

# Strategic Aspects Of The Importance Of Employee Management

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## INTRODUCTION

### Emerging Importance Of Employee Management

According to the Herman Trend Alert, at least 30% of the nation's workforce is unsatisfied with their current employment (Duecy, 2004; Grossman, 1999). Employee management is based on ideas and procedures developed to increase worker motivation, productivity and performance. Successful employee management can contribute to not only increased product output but also product quality. Companies rely on skilled managers to hire competent workers who will work productively and make profits for the company. People have always been central to organizations, but today their strategic importance is growing in the knowledge-based business world like never before. An organization's success is becoming increasingly dependant on the knowledge, skills, and abilities of its employees. Without these assets companies would surely fail. How a business is managed and how they take care of their employees and customers, helps set the core competencies, which set an organization aside from its competitors. It is important to align the company's strengths and internal capabilities to that of the external market.

Companies are always looking for more efficient ways to produce goods and services. When new technological advancements give a company a competitive advantage, their competitors can easily catch up by implementing and improving on the new technology. To be successful in today's market, companies need an extremely capable, flexible and dedicated workforce, a flexible and innovative management, and the capability to hold on to developed talent. To accomplish these objectives, the company needs a talented HR department. In addition to hiring the right people to carry out specific jobs, HR managers have to build up dedication and allegiance among the workforce by keeping them up to date about company plans, as well as laying out the implications for job security and working conditions.

## EMPLOYEES' SKILL AND TRAINING

### Critical Success Factors

To be successful, companies must be flexible to allow an adjustment in production and resources to meet changing markets and customer demands. They must, therefore, have employees that possess the skill and training required to perform a range of different tasks. A lack of employee flexibility has historically been the source of the collapse of a number of large companies. Therefore, offering skilled employees high level of participation, independence, preparation, fair wages, and benefits can be a way to attract, inspire, and maintain competent employees who will be dedicated to the long-term goals of the company. The effects of a versatile, skilled and committed labor force results in a very productive organization, which in turn gives the employees job security. It is essential for a company to have flexible employees, if they are going to be competitive in the market.

A firm can achieve a competitive advantage when they have employees that are valuable and well organized. Companies that do a superior job of managing their employees through increasing their knowledge, developing their skills and improving their capabilities add value to the organization. Managers must develop strategies for recognizing and hiring the finest talent obtainable. Once they hire these individuals, they must make

them valuable assets to the company. They must then develop these employees in ways that are specific to the needs of the company, encouraging them to generate new ideas while familiarizing them with the company's strategies.

Employee management is an essential function within a company both traditionally, and more importantly, strategically. Before a company can plan for its needs, it must be aware of its organizational goals and strategy. If managers are to increase productivity, reduce costs, and improve their organization's competitive advantage, they must focus on how to skillfully treat personnel. They need to create an effective compensation plan, focus on motivating employees, become good leaders, recruit and hold on to qualified personnel, develop effective training programs, reward and take care of their employees, promote change, and create an environment that supports the employees. The Human Resource Manager's outlook is filled with challenges and opportunities for overseeing an organization's most valuable resource – its people. Strategic Employee Management is essential to the success of a business in today's highly competitive market place (Hall, 2004).

### **Compensation**

The basis on which compensation payments are made needs to be determined. The way this process is managed can considerably affect employee efficiency and the accomplishment of organizational objectives. Establishing compensation programs require both large and small companies to consider specific goals. Employee retention, payment distribution and observance to the budget must be cautiously weighted against the overall organizational objectives and expectations. Payment must reward employees for past performance while serving as an incentive for future performance. Base salary is only one aspect of a retention plan for important members of the staff. Benefits and incentive plans are important advantages in hiring and maintaining essential employees. Benefits are an established and integral part of the total compensation package. In order to have a sound benefits package, there are certain basic considerations. It is vital that a program be based on specific objectives that are well-matched with the organizational beliefs and policies as well as affordable to the company. By using a flexible benefits package, employees are able to select those benefits that are best suited to their individual needs. Incentive pay plans can be beneficial to both the employer as well as the employee. Employees must see the incentive plan as fair and related to their performance.

