

A Study on Employee Benefits and Its Effects on Employee Productivity

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Abstract

Employee interactions must be kept positive if an organization is to succeed. One strategy for preserving positive and healthy employee relations is to associate financial perks with each job and task completed by every person in that organization. The management of a firm cannot ignore employee perks since people are the most precious resource and these additional compensations are given to employees in addition to their regular income or salary. In today's fiercely competitive economy, it is difficult to keep employees, regardless of the size, technology, or market emphasis of the organization. Employees and their organizations must establish and keep strong and good connections in order to overcome these limitations.

Keywords: Employee benefits, employee productivity, employee motivation

INTRODUCTION

Employees should be encouraged to give their best by offering attractive employee incentives like performance bonuses, Christmas bonuses, study allowances, leave allowances, and so on in order to develop this strong and pleasant connection. Since employees make up the majority of any organization, it is necessary to influence and encourage them to fulfill responsibilities.

In order to achieve organizational goals, businesses must devise a variety of plans to make employees happy and set up a variety of incentives for them to take advantage of. By doing this, businesses create value to themselves and improve organizational performance. Employees who are unhappy with their position or work environment sometimes put in less effort or leave for companies that provide greater perks.

Over the last couple of decades, lot of countries are experiencing the issues in terms of dissatisfaction of employee benefits which may or may not result in the rise in turnover or fall in their performance.

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Most of the younger employees often switch their jobs and move to the ones offering increased salaries and more benefits but the older employees are more likely to end up their services and take early retirement. For instance, in 1960s, more than 80% of the employees ending up their services were between the age group of 55 and 64 years in the United States which reduced to 68% in the mid of 1985 due to the reason that organizations keep on revising employee benefits as per their demands (US Department of Labor 1988). This number kept on decreasing day by day, as today's retirement rate is approximately four employees per each retiree and this number is supposed to decrease to 2.5 by 2030. To reduce this number to least, the

organizations are working to identify the interests of their employees so as to make changes in employee benefits plans and packages which meet the needs of their employees individually and as a whole. As stated above, the increasing heterogeneity in the human resources of different organizations makes it complex and varying due to the differences in the needs of male and female employees working in the organizations on different positions including the managerial and labor. The male employees may have different demands in the form of employee benefits offered by the employers and females have different. Consequently, it can be said that the employee benefits do matter for employees of all the levels (including managerial and labor).

LITERATURE REVIEW

Sun et al. [1]: This study examines the relationship between employee stock ownership plans (ESOPs), employee engagement, and employee productivity in China. According to the findings, ESOPs can raise employee involvement, which therefore results in improved production.

Nguyen [2]: This study explores the relationship between non-wage benefits (such as health insurance, training and development opportunities, and flexible work arrangements) and employee productivity in the Vietnamese manufacturing sector. The results suggest that these benefits have a positive impact on employee productivity, with training and development opportunities having the greatest impact.

Wang and Li [3]: This study looks at the connection between employee productivity, job happiness, and work-life balance in China. The results suggest that work-life balance has a positive impact on job satisfaction, which in turn leads to higher productivity.

Aiken et al. [4]: This study examines the relationship between nurse staffing levels and hospital productivity in terms of patient outcomes and costs. The results suggest that higher staffing levels of nurses are associated with greater hospital productivity, including lower patient mortality rates and lower costs.

Gao et al. [5]: This study looks at how employee productivity in China is affected by family-friendly policies including parental leave, child care assistance, and flexible work schedules. The results suggest that these policies have a positive impact on productivity, with parental leave having the greatest impact.

Wood and de Menezes [6]: This study investigates how employee voices, the capacity for employees to share their ideas and grievances, relates to worker productivity in the UK. The results suggest that employee voice can increase productivity, with trust in management playing a key role in this relationship.

Dulebohn et al. [7]: Examining key theoretical and empirical questions concerning employee behavior and current job relationships is made possible by employee perks. An overview of the historical setting from which US employer-sponsored benefit programs emerged as well as the current status of benefits research in human resource management are offered in this study as a basis for such research.

