

EMPLOYEE RELATIONSHIP MANAGEMENT AND ITS EFFECT ON EMPLOYEES PERFORMANCE

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Introduction

Employees are the focal point in the success of every organization. If the employees work together and share a good relationship with employers they can achieve their tasks much faster. Managing employee relationship is important and valuable to the organizational success and achieving competitive advantage. It is necessary to have a strong relationship between employees and employers that leads to productivity, motivation, and better performance.

Human resource system is the unique central component in any organization and controls other components in an organization like finance, marketing, materials, technology, information and production. In today's scenario where all other resources flow freely across borders only knowledge is meaningful which forms the basis to be advantageous in any organization as the businesses today are undergoing fast changes due to changes in technology etc. Thus Human Resource Management (HRM) tries to establish good relationship among employees and maintain high morale and provide good working conditions in an organization. It helps and acts as a change agent while controlling various activities of the organization (Bajaj et al., 2013, p. 90).

Employee Relationship Management (ERM), in some organizations is labeled Employee Relations Management, meaning the same thing, is a tool and a strategic process to manage and increase motivation in the workforce by increased focus on continuous perfection of the individual relationships between the employer and each employee (Wargborn, 2008, p. 67). Applying of ERM within an enterprise is now a critical success factor for strategic HR

policy. ERM is not technology, or software product, but a concept that focuses on new forms of communication within a company (aedem.nl, 2008). Like any other new management concept, ERM is viewed as an advantageous approach that offers mutual values for employees and employers. Major values promised to employees are the greatest possible satisfaction of their individual needs, while the increased attraction, retention, motivation and performance of employees are values promised to employers (Strohmeier, 2013, p. 13).

Generally speaking ERM means that the administrative staff at all levels of enterprises and the administrative staff of human resource realizes the organizational goal through working out and implementing various human resource policies and administration behaviors, and regulating the connection and influence among enterprise and staff. Specially ERM refers to the communication management between enterprise and the staff, this kind of communication adopts flexibility, encouraging and non-compulsory means to improve staff's satisfaction, support enterprise to realize the goal. ERM runs through every aspect in human resource management, which begins from the first day employing the staff in (Yongcai, 2010, p. 940). It includes all the matters between employers and managers that rose everyday between these associations and hence ERM includes relations which are collective including managers and workers. It promotes Commitment, facilitates employees in achievement of organizational objectives minimizes workplace conflict and increases trust (Bajaj et al., 2013, p. 90).

Seeking to create a positive employee relations environment must be a part of every manager's performance objectives. Supervisors and managers are the key link between employees and their company. If these relationships are strong, then employees are more likely to be satisfied with their jobs and more productive as a result (Daniel, 2003, p. 56).

Considering individual employee needs carefully, and thus creating genuine employee value, will contribute to the attraction and retention of qualified employees and particularly in increasingly strained labor markets. Moreover, this should also clearly strengthen employee motivation and performance. In this respect, employee value should also be conceptualized in a broad sense. In addition to the economic needs (e.g., salary, bonuses, benefits) of employees, their psychological (e.g., self actualization, competence, achievement) and social needs (e.g., recognition, relatedness, trust) require thorough consideration (Strohmeier, 2013, p. 95). However, since people are involved, ERM needs sensitive handling, especially during times of technological changes, market slump, cost-cutting and organizational restructuring. The ERM must address procedural and interactional equity, which means "people" involvement in all vital processes (Singh & Kumar, 2011, p. 126).

The Research Objectives

This study aims to achieve the following objectives:

1. To investigate the importance of ERM at telecommunication and banking sectors.
2. To examine the effect of ERM on employees' performance at telecommunication and banking sectors.
3. To identify the obstacles and problems that impact negatively on implementation of ERM.
4. To provide recommendations and suggestions on how to apply ERM in the organizations.

Importance Of Research

The importance of the research comes from the following aspects:

1. It explore the ERM concept which is currently emerging trend and there is a little knowledge and agreement about it.
2. To offer some useful information about ERM to be used for scientific research. The research can contribute to build up researcher's knowledge and understanding of ERM concept.
3. Providing awareness to the examined organizations at the telecommunication and banking sectors about ERM and its effect on employee's performance.
4. This study help Telecommunication and Banking sectors organizations to achieve a high level of performance by applying ERM in their work.
5. This research is a way to develop the skills of the researcher at the research skills and give him the ability to learn more about ERM concept, process and implementation.

