

Employee Benefits and Productivity, Two Sides of a Coin: A Conceptual Overview

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Abstract

Businesses must adapt in order to stay ahead of the competition, and this includes their expectations for employee success. An employee is a crucial component of a company, and their total performance determines whether the company succeeds or fails. Study's main goal was to assess how organisational benefits affect employees' job performance, compare that influence to the transformation framework put forth by some benefit management and determine whether organisational benefits have any impact on employees' job performance. The evaluation's findings shown how performance of the employees can be obtained in a better way with organisational benefits. There are a few factors that make it crucial for a company to always implement a good benefits system. Employees are crucial to the success of an organization and the company must take the participation of the employees into account. The findings of the study say that economic employee benefit programmes have a detrimental impact on employee morale, which is a necessary condition for increasing employee productivity. An effective employee benefit programme boosts employee morale, which is a favourable indicator of productivity. When employees are rewarded for a task well done, productivity can be increased.

Key Words: Employee Performance, Benefits, Productivity, Organization, Benefit programmes.

1. Introduction

Given the current level of labour market competition, quality compensation packages are even more crucial to the success of a firm. Perks and incentives for workers keep them happy, and a competitive wage package can be a successful recruitment and retention approach for top personnel. Employee perks come in a wide variety. If you're in charge of employee benefits at your company, it's a good idea to be educated about the wide range of benefits available, even while some are required by law and others are not. In this blog post, we'll explain what employee benefits are, why they're important, and how much they cost. Also, we'll go through the most popular types of employee perks and how to effectively administer them. Extended medical insurance, paid time off, profit sharing, learning and development opportunities, retirement benefits, and other perks are examples of additional perks offered and provided by employers on top of pay. These might make up strong and alluring parts of the total employee value proposition for a role. Any competitive compensation package now must include employee benefits. Benefits and bonuses can have a significant impact on attracting top talent and keeping employees, from legally required insurance to complimentary snacks. The following are the fundamentals of employee benefits, including types of employee benefits, common benefits by location, and knowledge of what candidates and employees really want. If you're thinking of developing effective benefit plans or looking to improve your existing policies, we've got you covered. Examples of job benefits cited in this definition of

employee benefits include insurance (including health, dental, and life coverage), stock options, and cell phone plans. Fundamentally, whether provided by an employer freely or involuntarily, any non-wage gain connected to an employee's position can be categorized as an employee benefit.

2: Employee Benefits

A variety of non-wage payments given to employees in addition to their regular salary or wages are referred to as employee benefits. These benefits, which are intended to draw in, keep, and inspire employees, can play a significant role in an employee's overall compensation package. The particular perks provided differ according on the business, sector, and nation. Good employee benefits packages can boost general job satisfaction and the work environment such as Different forms of non-wage remuneration given to employees in addition to their regular salary or wages are referred to as employee benefits. These benefits, which are intended to draw in, keep, and inspire employees, can play a significant role in an employee's overall compensation package. Many HR professionals spend a lot of time on benefit packages. With good reason, too—they're one of the simplest methods for retaining employees and boosting talent appeal. The significance of employee benefits is demonstrated by the data. According to extensive study conducted by the Society of Human Resource Management, approximate all of workers believe employment perks are crucial to their overall job satisfaction (in itself, a great element of retention and productivity). Over one third of workers also listed employment benefits as the main justification for choosing to remain at their current position as well as seeking for a job outside of their company. Benefits are also one of the main criteria that job searchers look for in job postings; according to a poll of job seekers, 63% of them, they are concerned with the benefits that a firm provides. This means that a significant portion of your employer branding efforts should focus on providing perks and highlighting them in your job advertising and careers page. Additionally, employee benefits allow you to care for top-performing staff without continually spending money on exorbitant wage increases. All employees should be paid enough to cover their living expenses, but if their benefits package includes good health insurance, flexible work schedules, and other perks they value highly, they may be willing to accept less money. Salary packing, which involves employees forgoing a portion of their pay in exchange for benefits, can lead to tax breaks or other benefits for both parties.