Hong et al. [8]: The study identified those employee benefit programs which employees considered most, affect their work-motivation and productivity (these combined were indicated as work performance), and those which were provided most by corporations at present.

Azzarà et al. [9]: This study investigates the impact of gender pay gap and board gender diversity on employee productivity in Italy. The results suggest that a smaller gender pay gap and higher board gender diversity are associated with higher productivity. These studies suggest that employee benefits

are just one aspect of organizational management that can impact employee productivity, and that other factors such as employee engagement, work-life balance, employee voice, and diversity and inclusion are also important considerations.

Waititu, F., Kihara, P. & Senaji, T. (2018) [10]: This study's overarching goals were to ascertain how employee welfare programs affect employee performance and investigate the impact of compensation practices on employee performance at Kenya Railways Corporation.

RESEARCH GAP

Already many studies have been conducted on this topic but these studies focused less on both employee benefits and employee productivity as a whole and the major focus was on either of the one. Therefore, this study aims on both i.e., employee benefits and its effect on productivity of employees in an organization so that the cost of benefits given and its result in the form of increased productivity can be understood.

TYPE OF EMPLOYEE BENEFITS

Benefits for employees are different from the idea of a monthly salary provided to each employee. These are benefits and incentives that staff members receive in exchange for their work with the organization. It may be offered in a variety of ways, and all of the advantages are designed to make life easier for people that put in a lot of effort for the business. It is not necessary that it be expressed in monetary terms or as remuneration. These advantages, which are often referred to as fringe benefits, are provided by employers to maintain and boost employee work satisfaction. Continue reading to discover the numerous employee benefits that contribute to an improved working environment and boost staff morale.

Employee Insurance Plans

One of the most popular employer-provided perks is corporate insurance. In actuality, it is the one that every employee anticipates becoming the most successful. It might be a worker's compensation policy or a group health insurance plan. Employers in this country pay the premium yearly to provide employees and their families with insurance coverage. Employees are not responsible for paying for the purchase or upkeep of the insurance policies, which remain in effect for as long as they fulfill the needs of the business. Employees can obtain financial support from the insurance during medical or accidental situations, which enables them to remain stress-free.

Corporate Discount Offers

Corporate discount offers are widespread, and they typically take the form of food coupons, gift cards for stores, and travel discounts. An employee receives an additional benefit in exchange for their commitment to the organization. Multinational corporations and companies who prioritize their employees support these service advantages since it strengthens their brand. These incentives have the twin benefits of raising favorable awareness of the business and gratifying the workforce with unexpected benefits outside of compensation.

Paid Vacation and Sick Days

To keep a happy and productive workforce, paid vacation and sick days are essential. Additionally, it is a form of service benefit. Establish a paid leave system that balances employee needs while maintaining workplace efficiency. Employees may arrange their leaves without stress, which lowers absenteeism. Additionally, it is a token of gratitude for the company's diligent employees. Employees who receive paid time off for relaxation return to work with more enthusiasm. In order to assure the best possible service, you may even give them the benefit of yearly earned vacation.

Retirement Advantages

Retirement benefits provided by various businesses assist in keeping loyal employees. Every employee wants a stable work with happiness. If the firm does not give benefits like provident funds,

pension plans, etc., retirement planning may be problematic. By encouraging employees to stay loyal to the firm and protect their future, retirement benefits can help the company build a strong brand image.

NEED OF EMPLOYEE PERKS IN COMPANIES

Management of rewards is the essential to motivate employees in the present scenario of the environment. The same themes that employee perk packages will encourage people at their jobs have been the topic of several studies. Employees choose financial incentives like cash bonuses and insurance the most when it comes to benefits. Finding the best benefits to provide employees and keeping them at the company is a common problem for many compensation professionals. The HR department heads consider the best strategies for providing a comprehensive remuneration package. Benefit packages are often maintained as part of flexible plans and are adjusted yearly. Staff performance and engagement are directly impacted by staff productivity. Employees are happy to work for your business when they have everything they need to live, the lifestyle they have always desired. It is an expression of gratitude to the business.