Employee Relationship Management

Since the employees are the pillars for the companies building of relationship with the customers, a deliberate and well-thought-out initiative is required by the companies to build foundation for a strong relationship of employees with the organization (Rai, 2013, p. 327).

Employers should take care of the needs of the employees and this can be understood by HRM practices like Training, Job satisfaction, Job Rotation, Participative Management, Performance Appraisal and Career Planning for their employees. Satisfied employees can contribute more towards Employee Relations and hence ERM status can be understood by equating ERM to satisfaction of employees where satisfaction is taken as proxy variable (Sinha & Bajaj, 2013, p. 32).

Building a good relationship with an employee is the best way to close the employee's productivity gap. It also promotes the employee personal effectiveness and productivity because when the manager takes the time to develop these

relationships and guide employees in their work it will be able to produce more quality work. Only through good relationships combined with strong, sensitive leadership can a cohesive department be built (Chapman & Goodwin, 2001, p. 68).

On the pattern of customer relationship management (CRM), the concept of ERM has developed. While CRM is the external response to 'why' an organization does business, ERM is the internal response to 'how' an organization does business. ERM is a wider set of functions that encompasses learning performance and incentive guidance, workforce analysis, and a host of other operational issues related to managing human resources. (Swarnalatha & Prasanna, 2013, p. 8).

The need for an ERM within the enterprise is sine quo non for every enterprise operating in a competitive environment. ERM aims to produce successful, world class organization through relationship building with and among its employees (Singh & Kumar, 2011, p. 126). Indeed, in large companies, "keeping in touch" with tens or hundreds of thousands of employees can be a daunting task. Of course, employees have personal contact with their immediate supervisors, but does that always give the employee a warm feeling that the company cares about them as an individual, and having a loyal workforce can be as important to a company as having a loyal customer base (Gillenson & Sanders, 2005, p. 46).

ERM strives to build long-term relationships with valued employees. ERMs two main internal user groups are employees and managers. Managers can use ERM to help them with a number of people management tasks: recruitment, training, performance management and remuneration. ERM enables managers to communicate with their teams, align employees with the overall goals of the business, share information and build a common understanding. ERM also offers support to employees through workflow modelling that depicts how tasks should be performed,

provision of job-related information and collaboration with colleagues (Buttle, 2009, p. 358). ERM provides employees with support, such as information about the organization's products, technologies and processes. ERM assist the employees in their daily work towards the customer (Thorzen, 2011, p. 38). It also increase employee satisfaction, commitment and retention due to better alignment of employees to individual career goals and aspirations (Prouse, 2004, p. 3).

The hard and soft cost of losing a key employee is expensive and in some cases devastating. Turnover is a non-budgeted item and that cost hits the bottom line dollar for dollar. So retention of employees is extremely important especially when there is a 'War For Talent'. ERM focuses on building relationship and trust that leads to happy employees. Happy employees work better together, have greater trust, and are a great recruiting vehicle because they tell others they love where they work but most importantly they are willing to commit to extraordinary results. ERM touches every function within an organization (Krill, 2008, p. 3).

Definition - Employee Relationship Management:

Employee relationship (ER) is a kind of special interpersonal relationships, which is a concept put forward by the western scholars in the 20th century in order to replace industrial relation, it refers to the relationship of right and obligation, management and obeying caused by the interests between enterprise and the staff, which is also shown as the total of cooperating, conflict, strength and power relations, and is influenced by economic, technology, policy, legal system and social culture background in certain society (Yongcai, 2010, p. 940).

Employee employer and employee organization relationships are part of a business's internal relationship management. Much research regarding this internal relationship management has focused on organizational behavior/theory and

human resource management (Liao et al., 2004, pp. 25-26). Thus, Employee Relationship is defined as a relationship between employer or the representative manager and employees, aimed towards maintaining commitment morale and trust so as to create productive and secure workplace environment (Bajaj et al., 2013, p. 90). ERM is a relatively new concept, a general definition hence understands ERM as strategy, programs and technology to effectively manage how firms relate to prospective, current and former employees. There are many similarities to customer relationship management (CRM), which is understandable since the notion of ERM has been derived from that concept (Lagergren & Andersson, 2013, p. 21).

