy, organizations must have faith in them. Trust development is the cornerstone of autonomy development. Thus, the researcher views trust as the foundation of the employer-employee relationship.

Similarly, job autonomy of the employee is the intervention to control the job that grants the employee freedom, which then influences the organization's performance. The employee's autonomy is important to the social exchange relationship (Noble-Nkrumah et al., 2022). If employees are provided autonomy during task performance, they will feel valued. Employers need to demonstrate the worth of their employees.

2.4 Work-life balance

Work-life balance refers to a high measure of satisfaction both at work and at home. There are multiple facets to the concept of work-life balance, including (i) where people perform their work duties, (ii) when they perform their job duties, and (iii) how long it will take to complete their responsibilities. Employees can balance their personal and professional obligations by emphasizing work-life balance. This equilibrium is essential to the employees. The organization's workplace culture should support these policies. This culture must reflect all organizations' norms, values, and beliefs (Kashyap & Kaur, 2021). Positively impact employee performance by emphasizing a balance between

work and personal life. In contrast, [Singh \(2018\)](#) argues that employers can spend quality time with their families through leisure time and vacations and focus on their health.

The work-life balance policy can affect all employees by demonstrating the employer's concern for their welfare. Work-life balance policies strengthen the perception of employees that their employer is supportive. This indicates that employers value their employees. Work-life balance is crucial in retaining employees, as it is one of the organization's most essential policies. If the employer can alter the employee's work and work hours, the employee will value the position and choose to remain with the organization ([Stavrou & Ierodiakonou, 2016](#)).

2.5 Social Support

[Literature Collins et al. \(2016\)](#) define social support as "verbal and nonverbal communication between recipient and provider that reduces uncertainty about a situation, oneself, or a relationship." The quantity of social support employees provide can significantly affect the workplace experience. Moreover, social support increases job satisfaction ([Klijn, 2021](#)).

Effective employee and social support relationships must go together like a conveyance and horse. Any one of these two will be meaningless without the other. Social support benefits employers and employees alike. In the presence of social support, relationship quality will be exceptional. The employees will feel valued when the employer assists. Consequently, these employees will demonstrate organizational loyalty ([Jolly et al., 2021](#)). The degree to which an employer or administrator assists an employee regarding organizational resources ([Young, 2020](#)).

2.6 Inflation

Literature defines inflation as a regular increase in the price level or a steady decline in the purchasing power of money. Inflation occurs when the aggregate demand for services or goods increases faster than the economy's capacity to produce them. In the context of monetary phenomena, the term inflation is extremely significant. Inflation occurs when there is a significant increase in the quantity of money relative to the country's output. Inflation is one of the most important economic indicators. It is essential to comprehend the impact of the economy, as it plays a significant role in shaping individual decision-making ([Ademola & Badiru, 2016](#)). Economic officials' and economists' primary responsibility is controlling the country's inflation. Inflation must be contained to attain economic development and growth in the country ([Girdzijauskas et al., 2022](#)). The HR department is affected by inflation ([Oginni & Akpor-Robaro, 2019](#)). In this circumstance, employees may require additional assistance from their employers.

On the other hand, the recruitment process becomes more difficult as compensation packages and wages shrink due to inflation. In this scenario, the HR department must devise plans to overcome inflation-related obstacles, and employees can handle

inflation-related obstacles. Inflation is when people can purchase fewer goods with the same amount of money due to rising product prices and stable employee wages. (Letková, 2018) Organizations can assist employees without straining their budgets during periods of inflation. As a result of wage inflation, the employees will require additional assistance. In such a situation, the human resources department can provide mental health services to employees. The HR department must ensure that the employee has access to mental health services that will subsequently affect the employee-employer relationship, according to Kutieshat and Farmanesh (2022).

2.7 Unemployment

Unemployment is one of the main economic indicators that signal an employee's ability to work and readiness to join a productive workforce. Unemployment refers to being unable to obtain work despite a worker's willingness and efforts. Literature defines unemployment as the unavailability or scarcity of job opportunities relative to their availability and continuous pursuit. Consequently, the economic output is affected negatively. Researchers found that when unemployment falls, product prices and demand rise, and disposable income also increases.

