How to ensure employee loyalty from the employees

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# 01. Introduction

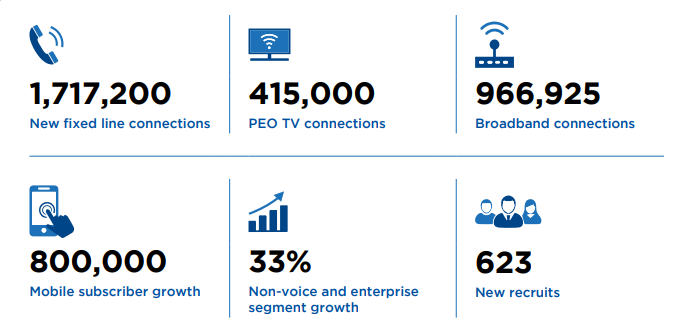
The report evaluates the HRM practices and procedures of Sri Lanka Telecom PLC (SLT) to understand the relationship between employee controlling and monitoring process and loyalty towards the employment of SLT. In modern business for HRM practices and procedures are more important to ensure the high level of loyalty towards the employment towards the employment and understand employee requirements in order to bring the maximum outcome and contribution to SLT from employees. Apart from that loyalty towards the employment can be issued from proper HRM practices and procedures to ensure the loyalty towards the employment towards the employment and organization should maintain proper interaction and communication between employees is to identify the employment related problems and find the solutions within limited period of time.

In order to understand the gaps of existing employee controlling and monitoring process, it is assessed the existing employee controlling and monitoring practices of SLT and compare with other competitive firms in same industry and other firms in different industries. The report highlights the existing problems and issues of employee controlling and monitoring process which covers recruitment and selection, performance management, training and development, compensation and benefits management, employment conflicts management and employment termination. Apart from that it discusses the most appropriate operational and strategic approaches to overcome the negative implications of problems and issues of employee controlling and monitoring process and how those issues and problems impact to the loyalty towards the employment of SLT.

Apart from that it is discussed the theoretical interpretations on loyalty towards the employment and how loyalty towards the employment will impact to the success of the business organization. It further discusses the employee controlling and monitoring models to understand the factors which lead to enhance the loyalty towards the employment towards the employment and how organization can achieve the loyalty towards the employment management strategies and approaches through loyalty towards the employment towards the employment. Below sections critically evaluates the effectiveness and efficiency of the employee controlling and monitoring process of Sri Lanka Telecom PLC.

# 02. Overview of SLT

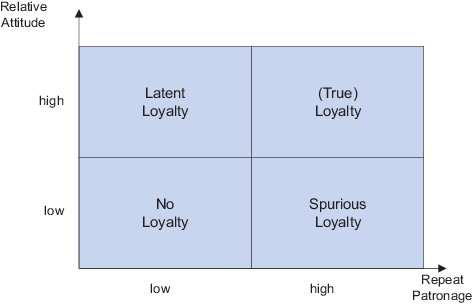
Sri Lanka Telecom PLC is considered as a leading telecommunication industrial service provider in Sri Lanka. The main products of SLT are SLT Broadband and Peo TV solution to Sri Lanka people. During last financial year Sri Lanka Telecom PLC earns Rs. 40 Billion revenue from operational activities with average 40% gross profit margin and 15% net profit margin. Operations of Sri Lanka Telecom PLC was stated in 1991 and currently Sri Lanka Mobitel owns 49% from total ownership of Sri Lanka Telecom PLC and balance 52% owns by Sri Lanka government. Sri Lanka Telecom PLC has more than 2000 employees base in different levels and it adds considerable amount of financial and non-financial strengths to Sri Lanka economy.



**Figure 01: Operational performance of Sri Lanka Telecom in 2018**

# 03. What is loyalty towards the employment?

Loyalty towards the employment means motivation and tendency of employees to give their maximum contribution to SLT to achieve the success of SLT by acting for the best interest of SLT. Having loyal human resource within SLT is considered as internal environment strength to SLT (Wilk and Cappeli, 2003). Loyalty towards the employment is achieved through loyalty towards the employment towards the employment and it will cause to reduce the employee turnover as well (Mullins, 2010). In overall perspective HRM practices and procedures should be matched and updated with the external and internal environmental changes to identify the challenges to ensure the loyalty towards the employment and take right business decisions at right time to achieve the loyalty towards the employment related business goals and objectives (Mullins, 2010).