Moreover there are comparable terms such as human capital management and talent management (Buttle, 2009, p. 357), although it is unclear whether these terms denote the same concept. ERM can be defined as a specific field of human resource management (Yongcai, 2010, p. 940). It is the process of adopting various controlling methods and practices to regulate the relations between company vs. staff and employee vs. employee, and enables the company to achieve its goals (Jing, 2013, p. 2). Oluchi defined ERM as a process that companies use to effectively manage all interactions with employees, ultimately to achieve the goals of the organization. The human resources department can play a critical role in this process, both in terms of training and coaching managers and executives on how to effectively establish and nurture relationships with employees and in measuring and monitoring those relationships to determine whether objectives are being met (Oluchi, 2013, p. 11).

ERM is a term that refers to relationship development and management between employers and their employees. There are a lot of different issues that can affect employee satisfaction, which has a direct result on employee productivity and overall corporate culture

(employeesurveys.com, 2013). ERM is a dynamic process of managing the relationship between knowledge worker and corporation such that knowledge workers elect to continue a mutually beneficial exchange of intellectual assets for compensation in a way that provides value to the corporation and are dissuaded from participating in activities that are unprofitable to the corporation (Bergeron, 2003, p. 196). ERM is all about effective organizational communications, which can build employee confidence, trust and loyalty, enabling managements to realize the potential of the skills and knowledge within the organization. It is a powerful business tool that enables employees to do their job better. The emerging discipline of ERM allows organizations to identify, differentiate, interact and personalize the relationship with their employees. (Rai & Pareek, 2012, p. 35). Specially ERM refers to the communication management between enterprise and the staff, this kind of communication adopts flexibility, encouraging and non-compulsory means to improve staff's satisfaction, support enterprise to realize the goal. ERM runs through every aspect in human resource management, which begins from the first day employing the staff in (Yongcai, 2010, p. 941).

Goals of ERM

ERM aim to produce successful world-class organizations through relationship-building with and amongst its employees. High-performing organizations have a few common employee relations practices, but this being an inexact science at best, a simple, do-it-yourself formula fitting all situations does not exist. There are also clearly identifiable organizational issues that are responsible for productivity gaps. Employee relations, therefore, tries to inculcate characteristics that render an organization a success, and at the same time, proactively sensitizes itself to the organizational issues that can retard productivity. It is a given that change is inevitable (and essential for survival and

growth), and employee relations management is increasingly geared towards increasing productivity, returns and competitiveness. ERM aims towards building and maintaining commitment, morale and trust so as to create a productive and secure workplace environment (Singh & Kumar, 2011, p. 126).

ERM goals are summarized in the following points:

1. Establishing a link and a congruency between employee contract and the employment relationship through a psychological commitment.
2. Terms and conditions of employment to be based on the principle of fairness and ensuring the organizational objectives as well as individual needs and aspirations are fulfilled.
3. Developing policies, procedures, rules and regulations that are fair just and conform to the basic objectives as well as individual needs and aspirations are fulfilled.
4. Defining and clarifying performance management expectations and standards to enable employees to strategize and plan for the achievement of tasks and targets set for their job positions.
5. Developing effective communication channels and systems that ensure the information needs of employees are met.

Importance of ERM

It is desirable for an organization to have proper and effective ERM since this enables the personalizing of Employee Relations. Good Employee Relationships contributes significantly to the success of the organization. The importance of ERM is summarized in the following point

1. ERM promotes commitment, morale and trust in the organization. It establishes a link and congruency through psychological commitment between employees contract and employment relationship. It also aims at principle of fairness and ensures that organizational objectives as well as employee needs are fulfilled.

2. ERM facilitates employees in achievement of organizational objectives. It further tries to help employees in achieving tasks and targets set for their job positions and helps in developing effective communication channels and systems so that information needs of employees are met. It emphasizes on performance, growth and development of employees for creating competitive advantage.
3. It helps in improving working conditions, administrating effective Human Resource policies, establishing healthy relations among employees; it inculcates a sense of belongingness among employees. They develop mutual responsibility which enhances performance, productivity, morale and empowers them and also encourages them to improve organizations pride.
4. ERM minimizes workplace conflict, increases trust.
5. It is important as it promotes and develops employer-employee relationship, it minimizes workplace conflict, at individual level, inter group team and intra group team levels. In the current scenario where respect and trust are losing its level everywhere, ERM helps to secure the highest possible level of mutual understanding and respect.
6. ERM Motivates Employees, it provides motivational incentives and benefits to employees and establishes democratic systems.
7. It improves the quality of work life and minimizes stress.