ADVANTAGES OF EMPLOYEE BENEFITS AND OFFERINGS

Motivated Employees

A Bersin Group study found that employees at companies with superior service and incentive programs are 14% more productive than their peers. His productivity also increased by 43%.

Benefits make employees look forward to something other than their salary. It works as motivation for them. They strive to improve their performance, thereby affecting their productivity. The best employee benefits accelerate the pace of work for your employees. Any service that helps meet employee needs increases professional productivity.

Provide your employees and their families with the services they need, such as group health insurance, so they can share their financial worries. As a result, employees work hard to ensure job security because they do not want to miss out on such lucrative opportunities that are essential to a quality life.

High Retention Rate

Small businesses struggle with employee retention, but this service provides a practical answer. Long-term employees are familiar with how the business operates and solves problems. Therefore, every company wants to keep experienced professionals in-house. Providing benefits to employees fosters loyalty to the company and makes them less likely to switch jobs. We will work even harder to raise our professional profile within the organization. Long-term success is created for both companies and employees. Better employee retention will increase your company's productivity in the long run.

Increased Engagement

Employees should feel valued within the company and valued for their performance. Incentives alone may not be enough. In order for them to take their work at the company a step further, we need to offer something more. This prevents professional saturation and encourages learning and growth. Improve the quality of your existing job by taking the smart step of offering service perks to help your employees feel valued within your organization. We will also focus on improving our skills and learning better ways to help our company grow. Accomplishment and gratitude are interdependent. Therefore, it is necessary to identify the best ways to measure employee performance and reward them accordingly.

OBJECTIVES OF STUDY

- To investigate the effects of specified employee benefit packages on employees' overall performance.
- To suggest the management better employee benefit packages and programs.

RESEARCH METHODOLOGY

This research work is based on the Descriptive research and Convenience sampling technique used to collect data. The source of collection of data is both primary and secondary. The primary data is fetched from the employees of IT sector located in eastern Delhi through questionnaire. Microsoft-Excel is used to interpret the data in the form of graphs and pie charts.

SCOPE OF STUDY

The study has been conducted to analyze and understand the effect of employee benefits on employee productivity. Employee benefits can result in increased performance by employees if given at right level of productivity. Organizations must offer both monetary and non-monetary rewards in order to enhance productivity. The organizations must conduct research to find out which type of benefit should be given and when.

DATA ANALYSIS

Q1: How would you rate the importance of employee benefits in influencing employee productivity?

Interpretation

As per the above graph it can be concluded that 40% people of the entire sample find employee benefits as extremely important in influencing employee productivity while 20% find somewhat important and only 13% find employee benefits not important in influencing employee productivity (Figure 1 and Table 1.)

Table 1. The importance of employee benefits in influencing employee productivity.

Employee benefit	Responses	Percentage
Strongly disagree	4	13
Disagree	2	7
Neutral	6	20
Agree	6	20
Strongly agree	12	40
Total	30	100