**Figure 02: Loyalty towards the employment Matrix**

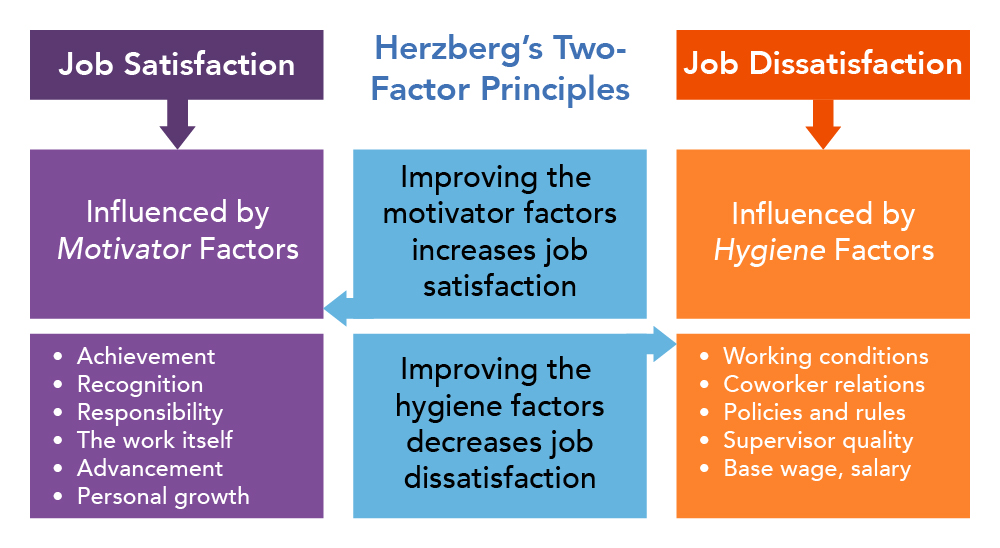
# 04. Importance of loyalty towards the employment to SLT

Business organizations aim to enhance the loyalty towards the employment level to generate both financial and non-financial benefits to SLT (Wilk and Cappeli, 2003). Having loyal employees with SLT, following advantages can be achieved;

* Organization can reduce the risk of employee turnover. That means in order to ensure the high level of loyalty towards the employment within SLT; it is required to ensure the loyalty towards the employment towards the employment (Mullins, 2010). As a result of that organization retain the competent and skillful human resource with SLT for longer period of time.
* Apart from that when organization ensures the loyalty towards the employment, it will cause to understand the real employment related problems and issues of the employees (Wilk and Cappeli, 2003). As a result of that that accuracy and completeness of operational and corporate decisions of SLT will be high due to focusing employee oriented operational and corporate decisions.
* Business organization should have proper internal communication system and interaction between employee and management to ensure the loyalty towards the employment (Mullins, 2010). It will help to enhance the efficiency and effectiveness of the internal communication process within SLT to build a strong combination between employee and management.
* Apart from that loyalty towards the employment will help to build the trustworthiness of employees towards the operations and decisions of SLT (Mullins, 2010). As a result of that business decisions making process is easy compare to the traditional business decisions making approaches.

# 05. Herzberg’s two factors theory on employee motivation

Business organization should ensure the employee motivation and employee satisfaction to enhance the loyalty towards the employment towards to the business organization (Henry and Temtime, 2009). Herzberg’s two factors theory emphasizes that there are two types of factors which impact to the employee motivation such as motivational factors and hygiene factors (Opatha, 2010). Motivation factors emphasizes the factors within the job which lead to employee hard work and hygiene factors emphasizes the factors surrounding to job which impact to employee motivation.



**Figure 03: Herzberg’s Two Factor Model**

Under motivational factors it is focused on opportunities for achievement, recognition, adequacy of responsibilities and authorities, career growth etc. (Opatha, 2010). Under hygiene factors it is discussed the company policies, salaries and wages, supervision, working conditions, job security, performance appraisal etc. (Opatha, 2010).

# 06. Factual and realistic findings of SLT’s current challenges and issues

**6.1. Inadequate details on job description**

Job description should be determined based on the scope of the employment and skills and experience of the candidates. As a result of that Sri Lanka Telecom will be able to hire best candidates to Sri Lanka Telecom in order to match with the job scope and description. In Sri Lanka Telecom there are no specific procedures to develop the job description for all the job advertisements comparing the job scope. As a result of that most of the employees are not aware about job scope and it will create the barriers to allocate optimum level of authorities to perform the roles and responsibilities of the job.