Regarding economic dimensions, very few studies have reported that low economic growth is the cause of unemployment. In addition, the literature indicates that a country's GDP is correlated with its unemployment rate, which positively affects poverty and negatively impacts FDI (Antipova, 2021). If there is national unemployment, it becomes very difficult to locate a new job. Additionally, it becomes essential for the populace to discover alternative sources of income. The rate of employee attrition and their job performance Abolade (2018) are also affected by national unemployment.

Due to unemployment, the HR department prefers self-managed teams with a decentralized decision-making system when hiring new personnel. On the other hand, the organization's level of performance and financial data sharing is extensive. Therefore, according to Borghouts-van de Pas and Freese (2017), the HR department must attempt to invest in unemployment prevention. Various studies offer HR guidance on how to manage the unemployment situation. The HR department can manage this situation by demonstrating interest in vulnerable employees (Borghouts–van de Pas et al., 2021).

3. METHODOLOGY

This qualitative investigation was conducted using a grounded theory methodology. A systematic technique of selective, axial, and open coding methodologies was used for data analysis. Faculty members of Saudi Arabian universities who registered their ideas while working at various educational levels, i.e., undergraduate, graduate, and postgraduate, were used to select the research population. The objective of this selection is based on the premise that universities are the epicentre of learning and development

and that excellent employee-employer relationships play a crucial role in the effective dissemination of knowledge and skills. Universities in Saudi Arabia were chosen at random. The population under study consisted of qualified instructors with doctoral and master's/Phillips degrees, from which a sample of 25 individuals was drawn. Twelve respondents held postgraduate degrees, while the remainder held master's degrees. To capture data, semi-structured interviews were utilized. Theoretical sampling was used to collect information from respondents, and the sampling procedure continued until a new concept emerged. Interviews were conducted with university academics, assistant professors, and lecturers. There were 5 professors, 7 assistant professors, and 13 lecturers among the respondents. The respondents were asked to describe their experiences with their organization's environment, social relations, and employee-employer relationships. They were asked about the types of relationships and the factors that influence the development of employer-employee relationships.

Interviews were conducted between September 2022 and February 2023. Initially, data were gathered via field and workstation methods. Semi-structured interviews were conducted after the literature review to extract the necessary information. Interviews lasted between 45 and 50 minutes. Interviews were conducted with 25 teachers from various institutions and departments; however, after 23 interviews, theoretical data saturation was reached, and no novel concepts were extracted from the 24th and 25th interviews. The primary objective of the interviews was to determine the social and economic factors that influence the relationship between employers and employees. Other questions were follow-up questions based on respondents' responses to determine the relationship between factors about the required information of research categories.

3.1 Validation

The internal validity of the research model was confirmed by providing feedback to the respondents, comparing the experts' notes, and eliminating the researcher's biases and assumptions. In addition, after each interview, the next respondent received a model for further evaluation and analysis. In addition, the external validity was evaluated with constant comparisons between the initial assumptions, feedback, extracted data, and the accumulation of data from multiple information sources. Several specialists presented their perspectives on the coding system. The data's dependability was established by displaying decision paths and providing the extracted data, codes, information, and categories to research experts. In addition, with the aid of a comprehensive examination by all experts.

The researcher utilized interceding reliability to determine the dependability of the results. A professor was tasked with coding and reviewing the five interviews, and the percentage of thematic agreement was 80%, or greater than 34%, confirming the findings' reliability. Initial coding investigated the extant relationship between the extracted constructs from the interviews. Then, axial coding was employed to assign

items and concepts to the primary category. The following steps addressed the primary research question using grounded theory.

3.2 Causal Relationship

The researcher will determine the primary factors influencing the relationship between employers and employees in this section. In [Table 1](#), two codes extracted from 12 axial codes and open codes, namely work environment and economic pressure, were determined to be the most influential causal conditions of work relationships.

The coding process of underlying causal conditions

Role	code	Axial code	Each code repetition
Determinants	Work-life balance	Self-management	11
		managing time efficiently and effectively	16
		Allocate psychological and physical energy properly	13
		Managing time for leisure	17
		Managing change	10
		Managing technology	
	Autonomy	Material deprivation	17
		Financial stress	19
		Economic hardship	15
	Leadership	consideration	18
		Initiating	9
	Social support	Other employees help during work	15
		Praise for a good job	17
		Facilitate in case of problem or emergency	14
		Help by providing transportation	18
		People who care	12
		Provide useful advice	10
Inflation	Decrease in the purchasing power	15	
	Continuous increasing prices	9	
Unemployment	Increasing unemployment level	8	

3.3 Analysis

After the collection of data through semi-structured interviews, five melodies were coded.

