

THE MOST USUAL WAYS TO INCREASE EFFICIENCY AND COMPANIES PERFORMANCE THROUGH EMPLOYEE ENGAGEMENT AND TREATMENT – CASE STUDY: KOSOVO'S COMPANIES

Mirjeta Domniku¹

University Haxhi Zeka, Peja, Republic of Kosovo

ABSTRACT

The concept of competitiveness has been considered by many researchers and governments over the last decade, and many studies have been conducted regarding this subject. This paper uses technical efficiency to measure the performance impact of internal corporate governance mechanisms. Specifically, it analyzes how the size, leadership, and composition of the board of directors together with employee engagement can be structured to enhance a firm's efficiency and performance. The study utilizes a balanced and empirical survey, though trying to identify the role of employee in efficiency increment. Data were collected from 22 companies that operate in the territory of Kosovo. Through the data and findings, we identified the importance of employee engagement and their role in different operative and tactical aspects. Discussions and conclusions present some of the important business and management practices, based on literature review, but especially in our findings made from the survey.

JEL CLASSIFICATION & KEYWORDS

■ G00 ■ G3 ■ EFFICIENCY ■ PERFORMANCE ■ COMPANIES ■ EMPLOYEES' ENGAGEMENT

INTRODUCTION

Entrepreneurial entry is an imp and 14 from UDBS) had their contacts missing. Graduates were called before physically contacting them in order to ascertain their availability. Only graduates who were living within the country were involved in the study. The systemic such duties. Another explanation may be the fact that is, technological changes, and more. Demographic analysis anticipates future trends, helping decision makers to prepare policy interventions accordingly. Managers unequivocally agree that this century demands more efficiency and productivity than any other times in history. Businesses are striving to increase their performance. Managers have been grappling with many challenges to succeed by putting their company ahead of competitors. To help managers perform better, different scholars, researchers, and consultants have been contributing their part in showing the best ways they think are useful to managers. Among those suggested techniques, concepts like Total Quality Management (TQM) and Business Process Reengineering (BPR) earned recognition from many authors in the second half of twentieth century and were found to be helpful in increasing organizational performance by focusing on operational and process improvements. They are still being used as tools for management in their effort to plan, execute, and control the desired changes in the operational quality. Thanks to technology, nowadays, business companies are making use of advanced techniques of operation. As sophistication of technologies continues to evolve, they pose more challenges for managers because organizations will require a greater number of employees with increased technical and

professional skills. These knowledge workers cannot be managed with old styles of totalitarian management. They expect operational autonomy, job satisfaction, and status. It is because of these facts that attention of managers is shifting toward employees' side of organizations. In this article, we carry out a literature review in order to find out how many companies that operate in Kosovo's market are focusing on increasing their performance and their efficiency level by utilizing employee engagement and employees' ideas. Managers' eye is focused on how to keep employees engaged in their tasks. Employers now realize that by focusing on employee engagement, they can create more efficient and productive workforce. Any initiatives of improvement, which are taken by management, cannot be fruitful without willful involvement and engagement of employees. Employee engagement as a concept is vast. This article limits itself to discussing only the basic concepts on employee engagement based on recent literatures. There are four major parts. First, the article explores the evolution of the concept, its definition and how it is different from the earlier concepts such as Commitment, Organizational Citizenship Behavior (OCB), and job satisfaction. Second, the article discusses the factors or drivers leading to engagement. Third is on how do employees affect Kosovo's company's efficiency. The last part is on how do managers value their role, responsibility, etc. We will have gained a better understanding through the course of this article.

Literature Review

Expansion of global markets and increasing communication among different countries have led to much development in business environment. This is the same concept that is closely associated with economic globalization process. Today's increasingly dynamic business environment is forcing organizations to search for new ways to gain an advantage or an edge over their competitors (Terpstra & Limpaphayom, 2012). In globalization age, the economic competition among countries and economic enterprises have increased globally and governments have put forth a lot of effort in this field. Maybe that is why the concept of competitiveness is considered the most important key in the international economy. The concept of competitiveness has been applied by Michael Porter at a wide extend of competitiveness of enterprise and industry to national and global competitiveness. Porter and Schwab defined competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country (Porter & Schwab, 2008). In other words, economies with higher competitiveness level are usually able to provide higher levels of income for their citizens (Vares, Parvandi, Ghasemi, & Abdullahi, 2011). In the view of Organization for Economic Cooperation and Development (OECD), the ability of a country to produce commodities and services for presentation in the international markets is one of the most important dimensions of competitiveness (Razavi, Mostafa, Rohollah, & Kashani, 2011). Efficiency generally refers to using the minimum number of inputs

