

HOW MANAGER–EMPLOYEE RELATIONSHIPS IMPACT TEAM PERFORMANCE

A Study of Relational Leadership and Team Effectiveness

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Chapter 1: Introduction

1.1. Research Background

In modern organizational environments, teamwork has become a central mechanism for achieving strategic goals and sustaining competitive advantage. Organizations today operate in complex and rapidly changing markets characterized by technological advancement, globalization, and increasing performance expectations. As a result, organizations rely heavily on teams to enhance productivity, stimulate innovation, and solve complex problems. Effective teams integrate diverse knowledge, skills, and experiences, allowing organizations to respond efficiently to environmental challenges. However, simply forming teams does not guarantee high performance. The quality of interpersonal relationships within teams, particularly between managers and employees, plays a decisive role in determining team effectiveness.

Team performance refers to the extent to which a group of individuals achieves shared objectives efficiently and maintains positive working relationships. While technical competence and organizational resources are important, relational dynamics significantly influence how well teams function. Communication patterns, trust levels, psychological safety, and managerial support shape employee engagement and collaboration. Among these factors, the relationship between managers and employees stands out as a critical determinant of team outcomes. These relational dynamics have been consistently recognized as critical drivers of team effectiveness in organizational behavior research (Robbins & Judge, 2019; Yukl, 2013).

Manager–employee relationships involve the quality of interactions between supervisors and their subordinates, including mutual respect, trust, fairness, emotional support, and constructive communication. When managers maintain strong and positive relationships with employees, they create a work climate characterized by openness and cooperation. Employees who feel supported and valued are more likely to demonstrate commitment, initiative, and willingness to contribute beyond formal job requirements. Such behaviors enhance coordination, reduce conflict, and strengthen team cohesion, ultimately improving team performance.

Theoretical perspectives such as social exchange theory suggest that employees respond positively to supportive managerial behavior by reciprocating with higher levels of engagement and effort. Similarly, leader–member exchange (LMX) theory emphasizes the importance of high-quality relationships between leaders and subordinates in influencing work outcomes. High-quality relationships are associated with increased job satisfaction, trust, and performance, while low-quality relationships may lead to dissatisfaction, withdrawal, and reduced productivity. When examined at the team level, these relational dynamics influence collaboration, accountability, and collective performance.

Despite the growing recognition of relational leadership, many organizations continue to focus primarily on task completion, performance metrics, and structural efficiency while neglecting interpersonal aspects of management. Managers may lack adequate training in communication, emotional intelligence, and conflict resolution, which are essential for building effective relationships. Consequently, teams may experience misunderstandings, disengagement, and decreased motivation, even when technical resources are

sufficient. Poor manager–employee relationships can undermine morale and weaken overall team outcomes.

Understanding how manager–employee relationships impact team performance is therefore essential for both theory and practice. By examining this relationship, organizations can identify strategies to strengthen managerial effectiveness, enhance employee engagement, and promote sustainable team success. This research seeks to explore the impact of relational dynamics on team performance, highlighting the importance of trust, communication, and managerial support in achieving organizational excellence.

1.2. Research Problem

Although teamwork is widely recognized as essential for organizational success, many organizations struggle to achieve consistent and sustainable team performance. Teams often face challenges such as lack of trust, ineffective communication, low engagement, and interpersonal conflicts. While structural and technical factors are frequently addressed, relational issues between managers and employees are sometimes overlooked. Weak manager–employee relationships may contribute to disengagement, reduced cooperation, and diminished collective performance.

A key issue is that organizations often emphasize leadership styles or performance indicators without fully understanding how the quality of ongoing interactions between managers and employees influences team-level outcomes. When managers fail to establish trust-based relationships, employees may feel undervalued or unsupported, which negatively affects

motivation and collaboration. Consequently, teams may underperform despite having capable members and sufficient resources.

Research Question: To what extent do manager–employee relationships influence team performance in organizational settings?

