5-2010

CHA-CHING: Cashing in on Motivated Employees to Drive Business Success

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Cashing in on motivated employees to drive business success

A Senior Honors Thesis

Presented in Partial Fulfillment of the Requirements
for graduation in the College Honors Program

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May 2010

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ACKNOWLEDGEMENTS

It is a pleasure to thank those who made this thesis possible. Without the help and support of several individuals the completion of this study would not have been possible.

First and foremost, I offer my sincerest gratitude to my Thesis Director, Dr. Melissa Waite, whose wisdom, patience, and support guided me throughout the completion of this study. She allowed me to establish a topic, and writing style of my own while offering valuable and objective support about ways to improve my thesis, and methods to present my work on scholar's day. One could not ask for a better and more inspirational Thesis Director.

I am also thankful to Dr. Donna Kowal, Director of the Honors Program, whose encouragement, guidance and support from the initial stages of topic exploration helped lead me to later success.

Thank you to my advisor, Dr. John Gardner, for helping me decide a thesis topic and giving valuable advice on how to tackle this year long process.

Last but not the least, I would like to offer my gratitude to my family for giving me the unending encouragement to complete this study. My family's business served as inspiration for my thesis topic and the setting for my ethnographic study, which made this entire work possible and so I thank my parents for opening the doors to their business and a world of insight.

TABLE OF CONTENTS

ABSTRACT………………………………………………………………… 4

THESIS…………………………………………………………………… 5

OBJECTIVES…………………………………………………………… 5

RESEARCH QUESTION …………………………………………….... 7

PROCEDURE…………………………………………………………… 7

INTRODUCTION……………………………………………………….. 9

Employees: a fixed cost, or an immeasurable asset?
Employees are number one
The "Great Recession" and the money sucking HR function
A distressed economy and a distraught workforce
The Great Recession's impact on small business

ENGAGEMENT.. 15

Taking attracting, retaining, and motivating employees to a new level
Employee Satisfaction: The Link to Customer Satisfaction & Profitability
Employee Lifetime Value
The Cost of Disengagement
"Practices of successful organizations" and their inherent engagement counterparts

COMPANY CASE EXAMPLE……………………………………………. 29

ETHNOGRAPHIC STUDY……………………………………………... 32

HUMAN RESOURCES PLAN………………………………………….. 34

CONCLUSIONS ……………………………………………………… 54

REFERENCES……………………………………………………….. 57

ABSTRACT

This study discusses the common view that physical capital should be valued as the focal point of an organization's success. While this might hold partial truth, the idea that physical capital is the determining factor of a company's success neglects the very element of an organization that makes the utilization of such assets possible: employees. This study based on the three p's of business success: people, performance and profits, will challenge that employees are the most crucial element of a business's long-term success rather than physical capital.

The American economy has tested the strategies of companies of all sizes, which in turn has painted a dismal employment culture for many companies. The researcher will discuss the ways that the economy has effected employment and similarly, the ways the Great Recession has constrained business. Then the study will discuss the importance of employee engagement, as the fourth critical element of human resources that is often neglected by businesses and human resources plans alike.

This will be followed by a human resource best practices guide developed by the researcher to motivate employees during economic hardships so that companies can cash in on their employees and achieve long-term success. The guide, developed from various pieces of information from an ethnographic study, literature and company analyses, will focus on the necessities of smaller businesses that often do not have actual human resource departments, but face the same employment challenges as corporate America. To narrow the focus of this

thesis on smaller businesses, the human resources guide will be tailored for Sunshine's Coffee Shop a small coffee shop deli in Syracuse, New York that currently operates without human resources department.

THESIS

Developing a human resources best practices model and implementation plan that targets employee engagement as a high performance catalyst can stimulate employees to drive business success. Moreover, small businesses can implement a high performance engagement plan, just as successfully as large corporations by focusing on the needs of the firm's people. Focusing on people leads to profits.

OBJECTIVES

After challenging the idea that physical capital is the most important asset to a company the researcher found that employees rather, are the most that most valuable asset to a company, for without employees no customers can be served nor sales generated. From this, the focus of this study became researching how to support this hypothesis.

There are recent studies that show the importance of human resources and employees as a whole. Throughout this work investigate the works of many HR professionals who find that employees are the critical element of success for many companies will be cited and explored Similarly case examples from businesses that are increasingly successful because of their tactics to engage and motivate employees will be utilized. While these analyses will serve as a foundation for a best practices guide for human resources, these sources provide a hole based on the focal argument of this investigation. Not only does this work challenge that employees are the most important asset a company can possess, but it also finds that that employees can be the most critical factor in strategy implementation and whether or not a given company is successful.

The economy and its recent hardships have caused companies across America to cut budgets, and downsize, which has tested the very way companies operate; the American economy has become the ultimate test of the success of business strategy. Human resource studies from both academics and professionals focused on engagement often do not consider these recent employment or economic hardships; therefore a significant amount of this paper will discuss how the economy and employment affect human resources today. This investigation contends that employees are critical to the success of a company, and explores how engaged employees and human resource best practices can be the recipe for survival during poor economic times.

This argument will be further conveyed by developing a human resource best practice plan directed at small businesses during economic hardships. This is significant because generally human resource literature is geared towards large companies, or written by professionals from large companies. Bridging the gap between company size and human resource plans by communicating the various ways smaller businesses can adapt similar best practices models will provide areas to survive employment and economic distress and create long-term success.

RESEARCH QUESTION

How can developing a human resources best practice model and implementation plan businesses, engage and motivate employees to develop the necessary infrastructure to survive recent economic hardships and create financial success? How can an HR best practices plan be implemented in a small business without a human resources team?

PROCEDURE

As this study focuses on human resources best practices from the lens of recent economic hardships and employment problems, it will also target the level of disconnect between unemployment and the necessity to have motivated and engaged employees at any size company. To do so, economic and employment statistics will be evaluated to develop an understanding of the breadth of these employment and financial hardships. Then, these economic constraints will be evaluated on the basis of how they affect small businesses across America.

A literature analysis of human resources best practices from many viewpoints will help to develop a substantial analysis of what best practices should look like for a small company. Then Google and the firm's astonishing human resources plan will be reviewed as case examples to draw from. This example will elucidate employee engagement tactics that drive high performance that can be connected to small business success with only minor adjustments.

It is necessary to understand the constraints of small businesses in America and to get a sense of how human resource management operates in such companies, as many small businesses do not actually have human resource departments. An in-depth ethnographic study at Sunshine's Coffee Shop in Syracuse, New York will provide a model for small businesses and the many constraints such firms face. The employment and human resource strategies utilized at the restaurant will be discussed. Sunshine's provides an excellent example for this study because the company has operated for over thirty years, by a married couple. Sunshine's has weathered serious economic and employment difficulties, while the tasks of the human resources function have been performed by both owners. Sunshine's has begun implementing this human resources plan, which allowed the research to alter methods for the continual development of this human resources guide for small businesses. This plan has developed a series of implementable strategies that has the potential to take Sunshine's from survival to success.

INTRODUCTION

Employees: a fixed cost, or an immeasurable asset?

Firms often view their employees as merely fixed costs that they are "stuck" with. People require training, performance evaluation, recognition…and all that these processes boil down to is time and money, which a firm does not have a limitless supply of. Employees are more than just the people that create products and services. Employees are the heart of companies, large and small that facilitate the productivity, sales and operations of businesses across America. However, companies that view employees as merely fixed costs, look towards ways of cutting costs and the money sucking elements of a business like human resource management, "the formal structure within an organization responsible for all the decisions, strategies, factors, principles, operations, practices, functions, activities and methods related to the management of people" (SHRM, 2011).

