

Benefit Options: Employee Perspectives

Silvia Akter¹, Sigma Rahman²

¹Senior Lecturer, Department of Business Administration, East West University, Dhaka 1219, Bangladesh

²Lecturer, Dhaka Commerce College, Dhaka 1216, Bangladesh

***Corresponding Author:**

Silvia Akter

Email: silvia.akter@yahoo.com

Abstract: This paper focuses on different dimensions of employee benefit options practiced by Dhaka City business houses. This is an exploratory research. Data was collected through structured questionnaire. The sample size was 100. The results were analyzed by SPSS. The research found that transport allowance and medical facility do significantly affect employee satisfaction, whereas leave policy, phone facility and entertainment facility do not affect the satisfaction level of the employees. The research showed that the employees have mixed reaction to the benefit options provided to them by the respective organizations.

Keywords: Employee, Benefit, Employee Satisfaction, Dhaka, Organization

INTRODUCTION

The most fundamental responsibilities of general managers are setting the strategy & designing the organization structure to implement it. Over the last decades the great value of economics for the study of strategy & practise of well design reward & benefit program in the organization. The recent business trend & globalization, increasing competition & employee diversity are turning managers' attention to the benefit & compensation program of employee. Leading consultants, academics & business leaders have advocated that organizations respond to these trends with a "valuing diversity" approach. The point out that a well managed, diverse work force holds potential competitive advantages for organization. In order for attracting and retaining the desired employees, company's now-a-day paying more attention to satisfy the needs of the employees through the benefit program. The present article tries to see the benefits practices prevailing in the corporate sector of Bangladesh.

LITERATURE REVIEW

Dramatic increases in the cost of benefits to employers, along with need to attract & retain employees Carraher & Buckley [1]. Businesses based all over the globe are feverishly competing for people who often for the first time in their lives have numerous options & high expectations. The ideal behind benefit & reward management highlights the strategic importance of how employees should be treated or valued for their contribution to the organization. This is to help the organization address any issues regarding employee reward and benefits in the long-term.

Employee benefit focuses on employee performance. Poor performance signals top management that the existing manner of operating is inappropriate & that strategic & organizational changes may be necessary. However, the effectiveness of benefit programs may be influenced by some factors such as commitment. Eisenberger and Rhoades [2] stated that benefit of an empowered workforce is important to the organization. Employee takes more responsibility for their own performance through commitment which ultimately results in improved services. On the whole, most studies explored the impact of employee benefits on turnover, intention, or satisfaction (Miller)[3], Williams[4].

Past research viewed employee benefit as a hygiene factor which provides benefit to employees as a member of organization. Meyer [5] also mentioned that in case of recruiting & retaining benefits could be valuable, but it has no link to productivity. Furthermore, some studies also argued that to compete in the market or to achieve competitive advantage, benefit cannot help organization. But in later studies Huczynski [6] argued about benefit awareness. Employee motivation will not work if they are not aware about their benefits. Although past research reviewed diverse viewpoints (perspective) of employee benefits impact on competitive advantage. There is an understanding that benefits help organization to get talent & good employees. Moreover, benefits may decrease the turnover rate of competent employee.

Besides today's employees expectation is more than monthly salary & hourly wage from the employer. Employee expects special considerations from the organization, which will enrich their lives. Over the past several decades companies also realize that benefit programme has an impact on whether employee will stay with the organization to continue or they deny the employment offer.

The structure of benefit has modified radically, over the decades. In the early 1900s, the patterns of benefits were completely different from those proposed today. Those times much emphasis was put on employee's time off from job. The companies' accountability was to administer some benefits such as company arranged picnic, planned holiday & some social activities for employees which ensure the employees were happy & healthy. But later, around late 1930s, the demand of diverse workforce, market competition, various unions & federal legislation led to development in benefit offerings. (Decenzo & Robbins[7]).

According to Fisher [8] the major types of benefits include mandatory protection programs, optional protection programs, pay for time not worked, private retirement plans & a broad variety of other services. Mandatory protection programs are such benefits provided to employees as the state government legislatively mandates them. On the other hand optional protection programs are not mandated by law but are offered to make the employer more competitive in the labour market and to improve employee satisfaction and quality of life. In case of pay for time not worked benefits almost all employers provide full-time employees with some payments for time not for worked. In private pension plans pensions are funded by both employer & employee contributions. Besides these benefits, many companies are offering some additional benefits, which may bring innovative opportunities for employees.

As Mello J. [9] stated that there has been not only a dramatic increase in the number & types of benefits but also an equally sensational increase in their costs. Another statistic done by Fisher [8] mentioned the increased cost of benefits drives attention of all organizations. They argued that about fifty years ago, the cost of direct compensation was five percent more than the cost of indirect compensation offered to most employees. They also showed, over the last ten years the average rate of increase in salaries is 3 to 4 percent whereas in recent years the cost of benefits increased at faster rate (averaging 5 percent).