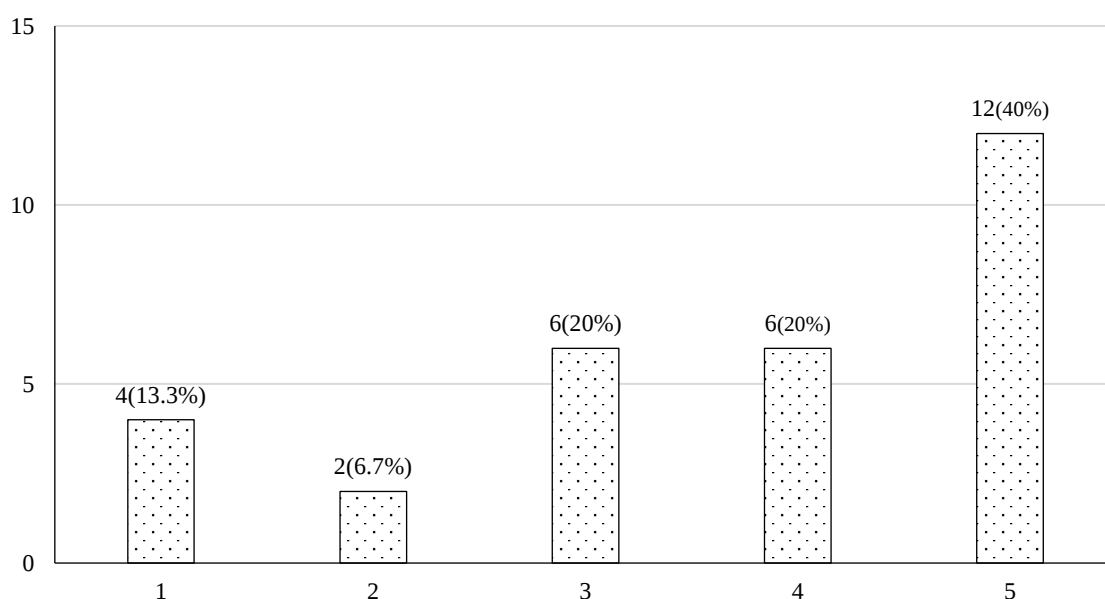


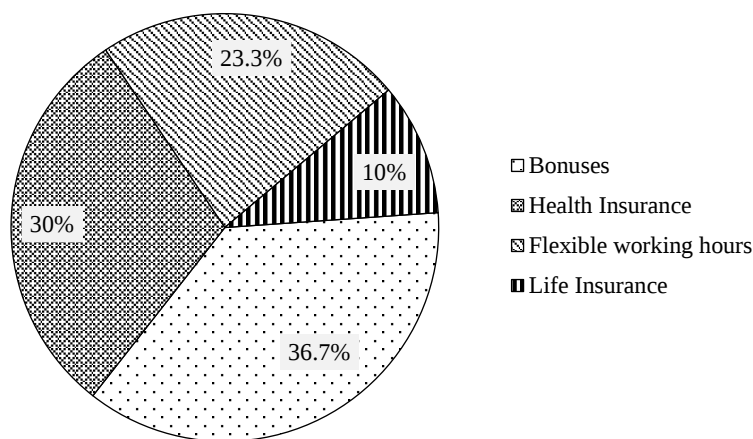
Figure 1. Importance of employee benefits in influencing employee productivity.

Q2: Which specific employee benefits do you find most impactful in enhancing your productivity?**Interpretation**

Around 37% of sample size find bonuses as most impactful in enhancing their work productivity which is followed by 30% of sample size who finds health insurance as most impactful in enhancing their work productivity 23% find flexible working hours important and 10% find life insurance as important benefit in enhancing their work productivity (Table 2 and Figure 2).

Table 2. Benefits finding impactful in enhancing your productivity.

Benefits	Responses	Percentage
Bonuses	11	37
Health insurance	9	30
Flexible working hours	7	23
Life insurance	3	10
Total	30	100

**Figure 2.** Specific employee benefits most impactful in enhancing productivity.**Q3: Have you ever considered leaving a job because the employee benefits package was not satisfactory or did not meet your expectations?****Interpretation**

As per the above pie chart, 67% had considered leaving a job because the employee benefits package was not satisfactory or did not meet their expectations and 33% did not consider it (Table 3 and Figure 3).