1.2.1. Theoretical Gaps

Although studies on leadership styles and individual performance exist, limited research has examined the direct effect of manager–employee relationships on team performance. Existing literature focuses more on individual outcomes than on collective team-level outcomes, leaving a theoretical gap regarding how relational dynamics translate into team effectiveness.

1.2.2. Practical Gaps

Many organizations focus on task completion and structural efficiency but often neglect relational aspects. Managers may lack training in communication, conflict resolution, and emotional intelligence, resulting in disengaged teams. There is a need for empirical evidence to guide practical strategies for improving manager–employee relationships and enhancing team performance.

1.3. Research Significance

This study is significant because it contributes to both academic knowledge and managerial practice by examining how manager–employee relationships influence team performance. By focusing on relational dynamics rather than solely on leadership styles or formal authority, the research provides a more

nuanced understanding of how interpersonal interactions shape team outcomes. The significance of this study can be explained through its theoretical and practical contributions. Additionally, this study contributes empirical evidence from the Saudi Arabian organizational context, providing insights relevant to leadership development and team management within APSCO and similar regional organizations.

1.3.1. At the Theoretical Level

This study contributes to the field of organizational behavior by emphasizing the relational dimension of management. It bridges the gap between relational leadership theories and collective team outcomes, extending Social Exchange Theory and Leader–Member Exchange (LMX) Theory to team-level performance.

1.3.2. At the Practical Level

Practically, the study provides insights for managers and HR professionals to design leadership programs focusing on trust, communication, and managerial support. Improving these relationships can enhance employee engagement, team cohesion, and overall productivity.

1.4. Research Questions

1. What is the nature of manager–employee relationships within organizational teams?
2. How do trust and communication between managers and employees influence team performance?

3. To what extent does managerial support affect employee engagement within teams?
4. Is there a significant relationship between the quality of manager–employee relationships and team performance?
5. Which relational factors have the strongest impact on team effectiveness?

1.5. Research Objectives

1. Analyze key components of manager–employee relationships.
2. Assess team performance within APSCO.
3. Investigate the relationship between trust, communication, and managerial support with team performance.
4. Determine the impact of high-quality manager–employee relationships on team outcomes.
5. Provide practical recommendations to improve relational leadership.

1.6. Research Hypotheses

H1: Manager–employee relationship quality positively affects team performance.

H2: Trust between managers and employees positively influences team performance.

H3: Effective communication between managers and employees positively affects team performance.

H4: Managerial support positively impacts employee engagement and team performance.

H5: High-quality manager–employee relationships predict higher team cohesion and productivity.

1.7. Research Model

Independent Variable: Manager–Employee Relationships (Trust, Communication, Managerial Support, Fairness)

Dependent Variable: Team Performance (Productivity, Cohesion, Collaboration, Goal Achievement)

1.8. Scope of the Study

This study will be conducted at APSCO, Saudi Arabia. It focuses on employees in formal teams, analyzing relational factors (trust, communication, support, fairness) and team performance (productivity, cohesion, collaboration, goal achievement). Findings primarily apply to APSCO and similar organizations.

1.9. The Suggested Project Structure

- Chapter 1: Introduction
- Chapter 2: Literature Review
- Chapter 3: Research Methodology
- Chapter 4: Data Analysis and Results
- Chapter 5: Limitations, Recommendations and Conclusion

Chapter 2: Literature Review

2.1. Introduction

This chapter reviews and synthesizes the theoretical and empirical literature related to manager–employee relationships and team performance. The purpose of the literature review is to establish a strong conceptual foundation for the study and to justify the proposed research model and hypotheses. In contemporary organizations, leadership is no longer viewed solely as a function of authority or task supervision; rather, it is increasingly understood as a relational process that shapes employee attitudes, behaviors, and collective outcomes. As organizations rely more heavily on teamwork to achieve strategic objectives, understanding the relational mechanisms that drive team performance has become critically important.

