



## International Journal of Career Management

Impact of employee benefits on work motivation and productivity

Jon-Chao Hong, Sung-De Yang, Li-Jung Wang, En-Fu Chiou, Fan-Yin Su, sui-Lan Huang,

### Article information:

To cite this document:

Jon-Chao Hong, Sung-De Yang, Li-Jung Wang, En-Fu Chiou, Fan-Yin Su, sui-Lan Huang, (1995) "Impact of employee benefits on work motivation and productivity", International Journal of Career Management, Vol. 7 Issue: 6, pp.10-14, <https://doi.org/10.1108/09556219510098064>

Permanent link to this document:

<https://doi.org/10.1108/09556219510098064>

Downloaded on: 28 January 2019, At: 12:49 (PT)

References: this document contains references to 3 other documents.

To copy this document: [permissions@emeraldinsight.com](mailto:permissions@emeraldinsight.com)

The fulltext of this document has been downloaded 30144 times since 2006\*

### Users who downloaded this article also downloaded:

(2011), "Motivation, pay satisfaction, and job satisfaction of front-line employees", Qualitative Research in Accounting & Management, Vol. 8 Iss 2 pp. 161-179 <[a href="https://doi.org/10.1108/11766091111137564">https://doi.org/10.1108/11766091111137564](https://doi.org/10.1108/11766091111137564)</a>

(2010), "Employee benefits provision: Can it impact on talent retention, motivation and productivity levels?", Human Resource Management International Digest, Vol. 18 Iss 3 pp. 10-12 <[a href="https://doi.org/10.1108/09670731011040308">https://doi.org/10.1108/09670731011040308](https://doi.org/10.1108/09670731011040308)</a>

Access to this document was granted through an Emerald subscription provided by emerald-srm:178063 []

### For Authors

If you would like to write for this, or any other Emerald publication, then please use our Emerald for Authors service information about how to choose which publication to write for and submission guidelines are available for all. Please visit [www.emeraldinsight.com/authors](http://www.emeraldinsight.com/authors) for more information.

### About Emerald [www.emeraldinsight.com](http://www.emeraldinsight.com)

Emerald is a global publisher linking research and practice to the benefit of society. The company manages a portfolio of more than 290 journals and over 2,350 books and book series volumes, as well as providing an extensive range of online products and additional customer resources and services.

Emerald is both COUNTER 4 and TRANSFER compliant. The organization is a partner of the Committee on Publication Ethics (COPE) and also works with Portico and the LOCKSS initiative for digital archive preservation.

\*Related content and download information correct at time of download.

---

# Impact of employee benefits on work motivation and productivity

---

*Jon-Chao Hong*

*Sung-De Yang*

*Li-Jung Wang*

*En-Fu Chiou*

*Fan-Yin Sun and*

*Tsui-Lan Huang*

---

## The authors

Jon-Chao Hong, Sung-De Yang, Li-Jung Wang, En-Fu Chiou, Fan-Yin Sun and Tsui-Lan Huang are based in the Department of Industrial Education, National Taiwan Normal University, Taipei, Taiwan, R.O.C.

---

## Abstract

Everyone works in expectation of some rewards, and welfare is one of them. In order to understand the impact of employee benefits on employees' work-motivation and productivity, questionnaires were sent to corporations which had undertaken employee benefit programmes. Some of the significant results of this study are: employee benefit programmes have greater impact on work-motivation than on productivity; monetary benefit programmes are most highly valued by both executives and workers; there is a cognitive gap between management and worker on the importance of employee benefit programmes; different genders have different benefit demands; unmarried employees, more than married employees, perceive that employee benefits have a greater impact on job performance. Employees with different education levels and positions perceive different employee benefit impacts; and employee benefit programme have greater influence on younger employees' job performance.

## Introduction

Employee benefit is essential for the development of corporate industrial relations. According to Herzberg's[1] two-factor theory (motivation and hygiene), an employee benefit programme was a necessary and sufficient working condition. The hygiene factor will affect employees' work-motivation and thus productivity.