¹ mirjeta.domniku@unhz.eu

<http://www.journals.cz>

for a given number of outputs, while performance can be defined as an appropriate combination of efficiency and effectiveness (Özcan, 2007). It is essential to make some actual measurements of efficiency if the theoretical arguments as to the relative efficiency of different economic systems are to be subject to empirical testing. If economic planning is to concern itself with particular industries, it is important to know how far a given industry can be expected to increase its output by simply increasing its efficiency, without absorbing further resources (Farrell, 1957). Moreover, through performance measurement, public and non-profit organizations can become accountable for their results, be more responsive to clients and constituents, improve planning and budgeting programs by exhibiting the existing position, and determine the effectiveness of performance efforts (Berman, 1998).

What will happen to an organization if its employees are disengaged? Employees who are not engaged are likely to be spinning (wasting their effort and talent on tasks that may not matter much), settling (certainly do not show full commitment, not dissatisfied enough to make a break) and splitting (they are not sticking around for things to change in their organization), have far more misgivings about their organization in terms of performance measures such as customer satisfaction (Blessing White, 2006; Perrin Report, 2003). Mere (2005) based on the survey conducted by ISR on 360,000 employees from 41 companies in the world's 10 economically strong countries finds that both operating margin and net profit margins reduced over a three year period in companies with low engagement, while these measures increased over the specified period in companies with high levels of engagement. So far we have discussed the evolution and definition of employee engagement, the factors that affect it and importance of employee engagement explaining how it is linked to business performance. Now, at this stage, any inquisitive reader may ask a question: So what? Employee engagement strategies listed below answer this question. In order to have engaged employees in any organization, managers need to look at the following ten points. We can call these points "tablets" because it is believed that they will cure employee disengagement diseases. These ten tablets are as follows:

- Start it on day one: Most organizations do have clear new talent acquisition strategies. However, they lack employee retention strategies. Effective recruitment and orientation programs are the first building blocks to be laid on the first day for new employees. Managers should be careful in pooling out the potential talent of the new employees through effective recruitment. The newly hired employee should be given both general orientation, which is related to the company mission, vision, values, policies, and procedures; and job-specific orientation, such as his/her job duties, responsibilities, goals, and current priorities of the department to which the employee belongs, in order to enable him/her to develop realistic job expectations, and to reduce role conflict that might arise in the future. After the hiring decision is made, the manager has to ensure role-talent fit when placing an employee in a certain position and exert all managerial efforts needed to retain that talent in the organization.
- Start it from the top: Employee engagement requires leadership commitment through establishing clear mission, vision, and values. Unless the people at the top believe in it, own it, pass it down to managers and employees, and enhance their leadership, employee

engagement will never be more than just a "corporate fad" or "another HR thing." Employee engagement does not need lip-service rather dedicated heart and action-oriented service from top management. It requires "leading by example."

- Enhance employee engagement through two-way communications: Managers should promote two-way communications. Employees are not receptacles of managers' ideas without giving them a chance to provide some feedback on issues that matter to their job and life. Clear and consistent communication of what is expected of them paves the way for engaged workforce. Involve your people and always show respect to their input. Share power with your employees through participative decision making, so that they would feel a sense of belonging thereby increasing their engagement by realizing it.
- Give satisfactory opportunities for development and advancement: Encourage independent thinking by providing more job autonomy, so that employees will have a chance of exercising freedom in choosing their own best way of doing their job so long as they are producing the expected result. Manage through results rather than through the processes by which that result is achieved.
- Ensure that employees have everything they need to do their jobs: Managers are expected to make sure that employees have all the resources such as physical or material, financial and information resources in order to effectively do their job.
- Give employee's appropriate training: Help employees stay up-to-date with their knowledge and skills through appropriate trainings. Generally it is understood that when employees get to know more about their job, their confidence increases thereby becoming more capable of working without much supervision from their immediate managers. This in turn builds their self-efficacy and commitment.
- Have strong feedback system: Companies should develop a performance management system, which holds managers and employees accountable for the level of engagement they have shown. Conducting regular survey of employee engagement level helps identify the factors that promote engagement. After finalizing the survey, it is advisable to determine all the factors that drive engagement in the organization, then narrow down the list of factors to focus on two or three areas. It is important that organizations begin with a concentration on the factors that will make the most difference to the employees and put energy around improving these areas. It may be difficult to address all factors at once. Managers should be behind such survey results and develop action-oriented plans that are specific, measurable, and accountable, and time-bound. When employees get more pay, recognition, and praise, they tend to exert more effort into their job. There should be a clear link between performance and incentives given to the employees.
- Build a distinctive corporate culture: Companies should promote a strong work culture in which the goals and values of managers are aligned across all work sections. Companies that build a culture of mutual respect by keeping success stories alive will not only keep their existing employees engaged, but will also baptize the new incoming employees with this contagious spirit of work culture.