**6.2. Staff demotivation**

Employee motivation is considered as one of the most important factor to Sri Lanka Telecom in order to achieve the business objectives and retain the employees with Sri Lanka Telecom. Most of the employees of Sri Lanka Telecom are not satisfied with the existing leadership style of the top management and it will lead to employee demotivation. Apart from that salaries and wages are not up-to-date with the changes in economic environment variable such as cost of living and inflation rate in the country. Apart from that there is no proper procedure to discuss the employment related problems with top managerial level employees within Sri Lanka Telecom due to ineffective internal communication process. Unethical promotional practices of Sri Lanka Telecom create the job dissatisfaction of the employees and it will increase the risk of losing best performing employees.

**6.3. Accruals staff vacation**

The Company has no formal reporting system to ensure that all vacation taken by employees is properly accounted for in the Company’s records. Instead, it is understood that employees track their own vacation during the year and at the end of the year the Human Resources Director obtains such information from each employee. To ensure the accuracy of the Company’s recorded vacation liability, it is suggested that the Company develop and implement a formal reporting system to ensure that all vacation taken by employees is properly accounted for in the Company’s records.

**6.4. Risk management of Payroll Process**

Payroll process is one of the major employee controlling and monitoring activities within Sri Lanka Telecom which involves with providing the salaries and wages to the employees for their services. Risk management process Sri Lanka Telecom does not address the risk factors and risk mitigation plan with regards to the payroll management process. As a result of that there is inadequate resource allocation to ensure the completeness and continuation of payroll management process.

While some identified risks in Sri Lanka Telecom PLC’s risk register can be related to the payroll process, risk management can be further enhanced by identifying explicit payroll risks while being specific to each Unit involved in the payroll process, as well as cross-cutting risks that could be managed across stakeholders of the payroll process.

**6.5. Inadequate benchmarking for staff compensation structure**

There is no evidence that current compensation structure is aligned to the market. It is understood that attrition and getting appropriate skills in staff recruitment are a challenge. It was explained that employee controlling and monitoring department had taken up an initiative of having salary survey conducted. It is expected that the based on well-founded results of the said survey, salary packages of the staff will be benchmarked adequately to the market. Ensure that the staff compensation structure is adequately benchmarked to the market so that the Sri Lanka Telecom PLC is able to attract and retain the requisite skills.

**6.6. Lack of synchronized distribution of medical allowance benefits**

The Sri Lanka Telecom PLC Personnel Policy Manual provides for staff to receive an annual medical allowance in lieu of medical insurance. The staffs are not required to justify (i.e. present receipts and other supporting documents) their claim. Sri Lanka Telecom PLC has no synchronized release date for the medical allowance benefit to employees. Staff can claim medical allowances at any time during the year, though the staffs tend to avail of the medical allowance early in the year. This set-up is inefficient because the project accountants must monitor on a monthly basis for the medical allowance.

**6.7. Personal files were not properly maintained**

Record keeping practices leave lot of room for improvement. HR/ Personnel files were not properly maintained as there was visible paucity of evidence in support of certain important HR matters in respective files of employees. Less than satisfactory HR record keeping poses risks of loss/misplacement of crucial records and inability to access them when necessary, raises transparency issues which in turn may affect staff motivation, ex-employee relationships and organizational reputation.

**6.8. Human resources management best practices**

Employee controlling and monitoring process should be planned and executed based on the employee controlling and monitoring best practices. Employee controlling and monitoring best practices should be changed with respect to the changes in business environment and requirements of the human resource. In Sri Lanka Telecom there is no proper mechanism to implement the employee controlling and monitoring best practices within Sri Lanka Telecom and apply best practices to ensure the transparency of employee controlling and monitoring processes. For example failure to implement and execute employee controlling and monitoring best practices for performance evaluation of the employees there are some incidences have been noticed on unethical influences of management to decide the promotion of the employees. Some incentives for employees to change their current human resource strategies include the following:

* Managerial effectiveness
* Equity compared to peer companies
* Fairness to all groups of employees
* Accountability to stockholders

**6.9. Milestones and outputs of employees are not clearly determined**

Job scope of the employees should be integrated with milestone and outcome from each employee at the end of specific period. Employee controlling and monitoring department and respective line manager should communicate the expectation and expected outcome from the respective employee. Organization culture should help to employees to achieve the employment milestones and outcome as per the guidance of the management. In Sri Lanka Telecom most of the employees are not aware about the outcome and expectations from their employment by Sri Lanka Telecom. As a result of that most of the employees are struggling to identify their career development path from Sri Lanka Telecom and take appropriate actions to enhance knowledge and develop their career path.