The literature review is structured into four main sections. First, the chapter examines the independent variable—manager–employee relationships—by discussing its key dimensions and theoretical foundations. Second, it reviews the concept of team performance as the dependent variable, highlighting its multidimensional nature. Third, the chapter analyzes the relationship between manager–employee relationships and team performance by integrating relevant leadership theories and empirical findings. Finally, the chapter concludes by summarizing key insights and reinforcing the relevance of the proposed conceptual framework.

2.2. The Independent Variable

Manager–employee relationships refer to the quality of ongoing interactions between supervisors and their subordinates. These relationships are multidimensional and include trust, communication, managerial support, and

fairness. High-quality relationships are characterized by mutual respect, open communication, emotional support, and perceived fairness in decision-making. Such relationships create positive work environments that encourage employee engagement and cooperation.

Recent empirical research continues to confirm the importance of manager–employee relationships in shaping workplace outcomes. Breevaart and Bakker (2022) found that leaders who maintain supportive and trusting relationships with employees foster higher engagement and better team coordination. Similarly, Kim and Beehr (2021) reported that managerial support and fairness significantly reduce emotional exhaustion and enhance collaborative behaviors within teams. These findings reinforce the view that manager–employee relationships are not merely interpersonal preferences but essential organizational resources that drive team effectiveness.

2.2.1. Conceptualization of Manager–Employee Relationships

Scholars argue that manager–employee relationships extend beyond formal job descriptions and authority structures. They reflect ongoing social exchanges that influence employees’ perceptions of their work environment and their role within the organization. When employees perceive their managers as trustworthy, supportive, and fair, they are more likely to feel valued and motivated. Such perceptions enhance job satisfaction, organizational commitment, and willingness to contribute to team objectives.

Trust is widely regarded as a foundational element of effective manager–employee relationships. Trust reduces uncertainty, encourages open

communication, and enables collaboration. Communication quality is equally critical, as it determines how clearly expectations are conveyed and how effectively feedback is exchanged. Managerial support, including guidance, recognition, and resource provision, further strengthens relational bonds. Fairness, particularly in decision-making and performance evaluation, reinforces perceptions of justice and legitimacy within teams.

2.2.2. Leader–Member Exchange (LMX) Theory

Leader–Member Exchange (LMX) Theory is one of the most influential frameworks for understanding manager–employee relationships. LMX theory proposes that leaders develop differentiated relationships with their subordinates, resulting in varying levels of relationship quality. High-quality LMX relationships are characterized by mutual trust, respect, and obligation, whereas low-quality relationships are limited to formal role requirements.

Research consistently shows that employees who experience high-quality LMX relationships demonstrate higher levels of engagement, job satisfaction, and performance. These employees are more likely to engage in extra-role behaviors, support team members, and contribute to collective goals. At the team level, the presence of high-quality manager–employee relationships foster cohesion, coordination, and shared accountability.

2.2.3. Social Exchange Theory

Social Exchange Theory provides an additional theoretical lens for understanding manager–employee relationships. According to this theory, workplace relationships are governed by reciprocal exchanges. When managers treat employees with respect, fairness, and support, employees feel an obligation to reciprocate through positive attitudes and behaviors. This reciprocity strengthens relational ties and enhances cooperation within teams.

In a team context, social exchange processes extend beyond individual interactions to influence collective dynamics. Employees who perceive positive managerial treatment are more likely to support their colleagues, share knowledge, and collaborate effectively. Conversely, negative or unsupportive managerial behavior may lead to withdrawal, reduced effort, and weakened team cohesion.

2.2.4. Transformational and Relational Leadership Perspectives

Transformational leadership theory further emphasizes the relational dimension of leadership. Transformational leaders inspire and motivate employees by articulating a shared vision, demonstrating individualized consideration, and fostering intellectual stimulation. Such leaders build strong emotional connections with employees, which enhances trust and commitment.

Relational leadership perspectives argue that leadership emerges through interactions rather than positions of authority. From this viewpoint, manager–employee relationships are central to shaping team processes and outcomes. Leaders who prioritize relationships create inclusive environments where employees feel psychologically safe and empowered to contribute.

