

Employees' Performance Contribution to the Growth of the Company on the Emerging Markets – a Managerial Approach

Raluca Ioana Vosloban¹

Abstract: An appropriate human resources strategy can be the necessary competitive advantage that a company must have on the emerging markets in particular. This paper aims to underline the managers' implication on the employees' performance, what strategies are used to retain them, what influences their performance, how this contributes to company's growth and development. These are important aspects, being part of the continuous improvement plans on the emerging markets. More studies have treated this topic and its relevance to the economic literature, trying to provide more explanations for the variance of employees' performance and its results within different types of organizations. This study used the semi-conducted in-depth interview method, among 13 managers from Bucharest, having three tested and confirmed hypotheses. It was confirmed that there are various factors that influence employees' performance and factors that prevent employees from being performant. The employees' performance significantly contributes to the growth of the company. This study has mainly managerial implications, as it emphasizes the role of the human capital to the success of the company. The study is valuable through the emerging character of our country and the need of efficient strategies that could provide competitive advantage.

Keywords: Management; Strategy; Development; Competitive Advantage; Internal Marketing

JEL Classification: L1; M12; O15

1. Introduction

The companies that know how to make a strategy from their ability of using the resources efficiently will grow faster and will get known on the market. This is mainly considered a managerial responsibility and the results depend not only on management's capabilities, but also on the hired employees. We can discuss here about the performance management concept, as the performance represents one of the most important aspects that must be taken into account when talking about the internal marketing of a company, but not only. Reaching performance to the highest level becomes more and more a challenge, given the continuous development of the companies and the continuous increase of the market standards. This assumes not only providing quality of the service and products, but also having a performant workforce. The more the employees exceed expectations, the

¹ PhD Student, Academy of Economic Studies, Romania, Address: Piata Romana Square, Bucharest, Romania, Tel.: +4(0)21.319.19.00, Fax: +4(0)21.319.18.99, Corresponding author: raluca_ioanad5@yahoo.com.

greater the company's competitive advantage will be. This is mainly considered a managerial responsibility and the results depend not only on management's capabilities, but also on the hired employees. A strong company will always attract and retain talents, as they are the basis for its success, as well as the leverage that sustain it. This study was conducted among different companies from Bucharest, Romania - an emerging market with great development opportunities, and the questions for the managers were constructed under the umbrella of the emerging market they activate on. The performance has a significant role on the company's growth and performance on the emerging markets, given the low standardization level and the continuous improvement and innovation requirements.

2. Employee's Performance and Company's Performance on the Emerging Markets

Nowadays, on the emerging markets, the performance management is being looked as a participative system, continuous and future oriented, is being looked as an ongoing cycle of criteria settings, monitorizations, evaluations, diagnosis and improvements, action plans and development resources (Shields, 2007). According to Armstrong (2006), is the top managers' responsibility to develop a high performance culture, and Gruman & Saks (2011) consider that performance management is a critical aspect of the organizational efficiency and although the performance evaluation is the basis of the performance management, the entire process extends to all the organizational policies and practices and creates features that interact for producing effectively the employee performance. The performance management is a systematic process of the workload planning and expectations setting, of the continuous performance monitorization, development of the performing capacity, periodically performance evaluation and high performance recompensation (United States Office of Personnel Management, 2001, p. 5). With respect to employees, it was concluded in a study that high tech organizations are laying off employees in their developed markets in order to devote capital to these emerging markets (Rasch, 2012, p. 3).

Performance is a resource consumer factor (Pitt & Foreman, 1999, p. 29). Thus, the higher performance ambiguity within the employer-employee exchange will increase the negotiation cost, as well as the monitorization and agreements between the organization and its employees costs. This is due either to the lack of ability of measuring the performance of the exchange involved parties, or, when performance can be measured, its value is not evaluated properly. When the exchange object is complex, the value adding is possible only on long term, and the performance ambiguity increases. Moreover, the performance ambiguity is a main source of the transactional cost. The more complex the employment exchange is, the more performance ambiguity increases. Thus, the expectations level and requirements

must be defined as clearly as possible and to offer any possible interpretations – here, the communication has a huge importance and one must pay a special attention to the ways this is performed, as efficient as possible. To note, one must take into account three variables of communication, for this to be successfully completed: frequency, bi-directionality and quality (Massey & Dawes, 2006, p. 1119). The appropriate communication will lead to relationship consolidation. Thus, Schweitzer & Lyons (2008) highlight the importance of a high value relationship creation between the employees and employers. For this to be possible, those types of potential employees must be identified, who can offer as much value as possible to the organization in reaching the strategic objectives and recruitment of these persons in an employment relationship, which will develop in benefits for both the employer and employee, fact that will inevitably lead to the increase of the performance. The point is to create a feeling of safety and to reduce the fear of failure. Fear leads to inefficiency and poor performance (...) the employees must feel secure and this can be accomplished by making sure that they have the necessary and relevant knowledge in relation to their jobs (Martensen & Gronholdt, 2006, p. 97).