### **Recruiting**

By offering enticing compensation packages, equitable pay, flexible benefits and attractive incentives, a company allows itself the comfort of identifying and selecting those which meet the needs of the organization. The selection process, including the interview, should provide as much dependable and valid information as possible about the applicants so that their qualifications can be clearly matched with job specifications. When selecting new executives, a key first step is to analyze the needs of the organization. Interviews should be in a team setting with their peers, subordinates, and bosses participating in the selection process. The interview is a significant source of information about the job candidate. This gives the Human Resource manager the most pertinent information for making a well-informed decision about which applicant will realize the needs of the organization. HR should oversee the integration process of the new executive by briefing him/her on the company and giving him/her insights into its culture and clarifying expectations, setting goals, and coaching new executives (Grossman, 1999). HR should counsel them to move quickly, but prudently; help them adapt to the style of a new workplace; help them with their social skills, if needed to foster good personal relations with peers and subordinates. When HR is involved in the executive search and the acclimatization period, the outcome can be much more promising.

In filling job openings above entry-level, it can be beneficial to use internal promotions. By recruiting from within, a company rewards employees for past performances and sends a message to other employees that their future hard work will payoff, while taking advantage of previous investments made in recruiting, choosing, developing, and training its existing employees.

## **Training**

If companies can obtain employees who are adequately trained for their assigned responsibilities, who realize that if they perform well, they will be rewarded as well as have the opportunity to enhance their position within the company, they will perform to their absolute best for the company. Many individuals are inspired more by intrinsic characteristics of work such as the importance of the job content than by external aspects such as compensation.

Many companies require continuous training for effective job performance. In order to have successful training programs, organizations can utilize a systems approach. Managers must create a context for training by determining where training is needed, how it ties in with strategic goals, and how organizational resources can be optimally used.

For the most part, the success of a company depends on the performance of its employee (Smith and Manna, 2006a, 2006b). To verify the contributions of each employee, it is necessary to have an official assessment program with clearly declared objectives. Companies need to know if each employee is contributing to the goals of the organization. These performance evaluations include recognizing a person's strengths and weaknesses, removing external performance obstructions, and creating training programs. This way, organizations can be sure suitable employees are assigned to appropriate tasks.

## **Employee Retention**

The importance of employee management can be found everywhere. However there are some key components that firms must follow in order to gain, as well as maintain, employees as their number one resource. One key is employee retention. An employee retention strategy leads to the promotion of effective employee communication which in turns provides commitment and enhances the workforce. A recent study conducted by Watson Wyatt revealed that in order to retain the best employees, companies need to offer programs that inspire on a deeper level than compensation alone; this can be achieved by opening the doors of communication, job satisfaction, effective leadership, fair performance systems, and a positive work environment. These ideas seems easy, however, firms are finding that they are not as easily obtainable as one may have thought. For example, in China many domestic and private companies are facing double-digit turnover rates. Their main concern is looking for ways to gain a competitive edge in hiring over competition (U.S. & Europe). This problem is not just facing China; it is a common problem of many companies worldwide. There are different ideas to obtain retention in order to gain a better understanding of Human Resource Management.

Quality of life, corporate culture, and professional development are some of the best ways to retain top employees. Paying attention to quality of life is an important step to in order to retain employees. Bertucci's Brick Oven Pizzeria president offers up some important tips to stay on top. His first step was to link brand with culture. In order to establish culture among employees, Bertucci implemented several programs that opened up the lines of communication among his employees. The first was an employee newsletter and English classes for non-English speaking workers as well as fun competitions that got all workers involved. Shortly after Bertucci focused his energy on building culture, management turnover decreased and employee satisfaction increased across the board. If Bertucci's Brick Oven Pizzeria is not what comes to mind when we think of a successful corporation, maybe we should start. Bertucci had one goal to gain the retention of employees however; in the end he gained a lot more. When companies start focusing on their number one asset, their people, retention is no longer an issue. Randy Lanning, vice president of Bob Evens Restaurants, stated "our people are the primary asset that helps keep us successful." Lanning realized the power of his people and now he has more than 43,000 employees working for him.

Employee retention issues can be found everywhere, whether your company is in the restaurant industry like Bertucci or in China. Organizations, in order to maintain retention among employees, need to follow some of these guidelines so that they do not make the same costly mistakes in their industry. Employee retention can be achieved when a company establishes a positive work environment that promotes communication.

