

Training and Financial Rewards as Predictors for “Employee-Engagement” in Private Sector Universities of Developing Countries

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Abstract

Acquiring and retaining the required human resource is the present day challenge for the modern organizations in the highly sophisticated organizational environments. Employee engagement is one of the emerging human resource management concepts and issues. Considerable attention has been given to the identification of key determinants of employees’ engagement and its linkage with the organizational outcomes and performance of the employees. Few research studies have been conducted to date in Pakistani private universities’ to find out the significance and impact of varied aspects that influence the “employee-engagement”. The outcomes of this study will surely add more to the literature and help the policy makers to shape-up their policies in such a manner that would enhance employees’ engagement in private sector especially the education sector. The present study is an attempt to examine and analyze the impact of training and the financial rewards on employees’ engagement in private sector universities of Khyber Pakhtunkhwa province of Pakistan.

Key Words: Training, Financial Rewards, Employee Engagement and Employee Performance.

1. Introduction

Employee engagement is the key focus of both business organizations and academic researchers and is bleeding issue of contemporary work environments. Every organization wants to gain competitive advantages over others and employee engagement is the best tool for it. In fact, employee engagement is considered to be the most powerful factor to measure organizations’ potential and productivity (Khan et al, 2012). Employees’ Engagement creates high chances for its employees to remain in organization and work in a coordinated manner with their fellow-workers. Engagement is awareness and insight of employees that continuously improves the understanding between the employees and the employers (CIPD, 2009). Cindy (2008) states that, engagement is the capacity of employee’s effort and understanding about the performance of their routine tasks and responsibilities, where the training and financial rewards/compensation are important aspects for engaging employees.

Performance of engaged employees leads an organization towards maximum productivity (Khan et al, 2012; Bassi & Laurie, 2010). They further advocate that, proper training and performance rewards system can induce maximum employees’ engagement in any organization (Kyani et al., 2011). Konard (2006) claims an organization taking care of its external stakeholder’s drives it employees to get more engaged.

2. Literature review

This part of the study presents the review of the existing sources of research on the issue in developing countries.

2.1 Employee Engagement

Employee engagement is the combination of unique attributes contained by the employees in shape of developing emotional relations with the intellectual dedication and devotion to the organization (Devi, 2009). It is the amounts of voluntary efforts demonstrated by employees in a specific profession (Frank et al., 2004; Brain, 1994). Devi (2009) and Saks (2006) states that it is the strategy through which employee contribute more to their organizations. Employees show their engagement by the way of devoting their potentials in the form of more time and efforts. This is a way the employees are observed as fully engaged in the organizations’ work.

According to Richman (2006), when employees are open and without any organizational pressure give their services on their own free will in terms of extra time and put extra efforts and energy into their job is termed

‘engagement’. When an organization is not capable of fulfilling the requirements of its employees, the workforce also in response, withdraws its energies from the job performance and the engagement. They change their role with respect to their physical and emotional attachments (Devi, 2009). In modern world, human resource management is trouble shooter for many of the problems which influence the capability of work to provide for individual growth. HR managers are responsible for selection, training and development of reward systems (Devi, 2009).

2.2 Significance of Engagement

Major moves in cost-cutting measures have accelerated the need for organizations to find new ways to tackle new technological, demographic and marketplace realities. These shifts have also strengthened the organizations to reevaluate the cost associated with talent, necessitating a need to do more with less. While new strategies are executed in response to these changes, high workforce performance and organizational success must be maintained. Key to ensuring this is the introduction of processes that will measure and improve the employee engagement.

Successful organizations take pride in their implementation of great and successful employee engagement strategies which have helped create an attractive environment and a community within which their employees enjoy working (Khan et al, 2012). An employee feels a strong association with his organization when engagement is effective and real. It affects their attitude towards both their colleagues and the organization’s clients, improving customer satisfaction and hence the organization’s performance. To ensure effective management of human capital, it is imperative that management builds an environment that encourages engagement as this is likely to boost employees’ productivity. Driving performance and preserving employees via employee engagement indicates the importance of engagement to organizational performance.

An engaged employee is aware of business environment, and works with latest ways of doing his tasks to improve performance for the advantage of the organization (Kyani et al., 2011). The organization must develop and cultivate engagement, which necessitates a two-way relationship between the employer and the employee (Robinson et al., 2004).

This is what brings the passion for work and enthusiasm of the employee to contribute towards the success of his organization. Organizations that properly engage their employees, experience a direct link to employee satisfaction, talent retention, safety, productivity and profitability. Organization’s ability to manage employee engagement is closely related to its ability to achieve high performance.