Moreover, the orientation, organization and operationalization are the three pillars that determine the degree of distinction that firms performing marketing activities can achieve above other firms (Leeftang, 2011, p. 76). Thus, for the employer, the sustainable competitive advantage is created when the employees are instructed and encouraged to use their abilities for creating knowledge, advantage that has as basis the formation of organizational competencies, according to Shahzad et al. (2012), who underlines in the same time that more than 60 studies taken between 1990-2007 have shown that a strong organizational culture has a positive impact over the employee performance. For this to be put into reality, is necessary that both parts understand the nature of the expectations and to make sure that each of them gives the same high importance to the other (Schweitzer & Lyons, 2008, p. 558).

To continue, job satisfaction is an important index of performance measurement as efficiency of the internal marketing strategy of the company, next to factors as employees' empowerment and their active participation in decision making (Gounaris, 2005, p. 441), and the high degree of the employee commitment leads to performance increase (Gruman & Saks, 2011, p. 123). Similar, those companies that share their earnings with the employees have a higher financial performance in comparison to those that do not do this, as well as those that provide flexible working hours and development programs which encourage the active intellectual participation (Ind, 2007, p. 170). In an original empirical research, it was presented its contribution to the marketing literature by placing frontline employees squarely within the theoretical domain of innovation implementation. Each manager must pay attention to the employees' needs and to provide them the possibility to expose their ideas and to prove their abilities (Cadwallader et al, 2010, p. 220).

With all these, Allan (2010), within a study conducted through human resources specialists, has shown that only in 65% of the organizations the management required complete evaluations for their employees. Moreover, they mentioned that 63% of the managers who evaluate lack the courage of having employee discussions with a higher difficulty level regarding the performance, and 47% of managers consider that performance management is a human resource process and not a critical one for the company success. Finally, low skills were noticed among 36% of managers in objectives setting at the beginning of each employee's evaluation cycle. According to Barr (2012), there are more than several reasons for which managers continue to choose individual evaluations of the performance, such as: employee's motivation, reward of the most performant ones, decision validation of laying off the ones with low performance, continuous promotion and development opportunities, so that the organization and the existing processes to perform better. The more time employees spend within one company, the more familiar they get with its practices, the more they learn and the more their value increases. Because of the employees, the customer builds a bound based on trust and expectations and when these people leave the company, the bound is broken (Ind, 2007, p. 170).

The human resources are the only assets that need to be nurtured generously, as the employees as actually the most valuable resource of the organization and keeping talent within is now becoming a central goal for HR professionals (Mishra, 2010, p. 190). Moreover, the internal marketing orientation has implications not only for internal aspects of the organizational performance, such as employees' retention, their motivation, satisfaction and organizational commitment, but also for external aspects of performance such as service quality, client satisfaction and, in the end, financial performance (Lings, 2004, p. 408). All in all, the employees will always search those employment relationships that invest in their personal growth (Schweitzer & Lyons, 2008, p. 562).

3. The Objectives and the Methodology of the Research

The research was driven around *five objectives*, which aimed:

- To identify the way the employee performance is understood by the managers and how do they evaluate it
- To identify the factors that influence the employees' performance, how the performance employees are retained and the strategies that are applied
- To identify to what extent the employees' expectations are met, as well as managers' expectations
- To identify how does the employees' performance contribute to the growth of the company

- To identify the managers' role in employees' performance reflecting in company's development and growth

For being able to meet these objectives, the study followed *three hypotheses*:

H1: The managers agree that there are various factors that influence employees' performance, as well as factors that prevent employees from being performant

H2: Managers' role and adopted strategies are significant for the employee's performance to reflect in companies' growth

H3: Employees' performance significantly contributes to the increase of the company's performance.

The study was conducted among 13 managers and supervisors from different private companies in Bucharest which had different activity fields. This is an exploratory qualitative research driven using semi-structured in depth interview, part of the also called in depth questioning (Demetrescu, 1973, p. 175), having with duration of 2 weeks from the end of June until the middle of July 2012. The dialog with each respondent took between 30 and 40 minutes and was registered on electronic support, having each respondent's consent. This technique was chosen for gathering the necessary basic information that will support the quantitative research that will be conducted in the months to come.