Advantages of ERM

ERM have many advantages to the organizations, it doesn't only foster high level of performance. Other documented positive effect in organizations include: (Wargborn, 2008, p. 69)

1. Strengthens corporate communication and culture.
2. Fosters learning - about company products, services and customers.
3. Provides real time access to company training.

4. Targets information to employees based on their interests and needs – user personalization.
5. Streamlines performance management.
6. Manages resources creatively.
7. Frees the HRM department to concentrate on more strategic tasks.
8. Raises productivity.
9. Encourages innovation levels.
10. Reduces turnover.
11. Reduces recruitment and training costs.
12. Affords effective and consistent rewarding.

Effect of ERM on Employees Performance

Success in a scientific endeavor depends significantly on imaginative and flexible systems of management and administration, which will help in realization of the full potential of the gifted, trained and highly valuable manpower resources, and ensure conditions for the highest level of performance. It is imperative to have a dynamic and sensitive management, and appropriate working conditions and incentives which will attract, retain and deploy in a patently efficient manner these precious human resources. It is now commonly accepted that employees

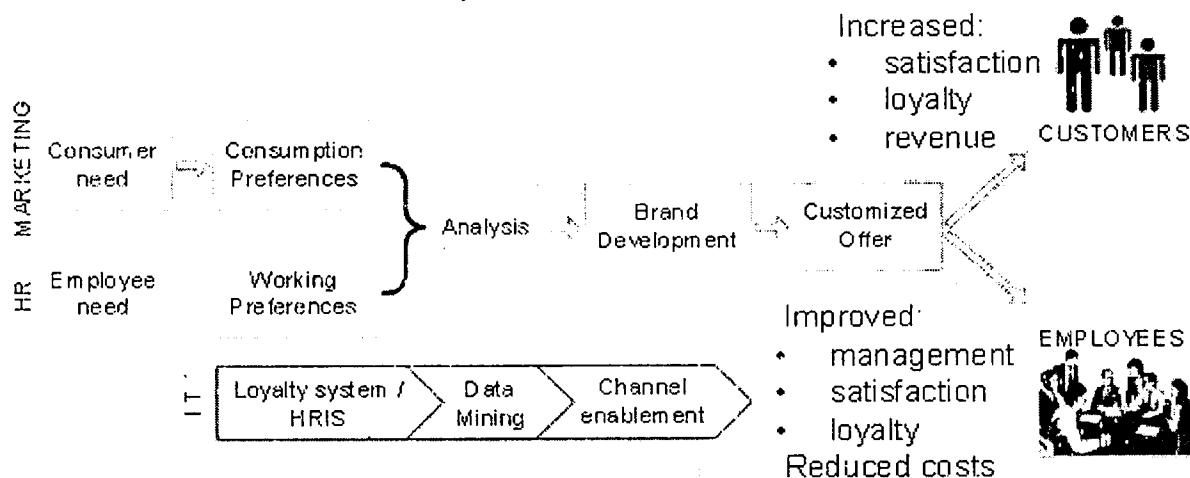
constitute an important resource of complete advantage for firms. As a result, it is important for a firm to adopt ERM that make the best use of its employees (Chandra, 2009, p. 16).

Using CRM approach HR professionals are beginning to better understand employees in a whole new way (Batista et al., 2003, p. 5). ERM was developed based on similar principles to CRM (Krill, 2008, p. 3):

1. Protecting the employee base
2. Nurturing the employee base
3. Increasing the asset value of the employee base

More specifically, ERM allows HR professionals to more accurately identify employee's motivations, needs and preferences as well as better align employment practices to real needs, which minimizes staff turnover and at the same time maximizes staff retention by the definition of more appropriate recruitment profiles. The final results promoted by ERM adoption are better-equipped managers, employee loyalty, empowered employees, improved employee satisfaction, preferred employer status, and reduced costs, as shown in Figure

Customer and Employee Relationship Management



Source: Batista et al., "Potentialities of customer relationship management in the building of government reputation", Proceedings of the Third European Conference on e-Government, 2003, p. 4

Employee relationship is the major factor determining the performance of employees through motivating employees, effective communication and good working conditions. It is desirable for an organization to have proper and effective ERM since this enables the personalizing of Employee Relations. Good Employee Relationships contributes significantly to the success of the organization and create world class organization. In every organization there are some unidentifiable issues which lead to productivity gaps. These gaps can be filled through Employee Relations as it acts proactively on those issues which retard productivity (Vineet et al., 2013, p. 23).