But what happens when a firm cuts the human element of its company? CEOs or entrepreneurs are left with a strategy and no way of implementing it. Even the best strategy needs to be implemented, and that relies on people. Employers that view financial and physical capital as the most critical resources their companies possess are missing the bigger picture. Even a million dollars does nothing for a given company if there are no employees that can implement the strategy. A large company with the view that people are merely there to provide it with services that allow the company to operate, may operate with limited amounts of waste, but it might not be fully efficient or effective. Such companies operate on economies of scale, instead of economies of scope, and might be operating with a disengaged workforce, that is actually underperforming and costing the firm money in the long run.

So what does this mean? Human resource management (HRM) is critical to the success of a firm's strategic implementation, and the firms who are successful indefinitely not only recognize this, but embrace it. Even small employers (employers with more than one but less than 100 employees according to SHRM), that may not have entire human resource departments like large corporations have human resource processes and procedures that are utilized on a daily basis.

Small businesses still employee people that help operate the business, which means that even small businesses need to be concerned with the people that make business possible. Likewise, people are human which means that errors and problems may arise on a daily basis. These problems must be dealt with, or a company will fail to implement even basic business strategies. This means that even if a company does not have a human resources department, that managing people and their assets is critical to business success. This also means that small business owners and managers are the people implementing human resources initiatives for a company. Additionally, since small businesses operate with limited employees, having productive and engaged employees is increasingly important because the impact of a single employee can be devastating. This means that having an implementable human resource management guide that focuses on employee engagement is crucial and can lead to small business success.

Employees are number one

Employees provide the critical services that allow for the implementation of a given firm's business strategy. Without employees, a company is left with a strategy that cannot be implemented. Similarly, employees can add value on a daily basis through gaining repeat business, providing outstanding customer service, and saving the company money. Engaged employees give back to their organizations because they feel valued, and motivated to help the organization succeed. This suggests that people can view their own goals as secondary to that of an organization when they are fully engaged by the firm.

Embracing employees and focusing on developing a human resources plan that is centered on employees provides a catalyst for employee engagement and employment success; fully engaged employees provide the special sauce to an organization's recipe. This employment success can be further actualized into financial success if the company is able to engage employees while also aligning them with the organization's strategy. According to the best-seller *WE How to Increase Performance and Profits Through Full Engagement,* employee engagement is "the extent to which employees are motivated to contribute to organizational success and rate willing to apply discretionary effort to accomplishing tasks important to the achievement of organizational goals"(2011).

It is important to distinguish that employee engagement is not the same thing as employee satisfaction or employee happiness, because engagement is a critical link in the service to profit chain. This identifies a challenge for a human resource plan; to not only satisfy employees, but to connect to the company's strategy and to influence employees to add their own discretionary value to an organization. It also means that a human resources plan needs to focus on interviewing and selecting the right employees in the first place. Employee engagement is also derived by the employee themselves, so if an employee is only interested in staying with a company for a two week period to make some fast cash a company will never be able to engage that individual. This is also critical because hiring the wrong candidate costs businesses tremendous amounts of money. People that are not engaged are not as productive, which causes others to be less productive or engaged with the workplace leading to decreased profits. Similarly, it costs money to hire and train new employees, so it is in the best interest of companies and especially those on a smaller scale to be selective in their hiring decisions.

The "Great Recession" and the money sucking HR function

"The Great recession of 2007" put a huge kink in employee engagement for many businesses across America. The recession had various long-term effects on the financial stability and employee morale of companies across the board. Firms have had to cut down on payroll costs, and have often been forced to lay-off employees depending on the extent of the firm's financial dilemma. To survive, many Small business owners have made a tremendous amount of sacrifices to stay afloat, while trying to sustain employment levels and employee benefits. Small business owners have seen increasing costs just to stay in business, while they also face decreasing sales. This has painted a dismal picture for entrepreneurs that have less capital to leverage to obtain loans to pay off debts. This often means that small businesses have to cut the human resource planning in place. Human Resources is viewed as a "money sucker" because a firm's people costs the company money, while human resources does not directly linked to the generation of sales like marketing is. This ideology and economic distress generally influences entrepreneurs to put operations above employee satisfaction; what is more important making the inhospitable cashier happy, or surviving another day? Financial hardships generally make business owners and managers re-focus on operations and the bottom line, which does not catalyze employee engagement.

A Distressed economy and a distraught workforce

The recent economic downturn has had various negative implications for employees for various reasons that have created a negative employment portrait for years to come. By 2009 every state in the US reported a rise in unemployment, which is the first occurrence since unemployment records have been kept by each state in 1977. Similarly over 86% of industries also cut back production, the largest reduction in industry since 1967 when the Federal Reserve began tracking this statistic (Isidore, 2009). Household wealth has faced significant implications because of the recession; by 2009 household wealth dropped at a larger rate "than anything on record in the post-World War II Period). This indicates that the recession has manifested itself in various ways including unemployment rises, in conjunction with decreasing productivity, and also plummeting household incomes.

Economists contend that the long durations of unemployment resulting from the recession will have a negative impact on both employment and earnings for years to come as the economy continues to recover. The Bureau of Labor Statistics suggests that the labor market would require "332 thousand net new jobs per month sustained for the next 45 months (or 2.9 percent per year employment growth) to make up for the two years of severe job losses in the Great Recession," which is grossly unrealistic because it would require even stronger employment growth than the growth rates of 2.4 percent per year during economic expansionary period prior to 2000 (Isidore, 2009).

The Great Recession's impact on small business

The economic downturn has not affected merely employees, but also companies across the board throughout the United Sates. Generally, these hardships have been leveraged by corporate giants' capital assets, and size. However, many small businesses have had a more difficult time weathering the "seismic effects" on small businesses since 2007 (Tozzi, 2011). The recession has lead to decreased sales, distressed employment outlooks, decreased employee morale, and various other negative effects that are also joined by rising costs to stay in operation. These rising costs, with decreased profits hit smaller businesses with life threatening implications. Small businesses have suffered major consequences as bank credit has become tighter, and access to capital has become limited because small businesses often rely on the usage of credit and loans. Companies reeling from stalled sales and tightened credit face formidable threats: customers paying more slowly and suppliers seeking to be paid more quickly

John Tozzi, a columnist for Businessweek, contends that by 2011, more than a year into the official recovery, "small businesses face what some say has become a permanent legacy of the recession: vendors are demanding faster payment even as their customers are taking longer to pay. Companies with the least bargaining power get squeezed the hardest." This means that for many small businesses, the slowdown of currency, exchange, and capital of recent years will continue to put firms in unsteady positions (Davies, Retrieved from Tozzi article).

Profound economic losses have left small-business owners pessimistic about the future. According a study from the beginning of 2011, 14% of small businesses are less than 50% confident that they will still be in business in August of 2011, while only one third of small businesses estimate that their financial condition will improve (Rubin 2010). According to a Barlow Research analyst, Bernie Keuchler, "If the numbers are any indication, small businesses have reason to be gloomy: They've lost an estimated $2 trillion in profits since the recession began in December 2007. That's an average loss of $253,000 for each of the 8 million U.S. businesses with sales between $100,000 and $10 million. (Larger companies have been less affected and so are recovering faster). " Keuchler also argues that "we should not expect significant job creation in the near term from this segment;" many small businesses are planning to decrease rather than increase full-time employees according to this research, which makes the case for employee engagement to drive customer satisfaction and profitability to help combat the recent economy even more evident.