In the stimulus-response behaviour, employees' work-motivation, seen as the response, can be analysed from absence rate, leave rate, quit rate, get-to-work speed and so on. Productivity can be analysed from quality and quantity of products. The quality indices include faults and returns; the quantity indices include completion time and the production hygiene factor. This depends on the individual properties of the employee, who is the medium essential for management, and stimulates employees to enhance their work and productivity.

In addition, Vroom[2] maintained in his expectation theory that everyone works in expectation of some rewards (both spiritual and material), and welfare is one of them. In other words, the degree of reward influences the quality and quantity of work, and in turn productivity. So it is important to explore how to give the stimulus (welfare) in order to promote work motivation and productivity.

## Method

To understand the impact of employee benefit on employees' work motivation and productivity, questionnaires were sent to corporations which had undertaken employee benefit programmes. Of the 133 excellent welfare corporations sampled from material offered by the Labour Welfare Section of the Council of Labour Affairs, each was supplied with 30 manager copies and 60 employee copies, 11,970 in total. Of these 5,481 were returned from 89 corporations. The questionnaire consisted of 27 employee benefit programmes, discussed and identified by 15 scholars in this field. These 27 programmes were: foreign travel subsidies; entertainment equipment and activities; transportation facilities; opportunity for further education/training; subsidies for further education/training; counselling measures; day-care service; maternity and paternity leave; group and dependent insurance; various loans; dividends; year-end bonuses;

savings subsidies; traditional and emergency subsidies; pensions; vocational disease and damage compensations; child-education benefits; individual annual vacations, national holidays, paid leave; discounted goods supply; dormitories and housing benefits; food/drink equipment and meal subsidies; barbering/hairdressing and laundry service; medical equipment and subsidies; free commuting vehicles; commuter subsidies; flexible working time; part-time working.

## Results

This research identified those employee benefit programmes 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. Comparing the two groups, one can see the cognitive difference between management and labour, and the difference between labour expectations and corporate offers. In addition, the five employee benefit programmes of the 27 which employees considered had least impact on their performance (work-motivation and productivity) are compared with the five which were least provided by businesses.

### Cognitive difference between worker and management on employee benefit programme

#### *Employees' responses*

According to the returned questionnaires on "Impact of employee benefits on performance", of the 27 items, the first five measures (see Table I), in order of degree of impact were:

(1) year-end bonuses; (2) dividends; (3) pensions; (4) holidays and leave, including individual annual vacations, national holidays and paid leave; (5) working disease and damage compensation.

Table I The top five benefits with greatest impact on employees' performance

Order	Average	Measure
1	3.97	Year-end bonuses
2	3.58	Dividends
3	3.57	Pensions
4	3.53	Individual annual vacations, national holidays, paid leave
5	3.45	Working disease and damage compensation

Table II The five benefits with least impact on employees' performance

Order	Average	Measure
1	2.08	Barbering/hairdressing and laundry service
2	2.20	Entertainment equipment and activities
3	2.51	Foreign travel subsidies
4	2.52	Counselling measures
5	2.70	Flexible working time

The last five (see Table II), starting from those with the least impact, were:

(1) barbering/hairdressing and laundry service; (2) entertainment equipment and activities; (3) foreign travel subsidies; (4) counselling programmes; (5) flexible working time.

The material and financial employee benefit programmes were the most influential. They also have the implications of job security, balance between work and recreation, security and hygiene, work reward, and balance between work and family. Thus the expectations of Taiwanese workers from corporations tended to be satisfied at the lowest-level human demands, that is, physical and security demands. This reflects labour rules: money is the most important assurance and it best meets immediate needs; other employee benefit programmes which could elevate life quality were less necessary than those of the above-mentioned economy-oriented programmes. Perhaps such mentality had something to do with the fact that the majority of the whole sample belong to the manufacturing sector.

#### *Employers' offers*

According to the analysis of the 27 benefit programmes, there was an evident gap between employers' offers and employees' expectations, although 92 per cent of the businesses provided year-end bonuses, which were the employees' first priority. This showed that Taiwanese corporations understand the importance of year-end bonuses as a work incentive and the prevalence of this offer corresponds to labour demands.