3.4 Work-life Balance

Respondents openly discussed the impact of social factors on the employers' and employees' relationship. According to a respondent

It is important to maintain the work-life balance because if the teacher doesn't have time for leisure, they can't perform efficiently and cannot focus on the lecture preparation. They will not feel relaxed in the work environment. The faculty enjoying a healthy and comfortable family life will enjoy a good work environment. They will be cooperative with their coworkers and the administration.

3.5 Outcome Coding

Role	Code	Axial code	Code repetition
outcome	Employees- Employer relationship	Promptly organization acknowledges my contributions	15
		My organization thanks for my involvement	12
		The organization recognizes my efforts	11
		My organization considers my opinion when making a decision	13
		I have confidence that my organization always works for my benefit	14
		My organization recognizes me as a friend	9
		We receive personal attention from the organization	10

According to Another Respondent

It is difficult for me to balance my work and family life. My job description is very tough, and I cannot give proper time to my family. I always feel uncomfortable in the work environment and don't want to spend time with the administration of my organization. I always avoid my top management. My administration should reconsider and revise the job description and understand its employees' problems.

Therefore, there is a significant impact of work-life balance on the employee and employer relationship

3.6 Leadership

According to some respondents, leadership plays a significant role in determining employers' and employees' relationships.

The leadership of our organization is not able to manage the affairs effectively. Selection of the leadership based on nepotism and unscientific criteria. They don't want to listen to the ideas given by the faculty members. They focus on the curricula and ignore the crucial realities present at the institution. My relationship with employers can be improved if the leadership is responsible and irrational with the team.

Some other professors emphasized that leadership is a key factor in educational institutions' environment. According to some respondents

Leadership plays a vital role in the teaching-learning process. Leadership encourages the faculty to use managerial techniques to organize and conduct classes efficiently. The leadership of our institution is very cooperative and promotes faculty to be creative and values their opinion. They value our efforts and jobs appropriately. Consequently, we have good employee-employer relationships.

According to others

Our leadership is the driving force and the heart of our institution. Leadership Can implement change strategies efficiently and effectively. Everyone is ready to work for the institution any time it requires. We have a good relationship with the employers.

Therefore, leadership can make or destroy the employees-employer relationship.

3.7 Autonomy

According to the respondents, **autonomy in decision-making significantly affects the relationship between** employees and employers. To confirm this sociological factor, the researcher confirmed it from sociology texts. In the words of respondent

“The basic right of the employees is the freedom of expression in any organization. If the employees have freedom of expression, they will feel comfortable in the environment and have a good relationship with the management. The employees should be allowed to express their ideas openly about their working conditions and problems. If we want to overcome the limitations or weaknesses of our education system, enough attention should be given to the voice. Policymakers should give value to the teacher's views.”

He further discussed, *“Social trust will be created in the educational institutions when the faculty members will have high freedom of expression and their voice welcomed by the organization. Sense of belongingness will improve the relationship of employers and employees”*.

3.8 Social Support

Social support plays a significant role in providing comfort to employees at the workplace. Work completion will be effective and efficient if the colleagues' workers, coworkers, and administration are cooperative and supportive. On the other hand, surviving in the organization and completing the tasks would not be easy if colleagues and coworkers were not supportive.

In the words of the respondent;

Fortunately, I have very cooperative colleagues and fellows. Moreover, my administration is very friendly and always open to discussion. Therefore I have a very good relationship with my employer.

According to some others;

My organization has a lot of politics, and no one is willing to help the others. Everyone wants to cheat others. The administration always annoyed most employees, and we didn't know how to develop good relationships with the employers.

There is a significant relationship between social support and the employer and employee.

3.9 Inflation

Unanticipated inflation affects the employer-employee relationship. During high inflation, people change jobs more quickly to overcome the effects of currency devaluation.

According to some respondents

Due to high inflation, everyone wants to maintain their standard of living; therefore, job switching is an effective tool to negotiate high salaries. This behavior negatively affects or damages the relationship between employer and employee.