**6.10 Absence of a policy for medical examination**

Unlike the Sri Lanka Labor Law, the Sri Lanka Telecom PLC Personnel Policy Supplement for Staff does not require a pre-employment medical examination to be conducted on prospective employees. A pre-employment medical examination would help detect if the prospective staff is apt to do the work required by his/her position, or has any contagious or communicable disease that could be detrimental to other staff. It is noted that while the Sri Lanka Labor Law makes it mandatory for employers to provide annual medical examination benefits to staff, the Sri Lanka Telecom PLC Personnel Policy Supplement for Staff provides only for a voluntary annual medical check-up. The implementation of the Sri Lanka Telecom PLC policy on annual medical examination will not comply with the standards set by the Sri Lanka Labor Law and may pose reputational issue for Sri Lanka Telecom PLC for non-compliance with Sri Lanka Labor Laws.

**6.11 Changes in compensation policy**

It is concluded that Sri Lanka Telecom PLC has addressed compensation issues in a satisfactory and pragmatic manner. For future surveys, greater efforts could perhaps be made to include comparator organizations that more-adequately represent the labor markets and scientific disciplines from which Sri Lanka Telecom PLC seeks its employees. Sources of market information on the scientific disciplines in high demand may need to be tapped; and more-detailed analysis of disaggregated survey data (by level) could be done. These might indicate the need for further salary adjustments for particular categories of staff. Also, it appears that the compensation survey report and other board documents did not include much information or analysis on worker level staff.

**6.12 Absence of a financial procedure for staff loans**

All benefits for nationally recruited staff (NRS) should be arranged after clearance from both head of employee controlling and monitoring department and respective functional department head. If head of employee controlling and monitoring department permits the payments of loans or advances to the staffs, this will allow full or at least partial recovery of any outstanding loan and advance balances from final payments in the event of a nationally recruited staff leaving before the loan/advance is repaid, appropriate legally enforceable undertakings to repay the loan can be obtained. For certain employees, the Company makes loans which are forgiven over a stated employment period. The Company provides a reserve for forgivable loans to employees which become delinquent when employees terminate prior to the loans being completely forgiven. The amount of the reserve has been increasing over the past few years.

**6.13. Absence of formal Standard Operating Procedures for HR Compensations and Benefits Processing**

The HR Compensations and Benefits management team does not have an updated Standard Operating Procedures (SOPs) reflecting the daily operations carried out for monitoring of compensations and benefits processing activities. SOPs are set of documents to ensure that SLT has a consistent quality of output and services, and also clear delineation of roles and responsibilities. SOPs also serve as reference for continuity of operations in case of unexpected disruption. These SOPs also ensure that backup staff will be able to continue with the operations in the absence of the process owner.

**6.14 Inadequate HR Compensations and Benefits Risk Identification**

Risk Management is a critical and continuous process, and appropriate Risk Assessments should be undertaken, reviewed and managed throughout the HR Compensations & Benefits process. Risks and issues identified should be documented in a Risk Register. All risks and issues should have potential causes, impacts, clear mitigating actions, appropriate owners and a review date. It is noted that there is no operational risk register; however Sri Lanka Telecom PLC’s principal Risk register contains the risks identified for all departments. Furthermore HR Compensations Benefits management risk items are not included in Sri Lanka Telecom PLC’s principal risk register.

Typical HR compensations and benefits risk include but not limited to:

* Inappropriate master data edit access.
* Insufficient funds and payroll funding issues.
* Inadequate software solutions.
* Failure to comply with salary payment policies and timelines
* HR Compensations & Benefits scales do not support to attract required talents.
* Frauds.

**6.15. Employee Performance Evaluations Process has not been automated**

Sri Lanka Telecom PLC’s employees’ salary increments are linked to employees’ annual performances. The process of performance evaluation starts every year November to December period and the deadline to complete is by end of February next year. Sri Lanka Telecom PLC currently follows manual process in recording, monitoring, and analysis of employee performance evaluation.