2.1: Major Types of Employee Benefits

The following are the major type of the benefits offered to the employees in organizations:

(a) Basic Wages

Basic salary is the minimal financial compensation that an employer provides for completed work. Basic pay typically doesn't take into account differences attributable to specific employees and instead reflects the value of the work or talents. Some pay schemes base remuneration on an employee's education or skill level; this is typical for engineers and scientists. On the basis of changes in the general cost of living or inflation, changes in what other employers are paying for the same task, or changes in experience, performance, or skills of employees, base salaries may be adjusted periodically.

(b) Incentives

Moreover, incentives link income and performance together. Incentives, also known as variable remuneration, can be long or short term and linked to the performance of a single person, a group of employees, a combination of individuals, a team of employees, the entire business unit, or a group of individuals working together. There are countless ways to set performance objectives, including cost savings, volume produced, quality standards met, revenues, return on investments, and enhanced profitability. Long-term incentives are designed to direct employee efforts towards long-term outcomes. Top managers and employees are frequently given stock options or bonuses to help

them concentrate on long-term organisational goals like return on investments, market share, return on net assets, and similar things. Selected "important contributors" who significantly contribute to the success of the company receive shares of equity from Coca-Cola. All employees at Microsoft, Pepsi, Wal Mart, and Procter & Gamble have access to stock options. These businesses think that a culture of ownership is supported by holding stock in the business. The way employees act will be that of owners. Rewards differ from merit pay. Both may affect performance, but incentives do so by promising to pay in order to change future conduct. On the other hand, merit acknowledges exceptional prior performance. The difference is one of timing. Prior to the performance, incentive programmes are presented; merit pay, on the other hand, is frequently not disclosed.

(c) Medical Benefits

As a perk for employees, medical insurance pays for hospital stays, prescription drugs, and physician and surgeon fees. Moreover, a total benefits package may include access to dental and vision care. Moreover, it might be sold in pieces. Moreover, coverage frequently extends to the employee's family.

(d) Disability Insurance

Disability insurance replaces all or a portion of lost income in the event that an employee is unable to perform their duties due to illness or injury. The two primary categories of disability insurance are short-term disability and long-term disability.

(e) Retirement Benefits

Retirement benefits are funds that have been laid aside to give people a pension or income once their careers come to an end. The two most frequent forms of retirement plans are defined benefit and defined contribution plans.

(f) Life Insurance

The employee's family is safeguarded by life insurance in the event of his passing. The beneficiaries of the policies receive these rewards all at once.

(g) Paid Leave

Employees earn paid time off while they are employed. Holidays, vacation time, and sick time are the three most popular variations of this employee benefit.

(h) Fringe Benefits

Various non-cash payment methods are used to recruit and retain talented workers. Tuition help, child care benefits, non-production perks, and flexible medical or child care spending accounts are among the so-called fringe benefits.

2.1: Significance of Employee Benefits

Employee perks raise the value of working for a specific firm and can enhance the health and quality of life of you or your coworkers. Candidates may examine the advantages that each company provides when applying for employment and consider those in addition to compensation when determining where they wish to work. Employee perks have several benefits, such as:

(a) Work Contentment:

A good benefits package demonstrates that a business values its employees. Perks like paid time off, office perks, wellness initiatives, and tuition assistance can help workers feel appreciated. Employees who are content in their positions, devoted to the business, and driven to produce quality work may result from this.

(b) Balancing the Work and Life:

The ability to balance your personal and professional lives has grown in significance for workers. Vacation time, unrestricted or substantial paid time off, flexible work schedules, and the option to work from home are all perks that enhance work-life balance. Benefits of this nature can lessen

employee stress and weariness while preventing burnout. As a result, workers are likely to be more effective both at work and at home. Employees may spend more time with their families and friends thanks to benefits like flexible work schedules and vacation time, which enables them to have more rewarding personal lives.

(c) Medical Facilities:

Provide some type of health insurance, which is crucial for maintaining employees' and frequently their families' health and assisting with covering medical costs. According to the Affordable Care Act, businesses with more than 50 workers must offer health insurance to 95% of their full-time staff members or face paying a sizable fine to the IRS. Benefits for health enable workers and their families to pay for routine physicals, preventive care, prescription drugs, and medical procedures. Candidates may give preference to positions that offer comprehensive health insurance coverage if they or one of their families needs regular medical care. Additionally, if workers are motivated to maintain their health and given the resources to do so, they will probably feel more energized, take fewer sick days, and work more productively.