2.3 Relationship between Engagement and Performance

Different studies confirm that engagement leads to higher performance, more stakeholders’ (external and internal) satisfaction and high level maintenance of employee (Al-Nsour & Jordan, 2012). Engagement is a two-way process between employees and an organization. The organization attempts to engage employees who return a level of engagement to the employer (Kyani et al., 2011). Research, however, has revealed that engagement is more complex than this, and can be directed by employees in one of two ways (or both). The first is the level of engagement employees have with their career or profession, and the other is the engagement, employees feel toward their employing organization (Zulfqar et al., 2011).

2.3 Training

Training and development is one of the important aspects for the human resource management for employee engagement (Danvila et al., 2009; Jayawarna et al., 2007). Training is important for all organizational processes. Training improves service wrongness and effects service performance and employee engagement. For employee’s engagement, training is considered as one of the crucial aspects for developing the skill of employees (Denby, 2010). Training is essential for all future as well as present employees to acquire ever changing technologies and on time logical & rational decision making abilities of the workforce. These abilities are only possible via careful design, development and implementation of training programs. Training is an important factor for the organizations to keep the employees engaged (Jayawarna et al., 2007). Training bridges the gap between employees work practices and their work environment. Training mentally organizes employees to improve their physical condition and to be creative thinkers (David, 2006). Organizations that produce training culture must be alert regarding their workers to put their maximum efforts in achieving organization goals (Jayawarna et al., 2007). Training is to civilize employee’s self-efficacy, which also work to push their performance level improved (Svenja, 2007).

2.4 Financial Rewards/Compensation

Employees prefer to fit into place in the organization as they are paid. Response of an employee’s to an organization’s action indicates one’s full responsibility and contribution in the decision making towards organization’s physical resources. Financial reward as Herman & Gioia (2000) means that profit and compensation are a key issues considered by employees, therefore, they look forward to financial rewards as crucial for organizational success. Pay alone cannot consider as the sole aspect for engaging employees rather employees must believe their package is market-related in order to get highest level employee engagement (Markova & Ford, 2011). Reward is most impressively delivered through a combination of pay, bonuses and

other financial rewards (Caruth, & Handlogten, 2001). Employees also need to take pleasure in proper and in-time feedback and must be given due acceptance of employee's contribution by the employer to keep the employees happy for a longer time in employee engagement (Kyani et al., 2011). Delivery of enhanced employment practice to employees, HR departments and organizations totally have to play a significant role in providing the best to their employees as being the most important resources in organizations.

To enhance employee engagement, material and financial rewards sometimes are unable to influence and convince the workforce to a certain level (Zani et al., 2011). So organizations must adopt and develop and varied strategies to connect the intellectual resources among the employees to satisfy the growing demands of employees to be the member of the organization for a longer period of time. According to Rose (2003) in order to get employees engagement, their satisfaction with pay is significant while considering the impact of HRM practices on employee-engagement.

3. Research Methodology

Literature survey of the existing research was done. As we have used qualitative data analyses, so a computer based software ATLAS.ti was the tool of analyses. Major variables, concepts and sentences were entered into ATLAS.ti, further, coding, extraction of quotes and memos were generated.

Though in qualitative research, mostly researchers use examining, categorizing, tabulating and recombining for data analyses, however, in this research we have used hermeneutics (James, 1992), discourse (Max, 1990) and heuristic (Moustakas, 1990) analyses to understand the phenomenon.

4. Theoretical Framework

The schematic diagram of the theoretical framework of the study is based on the survey of the existing studies, which elaborate the relationship and cause and effect of the dependent variable and independent variables of the study.

Following figure 1 gives a picturesque of all the issues and arguments as they are connected and operate together in the developing process of employee-engagement private sector universities. Available training and financial rewards are mutually interdependent but they collectively determine the employee-engagement. Below model presents the relationship between the predictors and criterion variables of this study.