- Focus on top-performing employees: A study conducted by Watson Wyatt Worldwide in 2004/05 on HR practices of 50 large USA firms shows that high-performing organizations are focusing on engaging their top-performing employees. According to the finding of the same research, what high-performing firms are doing is what top-performing employees are asking for.

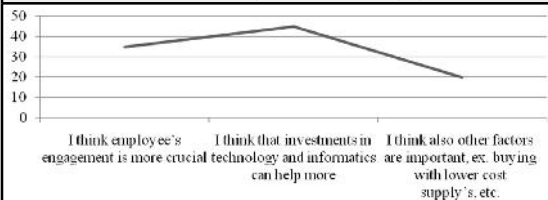
Note that there is a lack of sufficient literature on what could be the challenges that hinder the leaders' effort to improve their employee engagement scores. Most researches on the area focus on identifying the drivers or factors leading to engagement; however, they fail to clearly indicate the articulated strategies to get employees engaged in their work. The suggested strategies will definitely have financial implications on organizations. However, researches do not lucidly show the cost of effort aimed at increasing employee engagement.

Empirical research based on the subject of study

Based on the literature review and the topic of the research which is defined, we made an empirical research, by securing secondary data from the surveys made in some of the most important and strongest companies operating in the Kosovar market.

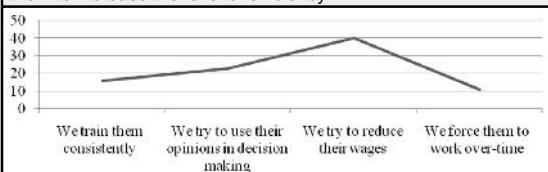
The survey is made by a questionnaire, and the result of the research will be presented by statistical graphs and textual description. Our research focused on seven questions that are related to the topic of this article, and the main objective is to define how companies increase their efficiency through employee engagement and the way of leading them. Consequently, we present each question and the managers' answer to each of the question presented.

Figure 1: Question one - Do you achieve an increase in the level of companies efficiency through employees engagement?



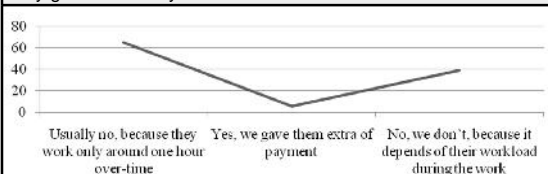
Source: Author

Figure 2: Question two - Which are the methods you use to engage them to increase the level of efficiency?



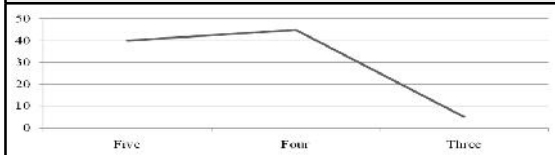
Source: Author

Figure 3: Question three - If you force them to work over time, do they get extra salary?



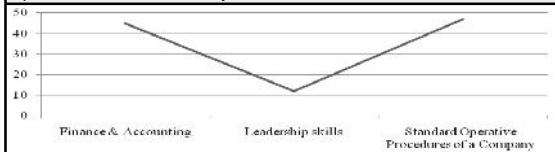
Source: Author

Figure 4: Question four - Do you share opinion that employee's engagement is more important for increasing efficiency, or also other factors?



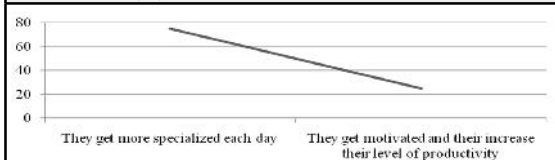
Source: Author

Figure 5: Question five - Do you invest in employee's specialization, and usually in which field at most?



