

## REFLECTIONS ABOUT THE ECHO OF THE EMPLOYEES IN THE ECONOMIC ENTITY'S SOUND

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**Abstract:** *The importance of the employee's contribution to the development of the business of an economic entity starts from the quality of the work performed and the quantity of the object of activity achieved, culminating in the efficiency of the work performed. This research aims to present the information contained in various reports regarding employees and the activities they carry out in the company. The analyzed reports concern the echo of the financial indicators felt by employees (salary, rewards, loyalty, etc.), as well as by the company (labor productivity, turnover, etc.). Information on the professional training of current and future employees is tracked and collected from non-financial reporting. Information on achieving the Sustainable Development Goals is analyzed from sustainability reporting. The analysis of the annual reports is carried out by companies in the energy sector and concerns only the 2023 annual reporting. The conclusions drawn refer to the way in which companies choose to disclose the role of employees in the company, the importance of the activity carried out by them, but also the actions they take to motivate and retain employees.*

**Keywords:** *employees; annual reporting; sustainability; professional training.*

**JEL Classification:** *M41*

### 1. Introduction

In recent years, discussions about employees' contribution to an economic entity's soundness and overall success have gained substantial attention. As organizations increasingly recognize their workforce as vital assets rather than mere cost centers, the impact of employee performance, engagement, and satisfaction has become a critical factor influencing organizational outcomes.

Employee engagement, defined as the psychological commitment of individuals to their employer, has been identified as a key factor in organizational success. Studies indicate that engaged employees demonstrate higher productivity and contribute to increased organizational loyalty and reduced turnover rates (Baño et

al., 2024). The link between employee engagement and profitability is significant as it is increasingly recognized that an organization's financial performance is closely linked to the well-being and satisfaction of its staff (Baño et al., 2024). By examining how employees perceive their roles and contributions to their organizations, we can gain valuable insights into the mechanisms that drive performance and sustainability.

Through this research, we aim to deepen the information contained in various reports on employees and their activities within the company, thus highlighting their vital role. Examining sustainability reports and integrating non-financial aspects will allow us to explore how employee-related factors such as salary, rewards, and loyalty reflect financial indicators for employees and the organization, including labor productivity and turnover. By collecting employee information – as their contribution to companies and as the company's appreciation of employees – we will assess how these organizations choose to disclose the importance of employees in the context of their operations, the importance they attach to employee contributions, and the strategic measures they implement to motivate and retain their workforce. The results will provide valuable insights into the relationship between employee engagement and organizational performance, informing academic discourse and practical applications in human resource management.

The question that guides this research concerns how companies disclose information from a temporal point of view. Do companies present past, realized information, and the present state of affairs, or do they also look to the future? Are they prepared to provide information on motivating and attracting employees to stay in the company with financial and emotional satisfaction fulfilled?

## **2. Literature review**

Employees' contributions to the development of an economic entity are significant, as they correlate with the quality and efficiency of the work performed. Employees are essential to any organization, driving productivity, innovation, and financial success.

Previous studies have highlighted the need to understand employees' perceptions of financial and non-financial rewards, establishing a link to their job performance and overall satisfaction (Hainš & Bockaj, 2018; Idris et al., 2020). Additionally, the role of training and professional development in improving employee engagement, retention, and performance has been widely recognized, highlighting the need for comprehensive reporting on these issues (Bhakuni & Saxena, 2023). In particular, organizations are increasingly realizing that sustainable practices and achieving the Sustainable Development Goals (SDGs) are closely linked to employee engagement and motivation. Therefore, information on current and potential employees' training and professional development, as derived from non-financial reports, will be critically analyzed.

In addition, employee engagement's psychological and social dimensions emphasize the importance of a supportive organizational culture. Research has shown that when organizations cultivate an inclusive and equitable environment, employees are more likely to positively identify with their roles and the company's

broader goals (Blader & Tyler, 2009). This alignment often leads to the rise of extra-role behaviors, where employees go beyond job descriptions to contribute to organizational goals. In this sense, the principles of fairness and recognition play a key role in shaping employee engagement (Anindita & Seda, 2018).