## **Motivating Employees**

Business is only as effective as the people who work in it. If employees are not motivated, then attitudes are reflected in their job performance. When people are motivated and inspired, they are more creative and productive and they are less likely to leave. We will examine some basic strategies that will help to motivate employees. Employers should first realize that employees are not all motivated by the same things. Therefore, they need to try a number of different techniques in order to gain full motivation from workers. The first step employers should take is to build rapport. A recent survey conducted by Business Credit stated that 43 percent of executives said a relationship with managers had an impact on job satisfaction. Companies can learn a lot from this statement. With the ever-growing world of computers and email, managers are losing increasing amounts of face time. Too much of this is not good and can lead to toxic worry and mistrust. We could all learn from William Hewlett's walk around management approach, he simply would go to everyone's desk too help build rapport.

Rewarding open communication is important on a number of different levels to create working capital. Encouraging feedback and communication promotes job security. Support growth, challenge workers to keep their interest high, helps them build their skills. Find out what employees aspire to do with their careers, realize their goals and structure around them. If trust is encouraged, employees are not afraid to share ideas and possible solutions to problems. The more empowered employees are, the more invested they become in their work. Look for ways to get employees together outside of work. Competitive compensation is critical, because if staff is under paid, managers send them the message that they are not valued. Managers need to make it a point to express the idea that they are there to help. Often times it seems that managers just get used to the idea that someone else is taking care of a situation. Simple things like longer lunch hours and encouraging vacations can really make a difference.

In the end what motivates employees the most are their mentors, which in most cases are their managers. When managers set the example, employees are bound to follow. The underlining theme is to keep the lines of communication open to facilitate trust and growth.

## **Human Behavior**

Human behavior plays a major role in the effectiveness of Employee Management. The way people interact with each other will help determine the success of the firm. With the emergence of the Internet and various forms of communication, the amount of human interaction has been decreased which could cause problems with miscommunication within the organization. Edward M. Hallowell has coined this behavior as the "Human Moment" as is defined as "an authentic psychological encounter that can happen only when two people share the same physical space." (Hallowell, 59) Hallowell's concern is with the loss of this human moment due to the increase use of the e-communications and the damage it may cause to the infrastructure of the organization. In general the effective management of employees resulting in a positive atmosphere can lead to a more homogeneous workplace and ultimately increased productivity. An example of this positive behavior is the case of Lincoln Electric where the company was at risk to go bankrupt, but through an honest management staff and employee determination and sacrifices, the company was able to turn around and become profitable once again. Lincoln Electric's turnaround was a result of effectively managed employees. Through this management the work force went far beyond what many other employees would have done in the same situation. This positive behavior has been instilled into their lifestyles and has benefited the company in more ways than one. Studies have shown that employees who are valued by their company will exert this type of performance for that company, no matter what the cost. The same can be said for the opposite situation. Those employees who do not feel a sense of value display a lack of dedication and, in turn, decreased productivity.

## **Promoting Positive Change**

There are many reasons that the workforce may resist change, such as; fear of the unknown, threatening job security, and lack of resources. However, today's business environment is ever changing and managers must encourage change to keep up with competition. One way change is encouraged is through the empowerment of subordinates in certain aspects of their daily duties. This concept would never have been thought of in the past. It is

now commonly used by organizations and quite effectively. This eventually delegates authority from mid-management down to the frontline workers, freeing up the managers to perform other duties and problems can be handled in a timelier manner. This results in a flatter organization that many organizations have been following to increase communication, productivity, and morale. Another way to promote change is the method of planning used by today's managers. Previously, plans were implemented and carried out for lengths of time without any type of change. This often led to market wide stagnation and saturation. With today's changing technology, plans must be flexible and they must be constantly monitored and altered. This is referred to as emergent strategy where managers change and emerge from the new economy.

Employees should be told details of what changes will take place and why the changes are necessary. If the workforce sees that they are respected, they will be more open minded to the changes. Changes will inevitably take place in today's organizations and managers need to have strong communication skills to build staff support and strong planning skills in order for the changes to occur successfully. It is important to move people forward and make sure they are involved in the changes while working toward the goals of the organization.

### **GENERAL CONCLUSIONS AND IMPLICATIONS**

Employee Management is strategically necessary in developing employees that are able to deliver and achieve the long-term strategic goals of the organization. Organizations need to focus on the importance of human resources, employee retention, motivating employees, human behavior, and how to promote change among their workforce. Corporate executives will have to look at the most distinctively human elements of the business such as culture, leadership and character in order to obtain a sustainable competitive advantage.

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