While small businesses are often considered the backbone of the economy, entrepreneurs have suffered severe consequences from financial crisis due to constricted access to capital. Small businesses are struggling to survive, and looking for ways out of financial distress. This also places a tremendous importance in finding ways to engage employees despite financial hardships, to drive profits.

ENGAGEMENT

Taking attracting, retaining, and motivating employees to a new level

As previously discussed, workplace engagement can be defined as a workplace filled with motivated workers who will apply discretionary effort to contribute to the success of their organization (Karsan and Cruse, 2011). According to Kevin Burkholder, a business consultant for Strengths Management, this discretionary effort is what allows companies to "improve performance with fewer people and decreasing resources due to cutbacks and financial pressures…employees who freely give that extra effort are of tremendous value" (Burkholder, 2009).This is evident in recent engagement studies that show that a 5% increase in employee engagement results in a 2.5% increase in company growth (Burkholder, 2009). Therefore, human resources should look to not only attract, retain and motivate talent, but also to develop workplace engagement to drive long term success.

According to Karsan and Cruse, authors of *WE how to increase performance and profits through full engagement*, there are ways for an employee to affect their own engagement; these best-selling authors also contend that employee engagement is a dual responsibility both employers, and employees should be seeking to achieve. Karsan and Cruse suggest that it is obvious whether employees are engaged by how often they use the word 'we' (as opposed to 'they') when describing their employer. Moreover, Karsan and Cruse suggest that companies should focus on growth, recognition, and trust as the three catalyzing factors that help create an engaged workforce.

Today, technology has distorted the clear distinction between home and work life, which makes it hard to separate a person's job from his or her home life. Because of this it is unlikely that a person will truly be satisfied in life if they are not satisfied and engaged at work. This in turn leads to more workforce disengagement and dissatisfaction and therefore less productivity and employee loyalty. Karsan and Cruse suggest that a person that is engaged at work is more likely to have a healthier life, and a more passionate marriage; an individual's job has an impact on all aspects of his or her life, including happiness, health, and relationships (2011). Because the lines between work and home life are often blurred with the increasing availability of technology, work does not leave employees when they leave the office. Just as work-related emotions spill over into other areas of people’s lives, home life issues also spill over into work. This means that a company needs to develop a human resource plan that recognizes that its employees are people, and that sometimes employees will have emotions. The plan should also work to reinforce a positive connection between home and work life by increasing flexibility to build growth, recognition and trust that employees need to become fully engaged.

Employee Satisfaction: The Link to Customer Satisfaction and Profitability

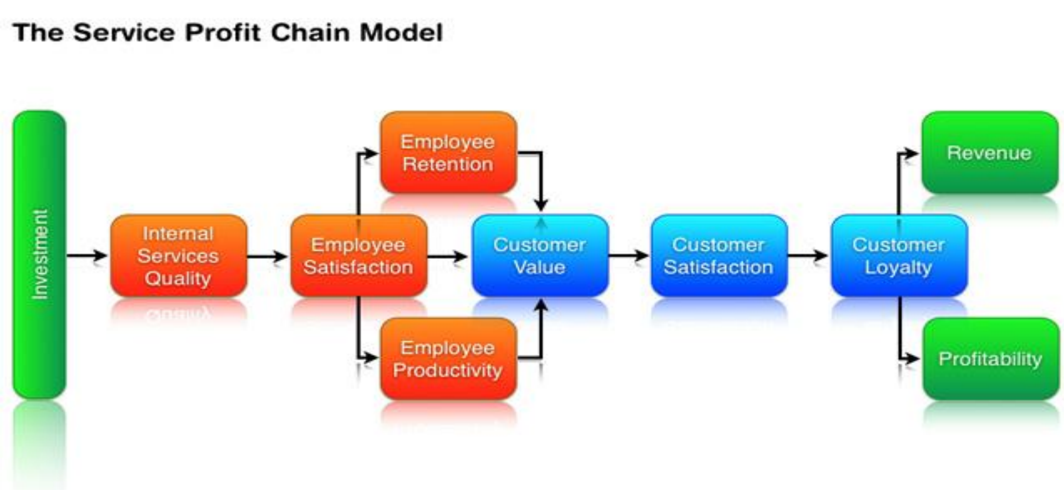
Companies cannot improve profitability just by raising the prices of their goods and services, because this does not satisfy the customer. It is not merely the business that makes customers happy, it is the employees behind the goods and services that the company provides determine whether customers are satisfied. When employees are satisfied they are more likely to become repeat customers, and stir referral business. In this way, employees have a direct connection to customer satisfaction, and whether the company is profitable or achieving its mission.

Companies have a significant amount of control on employee satisfaction, and so this employee centered business ideology is something small and large businesses can learn from. Employee satisfaction can be created by providing internal quality systems that lead an employee to openly give feedback and similarly to employee happiness. After obtaining employee satisfaction a company can then focus on obtaining employee loyalty and eventually engagement. Employee loyalty will lead to positive interactions with customers, which in turn leads to customer satisfaction and loyalty. Customer loyalty and satisfaction leads to profitability, which illustrates that employee satisfaction and engagement has positive financial implications for a firm.

The people in an organization add value to a firm's products or services, and this value is what truly distinguishes one company from another. According to, esteemed Stanford University Professor, "in a service business, there is only one successful strategy-to provide your customers outstanding value and service-customer delight …customer service depends on having people who feel good about the organization, and would therefore care about the customers" (1997). Organizations with employees who add value to customers' experiences are similarly adding to the financial value of the company by increasing profitability. In this way, the people behind the offerings of a given firm are the "link between process and profitability" (Putzier & Baker, 2011). Starting with a firm's employees should be a company's first priority when trying to revive from economic distress, financial hardship, or even to improve the implementation of the firm's strategy. Starting with a company's people provides a starting point for making critical improvements to move a company from merely survival to success. Increasing employee satisfaction and beginning the chain of employee engagement, allows employees to provide outstanding service to customers that will build rapport. This rapport will help create a positive, long-term relationship supported by trust between employees and customers, and even a business and its customers. When a customer trusts a firm's employees, the customer is able to form a sense of confidence in the firm, which leads to repeat business, positive customer relations, and referral business.

When employees like the organizations they work for because they feel valued, they are more likely to create a positive image of the company for customers. This allows a customer to gain a positive image that also makes them feel valued as customers. This also allows a customer to gain a sense of trust in a business that they are being served without being taken advantage of. Being able to build relationships like this is critical, because it can keep a customer spending money in one's organization even if the organization has mad minor errors.

The following figure developed by Livetime, a service management and IT management company shows the service profit chain in its entirety. This figure provides a summary of the importance of employee engagement and its link to customer satisfaction and profits.



As suggested by the figure a company's investment in its people, which can be enhanced by a dedicated engagement human resources plan, leads to employees that are more satisfied, productive, and loyal and hence engaged. This employee engagement then leads to customer value, customer satisfaction and loyalty, which then leads to the profitability and revenue that companies so vehemently seek. In other words, it is in a company's best interest to focus on its people and invest in internal services that lead to employee engagement because doing so has a direct relationship to customer satisfaction and profitability.