Automation improves the process in various ways such as:

* Timely completion of review,
* Faster and simplified process,
* Increase the efficiency,
* Descriptive statistics and reporting analytics,
* Save time for supervisors and HR,
* Increased employee productivity and performance,
* Improve the consistency of reviews that stick to pre-defined evaluation metrics,
* Restricted access to confidential data ensures the security,
* Allows for fair and transparent evaluation,
* Cost saving.

# 07. Discussion of strategic methods and solutions to overcome staff loyalty issues and how it impacts to loyalty towards the employment

**7.1. Inadequate details on job description**

***Strategic methods and solutions to overcome staff loyalty issues***

In order to overcome the overcome the staff loyalty issues due to inadequate details on job description, it is suggested to ensure that employee job descriptions are clear and enables proper performance monitoring and put in place a properly approved organogram truly reflecting relationships and reporting lines (Henry and Temtime, 2009). Apart from that develop an operation based staff management plan integrated with the present future operation requirements for company that is adjusted periodically to reflect the priorities (Henry and Temtime, 2009). The company’s staff management plan will be an input to the overall plan prepared and acquisition strategy to obtain the required resources which includes guidelines on how a particular resource will be acquired.

***Evaluating the impact to the loyalty towards the employment***

In order to ensure the loyalty towards the employment organization should delegate the authorities for employees to match with the job description (Henry and Temtime, 2009). When organization does not have proper mechanism to develop the proper job description, it will create barriers to decide the optimum delegation of authorities due to lack of having proper understanding over job description (Henry and Temtime, 2009).

**7.2. Staff demotivation**

***Strategic methods and solutions to overcome staff loyalty issues***

In order to ensure the employee motivation, Sri Lanka Telecom PLC should ask staffs’ opinion considering the following options (Rauf, 2007):

* Improved Supervision
* Performance Management
* Professional and Career Development Opportunities
* Improved Communication
* Improved Benefits
* Workload
* Recognition

Based on the staff opinion and best practices in the sector, decisions should be taken and implemented by the management for improving the staff morale (Rauf, 2007). Sri Lanka Telecom PLC should encourage and materially support staff development of staff in line with general Sri Lanka Telecom PLC policies, and in particular, especially by following up on training opportunities identified in the annual staff evaluation process.

***Evaluating the impact to the loyalty towards the employment***

Employee motivation depends on loyalty towards the employment towards the employment. In order to ensure the employee motivation, there should be proper leadership management process and employee satisfaction assurance process (Rauf, 2007). When organization does not have motivated human resource implies that organization does not have proper mechanism to ensure the employee satisfaction and leadership styles to motivate the employees. It will crease negative implications to ensure the loyalty towards the employment (Rauf, 2007).

**7.3. Accruals staff vacation**

***Strategic methods and solutions to overcome staff loyalty issues***

To ensure the accuracy of the Company’s recorded vacation liability, it is suggested that the Company develop and implement a formal reporting system to ensure that all vacation taken by employees is properly accounted for in the Company’s records (Rauf, 2007). Apart from that organization should evaluate the requirements of the staff to understand the vacation expectations of Sri Lanka Telecom PLC to ensure the loyalty towards the employment towards the employment.

***Evaluating the impact to the loyalty towards the employment***

In order to ensure the loyalty towards the employment, it is required to assess the adequacy of non-financial benefits to the employees as well. Vacation and leaves management procedures is considered as one of the critical aspect to ensure the loyalty towards the employment (Rauf, 2007). When organization has flexible vacation and leave management system, it implies to employees that organization is considering the personal requirements of the employees and it will cause to enhance the loyalty towards the employment level as well.

**7.4. Risk management of Payroll Process**

***Strategic methods and solutions to overcome staff loyalty issues***

Human resource department should continue to work with all stakeholders involved in the payroll process in identifying, documenting and monitoring payroll related risks, as part of SLTal risk management process (Yeung, 2011). Management should draft and implement a standardized risk assessment procedure that specifies risks identified for each unit involved in the payroll process (Yeung, 2011). Apart from that payroll process risk assessment should be executed quarterly basis to understand the modifications to payroll management process, potential financial risks to SLT due to changes in firm wide risk management process within SLT.

***Evaluating the impact to the loyalty towards the employment***

Risk management process involves with assessing the past and current situations to predict the future uncertainties and develop the risk mitigation strategies (Yeung, 2011). When organization does not have payroll process related risk management strategies, it is difficult to predict the future problems and issues related to loyalty towards the employment without having proper risk management strategies for payroll process.