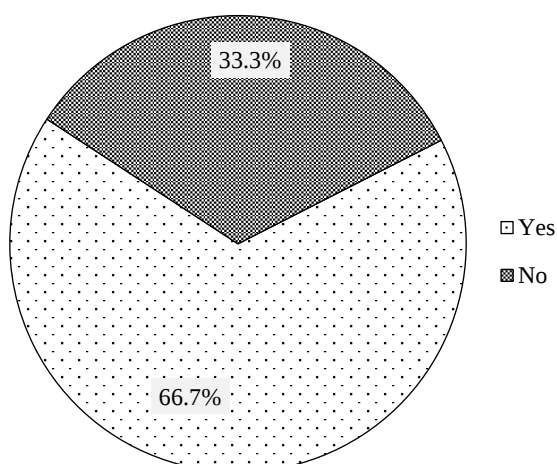
**Figure 3.** Satisfaction level of employee benefits package.

Table 3. Preference of leaving a job for employee benefits.

Preferences	Responses	Percentage
Yes	20	67
No	10	33
Total	30	100

Q4: To what extent do you believe that work-life balance benefits (e.g., parental leave, vacation time) contribute to employee productivity?

Interpretation

As per the above graph it can be said that 30% of the sample size believed that work life balance benefits moderately contribute to employee productivity while 27% believed these benefits highly contribute and 10% believed that these benefits are some-what important (Table 4 and Figure 4).

Table 4. Work-life balance benefits contribute to employee productivity.

Scale	Responses	Percentage
Strongly disagree	4	13
Disagree	3	10
Neutral	9	30
Agree	6	20
Strongly agree	8	27
Total	30	100

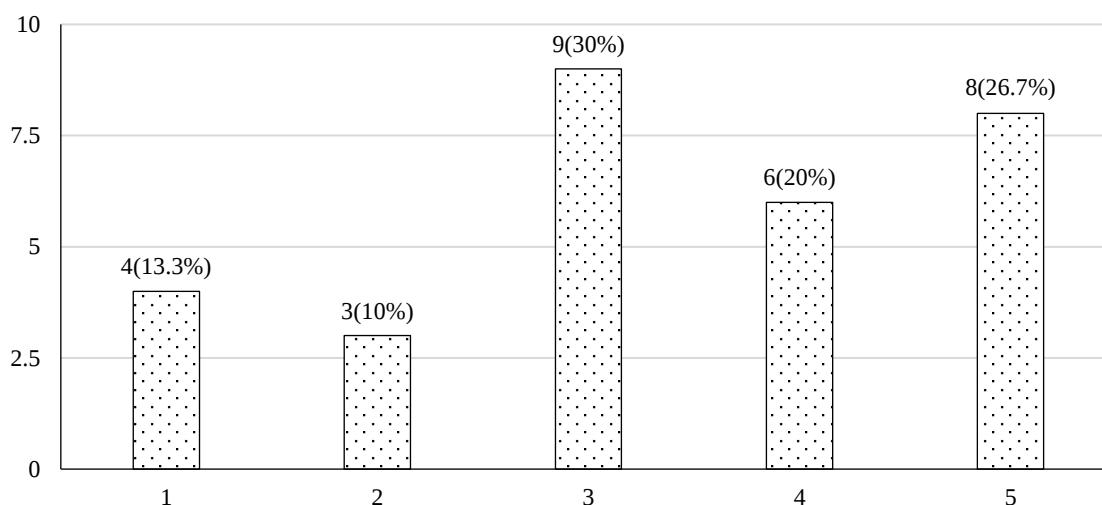


Figure 4. Contribution of work life balance benefits towards employee productivity.

Q5: In your opinion, do employee benefits play a role in attracting and retaining talented employees?

Interpretation

As per the above graph, 57% people agree that employee benefits play a role in attracting and retaining talented employees while 30% do not agree and 13% are not sure about it (Table 5 and Figure 5).

Q6: Which non-monetary employee benefits you find most impactful in enhancing your productivity?

Interpretation

Around 37% employees find awards as the main non-monetary employee benefits that is most impactful in enhancing their productivity, 27% find flexible working hours and 20% find recognition

whereas only 17% find perks and benefits as non-monetary employee benefits that is most impactful in enhancing their productivity (Table 6 and Figure 6).

Table 5. Employee benefits play a role in attracting and retaining talented employees.