In analyzing the reflections on employee contributions, non-financial factors such as professional development opportunities, recognition incentives, and the relationship between management and staff must also be considered. For example, employees who perceive that their organizations support their career progression are generally more dedicated and perform better (Khan et al., 2020). This connection highlights the need for organizations to prioritize the economic aspects of work and promote a sense of belonging and advancement in the workplace.

Considering the current state of knowledge on this topic, we aim to comprehensively understand how employee contributions resonate in the fabric of organizational health through this research. By evaluating these contributions through the lens of engagement and satisfaction, this study will explore strategies that companies can implement to improve their relationship with their employees, thus reinforcing a positive feedback loop that ultimately leads to improved organizational outcomes. This reflection on employee contributions will shed light on the critical role that human capital plays in achieving sustainable business success while identifying best practices for fostering a dedicated and engaged workforce.

### **3. Research Methodology**

The main objective of this research is to determine the echo of employees' work in the activity of companies in areas that influence and are influenced by the care for sustainability and sustainability of business. Thus, we have turned our attention to companies in the energy sector and submitted three companies listed on the Bucharest Stock Exchange to the case study: Nuclearelectrica SA, Hidroelectrica SA, and Transelectrica SA.

For the analysis of the financial influence of the employees in the company and of the company on the employees, indicators were selected from the financial statements, which we considered relevant to our research approach. These indicators were calculated from various perspectives and compared in the case of the three companies. These were the basis of the conclusions regarding echoing the financial indicators felt by employees and companies.

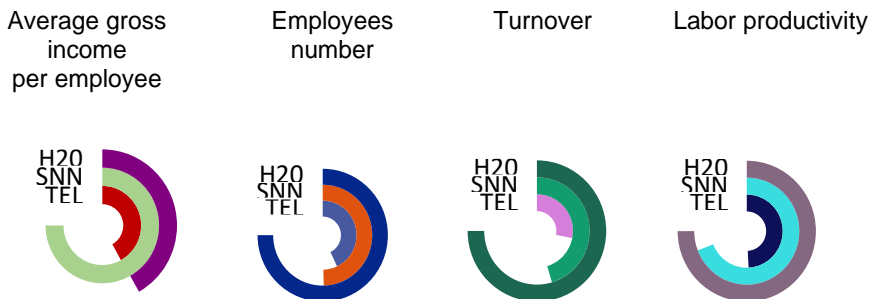
We analyzed the sustainability reports for 2023 to analyze the presentation and achievement of the Sustainable Development Goals, which concern or are influenced by employees. From these reports, information was collected on the professional training of current employees, the perspective through the granting of scholarships and other benefits to employees, and other elements presented by the companies, thus making a qualitative analysis of the sustainability reports.

Therefore, this research is quantitative by evaluating the financial indicators presented in the financial statements, but at the same time, qualitative by identifying the sustainability aspects that companies choose to present in their reports on employees. The ranking of companies according to the availability of non-financial

information in their reporting was achieved through a disclosure quality index, which also allowed us to assess the transparency of companies in relation to the workforce.

#### 4. Financial data in annual reporting

Figure 1 compares the indicators that can form an initial image of the role and the employees' appreciation for the companies studied to form an image of the companies' achievements and the situation of the employees in the analyzed period.