**7.5. Inadequate benchmarking for staff compensation structure**

***Strategic methods and solutions to overcome staff loyalty issues***

Sri Lanka Telecom PLC should ensure that the staff compensation structure is adequately benchmarked to the market so that company is able to attract and retain the requisite skills. That means compensation packages of the employees should be matched with the economic environmental variables (Yeung, 2011). For example; when inflation rate and cost of living of particular country is increasing, it is essential to increase the compensation packages to ensure the adequacy of financial benefits to the employees and ensure the loyalty towards the employment as well (Yeung, 2011).

***Evaluating the impact to the loyalty towards the employment***

Economic environmental variables such as inflation rate and cost of living in Sri Lanka are increasing rapidly (Taylor, 2011). When organization is not integrating the economic environmental changes with compensation structure, it will cause to reduce the purchasing power of employees and reduce the loyalty towards the employment towards the employment level as well. Organization will not be able to expect the loyalty towards the employment when organization does not ensure the loyalty towards the employment towards the employment (Taylor, 2011).

**7.6. Lack of synchronized distribution of medical allowance benefits**

***Strategic methods and solutions to overcome staff loyalty issues***

Sri Lanka Telecom PLC should consider synchronizing the release date or dates of the medical allowance benefit to employees such as paying the monthly pro-rated amount with the payroll (Taylor, 2011). Apart from that it is suggested to review reasons for high staff turnover in the office and prepare a plan to address the root causes, taking into account the results from the latest survey and ensure that salary surveys are carried every two years as per company’s policies and procedures (Taylor, 2011).

***Evaluating the impact to the loyalty towards the employment***

Medical allowance aims to ensure the health security of the employee and business organization is legally responsible to ensure the health security of the employees. When organization does not provide adequate health security, it will reduce the employee trustworthiness towards SLT (Taylor, 2011). As a result of that loyalty towards the employment level will be decreased eventually.

**7.7. Personal files were not properly maintained**

***Strategic methods and solutions to overcome staff loyalty issues***

It is suggested to streamline record keeping practices to ensure that all files are stored systematically and properly indexed, and all staff-related records are filed promptly and in a readily accessible manner (Rowe, 1998). Apart from that it is suggested to implement a sign in/out log book at office reception where all employees who visit office and are not on field visit should sign with time in and out. Staff on field visit should be asked to provide timesheets for their duty hours.

***Evaluating the impact to the loyalty towards the employment***

In order to plan and execute the loyalty towards the employment management strategies, it is required to have proper records maintenance of employees’ performances and qualitative details to take the HRM practices and procedures to ensure the high level of loyalty towards the employment (Rowe, 1998). Without having proper personal data filing system, organization will not be able to take the right HRM practices and procedures to enhance the loyalty towards the employment level (Rowe, 1998).

**7.8. Human resources management best practices**

***Strategic methods and solutions to overcome staff loyalty issues***

Sri Lanka Telecom PLC should consider developing human resource strategies to align themselves with the practices of leading companies in the retailing industry. The following programs, which have been implemented to represent the "best practices," may be applicable to Sri Lanka Telecom PLC;

* The most popular innovations in the area of employee involvement were the use of surveys to record employee attitudes and the use of teams in the production of goods and services (Hosoda et al, 2003).
* Sharing of governance and information took place most often through the use of open-door policies for employee complaints and the use of systematic programs for sharing information on the corporation's goals and performance (Hosoda et al, 2003).
* Manage the effective employee relationship to represent important issues governing human resources, employee satisfaction and productivity (Hosoda et al, 2003):
* Employment is a set of mutual rights and responsibilities.
* The company and its employees have mutual dependencies.
* Employees are committed to their jobs and company.
* The company emphasizes to the long-term of employees.
* Employees' commitment is based upon intrinsic excitement about their jobs.
* Employment here is a meritocracy; people are rewarded on merit.

***Evaluating the impact to the loyalty towards the employment***

Human resource best practices are important to manage the human resource effectively and efficiently from employer perspective and contribute the maximum commitment and support to SLT from employee perspective (Hosoda et al, 2003). When organization is not practicing the employee controlling and monitoring best practices, it will create the barriers to ensure the loyalty towards the employment towards the employment by identifying the real requirements of employees and employees are not communicated their responsibilities to avoid the unethical practices and build the trustworthiness towards SLT (Hosoda et al, 2003).

