

Impact of Corporate Benefits on Employee

Retention and Firm's Performance

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ABSTRACT

This paper explores the increasing demand of an organization to retain right talent while targeting on the new talent. Organizations are now a days emphasizing more on providing better benefits to their employees so as to retain productive employees and enhancing firms performance. Employees retention and their performance shows the job satisfaction of employees which in turn provides an indication that how successful the organization is in its competitive environment. For organizational success employees are considered to be a key factor and no organization can fulfill their commitment without satisfying their employees. Hence the benefits have their positive effect on employee retention and firms performance in this competitive era. With these benefits organizations attempt to satisfy its employee to gain their commitment and loyalty.

Keywords: Employee Benefits, Employee Retention, Employee Satisfaction, Firms Performance

I. INTRODUCTION

Employees are considered to be the most important asset of an organization which contributes towards the success of an organization. So, it is really necessary to retain them and satisfy them in an organization and enhance their productivity and make them competent enough to beat the competition in this competitive environment. Employees who have job satisfaction more often perform their jobs well than not to have motivation. Benefits plays an important role to motivate the employees to increase the organizational productivity. Organizational benefits help the organization to attract and sustain the best talent. The benefits vary from industry to industry. It should be as per industry standards.

II. EMPLOYEE BENEFITS

Every organization can able to function properly if it provides better employee benefits. Satisfied employee enhances the productivity of the organization which is resulted into the goodwill in the market. Hence every organization provides employee benefits in two ways:

Monetary Benefits

Non – Monetary Benefits

Monetary Benefits: These benefits are the money-based reward given to an employee when he meets or exceeds expectations. These benefits includes cash bonuses, stock options, profit-sharing and any other type of reward that increases an employee's compensation.

Non – Monetary Benefits: These benefits are the non-financial rewards provided to the employees. These includes Flexibility, Recognition, Training, Belongingness, Chance to Contribute, Fringe Benefits.

III. EMPLOYEE RETENTION

Policies and the practices used to stick an employee in an organization for a longer period of time is refers to be an Employee Retention. Every organization invest money and time to groom their employees and make them corporate ready. No organization exist if their employees leave the job. Employee retention hence work like a medicine which include several measure which helps an individual to stay for a maximum period of time in an organization which helps in the success of an organization.

IV. EMPLOYEE SATISFACTION

Employee satisfaction is the terminology used to describe whether employees are happy and satisfied and fulfilling their desires and needs at work. Many measures assert that employee satisfaction is a factor in employee motivation, employee goal achievement, and positive employee morale in the workplace. Locke (1976, p. 1304) describes job satisfaction as “a pleasurable or positive emotional state resulting from the appraisal of one” s job or job experiences”.

V.OBJECTIVES

To identify the impact of corporate benefit on employee retention

1. To evaluate the impact of employee retention on firm’s performance
2. To establish the relationship between benefits, employee retention and firm’s performance

VI. REVIEW OF LITERATURE

In today’s competitive environment every organization seeks to find out the better ways to make the balance between firms performance and employee retention. With this regard corporate benefits serves as a contingent factor to maintain employees self esteem which helps ultimately enhanced firm’s performance. Strumpel (1975), opined that, in an organization the employees who have stable positions, prefer the non-material aspects of the job.

Lazear (1986) suggests that in order to attract geared employee to an organization a financial rewards need to be added in the employee compensation for the sake of motivation. Mathios (1988) urges that non-monetary rewards are preferred by highly educated people.

By other point of view, Lazear (2000) also described that to gain extra efforts of the employee introduction of monetary rewards plays a vital role to the extent where the marginal value added is equal to the marginal cost paid for that additional work. This shows that financial incentives are work like a paid value to employees in return for their extra efforts. Lazear (2000) viewed that there is a positive relation between employee engagement and rewards and firm performance. Yahya and Goh (2002) explained that the knowledge creation, transfer of knowledge and knowledge acquisition could raise through incentives on groups or teams.

Jeffery (2002), in his study, found that non-monetary incentives have a deeper and long-term effect than monetary incentives on employee motivation as non-monetary incentives and their ability controls the various psychological needs of an employee. Robbins (2003, p. 206) mentioned that “the way that tasks are combined to create individual jobs has a direct influence on employee performance and satisfaction”.

To improve employee retention and commitment in an organization, flexible work hours, on the job training opportunities, adequate resources for the staff, health and insurance benefits, perks like gyms, health centers, rewarding best employees are to be provided for not only getting the task done on time but also doing it efficiently (Deery 2008). In hospitality sector various ways and methods are to be suggested to improve employee retention and commitment including better recruitment and training & development practices to improve employee satisfaction with work and also have Work Life Balance (Deery 2008).

To reduce employee attrition rate organization's talent management, recruitment and retention policy and practices can significantly utilize (Frankeiss 2008). Pay/compensation and benefits and also factors like good working conditions, flexible work timings, cooperative teams, good bosses, culture and values of the organization must be improve for better retention of talent organizations (Devi 2009). Recruiting right person in the first place is the best practice for employee retention (Oracle white paper 2012).

VII. RESEARCH METHODOLOGY

The paper is emphasized over the impact of corporate benefits on employee retention and firm's performance. This paper focus a light on all the sectors i.e, financial services, telecommunication, education, health manufacturing and other industries of both government and private sectors. The reason of focusing on all these sectors is their positive and prominent growth in recent years. These sectors are favorable for this study because they contain a) line and middle level employees; b) the employees from each sector shares common characteristics. For this purpose secondary data has been used for the collection of information which is descriptive in nature and the collected data develops the different ideas to establish the relationship between corporate benefits and employee retention which ultimately resulted into firms performance. The data were collected from available books, publications, research studies, articles and websites.

VIII. CONCLUSION

The paper discusses the relationship between the independent variables and the dependent variables. Several studies have been done to examine the relationship and as shown in the literature in the paper that corporate benefits positively influence employee retention and firm's performance directly. This paper highlighted the motivational effect of monetary and non-monetary benefits on the employee retention and firm's performance. However there are many factors of employee satisfaction but benefits are one of them to retain the right talent and enhance the productivity of the firm. It would be found that in order to improve employee attitudes and motivational level companies need to create a fair competitive environment, like fair treatment, fair compensation, fair work hours which will force them to do hard work. After this consideration, we can see that employee satisfaction is also be increased by fairness and satisfied employees offer good services for the organization. This can ultimately increases firm's performance, so fairness also can say a key factor affecting employee satisfaction.

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