2.2.5. Psychological Safety and Manager–Employee Relationships

Psychological safety refers to a shared belief that the work environment is safe for interpersonal risk-taking. Manager–employee relationships play a crucial role in establishing psychological safety within teams. When managers encourage open dialogue, tolerate mistakes, and respond constructively to feedback, employees are more willing to express ideas and concerns.

Psychological safety is particularly important in team-based settings, where collaboration and innovation depend on open communication. Teams characterized by high psychological safety are more likely to engage in learning behaviors, adapt to change, and achieve superior performance outcomes.

2.3. The Dependent Variable: Team Performance

Team performance is widely recognized as a multidimensional construct encompassing both task-related and process-related outcomes. Recent studies suggest that teams achieve superior performance when members engage in open communication, demonstrate mutual trust, and coordinate tasks effectively (Salas et al., 2018; Mathieu et al., 2020). In complex organizational environments, team performance increasingly depends on relational processes that enable adaptability, learning, and sustained collaboration (Rico, Alcover, & Tabernero, 2021).

2.3.1. Dimensions of Team Performance

Researchers commonly conceptualize team performance as a multidimensional construct encompassing both task-related and process-related outcomes. Task performance includes productivity, efficiency, quality of output, and goal achievement. Process performance, on the other hand, focuses on how team members interact, including communication quality, collaboration, cohesion, and conflict management.

High-performing teams are characterized not only by strong task outcomes but also by effective interpersonal processes. Teams that communicate openly, trust one another, and coordinate effectively are better positioned to achieve sustainable performance.

2.3.2. Team Cohesion and Collaboration

Team cohesion refers to the degree to which team members feel connected and committed to one another. Cohesive teams tend to exhibit higher levels of cooperation, mutual support, and collective accountability. Collaboration involves the sharing of information, resources, and expertise to achieve shared objectives.

Both cohesion and collaboration are strongly influenced by leadership and relational factors. Managers who foster positive relationships create environments where team members feel respected and valued, which enhances cohesion and collaborative behavior.

2.3.3. Goal Achievement and Productivity

Goal achievement reflects the team's ability to meet performance targets and organizational expectations. Productivity refers to the efficiency with which teams utilize resources to produce desired outcomes. These aspects of team performance are influenced by clarity of goals, coordination of tasks, and motivation of team members.

Manager–employee relationships contribute to goal achievement by ensuring clear communication, timely feedback, and alignment between individual contributions and team objectives.

2.4. The Relationship Between Manager–Employee Relationships and Team Performance

The relationship between manager–employee relationships and team performance is well supported in both theoretical and empirical literature. High-quality relationships enhance trust, communication, and support, which in turn strengthen team processes and outcomes.

2.4.1. Theoretical Integration

LMX theory suggests that high-quality exchanges between managers and employees lead to positive work attitudes and behaviors that enhance team effectiveness. Social Exchange Theory explains how reciprocal relationships motivate employees to contribute beyond formal requirements. Transformational leadership theory highlights the role of inspiration and individualized consideration in building strong relational bonds.

Together, these theories provide a comprehensive explanation of how manager–employee relationships influence team performance. Strong relationships create a positive social climate that encourages cooperation, accountability, and shared commitment.

2.4.2. Empirical Evidence

Contemporary research provides strong empirical support for the relationship between manager–employee relationships and team performance. Lee, Idris, and Tuckey (2022) found that high-quality leader–employee relationships significantly predict team cohesion and collective efficacy. Likewise, a longitudinal study by Montani, Courcy, and Vandenberghe (2020) demonstrated that trust-based leadership relationships enhance team performance by strengthening shared commitment and proactive behaviors. These findings further validate the theoretical assumptions underlying the proposed research model.

2.4.3. Contextual Relevance to APSCO

At APSCO in Saudi Arabia, teams operate within a structured organizational environment that requires coordination across technical, operational, and administrative functions. Strong manager–employee relationships can facilitate smoother communication, reduce misunderstandings, and enhance collaboration. Understanding these relational dynamics is therefore critical for improving team performance and achieving organizational goals.