It means that when the employees are economically stable and enjoy a reasonable standard of living, the relationship between employees and employers will be better. Thus, inflation plays a complex role in the economy. Not only is it an indicator of economic downfall, but at the same time, it makes the employees insecure and unsatisfied with their current position.

3.10 Unemployment

When there is a high unemployment rate, employees may retain their performance while searching for another job opportunity. In most cases, employers feel they can get another employee cheaply, so they stop caring for them.

According to some respondents

Our organization is not focusing on the betterment of employees because the unemployment rate in the country is increasing, and they can get better employees at the least cost. On one position announcement, they receive hundreds of willing and available CVs for the job.

Thus, the high unemployment rate creates a sense of insecurity among employees and provokes the careless attitude of employers. Therefore, the unemployment rate damage the employee-employers relationship.

According to some others

Now, employers are ready to accept any resignation at any time because they can select other employees any time they want due to the high unemployment rate.

4. DISCUSSION

The current study contributed valuable knowledge to the education industry by applying grounded theory methodology. It assisted in focusing on the social and economic challenges to strengthen the relationship between employers and employees to provide an effective teaching and learning process. Specifically, the current study discovered that social and economic factors could predict employee engagement with their employers. These factors have an impact on the social bonds between employers and employees. According to qualitative data collected from university professors, assistant professors, and lecturers, these social and economic factors significantly impact the employer-employee relationship. According to the findings, four social and two economic variables affect the relationship between employers and employees. These are work-life balance, leadership, independence, social support, inflation, and unemployment.

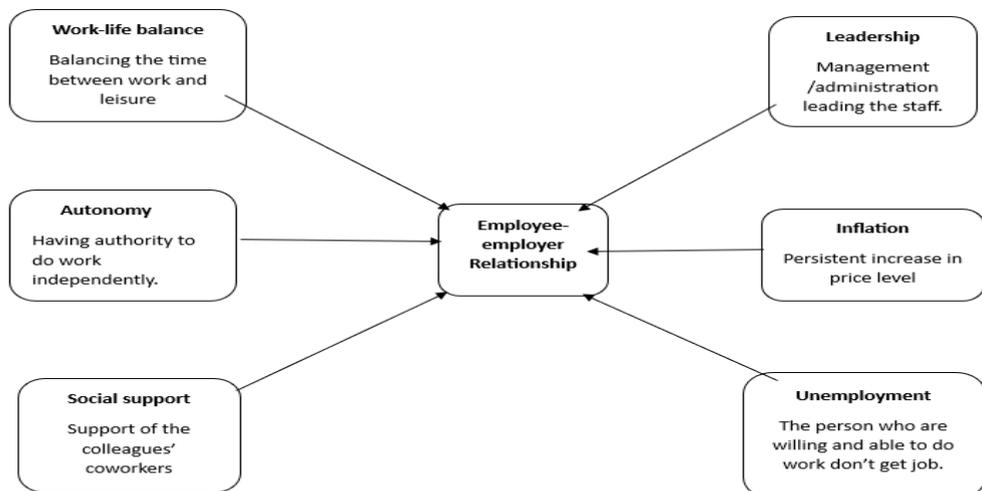


Figure 1. Framework

4.1 Work-life balance

Both labor and life are inextricably intertwined in human existence. Most of the time, a person who attempts to balance work and life ends up in a position of conflict and dilemma when deciding how to prioritize family and career. This conflict between personal and professional obligations creates stress for employees. Work-life balance is the efficient and effective juggling of home and work responsibilities. The individual can simultaneously appreciate leisure and work. We can interpret this to mean individuals can balance their professional and personal lives. Work-life balance is also the absence of work-life conflict. According to the qualitative data, the work-life balance significantly impacts the employer-employee relationship. The result aligns with [Stavrou and Ierodiakonou's \(2016\)](#) findings.

4.2 Social Support

Social support is the emotional support that includes attentiveness, concern, and care. The bond between colleagues improves the relationship between employees and employers. Employees who receive social support can complete more tasks without experiencing emotional distress. This results in an increase in productivity and improved relationships with employers. Workers receiving supervisory support will feel more at ease, experience high satisfaction, and appreciate their work more. The qualitative data support the significance of social support, and the findings are consistent with those of [Jolly et al. \(2021\)](#).