Through building and nurturing relationships between employer and employees, HR can facilitate the creation of organizational capabilities such as the ability to locate and share knowledge rapidly and respond faster to market changes (Wargborn, 2008, p. 74). So it can be realized how much the organization can profit from improved interpersonal relationships between members of the firm. The effects of improved employee relationships in organizations bring more positive aspects to the firm than just increased employee performance (Gegax, 2006, p. 67).

Conclusions

The major purpose of this research is to investigate the effect of ERM on employees' performance at telecommunication and banking sectors, the main conclusions were:

1. It is agreed that ERM components has positive effect on the employees' performance. Organizations are realizing that ERM helps them to build stronger relationship with employees. As such ERM can build and enhance relationships and reinforce commitment to the company and improve the employees' performance.
2. From this research it becomes evident that ERM can bring benefits for organizations. ERM can work by strengthening and increasing the relationship between organizations and their employees. To reap the required objectives from ERM there is a

need to implement them according to strategy. Many companies built strategy by keeping an eye on their employees.

3. The results of the research reveals that if ERM components (HR practices, communication, trust, shared goals and values and leadership styles) are implemented in organizations and managers give it high attention it can enhance ERM status in organizations through help employees in achieving tasks and targets set for their job positions and helps in developing effective communication channels and systems so that information needs of employees are met. It emphasizes on performance, growth and development of employees for creating competitive advantage. It helps in improving working conditions, establishing healthy relations among employees; it inculcates a sense of belongingness among employees

4. ERM components are ordered according to their effect on the employees' performance where

noticed that shared goals and values has the most approval from the viewpoint of the members of

the sample, and then HR Practices, followed by communication and then leadership styles and finally the Trust.

5. Organizations in both sectors practicing ERM, without necessarily labeling these practices ERM. In this case, ERM would actually exist within the organization on top of everyday processes and practices which are known to employees and managers. In other words, just because organizational practices which aid ERM are not actively managed or documented within companies, does not mean they are not actually there.

6. Organizations in both sectors focuses in sharing goals and values with employees which is

considered prerequisite and foundation to improve employees' performance. Shared goals and

values has the biggest effect on the employees' performance where employees perform their tasks because they have clear understanding of goals and values.

7. Organizations in the both sectors apply HR practices which would make the employees perform their jobs very well. This can be attributed to organizations awareness on the importance of the HR practices and their important role in improving employees' performance.

8. Training offered by the organizations equipped the employees with necessary information and skills on how to go about their daily work activities and help in improving their performance.

9. Rewards and incentives system in the organizations characterized by its objectivity and transparency where transparent reward and incentive system leads to higher productivity and enhance employees performance.

10. Communication plays crucial role at organizations and it is one of the most important factors which improve the relationship among employees. When communication is open and transparent, employees can build high trust in their organization and perceive the organization as being transparent. The research revealed that there exists open and transparent communication in the organizations, effective communication systems and that there is regular feedback from managers that helps to improve work.

11. Open and clear lines of communication is adopted by managers in both sectors which allows interaction among employees and this happens in various ways that consist of face-to-face, meetings, telephone, e-mails and others. Open and clear communication helps employees stay positive, productive and strength relationships and trust.

12. Employees in both sectors has the ability to take responsibility for the daily burden of work and management provides appropriate training for staff to enable them to do their jobs. Employees are keen to achieve the objectives of the organizations, have the ability to work with emergency situations, and complete the required job in time which leads to lifting the morale of workers and improve their performance.

13. Good relationship between the manager and employee affect employees performance where good relationship can earn the loyalty and commitment of the employees when the manager provide steady leadership, clearly communication, treat the employees fairly and consistently.

The most important recommendations were:

1. Organizations should pay special attention to ERM
2. Organizations should focus on training as a very helpful strategy to develop the employees' skills and abilities to enable them carry the tasks on the right way.
3. Organizations should apply HR practices to achieve improved results in their employees' performance.
4. Organizations should provide inspiring and effective leadership, open and transparent communication which will lead to motivated employees and good performance.
5. Organizations should improve communication with the employees through exchanging ideas, feelings and opinions with management.
6. Organizations should involve their employees in decision making which will improve trust between them.

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