The second important offer was holidays and leave, including individual annual vacations, national holidays and paid leave. Its implementation rate among the corporations was 90 per cent, and it was the fourth important employee benefit according to employees' responses. The offer and expectation of this benefit were fairly matched.

The third, fourth and fifth benefits offered were entertainment equipment and activities (89 per cent), traditional and emergency subsidies (84 per cent), food/drink facilities and meal subsidies (78 per cent), but they do not rank among those measures which employees perceived had greatest impact on their performance; in fact, entertainment equipment and activities was one of the five benefits which was considered to have least influence.

From the perspective of business management, there were three objectives for providing benefit programmes: to meet the lowest-level physical and psychological demands of employees so that they could fully engage themselves in work; to compete with other corporations at an equal level; when similar employee benefits had been adopted by competitors, it was necessary to offer the same level of benefit programme in order to maintain competitiveness; and to provide social and traditional welfare to observe cultural and social tradition and values.

Thus corporate employee benefit programmes were brought about by the necessity to satisfy the basic demands of employees, inter-corporation competition and expectation of traditional values. However, lack of specification, insufficient value, and inadequate quality would make employees consider that certain corporate benefit programmes did not have much impact on performance, but it does not necessarily mean that these measures were not needed.

#### *Difference between employees' expectations and employers' offers*

This research has put in order of importance the implementation rate and employee-

perceived impact on performance of the 27 employee benefit programmes; and the differences in order between the two have been analysed as follows.

Those programmes which had the greatest perceived impact but low implementation rates (Table III) include dividends (order difference 19), savings subsidies (10) and flexible working time (10). The first two financial programmes served as positive reinforcements, especially the economy-oriented benefit programmes which were what employees expected most. However, the ultimate goal for employers in business, was maximum profits, so it required some common ground and mutual compromise to solve the long-existing conflict regarding financial benefits. Second, flexible working time became more and more important, urban traffic congestion being the main reason; flexible working time made it possible for working women to devote time to both work and family; some systems did not require a fixed working time but were suitable for flexible working. Employees' benefits should maintain this trend. There were six other positive-difference measures: opportunity of further education/training (8), subsidies for further education/training (8), day-care service (8), maternity and paternity leaves (8), various loans (5) and group and dependant insurance (4). Generally, opportunity and subsidies for further education/training had a remarkable impact on individual achievement and development, and day-care service helped to maintain the balance between work and family. These measures were important to employees, and should be also important to employers.

Table III Employee benefits which showed the greatest difference between implementation rate and perceived impact on performance

Item	Employers		Employees		Difference in order of importance
	Implementation rate	Order of importance	Perceived impact	Order of importance	
Dividend	0.275	21	3.582	2	19
Savings subsidies	0.117	26	2.954	14	12
Flexible working time	0.328	19	3.077	9	10
Opportunity for continuing education/training	0.491	14	3.240	6	8
Subsidies for further education/training	0.439	16	3.137	8	8
Day-care service	0.083	27	2.890	19	8
Maternity and paternity leave	0.233	23	2.590	15	8
Various loans	0.364	17	3.053	12	5
Group and dependant insurance	0.548	11	3.185	7	4

## Relationship between employee benefit programmes and job performance

### *The impact of the programme on motivation and productivity*

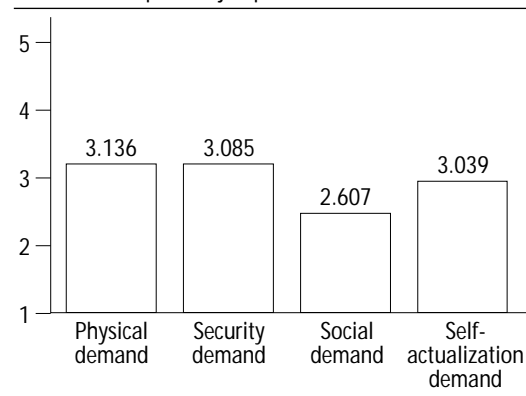
According to the result of the research, workers considered that the average point of employee benefit impact on performance was 2.808 (maximum = 5). As regards the degree of impact on performance, employee benefit programmes had more influence on work-motivation than productivity, both of which affect performance. For the two indices of work-motivation, effort and commitment, the respective points were 2.949 and 2.955 (maximum = 5), while for the two indices of productivity, work-quality promotion and command of work, the respective points were 2.712 and 2.743. Thus the impact of employee benefit on work-motivation was greater than it was on productivity. In terms of the four separate aspects, the order of impact on performance was: commitment, effort, work-quality promotion and command of work.