2.5. Conceptual Framework

Based on the reviewed literature, this study proposes a conceptual framework in which manager–employee relationships serve as the independent variable influencing team performance as the dependent variable. The conceptual model of this study is presented in Figure 1.

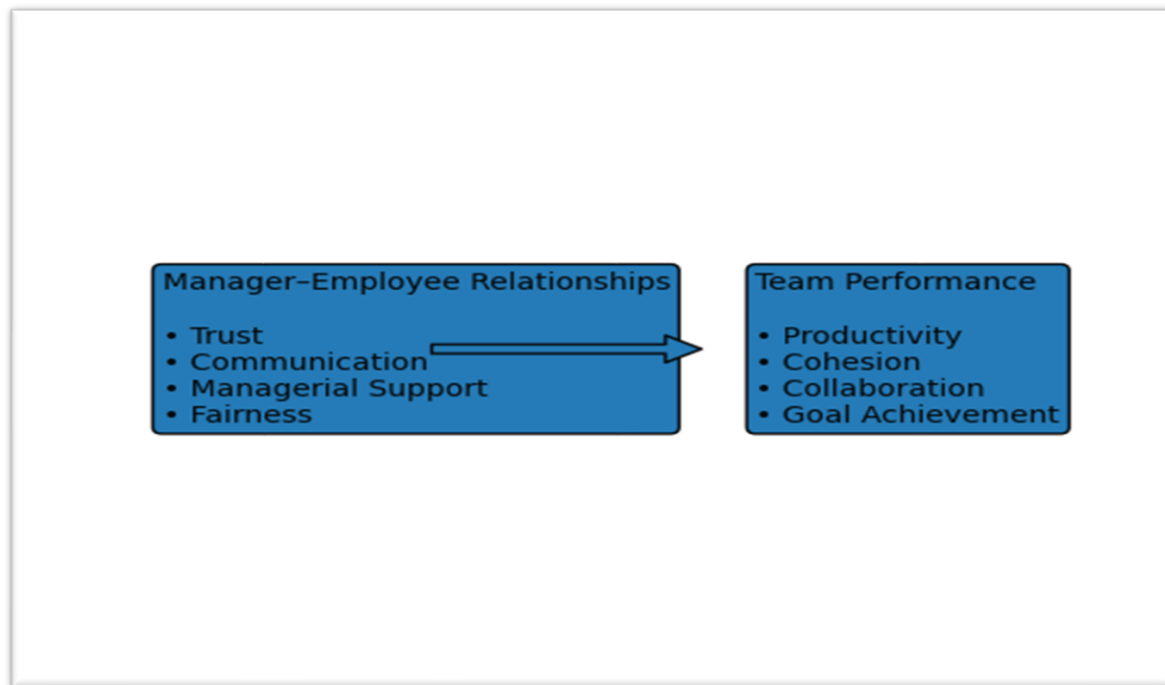
Independent Variable: Manager–Employee Relationships

- Trust
- Communication
- Managerial Support
- Fairness

Dependent Variable: Team Performance

- Team Productivity
- Team Cohesion
- Collaboration Effectiveness
- Goal Achievement

The framework assumes a direct positive relationship between relational quality and team performance. Higher levels of trust, communication, support, and fairness are expected to lead to improved team outcomes.



As illustrated in Figure 1, the study assumes a direct positive relationship between manager–employee relationship quality and team performance.

2.6. Conclusion

This chapter reviewed the literature on manager–employee relationships and team performance, highlighting the theoretical foundations and empirical evidence supporting their relationship. The review demonstrated that leadership is fundamentally relational and that the quality of interactions between managers and employees plays a crucial role in shaping team processes and outcomes.

By integrating multiple theoretical perspectives and empirical findings, this chapter provides a strong foundation for the proposed research model and hypotheses. The insights gained from the literature review justify the need for empirical investigation, which is addressed in the following chapter on research methodology.

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