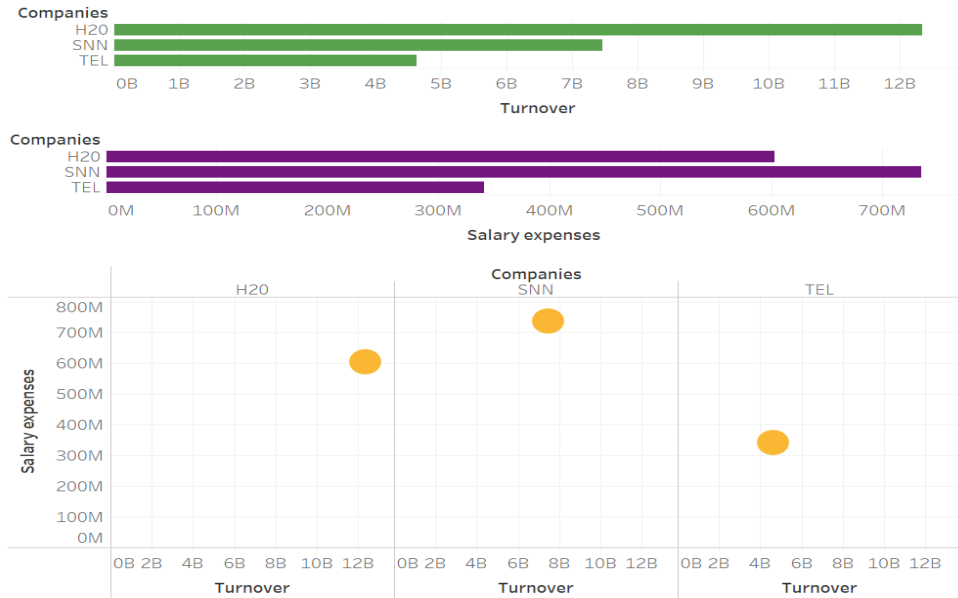
**Figure 1:** Comparison of financial indicators

**Source:** Projection of authors based on financial statements

We note that in the case of three indicators – number of employees, turnover, and labor productivity – the hierarchy is the same compared to the average gross income per employee. The company with the highest turnover and the most significant number of employees appreciates their effort through an average annual salary ranked second. The company in second place in terms of turnover rewards employees with the highest average annual salary income. The investment it is making now in its employees will be seen in future results. Employees with a high level of education, extensive professional experience, or scarce skills are more expensive, but they create the premise of the competitive advantage that the employer wants.

The benefits granted to employees are diverse and in different numbers. The third-place company has the lowest number of benefits in all three indicators; with double the number of benefits being granted by the first-place company in terms of average gross annual salary. It goes without saying that a company that offers higher financial rewards to employees is also willing to offer them significant salary benefits, putting the satisfaction and well-being of its employees first. The employer who understands this aspect has the chance to retain, motivate, and attract valuable personnel. The differences could reflect variations in company policies, reporting concentration, or benefit program structures. However, the hierarchy of the three companies in terms of labor productivity – calculated as the ratio between turnover and the average number of employees – is the same as that achieved by turnover and number of employees.

Regarding the coverage of personnel expenses from the turnover, Figure 2 shows the comparative situation of these two indicators achieved in 2023. This figure will help us understand how significant payroll costs are in the context of each company's total revenue.

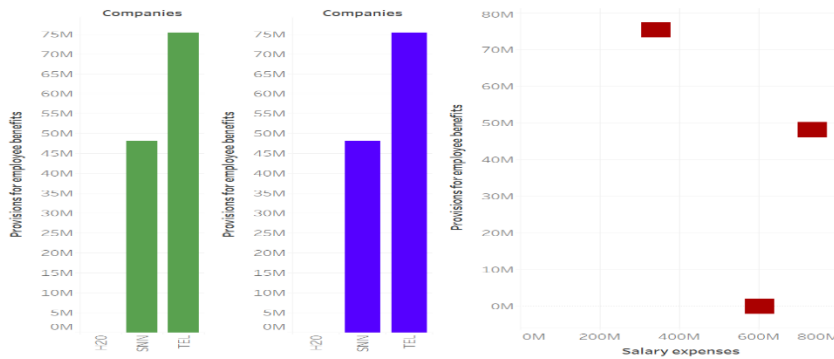


**Figure 2:** Comparison of turnover versus salary expenses  
**Source:** Projection of authors based on financial statements

We note that the highest level of salary expenses in relation to turnover, 9.86%, is found in the case of the company that achieved a turnover that places it in second place in the hierarchy. For the company, this means that almost 10% of the revenues go to cover salary expenses. The company with the most efficient ratio allocates less than 5% of its revenues to cover salary expenses.