**7.9. Milestones and outputs of employees are not clearly determined**

***Strategic methods and solutions to overcome staff loyalty issues***

Organization should review the scope of the job role and develop the objectives and milestone for each employment of Sri Lanka Telecom and communicate with employee. For that purpose organization should allocate coaches to all the employees and provide direct guidance and encouragement to achieve the milestone of the employment in order to develop their career path. It is essential to review the works of the employees in order to evaluate whether employees have worked in to achieve the milestone for the respect to employment.

***Evaluating the impact to the loyalty towards the employment***

Performance management system is important to understand the performance capacity of the employees and decide the promotions and ratings based on the actual performance (Hosoda et al, 2003). Lack of having proper performance management system lead to job dissatisfaction of best performing employees and reduce the loyalty towards the employment level of best performing employees towards SLT.

**7.10. Absence of a policy for medical examination**

***Strategic methods and solutions to overcome staff loyalty issues***

It is suggested to include in the Sri Lanka Telecom PLC Personnel Policy Supplement for staff of Sri Lanka Telecom PLC a requirement for mandatory pre-employment medical examination for new staff and long-term consultants who will be based in Sri Lanka Telecom PLC and amend the Sri Lanka Telecom PLC Personnel Policy Supplement for staff to make the requirement for annual medical examination of staff mandatory.

***Evaluating the impact to the loyalty towards the employment***

Business organizations recommend medical examinations for the employees at the time of recruiting the employees and during the employment (Hosoda et al, 2003). The primary objective of employee medical examinations is to ensure that employees have good health condition to perform the roles and responsibilities of the employment (Hosoda et al, 2003). When organization is doing the employee security and health safety assurance activities, it will cause to enhance the loyalty towards the employment towards SLT.

**7.11. Changes in compensation policy**

***Strategic methods and solutions to overcome staff loyalty issues***

Employee controlling and monitoring department monitors market data for scientific disciplines in high demand, and undertake a more-complete analysis based on different employee categories, so as to have a firmer basis for proposed changes in compensation policy (Dougherty et al, 1994). Apart from that it is suggested to integrate the change management strategies with compensation policy of SLT to identify the changes in the market and make required amendments to compensation policy as necessary (Dougherty et al, 1994).

***Evaluating the impact to the loyalty towards the employment***

Compensation package of the employment is the main consideration of taking the employment retention or leaving decisions. Organization should consider both internal and external environmental factors to determine the optimum compensation packages to the employees (Dougherty et al, 1994). For example; it is required to decide the competitive compensation packages with other competitive organizations in the industry. When organization fails to decide the optimum compensation packages, it will cause to enhance the employee job dissatisfaction and reduce the loyalty towards the employment towards SLT as well (Dougherty et al, 1994).

**7.12. Absence of a financial procedure for staff loans**

***Strategic methods and solutions to overcome staff loyalty issues***

It is suggested to review the need for keeping a loan benefit for staff and include in the financial procedures the requirements for all loans and special allowance payments to be made through financial department and employee controlling and monitoring department (Davis, 2011).

***Evaluating the impact to the loyalty towards the employment***

Business organization provides employee loans to the employees at lower interest rate or zero interest rate. It is expected to enhance the social status and financial strength of the employees by granting the staff loans. Most of the employees are expecting staff loans in competitive business environment and organization should implement financial management strategies to grant adequate staff loan facilities to the employees considering the financial capacity and strength of SLT (Davis, 2011). When organization does not have proper mechanism to fulfill the financial requirements of the employees through mechanisms such as staff loans, it will cause to reduce the loyalty towards the employment towards the employment and loyalty towards the employment.

**7.13. Absence of formal Standard Operating Procedures for HR Compensations and Benefits Processing**

***Strategic methods and solutions to overcome staff loyalty issues***

Sri Lanka Telecom PLC should develop and implement SOPs related to processing and monitoring of Compensations and Benefits. SOPs are set of documents to ensure that SLT has a consistent quality of output and services, and also clear delineation of roles and responsibilities (Davis, 2011). SOPs also serve as reference for continuity of operations in case of unexpected disruption. SOPs should include the following:

* Clearly identifying all activities of the current process owners.
* Documenting detail process with the flowcharts.
* Document the detail workflow considering the relevant IT system and manual tasks.