### *The types of employee benefit programme and job performance*

According to Maslow's hierarchy theory[3], the 27 employee benefit programmes could be classified into four types of welfare demands: physical demands; security demands; social demands; self-actualization demands (self-demands included).

First, physical-demand benefit includes loans, dividends, year-end bonuses, savings subsidies, emergency subsidies, individual annual vacations, national holidays, paid leaves, dormitories and housing benefits, food/drink equipment and meal subsidies, barbering/hairdressing and laundry service. Security-demand benefit includes day-care service, group dependant insurance (life and medical), pension, occupational disease compensations, child-education benefits, discounted goods supply, medical equipment and subsidies, free commuting vehicles, commuter subsidies. Third, social-demand benefit includes entertainment equipment and activities (such as clubs and foreign travel), educational equipment and activities, (lectures, drawing, calligraphy), foreign travel subsidies, counselling measures, maternity and paternity leave. Finally, self-actualization-demand (including self-esteem) benefit includes opportunity and subsidies for further education/training and flexible working time.

Figure 1 Relationship between the type of employee benefit and impact on job performance



Different types of benefit programme had different degrees of impact on the performance of employees (see Figure 1). The result of this research showed that of the four types of employee benefits, the physical-demand type had the greatest influence on performance with the average impact point of 3.136; the second, security-demand with 3.085; the third, self-actualization-demand with 3.039; the last, social-demand with 2.607. Such order matched Maslow's proposed hierarchy except that employees tended to put more stress on self-actualization demands than social needs. Organizations should refer to this result of employee-perceived relations between benefit type and impact on performance in designing employee benefit programmes. It should be noted that entertainment equipment and activities, with the third highest implementation rate of 89 per cent among corporations, did not show corresponding importance in employees' responses. On the other hand, management should put more emphasis on self-actualization employee benefit programmes, such as opportunity for further education/training and job-design in which workers could participate to a high degree.

## Summary

The results of this research can be summarized as follows:

- *Implementation of employee benefit programmes affects employees' performance.* According to this research, employees who receive better implemented benefit programmes tend to perceive less impact of benefit programmes implementation on job performance. The main reason is that as a certain programme is adopted, employees' demand for it decreases, as

does its perceived impact on performance, and vice versa.

- *Employee benefit programmes have greater impact on work-motivation than on productivity.* The benefit impact points of the four performance indices were: effort 2.949, commitment 2.955, work-quality promotion 2.712, and command of work 2.743. The first two belong to work-motivation and the last two to productivity, so it is clear that the impact of employee benefit on work-motivation was greater than it is on productivity.
- *Monetary benefit programmes are most highly valued by both executives and workers.* The result shows that both corporate offers and worker demands are primarily money-oriented. The four most emphasized and implemented measures are year-end bonuses, emergency subsidies, pensions, holidays and leaves. So monetary programmes receive greatest emphasis and support.
- *There is a cognitive gap between management and worker on the importance of employee benefit programmes.* The first three measures widely implemented but considered by employees to be not so important are entertainment equipment and activities, educational equipment and activities, and discounted goods supply. On the other hand, the first three considered important but not so widely implemented are dividends, savings subsidies and flexible working time.
- *Private-corporation employees have greater employee benefit demands than their public-corporation counterparts.* Of the 27 measures, 23 are demanded more and perceived more influential on job performance by private-corporation workers than public-corporation ones. It may be because public enterprises provide better benefit programmes than private businesses.
- *Female and male employees have different benefit demands.* Because of different social roles, there are differences between employee benefit needs of females and males. Data show that female employees put more emphasis on leave-taking systems (such as maternity and paternity leave), commuting convenience (commuting subsidies, flexible working time, free commuting vehicles) and so on. Male workers tended to emphasize entertain-

ment, further education/training, loan, dividends, and laundry.