It's time to look at why benefits package offered by recent organization are far different from those offered long time ago. Decenzo & Robbins[7] argued that diverse workforce is main reason regarding this issue. Today's companies must be able to satisfy

different benefit needs of heterogeneous employees group. Indeed Benefits are costly to the employer. A research done by United States Chamber of Commerce [10], the benefits offered by private employers is equalled one-third of payroll of regular cost. lucrative & attractive employee benefit packages, especially with greater control & flexibility over their benefit package, allow firms to recruit and retain the highly competent people required to manage and perform the processes critical to service system success.

In the light of the above discussion it can be argued that, benefit package offer the prospect of engaging the employee on an emotional level, which ensures commitment from them to the organization's objectives. This will also control employee performance because it internalise the policies and procedures of the organization and the commitment to its customers.

Objectives

The primary objective of the study is to explore the overall benefits practices prevailing in the private sector of the country. The secondary objectives are to see the different benefits categories and their impact on employee satisfaction.

METHODOLOGY

The research follows the convenience sampling technique. The sample size is 100, representing banking sector(45%), consumer goods (35%), and other organizations (20%). A structured questionnaire was used to collect the information. Data was analyzed by SPSS.

FINDINGS:

The findings of the study are presented below in two categories. The descriptive part captures the essence of respondents' feelings regarding different aspects of benefit practices of their respective organizations. The second part presents the result of regression, which finds out the employees level of satisfaction about various dimension of benefit practices.

Descriptive:

The literature review part gives a clear idea how important the role of appropriate benefit package is in retaining employees and thereby improving organizational performance. As part of the exploratory nature of this study, the current human resource benefits practice is well reflected by the primary data, collected and analyzed, for this paper. In the following parts, the gist of the survey is given starting with the demographic information of the respondents:

Demographic Background:

The employee demographic information is presented below focusing on employee age, education,

marital status, gender, job experience and managerial hierarchy.

Age group: Of the respondents 47.4% belonged to 22-33 age group, 43.6% belonged to 34-49 age group and rest of the population belonged to 50 + age group, which is 9% of the surveyed people.

Educational Background: Of the respondents' people of different educational backgrounds: 33.3% of them are graduate, 52.6% completed above graduation and 14.1% belongs to 'others' category.

Gender & Marital Status: Among the respondents of the survey 78.2% were male and 21.8% were female. That represents uneven participation of the male and female in the job market of Bangladesh. Of the respondents 21.8% are unmarried, while 78.2% are married.

Job experience: 62.3% of respondents have previous job experience, whereas 37.7% have no previous work experience. In other words, for the later, their first organization is their current organization. Among the respondents 24.4% have less than 2 years of job experience, 25.6% have 2-4 years of experience, 32% have 4-6 years of experience while 18% have 8+ years of job experience. This is quite obvious that the importance of benefits and hence the requirements vary from person to person based on cumulative years of job experience. From that point of view again the sample represent diverse group of population which is expected to capture the real scenario in employment.

Managerial Hierarchy: Among the respondents, 23.1% belonged to mid level, 54.5% belonged to top level and the rest 22.1% belonged to junior level of Management. So the population is quite diverse indeed to give input from every tier of the managerial level of the organization.

A. Attitude towards the organization:

The survey explores the attitudes of the employees towards their current employer to see the overall impact of compensation package on their satisfaction level i.e. whether the employees like their organization or not.

It is found that among the respondents, 84.6% people liked their organization and the rest did not. Among the positive respondents who have liked their organization, 88.1% liked because of basic salary structure, 84.2% liked due to promotion structure, 86.7% liked for bonus systems, 84.4% liked for annual

increment, 85% liked for different benefits, and 86.4% liked it for behaviour of the management.

Among the respondents who did not like their organization, 100% disliked basic of salary structure of the current organization, 91% disliked promotion structure, 60% disliked bonus systems, 71.4% disliked annual increment, 80% disliked different benefits and 75% disliked behaviour of peer.

B. Nature of Benefit and Benefit Options:

The major part of the survey tries to find out the various dimensions of benefit practices prevailing in the organizations of the respective employees. The summarized result is given below:

Nature of Benefit:

The information about nature of the employee benefit is presented below:

Weekly holiday: Among the respondents 42.6% availed one day weekly holiday, 46.3% availed two days holiday whereas 7.4% availed one & half day holiday.

Festival leave: In case of Festival Leave, 30.8% availed 10 days & 25% availed 14-15 days holidays, while others summed up to 44.2%

Gratuity: 32.9 % respondents expressed that they got gratuity of 30-45 days per year, whereas 1.4% got 14 days per year and 17.1% got 60 days. Interestingly, 40% reported that their organizations do not have gratuity option.

Provident Fund: In the question of nature of provident fund, 37.7% reported that they have contributory provident fund and 29% have non-contributory provident fund while the rest (34%) reported that provident fund benefit is not available in their organization.