Preferences	Responses	Percentage
Yes	17	57
No	9	30
Maybe	4	13
Total	30	100

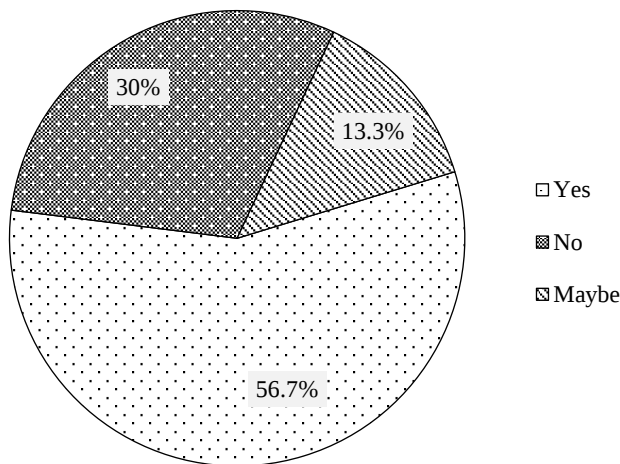


Figure 5. Role of employee benefits in attracting and retaining talented employees.

Table 6. Non-monetary employee benefits for finding most impactful in enhancing your productivity.

Benefits	Responses	Percentage
Awards	11	37
Flexible working hours	8	27
Recognition	6	20
Perks and benefits	5	17

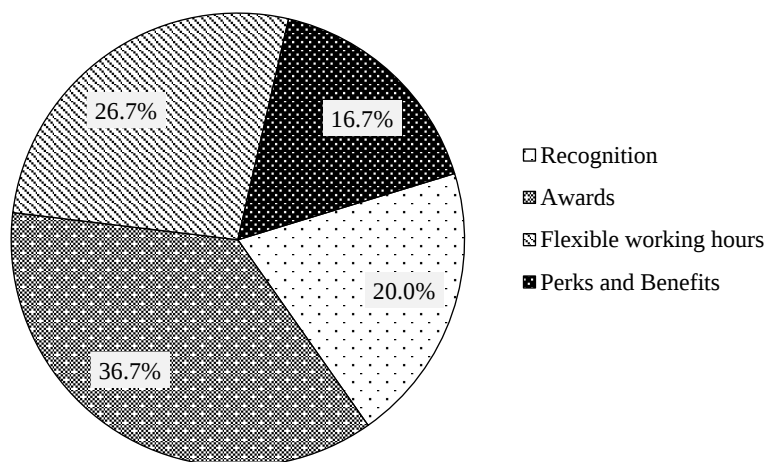


Figure 6. Types of non-monetary employee benefits most impactful in enhancing employee productivity.

Q7: Which do you believe is the best way of improving employee benefits system in an organization?

Interpretation

As per the above pie chart, 57% think that providing competitive compensation package is the best way of improving employee benefits system in an organization, 24% think providing diverse range of benefits, 10% think that enhancing existing benefits, other 10% think communicating benefits effectively is the best way of improving employee benefits system in an organization (Table 7 and Figure 7).

Table 7. Best way of improving employee benefits system in an organization.

Way of improving	Responses	Percentage
Offer a diverse range of benefits	7	23
Provide competitive compensation package	17	57
Enhance existing one	3	10
Communicate benefits effectively	3	10
Total	30	100