Employee Lifetime Value

Companies often cite the customer life Time (CLV) value as an important statistic in determining how profitable a customer is to a company over the life of that customer's relationship with the firm. While this is a crucial piece of information, the argument can be made that employee life time value (ELTV) is even more integral to the success of a firm, for without effective employees there can be no long-term relationship with customers. While historically there has been a lack of attention on the importance of employees and their ELTV, there are several facts that indicate how important this figure truly is. For instance, "employee turnover costs companies in the United States more than $140 billion annually in recruiting training, replacement, administrative and other costs" (Employees, Inc. retrieved from Marketing Innovators White Paper). This indicates that employee turnover is incredibly devastating to a company in terms of loss of knowledge and even financial costs, and for a firm that might already be hurting financially employee turnover could prove fatal. According to a Brookings Institute study, approximately 85% of a firm's assets are linked to the intangible wealth associated with human talent and knowledge (Retrieved from Marketing Innovators White Paper).

Michael Porter, esteemed Harvard Business Professor, assesses employees as the critical foundation for a company to "increase competence and profits" (Marketing Innovators) CEO and marketing innovator, Stuart McLean contests that "A company that lost all of its equipment but kept the skills and know-how of its workforce could be back in business relatively quickly. A company that lost its workforce, while keeping its equipment would never recover" (Marketing Innovators). Thus, a company's critical assets lie within its people and their abilities. This ideology can also be extended into the recent economic situation: a company in economic distress, that has capitalized on employee engagement is far more likely to succeed long-term, than a financially sound company that regards its employees as expendable. While this contention may seem strong, and perhaps unrealistic it is critical that an organization realizes that the ultimate factor of a firm's success is people.

The Costs of Disengagement

Companies have motivating reasons for ensuring that they hire the right employees and that the company fosters a workplace environment that genders engagement to drive customer loyalty and profitability. However, companies also have other less obvious reasons that should make creating an engaged workforce a priority: actively disengaged cost companies money. According to a Gallup poll from 2002, actively disengaged employees cost the American economy up to $350 billion per year in lost productivity (Coffman, 2002).

This Gallup poll discovered three levels of employee engagement: engaged, not engaged, and actively disengaged (Coffman, 2002). The beginning of this study explains that engaged employees are the employees that consistently perform at high levels, drive innovation and propel their organizations towards future success. However, it is important to recognize that these employees might be negative or unhappy at times because of human nature and emotions; full engagement does not turn an employee into a Barney character, but rather aligns an employee with the strategy and success of his or her organization that drives discretionary effort and high performance. "Not engaged" employees as the study labels those who are neither engaged nor actively disengaged, are those employees that can be most significantly influenced by an engagement human resources plan (Coffman, 2002). These employees are on the fence about their employers and do not fully commit themselves to the organization or its success, although they may still be happy employees as previously discussed. Actively disengaged employees however through a kink towards a company's strategy, because actively disengaged employees are not just unhappy at work, they act out against this unhappiness. These employees are the ones that should be weeded out by selective hiring processes that will be discussed in the human resources plan portion of this study. These employees actively negate the productivity of the rest of a company's employees and reduce customer satisfaction and loyalty levels.

Actively disengaged employees are a huge problem for businesses, and especially small businesses with limited workforces. Such employees believe that they are right, and that everyone in the organization is wrong. Similarly, such employees thrive on negativity, and may find solstice in power of numbers in groups that support and reinforce negative beliefs about a company and life in general. More importantly, disengaged workers are those who never work towards becoming part of the solution, because they would prefer to stay part of the problem (Coffman 2002). Essentially, engaged employees look to find and become part of the solutions for a company, while disengaged employees thrive on being part of the problem that disallows the implementation of those solutions.

So what is the real cost of workforce engagement? Actively Disengaged employees that counter the productivity of engaged and highly engaged employee limit profitability and cost the US economy between $292 billion and $355 billion per year according to business consultant Burkholder. Similarly, these disengaged employees also miss an average of 3.5 more workdays than other employees (Burkholder).

How do actively disengaged employees cause so much damage to businesses? The simple answer is that disengaged employees make up a majority of the workforce. Gallup research suggests that 29% of the U.S. workforce is actively engaged, 55% is not engaged, and 16% is actively disengaged, which means that 71% of the Americans are not engaged in their daily work (Coffman). While this provides room for the implementation of a human resources plan that focuses on employee engagement to improve these levels and productivity, these statistics must be acknowledged and reacted to immediately to cut down on the costs of disengagement. These statistics suggest that American businesses are operating at one third of their capacity.

“Practices of successful organizations” and their inherent engagement counterparts

Employee engagement can also be looked at from a strategic aspect. Firm’s that are looking to propel the business toward success and future potential should start by incorporating the following practices described by Pfeffer in *The Human Equation*, into the firm’s strategy. Companies that work toward utilizing employment security, selective hiring of new personnel, decentralized decision making with self-managed teams, compensation contingent on organizational performance, extensive training, reduce status distinction barriers, and employ extensive sharing of financial and performance information make a firm aligned for employment success first, which then leads to profitability. Often firm’s try to look at profits as a way to drive success and long-term achievement, but neglecting the workforce and its implication on such profits proves to be fatal. In today’s complex business environment that it is critical that a firm starts with its people and then focuses on how those people can drive profits.

There are many additional benefits that come from employment security. When employees are assured that they will continue to have a job in the future they will be more likely to contribute to the overall strategy of the firm, and will enhance productivity. In other worlds, employment security is another piece of the engagement puzzle. Herb Kelleher, CEO of Southwest Airlines argues that the "most important tools for building employee partnerships are job security and a stimulating work environment" (Kelleher, 1997 Retrieved from Pfeffer).

This means that firms should engage in careful hiring and selecting to ensure job security, but more importantly, to ensure that the right employees are hired in the first place. According to Pfeffer, "organizations serious about obtaining profits through people will expend the effort needed to ensure that they recruit the right people in the first place;" the first step to create a successful staffing process begins with having a large applicant pool, which is an area where small businesses often fall short (2007). Many small businesses become desperate for new employees and look at only a few applications before making a hiring situation. Although a company may be in desperate need of workers, hiring the wrong employee will actually cost the employer more in the long run than the lost productivity from operating with a lean staff. The company must also be clear about what the necessary skills are to complete the job. In this case, specificity is key, listing key skills and attributes applicants must possess in order to be considered as candidates limits the amount of unqualified people the company will later need to screen. Then the company needs to screen candidates based on these attributes that are critical to the success of that candidate as an employee and to the success of the company. If there are necessary skills that cannot easily be trained, the company must make sure that they focus on hiring a person that already possesses these attributes to adequately staff the position. "It is much more cost-effective to select on those important attributes that are difficult or impossible to change and to train people in those behaviors or skills that are more readily learned ” (Pfeffer, 1997).

After the correct candidates are selected, companies should look to decentralize the company and create self-managed teams. Allowing people to work in teams creates camaraderie in the workplace, and makes employees less afraid of making mistakes. Likewise, self-managed teams "enjoy greater autonomy and discretion, and this effect translates into intrinsic rewards and job satisfaction," meaning that decentralizing management and allowing for self-managed teams within the workplace may help to drive employee engagement (Pfeffer, 1997). Using teams also eliminates hierarchical control of work, workers can control themselves. Additionally, teams create a sense of accountability and responsibility that leads to greater involvement and initiative.

Next, a company should find ways to make compensation based on organizational performance. People are influenced and motivated by money and rewards, and so it is in a company's best interest to link these rewards to company performance to further employee engagement. Often this can be done by offering gain sharing, profit sharing, and stock ownership. For smaller businesses this can be done by offering performance based bonuses, team incentives, and other fringe benefits. "Contingent compensation" creates a level of fairness in a workplace; if a company performs well because of the increased performance of its employees, employees should also be able to benefit from the financial rewards (Pfeffer). As previously mentioned, such compensation motivates workers because they know that they will share in the profits of their work.