(d) Retirement Benefits

Several businesses provide retirement benefits like 401(k)s and employee pension plans, which let workers contribute a portion of their earnings before taxes to their retirement savings. A portion of the funds may be matched or contributed to by the employer. Profit-sharing, stock bonuses, employee stock ownership, and cash balance plans are additional categories of retirement plans.

Employees who are eligible for retirement benefits may find it easier to save money and make long-term financial plans for their families and themselves. Depending on how much money they saved through their employer's retirement plan or other retirement choices they explored, employees will have a set budget to live on when they finally retire.

3: Employee Productivity

Employee productivity is the measurement of value produced by an individual employee over a given period of time. Employee productivity is the measurement of value produced by an individual employee over a given period of time. Return on investment and business outcomes (both short- and long-term) are directly correlated with productivity. An activity cannot be seen as productive without this connection. Depending on where an employee, team, or department stands relative to the internal average of the organization and this predetermined baseline, productivity will either be high or poor. *Employee productivity is defined as an assessment of value generated by an individual employee within a specific time period.* Employee productivity is defined as an assessment of value generated by an individual employee within a specific time period. Productivity has a direct correlation with business outcomes.

So, Employee productivity can be calculated as under:

Employee Productivity = Job Target assigned to the Employee/Actual achievement x100

3.1: Employee Productivity Calculation and Benchmarks

Depending on the type of work and the metric that best captures productivity for the firm, employee targets might range from hours worked to projects completed. Setting the proper benchmark from the beginning is essential for the accurate calculation of staff productivity. In our example contact centre, we used the volume of client calls as the productivity indicator; however, volume isn't the only factor to take into account. Let's examine the proper method for calculating this measure. What impact do employee output and performance have on customers? This is one of the most important variables to consider when measuring productivity. Metrics such as customer satisfaction ratings (CSAT) and net promoter scores are used to quantify the customer effect (NPS) and this opens a new window. Assume the organization as a whole has an NPS of 8 on average. When assessing

productivity, it is critical to consider the quality of a person's work. This is sometimes indicated by CSAT or NPS, but most of the time it is an internally determined metric. A manufacturing, for example, may use defects per unit (DPU) as a quality indicator, implying that an employee with a low DPU is highly productive. In many circumstances, an employee's direct management understands their qualitative production better. The capacity to maintain productivity levels is critical for correct calculation. An unhappy, stressed-out employee will not be able to function optimally in the long run. Indeed, the World Economic Forum Opens a new window states that happy employees are more productive. High productivity must be accompanied with wise time management and a strong emphasis on work-life balance. Employees should not opt for regular overtime efforts to exceed productivity targets. On the other hand, people should not waste time doing things that aren't productive.

4: Employee Benefits and Employee Productivity

Employee benefits and relations is a complex blend of corporate culture, human resources practices, and individual perceptions. Virtually everything the human resource department does affect employee relations, directly or indirectly. But many human resource activities are largely unnoticed by employees, including for example, recruitment, selection, and benefits administration. Other important human resources function affect employees only periodically, as in the case of performance appraisal system and salary sessions. This necessitates some ongoing activities to foster good employer-employee relation. According to Williams (2007), the following are the benefits of good employee benefit practices to an organization:

(a) Increases Productivity

Effective staff benefit strategies boost output. Ability and attitude have a major impact on employee productivity. Ability simply refers to a person's capacity to carry out their work duties. Training, schooling, innate aptitude, tools, and job environments are some factors that affect ability. On the other hand, attitude alludes to a person's readiness to carry out the task. Numerous variables, including motivation, job happiness, and commitment at work, have an impact on attitude. Effective employee relations procedures help workers become more capable and more positive in their attitudes. The company can start timely collective steps by continuously monitoring employee skill, attitude, and workplace quality. The productivity of the workforce increases as a consequence.

(b) Accomplishment of Organizational Objectives

Effective employee benefit programmes guarantee that corporate strategies are implemented. Managing human resources is crucial to accomplishing organizational objectives. Despite their excellent formulation, goals and plans cannot be achieved unless they are carried out effectively. This implies that the employee must be dedicated to achieving these objectives. There is a good chance that the organization won't be able to garner widespread support for its plans unless employees are made aware of their duties and given incentives for displaying desired behaviours. The effective dissemination of these objectives and plans to the workforce and their dedication is guaranteed by good employee relations practices.