***Evaluating the impact to the loyalty towards the employment***

Human resource compensation and benefits processing SOPs are developed based on the ideas and views of the employees to decide the optimum compensation packages to ensure the loyalty towards the employment towards the employment (Davis, 2011). Lack of formal SOPs to manage the human resource compensations and benefits will cause to reduce the loyalty towards the employment by reducing the loyalty towards the employment towards the employment.

**7.14. Inadequate HR Compensations and Benefits Risk Identification**

***Strategic methods and solutions to overcome staff loyalty issues***

It is essential to determine the salaries and wages of the employees considering the economic environment behaviors. That means compensation packages should be integrated with the environment review process. Apart from that it is essential to add the risk related to compensation package determination process to Sri Lanka Telecom risk register. It provides the clear guidance how to manage the risk associated with economic environment changes and addresses that risk to determine optimum salaries and wages to the employees.

***Evaluating the impact to the loyalty towards the employment***

Due to lack of proper risk assessment framework to identify the compensation management related risks of the employees, organization cannot understand the impact of poor compensations and benefits towards loyalty towards the employment (Davis, 2011).

**7.15. Employee performance evaluations process has not been automated**

***Strategic methods and solutions to overcome staff loyalty issues***

Sri Lanka Telecom PLC should analyze its feasibility to automate the yearly employee performance evaluation process. Further HR ensure that all steps required for evaluating jobs and establishing grading and salary structures are undertaken in a rigorous and participative manner, the results are accepted by Sri Lanka Telecom PLC Management and staff after a thorough review, and a suitable job evaluation system is established for responding to future needs.

***Evaluating the impact to the loyalty towards the employment***

Non-existence of automated employee performance evaluation process will creates limitations to identify and appreciate the best performing employees and it will be a reason to enhance the employee turnover risk of best performing employees (Davis, 2011). Further failure to appreciate the performance of employees will reduce the loyalty towards the business organization as well.

# 08. Conclusion

Existing compensation planning and execution mechanism of SLT have not been integrated with business environmental changes. As a result of that most of the compensations packages to the employees are not in line with economic environmental conditions (Davis, 2011). It is suggested to review the existing change management strategies of SLT and integrate those change management strategies with employee controlling and monitoring process to change compensation packages with respect to the changes in economic environment the country (Rauf, 2007). In modern business for HRM practices and procedures are more important to ensure the high level of loyalty towards the employment towards the employment and understand employee requirements in order to bring the maximum outcome and contribution to SLT from employees. In addition to the performance management process to evaluate the employee performance is not functioning properly (Rauf, 2007). Organization is using a manual procedures to execute the performance management decisions and process as a result of that it create better environment for an ethical interferences to decide the promotions and ratings of the employment based on the performance. As a result of that most of the employees of SLT are not satisfied with existing performance evaluation procedures (Davis, 2011).

Apart from that risk management framework of SLT does not address the employee controlling and monitoring relative risk and how that risk will impact to the loyalty towards the employment in future (Wilk and Cappeli, 2003). As a result of that most of the HRM practices and procedures and practices does not reflect the future requirements to maintain the human resource requirements effectively and efficiently. Apart from that there is no proper communication between top management and employees of SLT in order to identify the employment related problems from the bottom line of organization structure (Wilk and Cappeli, 2003). That is mainly due to poor internal communication efficiency and effectiveness of SLT. It is suggested to introduce flat organization structure to each department of SLT to ensure the internal communication efficiency and effectiveness.

Apart from that organization should consider the ideas and views of the employees in order to develop operational management strategies and corporate management strategies which will help to address the employment related problems as well (Wilk and Cappeli, 2003). Tactical level management of SLT should interest with operation level employees in order to identify the employee controlling and monitoring practices relating problems of SLT and communicate those problems to the top management. Apart from that organization should have a proper internal communication mechanism to together recommendations and suggestions of the employees to take the strategic decisions (Opatha, 2010). For that purpose there should be a platform to connect the operational level employees and strategic level employees of SLT (Opatha, 2010). It is suggested to implement whistleblowing system within SLT in order to share the thoughts and suggestions of the pressure level employees with the top management level employees directly (Mullins, 2010). Apart from that employee controlling and monitoring policies and procedures of SLT should be integrated with operational and corporate goals and objectives in order to utilize the human research to achieve the corporate goals and objectives of SLT (Mullins, 2010).

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