- *Single employees perceive more employee benefit impact on job performance than married ones.* Single employees perceive more impact of social and self-actualization benefit on performance than married ones. Single employees put emphasis on further education/training and career development, life attendance flexible working time, while married workers perceive more importance of day-care, dividends, child education subsidies and pensions.
- *Employees with different education levels perceive different employee benefit impact.* Employees with education levels of senior high and college perceive greater benefit impact on performance than those with education levels below junior high and above university. Generally speaking, high-education employees emphasize psychological benefits (social and self-actualization programmes), while low-education ones stress material benefits (physical and security measures).
- *Employees with different positions perceive different employee benefit impacts.* Basic-level workers emphasized flexible working time and security; basic-level executives stressed monetary and security measures; middle level executives emphasized individual development; employee benefit programmes have less impact on the performance of high-level executives.
- *Employee benefit programmes have greater influence on job performance of younger employees.* Employees under 35 perceived more benefit impact on their job performance. Those under 25 stressed life-attendance; those between 26-30 emphasized monetary and security measures; those between 31-35 tended to look for social demands, self-actualization, individual development and flexible working time.

## References

- 1 Herzberg, F.M., "One more time: how do you motivate employees?", *Harvard Business Review*, 1968, pp. 53-62.
- 2 Vroom, V.H., *Work and Motivation*, Wiley, New York, NY, 1964.
- 3 Maslow, A.H., "A theory of human motivation", *Psychological Review*, Vol. 50, 1948, pp. 370-96.

**This article has been cited by:**

1. Jake G Messersmith, Pankaj C Patel, Christopher Crawford. 2018. Bang for the buck: Understanding employee benefit allocations and new venture survival. *International Small Business Journal: Researching Entrepreneurship* 36:1, 104-125. [[Crossref](#)]
2. Ioan-Bogdan Robu, Costel Istrate, Elisabeta Jaba. 2015. Statistical Estimation of the Information Influence Regarding Employees on the Romanian Firms Market Capitalization. *Procedia Economics and Finance* 32, 208-215. [[Crossref](#)]
3. Sofia D. Anastasiadou, Poulcheria A. Zirinoglou. 2015. EFQM Dimensions in Greek Primary Education System. *Procedia Economics and Finance* 33, 411-431. [[Crossref](#)]
4. Sharn Orchard. Entrepreneurship and the Human Capital of Organizational Innovation: The Intrapreneur 111-138. [[Crossref](#)]
5. Fariba Azizzadeh, Iraj Soltani, Samira Azizzadeh, Ameneh Malmir. 2014. Ranking motivational factors of Teachers in Urmia using AHP. *International Journal of Research Studies in Management* 3:2. . [[Crossref](#)]
6. Panagiotis Trivellas. Work motivation and job performance of frontline employees: The mediating role of organizational commitment 1878-1882. [[Crossref](#)]
7. Fang Yang. 2011. Work, motivation and personal characteristics: an in-depth study of six organizations in Ningbo. *Chinese Management Studies* 5:3, 272-297. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
8. Angela Wright. Flexible benefits: shaping the way ahead? 206-223. [[Crossref](#)]
9. D.J. Edwards, J. Yang, B.C. Wright, P.E.D. Love. 2007. Establishing the link between plant operator performance and personal motivation. *Journal of Engineering, Design and Technology* 5:2, 173-187. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
10. Arthur Ingram, Stefan Fraenkel. 2006. Perceptions of productivity among Swiss hotel managers: a few steps forward?. *International Journal of Contemporary Hospitality Management* 18:5, 439-445. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
11. Cecil A. Arnolds, Christo Boshoff. 2003. The Influence of McClelland's Need Satisfaction Theory on Employee Job Performance. *Journal of African Business* 4:3, 55-81. [[Crossref](#)]
12. Maureen L. Ambrose, Carol T. Kulik. 1999. Old Friends, New Faces: Motivation Research in the 1990s. *Journal of Management* 25:3, 231-292. [[Crossref](#)]