4.3 Leadership

A leader is an organization's director who directs, guides and provides guidance. The virtual environment of the workplace is determined by the policies they design and the methods of implementation. His behavior significantly impacts his subordinates; if he is cooperative and supportive, they will experience strength and encouragement and perform their duties effectively and efficiently. Consistent with the findings of [Andronic and Dumitraşcu \(2017\)](#), qualitative data indicate that leadership plays an important role in developing employer-employee relations.

4.4 Autonomy

Autonomy at work promotes a productive, competitive, and innovative work environment. Employees will be motivated when they perceive that their organization values their input and incorporates it into decision-making. The workers' output will increase, and they will experience positive employer relationships. The interview data supported the significance of autonomy in determining the relationship between employees and employers. The study's findings are consistent with those of [Noble-Nkrumah et al. \(2022\)](#).

4.5 Inflation

Not only social factors but also economic factors influence the relationship between employees and employers. Employees who are financially secure and content can concentrate on their tasks. They will not experience distress and will not participate in negative activities. They will not frequently switch jobs for improved opportunities or financial situations. Economic pressure will be on both employees and employers in the event of inflation. Employees will desire high incomes, while management will seek more work. The data supported the substantial impact of inflation on the relationship between employers and employees. The current study's findings are consistent with those of [Kutieshat and Farmanesh \(1922\)](#).

4.6 Unemployment

Unemployment causes psychological stress and alters the conduct of employers and workers. If the unemployment rate in the economy is excessive, it will cause psychological distress among workers and increase the demands of employers on workers. Due to high unemployment and the availability of a large labor supply, not only will the demand for jobs increase, but so will the pay. In a society with high unemployment, employers will not care about their current employees and will welcome the job-hopping of their experienced workers; consequently, the relationship between employees and employers will be strained. The qualitative data supported the substantial influence of unemployment on the relationship between employees and employers. The result is consistent with Borghouts–van de Pas et al.'s investigations from 2021.

The reality of the workplace is swiftly evolving. Numerous economic factors, such as unemployment and inflation, have an impact on the majority of businesses and their HR departments. These factors tend to affect employers and employees. People's employment behavior is influenced by their economic evaluation of their gains and losses based on the country's economic conditions. Individuals' economic conditions also affect workplace productivity. We also reported that the economic climate indirectly affects employer-employee relations via employee depression and poor mental health. According to our research, the workplace relationship is dependent on social factors and external economic factors such as inflation and unemployment. Both inflation and unemployment exert psychological pressure on both employers and employees. Employers want to maintain profit, and employees want to maintain their standard of living; consequently, both parties will seek to benefit on the other's behalf. Therefore, inflation and unemployment are a source of conflict between employees and employers, which has a negative impact on the relationship between employer and employee.

5. CONCLUSION

The relationship between employees and employers is crucial in determining employment effectiveness, work efficiency, and, ultimately, the organization's

productivity. As a researcher, it is necessary to investigate the factors that can influence the relationship between employees and employers. As a result, the current study outlines a path towards positive and healthy relationships between employees and their employers, as this bonding is essential for generating high organizational productivity and, in turn, economic growth. Social and economic factors influence the relationship between employees and employers. The current study explored these factors using semi-structured interviews with qualified faculty members of Saudi Arabian higher education institutions. To create a better work environment, organizations must enhance social aspects and consider economic factors. Policymakers should design the policies so that the work environment improves, employers and employees enjoy their workplaces, and the organization's productivity increases.

6. LIMITATIONS AND FUTURE DIRECTIONS

The current study has certain limitations, such as the data being collected from a small sample size, which can be increased to better understand the subject at hand. Purposive sampling, a non-probability sampling method, was used as the sampling technique. Future researchers may contemplate using probability sampling to explain their findings. Future researchers may use a hybrid methodology to validate the results of the current study, which was conducted using a qualitative research design. This study examines Saudi Arabian universities for research purposes; it could be validated by applying its findings to other economic sectors.

7. ACKNOWLEDGEMENT

This work was supported by the Deanship of Scientific Research, Vice Presidency for Graduate Studies and Scientific Research, King Faisal University, Saudi Arabia [Grant 3495]'.

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