4. The Results of the Research

At first, managers were asked to explain what performance represents from their point of view. The answers have shown that most of them agreed that the performance is reached when the individual and collective objectives are met and even exceeded and when very good results are obtained – some of the respondents underlined the importance of the customer in reaching performance, as, next to the employees' competencies, the trust of the customer is the key factor. Only one respondent did not provide a general definition for the performance, as he wanted to make a clear difference between what the company's performance means and what the personal performance means and to underline each one's contribution to the another. Moreover, all the respondents agreed that each employee is responsible for reaching performance, by successfully completing the tasks and meeting the objectives – the managers' role here is to ensure the appropriate environment, resources and support by taking the right decisions. For being performant, an employee must not only fulfill his own tasks, but also get involved in more activities and bring personal contributions to the company's development, have maturity in decision making, innovative ideas and a good relationship with colleagues – all these in order to bring more value to the company and to the provided services to the final customer.

In order to identify the factors that influence their employees' performance, most of the respondents organize evaluation session twice a year with their employees. Only two of the 13 managers stated that the evaluation system is based on both quantitative indicators such as income, profit, costs and qualitative indicators such as customer satisfaction, SLA (service level agreement), KPI (key performance indicators). The rest on 11 interlocutors analyze performance through the employees' level of implication in completing tasks, the capabilities they have, the communication skills, the attitude and relationship with colleagues and customers, as well as innovation and decision making capacity. As a result of such evaluations, most of them consider that the main factor which influence the employees' performance, is the personal motivation - it is interesting to analyze in future studies what exactly does this involve. Moreover, the performance is influenced by the working environment, the benefits and rewards, the promotion opportunities, the clarity of the tasks, the communication quality and frequency, as well as by the relationship with the customers. Employees must be driven by personal willing for doing their job responsibly and with dedication and to understand their role within the organization and that their performance reflects in company's performance.

As well as there are factors which positively influence the employees' performance, managers were able to identify those aspects that prevent employees' from being performant; three of the respondents could not identify such issues within their companies. The other interviewed persons agreed that the overload, the complexity of the job and the dissatisfaction related to the financial reward, as well as the way the tasks and expectations are defined are actually obstacles in increasing the performance level – we can add here that the communication and its quality has a vital role and the lack of it leads to confusion. Moreover, after a longer period spent within one company, employees' financial expectations increase and more often they do not get what they deserve and the motivation level decreases and so does the performance level. The quality of their work won't be the same, fact that reflects in the companies' performance on the market. A special attention must be given to the way the employees are motivated within the multinational companies, as they require a more rigid system and regulations regarding the exposure of innovative ideas, the salaries, the promotion opportunities and the continuous changes. The lack of commitment and shared values towards the company, will lead as well to a decreased performance – a good manager will always select those employees that correspond to the job description and whose personal abilities match the job requirements. These being concluded, we may agree that the **H1 can be accepted.**

Of course, as the company's performance directly depends on each employee's performance, managers always try to find and apply the best strategies for increasing performance and retain performant employees. Thus, all the respondents

agreed that encouraging personal development and initiative and create the appropriate environment and opportunities are methods that can increase the level of performance. In plus, creating a competitive environment and a positive image of the company on the market, the employees are stimulated to perform better. Also, their requirements and suggestions are put together by participating to short evaluation sessions and a good manager will take them into account, will organize training sessions suitable for each employee's requirements and development plan. Moreover, the employees' potential is stimulated by empowering and involving them in different activities with a high responsibility level, providing them the chance to participate to national and international conferences and by rewarding them according to their results, making sure that each employee is aware of his value and of the value of the results he or she had. A positive and opened environment also allows to the employee to develop his imagination and put into practice the innovative ideas he has for the business growth, like the opportunity to have new business ideas and develop L6 sigma programs.

The high performant employees are difficult to be retained, but managers are trying to find the best solutions for both the companies and employees, so that they do not leave the company. Thus, they mostly choose methods such as promotion or salary increase, but they did not forget to mention the professional training sessions and career development programs, as special requirements on the emerging markets. One of the respondents agreed that the medical insurance and benefits such as laptop, mobile phone and a car would be the best option for retaining good employees. Moreover, opinions such as providing the employee the necessary degree of liberty to choose his own professional development plan, giving him the chance to make important decisions, within a strong organizational culture with and a flexible environment, would be the appropriate way of retaining the employees. We might conclude here that actually the best method to retain employees does not exist, as this depends from a company to another and from an employee to another – this decision is to be taken according to the individual requirements and to the market requirements.