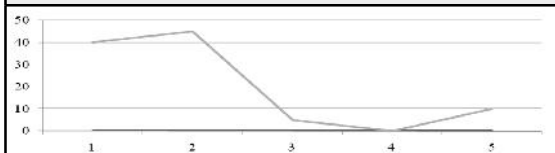
Source: Author

Figure 6: Question six - How do you measure the impact of employee's engagement in the aspect of efficiency increment?



Source: Author

Figure 7: Question seven - How much must companies engage their employees in process of decision making in perspective of efficiency increment? Answer from 1 for minimum and 5 for maximum?



Source: Author

Discussion

To date, there is no generally accepted definition of employee engagement. However, there is growing consensus among the authors that the construct is distinguishable from related concepts in management, such as employee commitment, organizational citizenship behavior, and job satisfaction in such a manner that employee engagement clearly reflects the two-way exchange of effort between employees and employers. It has stretched meaning beyond the aforementioned constructs. Research on engagement is still in its infancy, attempting to come up with more clear-cut and acceptable definition. Most studies demonstrate that feeling valued by management, two-way communication between management and employees, management's interest in employees' well-being and giving more opportunities for employees to grow are the top drivers of employee engagement. Nevertheless, as studies indicate, employees do not give much importance to pay and benefits. This might be the case because almost all the surveys were made in companies working in economically-well-to-do countries. The priorities of drivers might have varied if similar surveys

were undertaken in other third world countries, e.g. African countries. Therefore, there is a need for more global surveys including more number of countries. The literatures indicate that employee engagement is closely linked with organizational performance outcomes.

CONCLUSION

Companies with engaged employees have higher employee retention as a result of reduced turnover and reduced intention to leave the company, as well as higher productivity, profitability, growth, and customer satisfaction. On the other hand, companies with disengaged employees suffer from waste of effort and bleed talent, earn less commitment from the employees, face increased absenteeism, and have less customer orientation, less productivity, and reduced operating margins and net profit margins. Most researches emphasize merely the importance and positive impacts of employee engagement on the business outcomes, failing to provide the cost-benefit analysis for engagement decisions. As any other management decisions, engagement decision should be evaluated in terms of both its benefits and its associated costs, without giving greater emphasis to neither of the two, not to bias the decision makers. Thus, there is a need to study the cost aspect of engagement decisions. In the study made in the firms of Kosova, it can be seen and assessed that employee engagement improves the efficiency process. What is more important, that we could recognize, is the disproportion of efficiency level and in-effectiveness level, because, in most of cases and results, employees do not get paid for their extra work that they do, and that is the opposite of effectiveness. This is despite the results indicating that the employee engagement is very important in achieving the efficiency of companies, and of course its performance in general, as was described in survey results, e.g. profit increscent, level of specialization, decreasing the production cost, etc.

REFERENCES

- Berman, E. M. (1998). *Productivity in Public and Nonprofit Organizations: Strategies and Techniques*. California: Sage Publications In.
- Bogetoft, P., & Hougaard, J. L. (1998). Efficiency Evaluations Based on Potential (Non-Proportional) Improvements. *Journal of Productivity Analysis*, 12, 233-247. doi: 10.1023/A:1007848222681
- Domniku Sokol (2010): Role of IT in increasing the efficiency of trading sector firms. "Journal of Business Administration", Faculty of Applied Science in Business, University of Prishtina, Kosovo. Retrieved from <https://www.researchgate.net/publication/265906847>
- Farrell, M. J. (1957). The Measurement of Productive Efficiency. *Journal of Royal Statistical Society*, 120(3), 253-290. doi: 10.2307/2343100
- Özcan, Y. A. (2007). *Health Care Benchmarking and Performance Evaluation: An Assessment Using Data Envelopment Analysis*. New York: Springer Science + Business Media, LLC.
- Porter, M. E., & Schwab, K. (2008). *The Global Competitiveness Report 2008-2009*. Geneva: World Economic Forum.
- Razavi, S., Mostafa, G., Rohollah, A. B., & Kashani, M. (2011). Relationship between Technological readiness and Innovation: A Secondary Analysis of Countries Global Competitiveness. *European Journal of Scientific Research*, 59(3), 318-328.
- Terpstra, D., & Limpaphayom, W. (n.d.). Using Evidence-Based Human Resource Practices for Global Competitiveness. *International Journal of Business and Management*, 7(12).
- Vares, H., Parvandi, Y., Ghasemi, R., & Abdullahi, B. (2011). Canonical Correlation Analysis between "Efficiency enhancers" and "Innovation and sophistication factors" in Global Competitiveness. *European Journal of Economics, Finance and Administrative Sciences*, 31, 123-132.