From the information presented in the financial reporting, we notice that in the case of a company, the high level of high costs is determined by the average salary rather than by the workforce size, which places it first in the hierarchy generated by this indicator. A company gives generous benefits to its employees, which raises the level of personnel expenses. This company is also attentive to future actions, constituting generous provisions for employee benefits. The third company achieves efficiency in terms of turnover necessary to cover personnel expenses by providing minimal benefits. Even if it does not provide high salaries, they are competitive. Suppose we have analyzed the degree of turnover used to cover salary expenses, looking at the future. Will we find the same concern of companies for risk protection regarding employee benefits coverage?

Figure 3 compares salary expenses and provisions for employee benefits in an attempt to answer this question



**Figure 3:** Comparison of salary expenses versus provisions for employee benefits  
**Source:** Projection of authors based on financial statements

We note the different degrees of risk coverage achieved by the companies studied; one company does not constitute such provisions.

Therefore, financial information is multiple and diverse, and the availability of information disclosure is different, even if these companies operate in the same field of activity.

#### 4. Qualitative and non-financial considerations in annual reporting

Employee motivation is key to achieving high labor productivity and staff stability. In the case of the companies analyzed, the company with the highest level of labor productivity recorded the lowest staff turnover rate. The staff turnover rate reflects the percentage of employees who leave the company during a given period. The effects of staff turnover are found in potential disruptions to employee productivity and salary costs, which can be generated by the loss of experienced employees and the recruitment and training of inexperienced new employees. In the case of the companies analyzed, we found that in the case of the company with the lowest staff turnover rate, we find the lowest total cost per employee. The other two companies have a higher, but close to each other, level of staff turnover but higher costs per employee. This relationship suggests that greater fluctuation may be associated with rising salary costs and benefits, likely due to recruitment, onboarding, and retention efforts.

Starting from this consideration, the study of the reports prepared by the three companies identifies the diversity of benefits granted to employees, as well as the educational support needed to attract future employees. All three companies provide private scholarships for students and provide them with internship opportunities. Regardless of the company's size, these benefits are constantly presented, although the implementation mode and details vary slightly from company to company. Thus, one company combines them with a program that links the results of the subsequent employment internship; another similarly offers both

benefits, with an emphasis on enabling applied study experiences. The third company reports these benefits but focuses on facilitating the practice within its specialized operations.

Another important element in the development of the activity through human resources is the investment in professional training courses and the granting of scholarships or other forms of support to young people in vocational education. In this regard, the companies have reported the following information:

- number of scholarships at the high school level,
- number of scholarships for the financial support of students,
- number of employed graduates from those who benefited from private scholarships,
- annual training program for employees and the number of hours accumulated by them,
- collaborations with universities for internships
- the average number of hours of professional training per employee is provided by companies.
- Companies present information about the types of leave that employees receive, for example:
  - parental and childcare leave,
  - gender structure of employees who have benefited from parental and childcare leave,
  - leave for family reasons,
- number of employees, by gender, who returned to work after parental leave.
- The diversity of information provided by employers regarding working conditions and professional training differs from one company to another, even if they are part of the same field of activity.

### **Employee Echo in Business Sustainability and Sustainability**

The main Sustainable Development Goals pursued are reducing inequalities, decent working conditions, economic growth, and gender equality (<https://www.eca.europa.eu/ro/sustainable-development-goals>). The ESG pillars analyzed are organizational culture and occupational health and security.

All three companies attach great importance to occupational health and safety, an aspect that emerges from the information presented in the sustainability reports, respectively, the implementation of various prevention and protection programs, which may reflect either the importance of employees for the activity of each company or a necessity due to the strict controls of the state authorities regarding employees, for example, Territorial Labour Inspectorates.

The information presented by the analyzed companies suggests periodically assessing OSH risks through specific committees and reporting dangerous situations to workplace managers and designated OSH specialists. One of them presents the three stages of OSH worker training: introductory-general, on-the-job, and periodic.

Regarding the risks of the activity carried out and possible accidents at work, each company reported information, to a certain extent, referring to:

- accidents at work that led to temporary incapacity for work,

- the overall level of risk of the activity,
- number of days of sick leave caused by accidents at work,
- accidents with serious consequences,
- deaths at work.