(c) Reducing Cost of Employment

Costs are reduced by good employee compensation procedures. Effective employee engagement strategies demonstrate care for and interest in the workforce. When this is ingrained in the culture of the company as a whole, absenteeism and turnover can be significantly reduced at a lower cost. A company with good employee relations practices will also have an edge in the recruitment process because most job applicants want to work for a company that treats them fairly and provides them with challenging work with room for career advancement.

(d) Attaining Human Resource Objectives

Effective employee benefit procedures support the individual objectives of the human resource function. Today, assisting workers in reaching their individual goals is a key objective of the human resources department. A keen interest in an employee's professional aspirations not only benefits the company, but also aids in achieving its societal goals.

5: Review of Literature

Employee performance and productivity, according to Richard (2000), is a measurement of the output from a manufacturing process, per unit of input. The technical or engineering efficiency of output can be measured using productivity. As a result, the focus is on numerical measurements of input and, occasionally, output. Productivity is distinct from metrics of allocative efficiency, which consider both the monetary value (price) of what is produced and the cost of the inputs used, as well as metrics of profitability, which address the difference between the earnings from output and the cost associated with input consumption.

Employment is a contract between two people, the employer and the employee, according to Gideon (2001), who wrote the book "Motivating Employees the Right Way." An employee is hired to carry out specific tasks that are packaged into a job and adds labour and expertise to an employer's endeavour. In a company, employer and managerial control exists on many levels and affects staff and productivity equally. Control is the key link between intended outcomes and actual processes. To create a profitable and fruitful working relationship, employers must strike a balance between interests like reducing wage restrictions and maximizing labour output. Further, the employee benefits, also known as fringe benefits, perquisites, perks, or perks, are different forms of non-wage compensation that are given to workers in addition to their regular wages or salaries, according to Simons (2001). Employee benefits are designed to give employees more financial security and, as a result, enhance employee retention throughout the company. The word perks, which is also used to refer to benefits of a more discretionary nature, is frequently used in colloquial speech. Employees with tenure or who are performing particularly well frequently receive perquisites. Common perks are take-home vehicles, hotel stays, free refreshments, leisure activities on work time (golf, etc.), stationery, allowances for lunch, and—when numerous options exist—first choice of such things as job assignments and holiday scheduling. According to Watson (2006), maintaining employer-employee relationships that add to satisfactory productivity, motivation, and morale is a key component of employee benefit programmes. Employee relations primarily focus on avoiding and resolving issues involving people that result from or have an impact on workplace circumstances. The term "industrial relations" is typically used to describe the relationship between all employers and workers. Although employers no longer frequently use this word, it still conjures up a set of employment relationships that are no longer common, save for a few niche industries and even there, in modified form. Kelechi (2016) in his research stated that employee benefits are important and should be a concern for both businesses and employees. According to the report, businesses welcome the notion of compensation administration, but compensation programmes have proven difficult to implement due to numerous unforeseen legal, social, and economic obstacles, as well as an incorrect definition of compensation programmes. Based on the findings of this study, firms that aim to improve worker productivity should ensure that the company's compensation system includes policies, methods, and rules that enable clear and unambiguous decision and administration of employees compensation. Mangale (2017) in her research discovered that in the case of direct financial compensation, there are set and continuous monthly earnings with flexible dates, while some months are fixed during payment. It is difficult to conclude that the compensation being offered is insufficient to motivate and retain employees when a large proportion of workers assessed