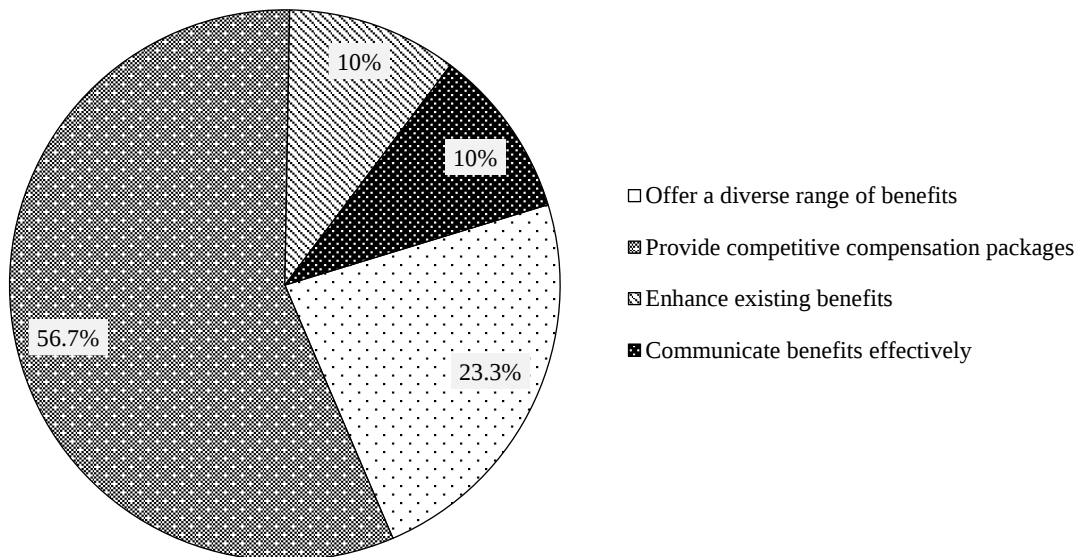


Figure 7. Best way of improving employee benefits system in an organization.

Q8: How important is the customization and flexibility of employee benefits to meet individual needs in influencing employee productivity?

Interpretation

50% say needs have to be altered, 33% say more or less same for every employee and 17% says no need to alter the customization and flexibility of employee benefits to meet individual needs in influencing employee productivity (Table 8 and Figure 8).

Table 8. Customization and flexibility of employee benefits to meet individual needs in influencing employee productivity.

Opinion	Responses	Percentage
Need to change	15	50
More or less same for everyone	10	33
No need to change	5	17
Total	30	100

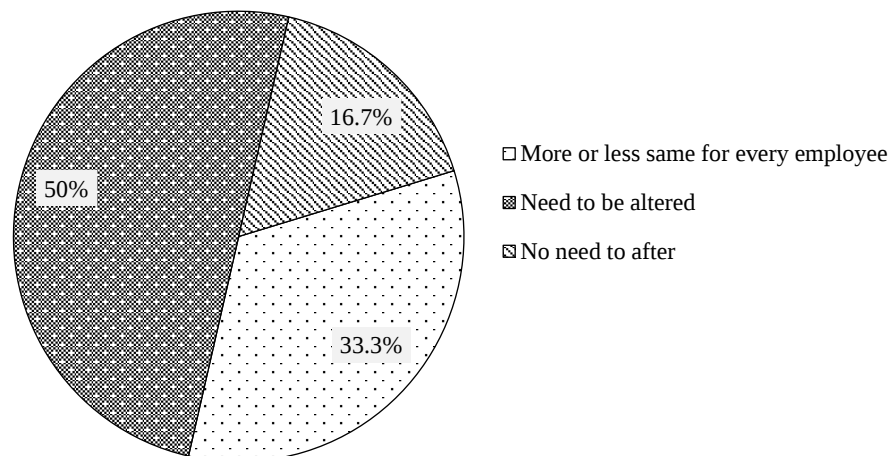


Figure 8. Important in the customization and flexibility of employee benefits.

Q-9 Do you think the provision of financial incentives, such as profit-sharing or stock options, positively impacts employee productivity?

Interpretation

87% employees agreed, while 13% disagree towards provision of financial incentives, such as profit-sharing or stock options, for positively impacting employee productivity (Table 9 and Figure 9).

Table 9. Provision of financial incentives, such as profit-sharing or stock options.