Training is a critical element to the success of any employee. Many companies often cut back on training to decrease costs, which eventually leads to more costs. While training can be costly, it is integral to the long term success of employees at any given company. Untrained workers and inadequately trained workers are often disengaged, and less productive. Trained workers are more likely to be productive, and improve the workplaces in which they work. Trained workers can derive engagement from their work, while untrained workers will struggle to even become satisfied with their work, and so training is a critical driving force of engagement.

After training, a company must work to reduce status differences to create a sense of equity in the workplace. An organization is able to perform at higher levels when it can utilize the knowledge, skills, ideas, and talents of its employees. However, people do not feel willing to contribute to their workplace if they do not feel valued by or important to their employers. It is a company's best interest then to make sure that employees feel valued and one way to do so is for firms to "reduce the status distinctions that separate individuals and groups that cause some to feel less valued" (Pfeffer). Companies can remove these distinctions by eliminating subservient titles, like when "secretaries" are referred to as administrative assistants instead. Similarly, companies can institute company-wide dress codes; often differences in dress, distinguish people from one another, which inhibits communication between employees within an organization. Firms should look to treat all individuals and groups in a way that promotes communication and feedback, and ways to eliminate constraints to this open kind of environment.

Perhaps the most important process of successful companies, and integral to employee engagement, is information sharing. When a company shares information with its people, its people feel that they are trusted. As previously discussed, trust is one of the three driving forces of employee engagement. This means that sharing company information can be directly related to employee engagement. Whole Food Markets CEO John Mackey, argues that, “if you’re trying to create a high-trust organization,…an organization where people are all-for-one and one-for-all, you can’t have secrets” (Retrieved from Pfeffer). Opening up about company financials, and strategy, creates an open line of communication and feedback between an organization and its people.

COMPANY CASE EXAMPLE

Google a Leader in People, Performance, and Profits

Google has received praise as a human resource example of best practices, and an employer of choice. The firm is a good organization to use for guidance when it comes to developing employee engagement for several reasons. For instance, Google had the top ranking in Fortune's "100 Best Companies to Work For" annual rating in 2010. Google defines its human resource management as people operations, which further illustrates the importance of the people behind the processes of the organization. The internet giant cites that the “continued attraction, retention and motivation of its employees” are the key factors behind the success of the firm, which gives tribute to the company’s talent management, staffing, and benefits procedures (John Sullivan, 2007).

Google has other notable accomplishments related to employee engagement such as a low turnover below five percent. Similarly, Google's successes are illustrated by the vast number of people who seek employment at Google because of the company's fantastic human resources. It is estimated that over 6,000 people a day apply to Google (Sullivan).

How does Google do it? For starters, Google implements innovative development techniques to stimulate continuous improvement, while focusing on on-the job training. This provides support for the argument that employee training and development is critical to the success of employees, and a person's attainment of employment satisfaction and engagement. Employees are also given mentors when they become new-hires to provide people with the support necessary to transition into the company. Google also has a unique approach to performance management that focuses on "rapid-decision making...and encourages ambitious ideas" (Sullivan).

Google has an incredibly attractive benefits package for prospective employees nick-named "outrageous benefits" that includes free gourmet meals, dry-cleaning service, and various other benefits that motivate employees to stay at Google for several hours throughout the day. However, Google's real success with its people lies within the company's focus on and passion for employee engagement and development. Employees feel valued, because their ideas are responded to and implemented by the company. Google's unique approach to human resources has helped the company obtain incredible employee productivity; "the average Google employee generates more than $1 million in revenue each year" (Workforce management 2007).

This provides valuable lessons for even small businesses that cannot afford to offer "outrageous benefits" packages: even incredible benefits are not the answer to employee engagement, rather focus on employee development, adequate training, constant feedback and recognition, and valuing employee's input can provide success for a human resources plan that can then that stimulate employee satisfaction, loyalty and engagement that lead to profitability (Sullivan).

Google's success also illustrates the importance of utilizing these employment trends to create a successful human resources plan and practices:

1. People work harder when they have more say in their work, and when their ideas and feedback are valued by their organization.
2. High performance management practices that encourage the building of skills and competence facilitate employee engagement efforts that influence people to apply their wisdom and energy to enhancing organizational performance.

ETHNOGRAPHIC STUDY

Sunshine's Coffee shop was established in 1978 in an office building in the Syracuse area. The coffee shop-deli, then expanded as the company gained a large customer basis including various industrial blue collared and white collard professionals around "Carrier Circle". The area was once the home of manufacturing giants such as Carrier Corporation, PCI (which designed the first post-it-notes), Siemens, and PPC in the telecommunications industry.

Sunshine's prides itself on providing outstanding customer service, at affordable costs, while serving only quality foods; this is illustrated in the company's motto: to serve customers with breakfast, lunch and a smile. Sunshine's menu includes various cooler items including salads, pudding, and other homemade desserts; special items that provide an extra bargain for the valued customer; and a deli with a wide selection of meats, cheeses, and breads. The company provides breakfast and lunch service to an average customer base of 300 people daily.

Since 2007 the company has faced serious economic barriers due to the great recession. The great recession hit the Syracuse area hard and impacted many of the large manufacturers that provided Sunshine's customers base, like Carrier Corporation. Plant closings, layoffs, and household income losses were the hard realities many Sunshine customers faced. This began a downtrend in sales, because as customers lost disposable income, suddenly getting breakfast, lunch, and a smile became less of an option.

In 2010 the company grossed sales of approximately $274,000, a significant decrease from the company's annual sales before the Great Recession (Company's New York State Sales Tax Form 2010). In the early 2000s the company's annual sales were on the rise and in 2006 sales were $358,952; this represents a decrease of nearly $85,000 in four years and illustrates the major financial affects that the Great Recession had on small businesses (Company's New York Sales Tax Form 2006). This decrease in sales was also accompanied with rising fuel prices, property taxes, and increasing food prices that made economic distress a reality, many businesses in the area also faced. Several restaurants and businesses including a Starbucks and a Dunkin' Donuts less than two miles from the Coffee Shop were forced to close by 2008, which again illustrates the failing business climate in Syracuse.

Historically, Sunshine's coffee shop has employed approximately five to ten employees. The operation began in 1978 with a husband wife team that expanded and added employees that quickly became integral to the success of the business. Several employees worked for Sunshine's for over twenty years, which far surpasses food industry competitors such as McDonald's, Starbuck's and Denny's. By 2010 as the company faced the third consecutive year of sales decreases, the employees of Sunshine's also became affected by the financial distress of the company.

With a distressed and decreasing workforce in conjunction with diminishing sales, Sunshine's became the perfect business for an engagement based human resources prototype.

HUMAN RESOURCES PLAN

Company Evaluation

Once a company realizes that its ultimate fate lies with its people, a firm can move forward in the restructuring process of its human resources plan. A company should start a new human resources outlook by completing an assessment of the firm's human resources, or lack thereof. Similarly, the firm could give an employee engagement survey to its current employees to determine the pre-existing level of engagement.

Sunshine’s Coffee Shop has always prided itself on its people, and the many contributions they make to the small company. The company has recently had several changes in employment, and so the company wants to refocus on restructuring its human resources. Today the company’s workforce consists of both owners, Pat and Lorene Dadey, and three part time employees. Two of those employees are retired workers, one has been working with Sunshine’s for over ten years, and the other for nearly five years. The company also employs a college student who lives in the area who has been with the company for several months. Employees and community members consider Sunshine’s an employer of choice, and a trusted place of business.