Of course, together with the employees' performance increase, the managerial expectations increase as well. The respondents agreed that this is actually a normal and logical aspect, as indeed a capable employee will always be considered to be capable of doing more, at least at the same performance level. Again, one of the respondents mentioned that this leads to self-perfection; they become key employees who add value to the company's performance level. Another interlocutor underlined the fact the one should pay attention to the employees' talent and skills, as it is very likely that to a certain point, the job no longer to correspond and failure to closely follow. Moreover, we should not forget about the fact that also the employees' expectations and requirements increase, the more their performance level increases. Basically, they expect in return appreciation, value

recognition, financial or material rewards, promotions, days off, flexible working hours and participation in decisions making. The managers, whose companies have larger budgets, agree that the gifts offered with special occasions or paid vacations are very welcomed by the employees. All in all, the employee must feel his importance and that the work he does is highly appreciated and recognized accordingly, as from a certain level the financial motivation is no longer enough. Again, there is no specific rule for applying recognition methods, as they vary from one person to another. As assumed, **H2 can also be accepted.**

It was also interesting to analyze the way the managers consider that the employees contribute to the growth and development of the company. The managers agreed that a performant employee will not generate extra costs and delays and will always generate positive results. The innovative ideas, the respect shown to the clients, the continuous search of development opportunities and cost reductions. A received answer such as "a performant employee provides a competitive advantage on the market and the service delivery will be done before competitors" emphasizes the importance of such employees over the company, who actually are aware of their activity impact on the organization's performance. The reasons why the managers agree that the employees' performance reflects in company's performance are the positive results obtained, the understood correlation of specific and general objectives and their fulfillment. The performant employees, as already mentioned, will decrease the level of costs, will gain more customers and with no doubt will improve the company's image on the market. For optimum results, the management style is very important, as the participative one will allow the employee to significantly contribute to the company development, in comparison to the authoritarian one, which will limit these possibilities. To note, there is a bidirectional bound between the company's performance and employees' performance – one influences the other and vice-versa.

To continue, the management has a critical role for the employees' performance to reflect in the company's growth. When asked to describe this statement, the respondents provided various answers; they mentioned that this can be achieved through correct tasks and objectives communication and employees' motivation, keeping a transparent relationship with them, assigning to each employee the appropriate tasks according to his skills and experience within an appropriate environment. Each manager needs to make sure the employees understand their role and action accordingly. The continuous improvement plans on the emerging markets, as well as the continuous implementation of various processes and procedures and correct and efficient communication and listening methods are elements under management's responsibility, ensuring that these are in accordance with the company's vision, mission and values. Finally, all the respondents agree with the fact that the employees' performance has a significant role on the company's growth and performance on the emerging markets. Thus, the

employees' performance is a necessity in every company, especially on the emerging markets, where the company's growth takes into account the employees' ability of taking advantage of the opportunities and value them in order to get the best results. Moreover, as on this type of market, the combination between the experience and innovation is essential, the employees' potential must be explored and valued as much as possible and requires continuous investments and costs – this is due to the human resources level of preparation, which is a transitional one, from a working method based on procedures and long term planning, to a more performant one based on immediate results and flexible employees. Based on this information given by the managers, **H3 is accepted as well**, and a brief scheme could be extracted from the information managers provided, as per below. Interesting, managers did not emphasize the relationship with the customer, its creation and consolidation.

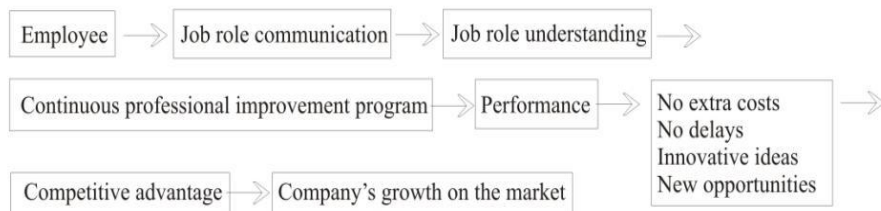


Figure 1. Stages of the employee's performance influence on company's growth

5. Conclusions and Limitations

As we can see, the respondents mainly mentioned internal aspects related to the importance of each employees' performance for the company's growth. Just a few underlined the importance of the relationship with the clients, which is crucial on an emerging market, but not only. A loyal customer, who has a trust based relationship with the employees of a company and with the company itself, is one of the strongest options for promoting the image and the services on the market. To notice, most of the managers were not able to clearly distinguish the characteristics specific to the emerging markets when discussing about the employees contribution to company's development. Of course, the paper has its limitations due to the exploratory character and lack of representatively, but its results might be confirmed through a quantitative research through a representative number of managers.

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