Leaves and payments: In response to different categories of leaves provided by company, 74.1% responded that they got annual leave with pay, whereas 10.3% got without pay; in case of sick leave 57.1% with pay whereas 26.8% got without pay.

Employee Satisfaction with Benefit Options:

The degree of employee satisfaction with benefit options of the surveyed organizations are presented in the following table:

Table-1: Satisfaction level with Benefit Options

Benefit Options	Satisfaction	Neutral	Dissatisfaction	Not applicable
Weekly Holiday	79%	3%	11%	7%
Festival leave	40%	10%	30%	20%
Gratuity	51%	5%	20%	24%
Provident Fund	79%	3%	11%	7%
Leaves and Payments	85%	3%	3%	12%

Overall Evaluation of Benefit Package:

The survey also enquires about the respondents overall satisfaction with benefit practices of their respective organizations. 74.3% of the respondents replied positively, either strongly agree or agree, on the question whether they like the benefits option of the organization or not. Only 2.9% responded negatively. Interestingly 22.9% remained neutral, neither positive nor negative. This shows that in general the employees liked the benefit practices of their organizations. The next part of the paper identifies the benefit options which significantly affect the employee satisfaction.

B. Regression Model:

The study finds out which of the benefit options significantly affect the overall employee satisfactions of the employees, through a simple regression model. Employee satisfaction with benefit practices is the dependent variable, whereas different benefit options (the leave policy, transport allowance, medical facility, phone facility and entertainment facility) are the independent variable.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.723(a)	.522	.431	.664

a Predictors: (Constant), Entertainment facility, Transport Allowance, Medical Facility, leave policy, Phone Facility. The model summary box (see above) displays the capacity of the independent variables to explain the dependent variable by the r square value. The adjusted r square value is .43, which means that

taken together 43% of variation of the dependent variable can be explained by the independent variables. The regression model reaches significance level of .001 with F value of 5.6 as shown by the Anova table (see below).

ANOVA(b)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.538	5	2.508	5.688	.001(a)
	Residual	11.462	26	.441		
	Total	24.000	31			

a Predictors: (Constant), Entertainment facility, Transport Allowance, Medical Facility, leave policy, Phone Facility. b Dependent Variable: Satisfaction With Benefit Option.

The power of the independent variable to influence the variation in the dependent variable is shown in the coefficient table (see below) through the Beta values.

Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.080	.799		3.854	.001
	leave policy	-.172	.205	-.128	-.838	.410
	Transport Allowance	.665	.215	.440	3.088	.005
	Medical Facility	-.314	.091	-.554	-3.448	.002
	Phone Facility	.198	.182	.192	1.084	.288
	Entertainment facility	-.141	.123	-.187	-1.145	.263

a Dependent Variable: benefit option

It is seen from the above table is that transport allowance and medical facility do significantly affect satisfaction regarding benefit options, as significance level (p-value) is less than .05, whereas leave policy, phone facility and entertainment facility do not affect the satisfaction level of the employees as their significance level (p-value) is more than .05. It is also seen that transport allowance has the highest impact on satisfaction as its beta value is the highest among all the independent variable.

DISCUSSION & CONCLUSIONS

The discussion above shows that the employees have mixed reaction to the benefit options provided to them by the respective organizations. The people part of the organizations does play a significant role in achieving the organizational objectives. Though the sample of the study is very small, the study signifies that the benefit options e.g. medical and transport facilities are very much important for employee satisfaction. Further research with larger sample pulling from different industries may produce more significant results.

REFERENCES

1. Carraher S, Buckley M; Attitudes towards benefits among SME owners in Western Europe: An 18-month study. *Journal of Applied Management & Entrepreneurship*, 2005; 10 (4):45-57.
2. Eisenberger R, Rhoades L; Internal effects of reward on creativity. *Journal of personality and social psychology*. 2001; 81(4):728-741.
3. Miller BK, Konopaske R, Byrne ZS; Dominance Analysis of Two Measures of Organizational Justice. *Journal of Managerial Psychology*, 2012; 27 (3): 264-282.
4. William LJ, Hazer JT; Antecedents and consequences of satisfaction and commitment in turnover models: A reanalysis using latent variable structural equation methods. *Journal of Applied Psychology*, 1986; 71:219-231.
5. Meyer JP, Allen NJ; *Commitment in the workplace: Theory, research and application* Thousand Oaks, CA : Sage Publications. 2001.
6. Huczynski A, Andrzej D, Buchanan A, David; *Organisational Behaviour*. Sixth Edition, London: Prentice Hall. 2007.
7. David A. DeCenzo, Stephen P. Robbins John Wiley & Sons; *Business & Economics* - 546 pages, 1999.
8. Fisher C; *Researching and writing a dissertation: a guidebook for business students* (2nd edition), Harlow: FT Prentice Hall, 2007.
9. Mello MM; Policing Medicaid and Medicare managed care: the role of courts and administrative agencies. *J Health Polit Policy Law*, 2002; 27(3):465-94.
10. United States Chamber of Commerce, 1998.