In 2009 the company employed the two retired workers previously mentioned, but also three other long-term employees. These employees worked for the company for 25 years, 20 years and 5 years respectively. Health problems, financial hardship, and family changes however, caused these employees to leave the workforce, or retire and refocus on grandchildren.

Because of these people changes, Sunshine’s was forced to make some hasty decisions with hiring to continue operating. This led the company to hire workers that were not aligned with the company’s goals that would have never been engaged workers. However, these hasty decisions quickly caught up to the company as they were faced with the costs of additional employee turnover, and finding new replacements. After two failed attempts to hire people as food and customer service representatives, that Dadey management team became discouraged and looking for “people” help. A tremendous reason for the Dadeys lack of success in recent hiring attempts stems from the recent changes to the workforce and many generational differences. This makes Sunshine’s current workplace prime for human resources changes.

Human Resources Best Practices Self-Assessment

After assessing the workforce as a whole, the researcher began creating a human resources plan for Sunshine’s Coffee shop by doing a human resource best practices self-assessment adapted from *The Everything HR Kit* by John Putzier & David Baker, with co-owner, Lorene McCoy Dadey. The assessment had questions about the company’s HR brand image, recruitment, selection, orientation (on-boarding), employee relations, and turnover. Such an assessment can be widely effective for any small business with limited or full human resources functions.

Sunshine's scored high in the HR Brand Image category. The company has a long-standing history in the community as a trusted restaurant and business partner to suppliers and vendors. Sunshine's employees also stay with the company for years, and are extraordinarily loyal to the business, and act as ambassadors for the company. Although these are significant strengths, Sunshine's did not use business cards to improve its image. At the beginning of the study, co-owner Pat Dadey did not know where the company's business cards were, which means that neither did any of Sunshine's employees. Because Sunshine's had become so short-staffed, the company had to focus on short term objectives like getting through another day. Now, business cards will available to customers, and more importantly to employees who can increase word of mouth communications about "the shop." John Putzier and David Baker suggest that all employees should have business cards so that they can act as business ambassadors. This also increases a company's image, and level of professionalism which makes such the minor expenditure worthwhile.

Sunshine's also scored well in the Recruitment category, but shows room for improvement because of the recent recruitment troubles. The company pays referral bonuses to employees who refer new hires. Sunshine's also uses current employees throughout the recruitment process to help screen and select potential candidates. However, in recent years, the company has been facing recruitment difficulties. The company does have a majority of candidates accept job offers, and does have qualified candidates apply, but sometimes the application pool is limited. Sunshine's also relied on job postings on the internet and advertising and did not employ creative ways to source candidates. From this assessment there are obvious ways the company can improve it recruiting practices.

Selection has also become an area with good marks for the company according to the assessment, but an area where improvements can be made at Sunshine's because of recent selection troubles. More than one person is involved in the interviewing and selection process, but sometimes only one person makes the hiring decision. Hiring decisions are based on more than interviews, but references are not really looked into. The company's compensation and benefits have been validated against the quick food service industry and the community, which helps Sunshine's, attract many applicants. Likewise, the company's selection process is a positive and use-friendly experience for candidates.

Orientation is another area of strength for Sunshine's in terms of human resources. The company does have a new-employee orientation, with an appropriate level of formalness for the nature of the laid back family atmosphere of the restaurant. Generally, the company makes a great long lasting first impression during a new employee's first week. Current employees are also involved in the orientation of new employees which helps reinforce a team oriented atmosphere. During orientation, core values, like the idea that the employee always comes first, are instilled in new employees; the owners also periodically reorient all employees with these values to enhance the company's atmosphere.

Employee Relations is an area where Sunshine's has with minor room for improvement. The company does have creative recognition and rewards programs. The current managers, both owners, are effective human resource managers, but should look to employ someone in a supervisory position that can take on some of this role. The company does not have regular staff meetings, but the owners do have meetings with employees that help create an open dialogue. Sunshine's can also improve its ratings in this mark by conducting annual employee perception surveys to reinforce this open dialogue.

Turnover is an area that is actually an area of strength for Sunshine's. The owners stay in touch with valuable former employees and restore employees' service if the company has room for another employee. Generally, the company tends to lose the losers and keep winning employees. The company could improve in this area by simply conducting exit interview before and after the employee leaves the company.

Overall, according to the human resources best practice assessment developed by Putzier and Baker, sunshine's is almost considered an "employer of choice" (2011). This is significant because the owners act as HR generalists for the firm, despite training in human resources. The company can employ minor adjustments to its HR brand image, employee turnover, orientation, and employee relations. The company can benefit the most from modifications in recruitment, and selection.

Why work here?

Many companies have unique value propositions or "why buy here?' statements, that they tell their prospective customers. So why not create a statement to tell potential applicants, and candidates? Sunshine's needed to develop a why buy here statement to a 'why work here?' statement. Having a 'why work here?' statement allows a company to send a message about Sunshine's; recruitment is really selling the company to potential candidates.

To create a 'why work here statement' companies should survey long-term employees, document history and differentiating characteristics, and conduct a brainstorming session with leadership to boil it down to three or four key concepts.

At sunshine's the key concepts that were found are:

1. "family atmosphere"
2. "your opinion matters here"
3. "flexibility is our motto"
4. "we have fun"

These four concepts are what makes Sunshine's an attractive company, aside from the financials. Today, companies are relying on hiring based on fit, and so developing a 'why work here' statement is the first step in helping the candidates decide whether or not they are a good fit.

Recruitment Brochure

After developing a 'why work here' statement a company can then create a recruitment brochure, or expand an existing brochure. Generally, companies do not utilize this recruitment tool, and so creating one will set a given company apart from competitors as an employer of choice.

At Sunshine's a recruitment brochure was developed that includes:

1. Sunshine's 'why work here' statement
2. The company's awesome referral bonus policy
3. Employee testimonials
4. Key company benefits
5. Picture of the company
6. E-mail address for more information
7. Name and phone number of the primary contact for employment

Currently, the company is working on developing company website that will also provide the information found on the recruitment brochure. This will allow the company to reach a wider pool of applicants, and will attract new applicants and customers.

Job descriptions

Next a company must work on its job descriptions. Job descriptions help a company identify the skills and traits that are requirements of the job, and clarify for job candidates whether the job is something they would want to do and most importantly if the job is something they want to do. Job descriptions provide protection from legal claims like disability charges, and can be used to determine how competitive a company's compensation is.

At Sunshine's the company was not using job descriptions. The company had job postings that listed a mere title: how were prospective candidates going to know what the job entailed without a description?

After developing a list of essentials skills required to do the food and customer service representative position, a job description was formed. The job description lists the title, a summary of what the job actually entails to give candidates an idea of what a typical job would be like, and lists essential duties and responsibilities. The job description also includes qualifications including math skills (necessary for using the cash register). The description also includes education and experience: a high school diploma or general education degree, or one to three months related experience and training are sufficient for this position. Sunshine's currently only has one job description because all employees start at the same position and move around and do different tasks. However, for other small businesses, it is important that job descriptions are tailored to the job, not just the company.

Recruitment

After developing a 'why work here' statement, and a recruitment brochure, and creating effective job descriptions a company can then start focusing on developing creative sourcing strategies.