Opinion	Responses	Percentage
Yes	26	87
No	4	13
Total	30	100

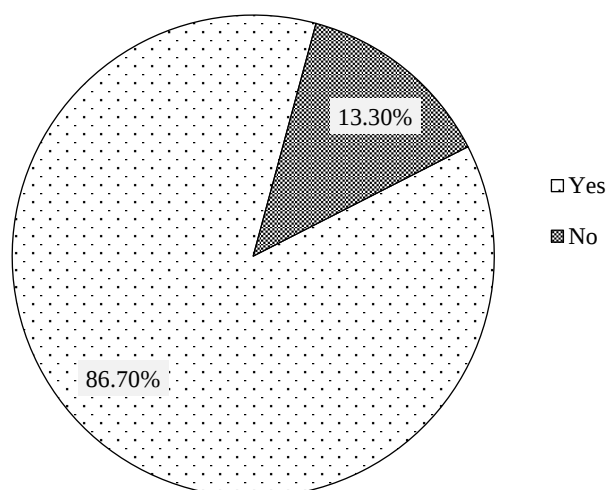


Figure 9. Provision of financial incentives, such as profit-sharing or stock options in positively impacting employee productivity.

Q10: Do you believe that access to comprehensive healthcare benefits positively affects employee productivity?

Interpretation

As per the above chart, 93% employees believe that access to comprehensive healthcare benefits positively affects employee productivity while 7% disagree with that (Table 10 and Figure 10).

Table 10. Access to comprehensive healthcare benefits positively affects employee productivity.

Preferences	Responses	Percentage
Yes	28	93
No	2	7
Total	30	100

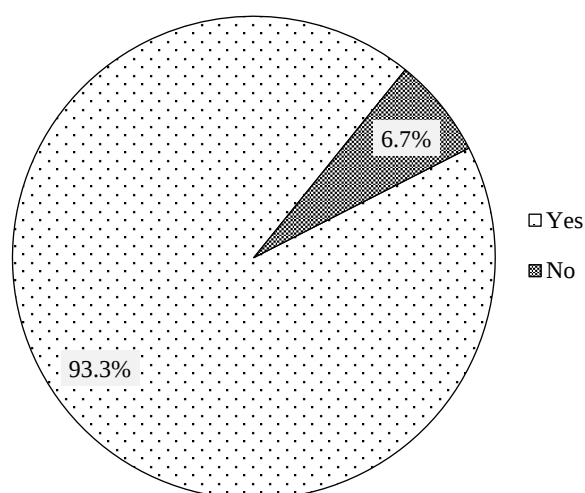


Figure 10. Opinion towards access to comprehensive healthcare benefits in positively affecting employee productivity.

Outcome

- From chart in Figure 1 it is evident that majority of employees find employee benefits important in influencing employee productivity.
- With reference to chart in Figure 2 we can say that bonuses are most impactful in enhancing employee productivity.
- Chart in Figure 3 shows that majority of employees have considered leaving a job because the employee benefits package was not satisfactory or did not meet their expectations.
- Chart in Figure 4 depicts that employees have a neutral opinion towards the impact of work-life balance benefits (e.g., parental leave, vacation time) in contributing towards employee productivity.
- Chart in Figure 5 concludes that most number of employees believes that employee benefits play a role in attracting and retaining talented employees.
- Chart in Figure 6 shows that awards as one of the non-monetary benefits is most impactful in enhancing productivity of employees.
- Chart in Figure 7 shows that most employees believe that providing competitive compensation package is best way of improving employee benefits system in an organization.
- Chart in Figure 8 states that there is a need to change employee benefits to meet individual needs in influencing employee productivity.
- Chart in Figure 9 states that provision of financial incentives, such as profit-sharing or stock options impact employee productivity in positive manner.
- Chart in Figure 10 shows that most employees are of opinion that access to comprehensive healthcare benefits positively affect employee productivity.

CONCLUSION

The study concludes that employee benefits result in increased employee productivity and engagement towards work in an organization. Organizations should provide employees with reasonable benefits, so to keep them motivated towards the work and to retain talented employees in the organization.

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