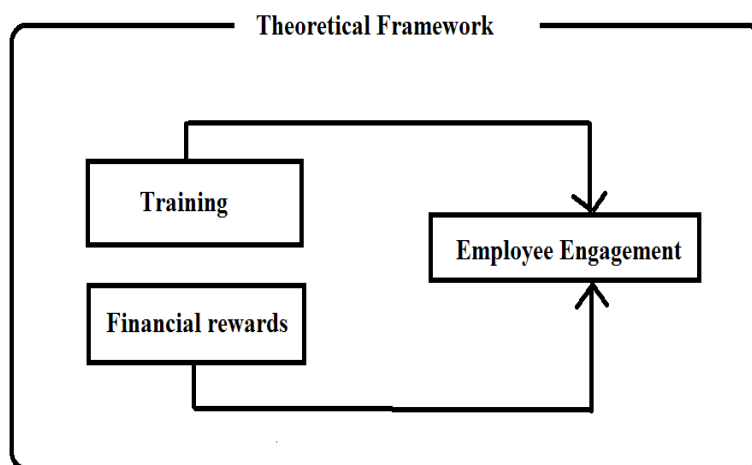


Figure 1 Schematic Diagram of the Theoretical Framework

5. Discussion and Analysis

Since 1970s, the universities around the globe in general and developing countries in particular are focusing more on the new knowledge and research with reference to training and financial rewards to ensure the "Employee- Engagement" in private sector universities of developing countries (Shahzad et al., 2008). Thus higher educations in developing states are introducing more relevant curricula to the socio-economic needs of the country. The concept of the higher educational institutions (HEIs) are usually career oriented therefore, they are focusing more on the transmission of knowledge, research and training, relevant to the people. The private universities in Pakistan seem least interested in prioritizing the relevance and service to this aspect in their functioning. The private universities in Pakistan claim that they have taken teaching to the level of learning and brought it up to international level (Lamba & Choudhary, 2013; Safdar, 2009), yet the private universities in

Pakistan offer programs only in popular subjects. This sector has limited itself to the only business, computer and commerce related degrees.

Tzafirir (2005) considers the training as an important element in producing the human capital. Investing in training programs can make employees feel indebted to their organizations. Training is necessary for the employees to perform particular jobs because job requires particular skills and knowledge by which the job is much easier to perform as it is in the benefit of the employee. Qureshi et al. (2007) concluded that training as an HR practice has a very positive impact on the performance of the employees. According to Danvila del Valle et al. (2009), training provides employees with the skills, abilities and knowledge required by the post and the organization. This effect can be explained in a way that the organization is interested in investing in training for the employees and giving them confidence and intends to count on them in future, they will make more effort and show their maximum level engagement Salanova & Schaufeli (2008) and Jayawarna et al (2007) concludes. Formal training in comparison with informal training is more effective and significantly associated with employee engagement and its impact upon the overall performance of the organization is positive. Therefore, university authorities in private sector must give importance to training for the employees on priority basis. Denby (2010) is of the view that training is a continuous process, employees if constantly refreshed and renewed according to the needs and requirements of the individuals along with encouragement to revisit the contents after the training. Sometimes training plans are same for the next year which may illustrates that possible needs required to perform a job are not addressed by the authorities and the workers as well. Type of trainer is totally depends on the nature of the training as external trainers bring huge, important and diverse knowledge of multi-cultural environment to share with trainees and internal trainers as well. So it is advantageous for them to gain knowledge to make jobs easier and effective.

Along with stability between job and family life, employees look for career prospects and better compensation for themselves and their family (Thwala et al, 2012). They further contends that workers are optimistic when they are monetarily rewarded that is openly attached to their efficiency and effectiveness (Zaidi & Abbas, 2011), therefore, it is believed that organizations further boost the morale of the workforce. Singh (2004) have opined that the compensation and rewards support workers and in return they show fuller level engagement. He further adds that there is a positive relationship between worker performance and their compensation. Warsi et al. (2009) and Shahzad et al. (2008) is of the view that a constructive association practices reward the performance of academicians in private sector universities of the developing countries. Furthermore, Wright et al (2003) argued that the worker would exercise unrestricted attempt if proper rewards and reinforcement mechanism is put in place.

6. Conclusions and Future Implications

The present study was an attempt to examine and analyze the impact of human resource management practices like training and financial rewards on employee-engagement of private sector universities' employees. The literature reveals that, most of the employees are of the view that employee engagement adds to the profitability and services improvement in private sector universities. Employee engagement tendency differs from department to department on employee to employee basis and employee's mind-set toward employee engagement is also different. Employees are inclined more towards engagement if they are given proper rewards, chance and opportunities in major organizational activities especially with an active participation in decision making process. Secondary data also indicates that training is not significantly related to the employees' engagement in universities of private sector in developing countries. The study is an effort to create an impact in the body of knowledge as these variables have not been studied in different and complex environment of Pakistani universities in private sector of KP province. This study can provide help to authorities while making strategic decisions relating to HR policies. This study still needs to be expanded at larger dimension surrounding maximum employees through the survey approach and increasing the number of universities from different cities of the KP province. There are numerous other variables like performance, non monetary benefits and motivation which directly and indirectly influence the employee engagement. The study recommends that private sector universities have to frame new policies for the improvement of employee's training schedules and practices at all different levels of the management in universities. Therefore, the other practice of compensation needs to be strongly maintained in order to achieve high level of employee engagement.

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