An important shift Sunshine’s needed to make in terms of recruiting was when the company recruits. Before, the company waited until they had a vacancy to start finding candidates, which is problematic because the company is always in a hurry to fill positions, which can lead to rushed selection decisions (and even settling for an unfit candidate). Rather, Sunshine’s should have been approaching recruiting as an everyday process. Sunshine’s can recruit outside the walls of the business; a sales associate might really understand customer satisfaction and how to adjust to customer demands, which might make them a perfect candidate for the quick service food industry. Sunshine’s now has business cards for everyone on the staff to turn all employees into company ambassadors, and recruiters as well. Similarly, the company re-educated its employees about its referral program; employees that refer new employees receive a bonus! Sunshine’s is working on extending this program to its vendors, suppliers and service providers who would be invaluable sources of good candidates. This will help the company extend its recruiting efforts and create a larger pool of candidates and hence the quality.

Companies interested in providing employee referral bonuses, or “bird dogs bonuses” as they are often referred to as, are smart because you are paying for someone who becomes an employee, a critical source of profitability. Companies weary of implementing a new referral program could pay half of a bonus on the date of hire, and the other half six months down the road. This will reward both the recruitment and the retention of the new employee.

Return employees are a source of qualified candidates, as well. Having a program that allows old employees to return as long as a position becomes available is hugely beneficial. Return employees already understand the company culture and the employee already has past performance. Employees that know that they may be able to return to an organization if they so choose, instates additional trust and value, and when company's leave with this "get out of jail free" program in the back of their mind they leave the company with a positive attitude which positively impacts the word of mouth communications about a given company (Putzier & Baker). Likewise, employees that leave and come back are the arguably the most loyal employees a company can ever obtain, which has strong implications on such employees' satisfaction and engagement. Sunshine's employs such a program that allows returnees to come back so long as there is a position available, which has created a strong network between the company and its "alumni."

A company website can be a valuable recruiting tool. The company's recruitment brochure can be made available as well as links to the application, and other information about the facility. If a company has a website, it should be made a recruiting instrument. Currently, Sunshine's is developing a website for its business, and most significantly, as a recruitment tool.

Companies should avoid relying on classified ads to find candidates, because there is no real return on investment for such expenditures. Similarly, an organization will never be able to recruit young people with newspaper ads. Small businesses should look to use trade publications to create a more target use of recruitment spending. All a company has to do is figure out what its target market is, and what kinds of ads or publications the members of this segment will read. This will deliver a greater return on investment. Sunshine's utilized the penny saver to post jobs to save money from traditional newspaper ads.

Trade schools can also be valuable sources for recruiting. Sunshine's has created a partnership with OCM Boces, where students come to Sunshine's to learn food prep, sanitation, and customer service skills in an actual business setting. This leads to potential candidates, as well. Students are exposed to a business in this way, while employers get to see students in the business setting.

Retired people are valuable to the recruiting process. Since the workforce is aging in America, retired people are actually becoming candidates. Retired people are also valuable referral sources. Companies should capitalize on this by offering business cards and by possibly extending bird dog employee referral programs and by visiting where retired people flock. Sunshine's has taken advantage of such opportunities and employs two retired individuals. The firm has also reached out the retired community by catering dinners for retired people at churches, and retirement homes.

New hires can be critical sources of additional candidate referrals. New hires are especially interested in wanting to please their new places of work. Similarly, winning employees often have friends with comparable attributes and attitudes, which may mean that a new hire's friends or acquaintances that are referrals could also be a good match for the company.

Sunshine's uses new hires to refer new candidates and is currently in the interviewing process of new candidates referred in this manner.

Internet job boards can be widely useful for recruiting purposes and they are extremely cost effective. Internet boards are invaluable to small business with small recruiting budgets, and technical support; job boards are user friendly, making them easy to navigate and manage with limited technical capability. When Sunshine's began using job boards they had a surge of new applicants, which proved successful. However, additional screening and interviewing might be necessary when sourcing applicants from job boards.

Additionally, employers' files of previous candidates can be used for recruiting. Candidates that might not have taken a job because it was not a match at the time, or because the position the company had available was not a good fit, might be perfect matches in the future or invaluable sources of referral candidates. A candidate that is hired after being contacted by a company a year after is likely to be loyal, and engaged because they feel that the company actively sought the candidate out. So keeping files candidate files is beneficial because it provides possible candidates, for free. Sunshine's Coffee Shop reaches out to previous candidates to see if they might be interested in current positions, and this has actually proved to be successful in the past.

Interviewing

Interviewing is the next key process of obtaining new employees. Interviewing is a critical stage of this new process, and it is a tricky process with many legal implications. Companies should have a lawyer or human resources expert on retainer to ask questions about acceptable interviewing procedures and questions if necessary. It is important that small businesses do not go into interviews on the fly, simply because a person came into the business. Similarly, companies should never rely on a single person to make the entire hiring decision. Interviewing is one of the first steps to finding the right employees, which is critical to engagement, and so employers must take this process seriously.

To prepare for future interviews, companies should schedule exact interview times to prepare, and review the job description to identify what attributes candidates should have to move onto the next level of selection. A candidate interview worksheet would also be useful for small businesses that might not have as much experience interview people. Candidate interview worksheets give sample questions for different types of skills. This helps keep interviews consistent between applicants, which helps reinforce interviewing practices (companies must ask all applicants the same questions to not discriminate during interviewing). This also helps to organize interviews, and makes it easier to visualize what candidate is the best match for a company. Sunshine’s has now implemented an interviewing guide to gain these efficiencies and to improve consistency.

When conducting an interview it is critical that a company creates an effective interviewing environment. Interviews should be quiet and in a private environment that makes the interviewee comfortable. Interviewers should make sure to always turn of cell phones to disallow interruptions.

Once a candidate gets there the interviewer should set the candidate at ease, by giving them a run down version of how the interview will run. Then companies should ask every candidate "tell me about yourself" to get an idea of who the candidate really is and whether or not he or she will be a good fit for the company. Companies need to be cognisant of whether or not candidates will fit with the organization, because having a good "fit" drives engagement.

Organizations should ask a wide variety of questions including open ended questions. At the same time, companies should take notes, by casually jotting down a few words to remember the details of the interview. Equally, companies should never ask illegal questions and should avoid inappropriate questions. Even if an interviewer's motives are innocent for asking inappropriate questions, it might open company up for discrimination charges to the prospective employee if he or she is not hired. Whenever a company is unsure whether a question is appropriate interviewers should ask "is this question job-related?," if the question is not job-related it is not necessary and inappropriate.

Examples of questions that should never be asked include:

- How old are you? Instead companies should ask, are you over the age of 18?
- Do you have any disabilities?
- Are you handicapped?
- Are you pregnant, or do you plan on having children?
- Are you married?
- Have you ever been arrested?
- What is your religious affiliation?
- What is your sexual orientation?
- What is your ethnic background?

In summary interviewers should not ask questions if they are not work-related. Employers are not allowed to inquire about age, religion, family, race, ethnicity, disabilities, or pregnancy, etc.

Companies should work hard to spend a large amount of time hiring the right individuals because it saves on costs later. Spending large amounts of time selecting the right employees also has various implications for workforce engagement as previously discussed.

Reference is an important part of the employment process. According to Putzier and Baker, "more than 75 percent of employers do not conduct reference or background checks of their potential candidates," but this step is widely helpful to organizations because it eliminates the number of bad hires, which is important to the engagement of any workforce since bad hires drive down productivity and the engagement of other workers. Sunshine’s has begun using reference checks as an additional step in their employment process. Previously, “bad” employees had been hired that probably would not have made it through the screening process if reference checks had been done.