In the trend of eliminating discrimination and gender equality, a link has been made with the salary part, as it tries to align women's salaries with those of men and vice versa, or the salary of a person with disabilities with the salary of a healthy person. In the companies studied, information on the fight against discrimination and the salary system is presented as follows:

- positions held by women in top management, executive or middle management,
- incidents of discrimination between women and men,
- the income gap between women and men has been reduced,
- internal equity was ensured by eliminating differentiated salaries according to years of service,
- the introduction of principles based on equality, equal pay for equal work, and professional criteria,
- the existence of persons with disabilities and presentation in a gender-based structure,
- methodology for granting salaries.

To form an overview of the generosity of the information provided in the sustainability reports, we decided to assign scores to each company according to the characteristics/defining elements of human resources, obtaining a final score based on which we will classify the companies from the most "generous/giving" to the most "frugal/sober."

Criteria for awarding grade/ element:

- 1 – no information
- 2 – mention/appointment
- 3 – brief presentation
- 4 – detailed presentation

Table 1 presents these notes on the type of items that we expected companies to disclose in their sustainability reports. We calculated the arithmetic average of the degree of disclosure and/or information disclosed as the final grade.



**Table 1: Company rating**

Elements/society	H20	SNN	TEL
Private scholarships, practice, internship	3	2	4
Parental leave	4	4	3
Professional development	4	3	4
Gender equality and the elimination of discrimination	3	3	3
Performance evaluation	4	2	2
Consultations with employees	2	2	2
OHS services	4	3	4
Work accidents	3	4	2
Staff turnover	4	2	2
Staff organization	4	4	3
Payroll system	2	2	3
Activity risks	3	2	2
Remuneration reports	4	4	1
Employment conditions	2	3	1
Final note- grade point average/item	3,29	2,86	2,57

**Source:** authors' processing based on sustainability reports.

We note the identification of 14 defining elements of human resources, and the final grades obtained, through the arithmetic average of the grades for each element, are between 3.29 and 2.57. These results indicate a good way of presentation, with information disclosed rather than enumerations, many of which are short descriptions.

## 5. The Future with employees in annual reporting

A final aspect sought in sustainability reports is the plans of these companies concerning their staff and the sustainable development goals in this regard.

Nuclearelectrica has set several objectives related to the management of significant impacts and risk management. These will be achieved by implementing codes of conduct and management systems to ensure the protection of employees, compliance with legal requirements on OSH, ensuring staff health, and compliance with the OSH training program. Another commitment is to respect human rights through zero tolerance for rights violations. Regarding health indicators, Nuclearelectrica has set target values of 100% for compliance with OSH requirements, achievement of OSH objectives, compliance with the training program, and 95% for compliance with the OSH program.

Transelectrica mentions in the report that in December 2023, 7 more scholarship contracts were signed, and they will be awarded starting in January 2024.

Hidroelectrica mentions commitments related to organizational culture, including a minimum of 20 hours per employee per year of training for TESA staff and a minimum of 96 hours per employee per year of training for operational staff, a decrease in the staff turnover rate by at least 3% and the occupation of at least 50% of the places approved annually related to programs to attract young professionals.

In terms of diversity and equality, the company has set itself a goal of having no incidents of discrimination annually and for management to be 100% trained in this regard. It also commits annually to no serious work incidents or fatalities and a lost-time accident rate of no more than 1%.

## 6. Conclusions

The contribution of employees to the company's economic dynamics is undeniable. This fundamental resource contributes to turning strategies into concrete results. Investing in employee development, satisfaction, well-being, and appreciation is not just an expense but rather a strategic investment that can generate significant returns in the long run.

In short, lower turnover rates are linked to both lower total employee costs and higher revenue efficiency. This highlights the value of workforce stability: companies with less employee loss tend to spend less per employee and get more value from each staff member.

As organizations recognize their employees as key assets, we believe our research contributes to the growing body of literature highlighting the need for effective communication of employee-related indicators in annual and sustainability reports. In this sense, highlighting the critical interrelationship between employee satisfaction, corporate transparency, and sustainable business practices in pursuit of organizational and social objectives represents a faithful echo of the employees' contribution to generating benefits for the employer to the extent that they hear the company's echo in motivating and recognizing their merits.

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