the salary as fifty four acceptable. There is also no consensus on salary and remuneration that represent employees' talents, competence, and work output. In addition, indirect financial compensation, such as health insurance and paid time off, affects employee productivity. The firm does not provide employees' personal needs, such as child care and domestic partner benefits. The perks are frequently administered by the firm. When contrasting technologies, the production function can be used as a gauge of relative efficiency. Employee morale is negatively impacted by the economic employee benefit programme in the PT. Cheil Jedang Indonesia Pasuruan factory, but the impact is not statistically significant, according to Sastera and Mauludin's (2018) study. Flexible benefits for employees at PT. Cheil Jedang Indonesia Employee morale is significantly improved by the Pasuruan factory. Benefits for employees at PT. Cheil Jedang Indonesia Employee morale is significantly improved by the Pasuruan factory. Employee performance at the PT. Cheil Jedang Indonesia Pasuruan factory is significantly impacted by staff morale. Oaya and Mambula (2019) in their study discovered that workforce health is intrinsically tied to workforce productivity and the health of the nation's economy, indicating that health protection benefits have a beneficial effect on employee performance. The retirement benefits had a considerable influence on workers' behaviour, providing younger people with a compelling reason to stay with their business and motivating older workers to retire on time, implying that retirement benefits favourably enhance employee performance. Employee performance is improved when they are recognized and rewarded for a job well done. As a result, it is possible to conclude that employee recognition has a favourable influence on employee performance at Nasco. Employee benefits, according to Lekan and Rachel (2019), improve the profitability of manufacturing enterprises in Nigeria when effectively organized. ii. The tough worldwide competition that Nigerian manufacturing companies face as a result of trade liberalization can be transformed into a favourable opportunity if employees' intellectual potential is appropriately utilized. iii. Employee absence and poor incentive packages have resulted in falling profits and performance for most Nigerian manufacturing enterprises. iv. Several Nigerian manufacturing firms have failed to implement employee benefits into their competitive strategy.

5.1: Research Gap

For a thorough literature assessment, previous research books and a number of databases have been consulted. There is a tone of research on the various benefit aspects and what is importance of benefits on employee productivity. However, there hasn't been much research on the issue. Therefore, there is gap in research. Accordingly the very topic has been selected for knowing the importance of Benefits on Employee Productivity.

6: Research Methodology

The primary goal of the study was to know the importance of benefits on employee productivity in Indian Organizations.

6.1: Objectives of the Study

The basic objective of research was to know the importance of benefits in employee productivity. Accordingly, following objectives have been set up:

To Study relationship between Employees Benefits and Employees Productivity.

6.2: Research Design

Research design is to be called the blue print for a study which basically comprises of various techniques regarding which and how required information is collected by using an appropriate method of investigation efficiently. Since, the study is conceptual in nature, so the methodology used in the study is based on reviewing various research studies, articles, dissertations

(Published/unpublished), text books by various authors in different geographical areas. According interpretations have been drawn and conclusion has been made.

7: Conclusion

After going through number of studies, research articles and texts books on the issue, it has been determined that benefit is significant component contributing to an increase in staff productivity.

The employee benefits influences employees' productivity. There is a strong relationship between employee benefits and productivity. However, the following are the main areas in which benefits have to play important role in the modern organization:

- (a) Economic employee benefit programmes have a detrimental impact on employee morale, which is a necessary condition for increasing employee productivity.
- (b) An effective employee benefit programme boosts employee morale, which is a favourable indicator of productivity.
- (c) When a significant portion of employees are salaried, the compensation package provided falls short of what is necessary to retain and motivate workers.
- (d) In addition, indirect cash benefits like paid time off and health insurance have an impact on worker productivity.
- (e) It has been concluded that employee benefits are significant and ought to be of interest to both employers and workers in contemporary companies.
- (f) Because they boost morale and organizational loyalty, fringe benefits have a positive relationship with worker success.
- (g) While pay and benefits can encourage employee efficiency, other elements are more important for performance enhancement.
- (h) In the financial company under study, financial incentives are the main factors influencing employee productivity.
- (i) Employee success is benefited by health insurance benefits.
- (j) The retirement benefits had a significant impact on employee behaviour, giving younger workers a strong incentive to remain with their company and encouraging older employees to retire on schedule, suggesting that retirement benefits favourably enhance employee performance.
- (l) When employees are praised and rewarded for a task well done, productivity can increase.

Therefore, it can be said the employees benefits and productivity are two sides of a coin from organizational point of view.

Therefore, the Objective "*To Study relationship between Employees Benefits and Employees Productivity*" has been achieved.

8: Recommendations

Considering the findings of various research articles, the following is recommended:

To raise the level of employee performance, the company must create and implement strategies for offering effective compensation and benefits. Future research should aim to examine a wider geographic region from various geographic locations. Organizations must develop efficient employee strategies if they want to increase employee effectiveness. Although rewards and compensation can encourage success, there are other elements that have a greater impact on it. In addition to compensation, organizations should place an emphasis on other elements like a friendly, caring work environment and fair working circumstances that let employees balance their personal and professional lives. It is advised to hold regular, in-depth meetings with workers to discuss benefits and compensation.

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