Benefits

The benefits that companies offer are critical to the engagement of a given workforce, since benefits help to motivate people. However benefits packages are often hard for smaller businesses to offer because of smaller financial budgets. This means that such companies should offer extra benefits and perks. Sunshine’s offers benefits like health care, but it also offers extra benefits and perks like in-house meals and company discounts. Similarly the company works to motivate employees by creating a flexible workweek. The company also provides a paid lunch break to employees, which gives them the incentive to continue working throughout longer shifts. Small businesses like Sunshine’s should brainstorm unique benefits that they can provide employees to leverage large compensation and benefits packages of larger companies. Employees often provide feedback on benefits they would like to receive, which can be valuable to the company’s engagement plan. If employers listen to what employees want, and these measures are feasible for the company to provide, it would be to the benefit of the company to provide these perks. This will again reinforce trust and recognition that influence engagement.

Orientation & Training

The primary purpose of orientation is to instill values in new workers. Employers should take advantage of an employee's first few days on the job to help them learn the ropes. Really, employee orientation is like a company "meet and greet" that gives an employee a lasting impression of the company (Putzier, & Baker). If a company chooses to not take advantage of this time period it leaves employees feeling disengaged from the start: not good for people, performance or profits. Orientation is a training opportunity that allows for new employees to become up to speed and feel comfortable. Once an employee becomes comfortable, they are on the way to satisfaction and engagement.

Sunshine's orient new employees by introducing them to the Sunshine's family: the company's customers. New employees are also partnered by current employees and guided through the first few days on the job. This helps employees feel welcomed, and allows the new people to learn who to ask questions. Orientation includes a run-down of safety procedures, equipment and supplies, to ensure a safe workforce and one in which all employees are aware of where to find necessary supplies. Employees are re-oriented how to use dangerous equipment when they first how to use things like the grill, and slicer, but new employees are warned of the dangers to ensure that everyone is safe. Employees are trained on how to do each job task and responsibility by watching the required task, and then by performing the task, with the help of a co-worker to build a team environment and trust.

Sunshine's has also developed a small handbook that explains work hours, overtime, sick leave, leaves of absence, performance, and discipline to reinforce orientation.

Since over half of employees who quit do so within their first 10 days on the job, employers should plan the first day of work for new employees. This will allow current employees to help new employees on their first day of work.

Employee handbooks

Employee handbooks instill values, and provide formal information. Sunshine's is currently developing a new handbook that has information about the company's philosophy, customers and suppliers, how employees can express themselves. The handbook also provides information about hiring, firing, promotions, and compensation. The handbook also provides information about working in general, work hours, what the policies are about attire, attendance and timeliness, etc. This also includes a new section about performance evaluation (which was previously not instituted by the company!). Payroll information, time off, and other important policies such as those on harassment, and drugs and alcohol are also included in the handbook. This handbook works to reinforce company values, culture, and to provide clear expectations to drive engagement.

Performance Management

Performance management is a key step to creating employee engagement, because it keeps employees performing. Small businesses without human resource departments need to work hard to become proficient in coaching, recognizing, encouraging and communicating to ensure that people are performing and becoming engaged (Putzier, & Baker). To effectively employ performance management strategies businesses should focus on giving constructive feedback with direct deliverables that are to be addressed. Similarly, performance management should not just be a once a year evaluation, it should be a constant process, in which actions are addressed instead of personal traits. Is the problem that Mary is grouchy, or is the problem that she swore at a customer? The problem really is not Mary's personality, it is her actions, and so performance management should be based on actions. Clear expectations should be given, so that employees have room for improvement and understand how to improve. This reinforces a sense of trust between employees and managers, and also creates a positive relationship. Sunshine's has now begun having formal reviews on a quarterly basis to ensure that all employees are on the same page as management in terms of performance, and expectations. This has improved communications between management and employees, and similarly led to increased performance.

At the same time performance management should also focus on positive behaviors and accomplishments. Managers and business owners should give constant feedback, including recognition. Recognizing employees for their accomplishments makes them feel valuable, and again this is a key factor in creating workplace engagement. Only focusing on things that need improvement, makes employees feel discouraged and invaluable, so small businesses must work hard to ensure that they focus on the positive, too.

Employee Perception Surveys

Lastly, to improve employee relations, employers should provide employees with perception surveys to allow employees to give their input. Finding out what employees think about a given organization is the easiest way for the company to find areas of improvement. Many companies do not survey their employees for fear that employees will give negative feedback (Putzier, & Baker). Here's the kicker, would you prefer negative feedback when you can still change, or would you prefer to get the feedback as a person quits… companies should embrace this feedback even if it is backed by harsh criticism to improve. Companies give performance evaluations to improve performance, and so employees, should similarly be able to give performance reviews in the form of perception surveys. Employees feel valued when they can give feedback, and especially when their ideas and opinions are listened to and responded to. Surveys often provide insight about issues that management did not know existed, and so this is a tremendous way for companies to improve to and hone in on workforce engagement.

CONCLUSIONS

Human resources plan should look to not only attract retain and motivate employees, but also to engage talented workers by investing in employee satisfaction, having open communication, allowing feedback, and providing adequate training.

Employee engagement is not just employee satisfaction; it is derived when an employee feels a sense that his or her company provides significant growth opportunities, adequate recognition and renders trust. It is a two-fold process that involves both the employee and employer. Engaged employees inspire innovation and solutions for a company while they drive productivity. At the same time, disengaged employees negate the actions of these engaged workers and limit the productivity and customer service levels of a company that constrain company profits.

This means that a firm must be selective in its hiring processes; hiring the wrong employees who will only be disengaged actually cost the business money, and limits the firm's capabilities. Likewise, this indicates that selecting the right candidate for a position is critical to a firm's long term success and profitability. A human resources plan that develops high performance by focusing on engagement will increase productivity by ensuring that employees are actively engaged in the company and its long term goals. To develop engagement a firm must focus on flexibility and ways to generate trust, recognize employees, and promote employee growth. This begins with selecting the right workforce, but also rests on the successfulness of the firm's training and on-boarding processes.

Finding ways to open lines of communication with employees and decentralize decision making are also important factors that should be included in such a plan. This should be followed by effective performance appraisal techniques, and constant feedback to identify efficiencies and recognize strengths while building consistency. A firm should also tailor its benefits on the basis of what its employees find important, because doing so makes employees feel that employers are listening and interested in them as people. People work harder when they have more say in their work, and when their ideas and feedback are valued by their organization. High performance management practices that encourage the building of skills and competence facilitate employee engagement efforts that influence people to apply their wisdom and energy to enhancing organizational performance.

Human resources plan should also recognize that workplace of 2011 is significantly different from previous years. The role of technology has become a part of everyday life, and employers should develop a way to integrate technology into business while not limiting and restricting its employees and their use of such technology. Similarly, the recent great depression has had serious implications for the workplace that make job security critical, and so human resources plan should be focused on ways to provide job security. Having increasingly selective hiring practices, and providing financial and performance information to employees will help create a transparent atmosphere that similarly illustrates a secure employment situation.

The great depression has knocked many businesses down, and has especially limited the financial success of small businesses. However, this can be combated if a company re-evaluates its strategy and focuses on its people as a way to drive performance and profits. This is critical for small businesses that often have smaller workforces. Using a target human resources plan is the key to effectively using employees as the key to the service profit chain and long-term success. Small businesses need to focus on providing flexibility, feedback, open communication, and allowing employees to make their own decisions as a way to motivate and in turn engage employees. This will allow small businesses to leverage against the tremendous compensation packages of corporate America. Employees are the key to long term success for any corporation, and can take companies from survival to success.

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