

Importance of Employee Benefits in the Fight for Skilled Staff-Case Study Czech Republic

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Abstract: Employee benefits are now becoming a very important argument in the search for qualified workers. The presented study examines the level of satisfaction with a range of employee benefits, determining job satisfaction in the Czech Republic. To determine the level of job satisfaction the survey was repeatedly carried out in 2013 and 2015. This survey was carried out through questionnaires. Job satisfaction survey Czech version on a sample of 1,950, i.e., 1,547 respondents. The results confirm the fact that overall satisfaction with research in the Czech Republic has been at very low level for a very long time. The determinant of employee benefits monitored as small increase in satisfaction on average between the two surveys from the value of 3.42-3.48 but for example with the determinant of pay it still belongs to the determinants reducing the overall level of job satisfaction. The current trend in the labour market in the Czech Republic suggests that pay is not the decisive factor in the battle for skilled employees, other factors also gain importance which also includes the employee benefits.

Key words: Employee benefits, job satisfaction, human resources, Czech Republic, determinant, labour

INTRODUCTION

Employee benefits are part of the remuneration system. It is an indirect physical form of remuneration which an employer voluntarily provides in excess of the mandatory set of benefits. Employee benefits are limited by funds that are earmarked for these purposes. The tradition in terms of interest of the organization in employees is also a great interest. The organization policy objective of employee benefits includes:

- To provide an attractive and competitive package of rewards that allow getting and retaining quality employees
- To satisfy the personal needs of employees
- To strengthen the sense of belonging and commitment of employees with the organization
- To provide some people with a tax-advantaged way of pay
- And more

One of the main objectives is not motivation of the workers as it could seem at first sight. This is so because these advantages rarely mean a direct effect on performance. However, they can create more favourable attitudes of workers towards an enterprise.

According to the results of household surveys in the Czech Republic (Czech Statistical Office-CZSO, 2016) total

employment grew over the magical limit of 5 million people and the employment rate of people aged 15-64 in the amount of 70.5% reached the highest level in history (Czech Statistical Office-ZSO, 2016)). Continued economic recovery and other factors reduced unemployment so much that we can already see a significant shortage of skilled labour which pushes towards the wage increases. Businesses learn to compete, struggling not only for customers but also for employees.

Employee benefits are now becoming a very important argument in the search for quality professionals. On the labour market there is beginning to be a higher demand for qualified employees and non-monetary benefits are supposed to make their search easier. To offer attractive benefits additionally to wages is in fact ultimately cheaper than to overpay professionals employed elsewhere. Especially flexible working hours and work from home starts to be the key benefit (Czech Statistical Office-CZSO, 2016).

The presented study examines the evolution of the expenditure on employee benefits in the Czech Republic and the level of satisfaction with them.

MATERIALS AND METHODS

The subject of this study is to verify the fact, what is the amount of spending on employee benefits in the Czech Republic and whether employees are satisfied with

Table 1: Labour cost components (CZK/month) per one employee (recalculated numbers)

Years	Labour costs	Direct costs			Indirect costs				Taxes and subsidies
		Total	Wages and salaries	Compensation for wages	Total	Social benefit	Social costs	Staff costs	
1994	10244	7240	6546	694	3004	220	2615	169	-3
1995	12028	8536	7706	830	3492	253	3068	175	-4
1996	14415	10240	9208	1032	4175	280	3680	224	-9
1997	15499	11058	9944	1114	4441	289	3956	215	-19
1998	17014	12170	10969	1201	4844	318	4331	210	-15
1999	18321	13307	811812	1266	5243	321	4713	221	-12
2000	19905	14088	12744	1344	5817	334	5240	262	-19
2001	21777	15330	13791	1539	6447	419	5741	299	-12
2002	23190	16298	14655	1643	6892	450	6165	303	-26
2003	24567	17255	15528	1727	7312	475	6522	347	-32
2004	26428	18597	16722	1875	7831	500	7029	338	-36
2005	28036	19796	17886	1910	8240	587	7259	424	-30
2006	28941	20540	18560	1980	8401	561	7513	385	-58
2007	31020	21854	19594	2260	9166	670	8132	413	-49
2008	32468	23223	20778	2445	9245	499	8367	421	-42
2009	32611	23425	20909	2516	9185	472	8425	356	-68
2010	33275	23904	21459	2445	9371	467	8633	338	-67
2011	34048	24466	22012	2454	9582	446	8864	331	-59
2012	34786	25100	22538	2562	9686	424	9004	317	-59
2013	34825	25055	22417	2638	9770	428	9089	312	-59

this level of benefits. The low level of satisfaction with employee benefits can attest to the fact that employee benefits can be an important argument in the battle for qualified employees in the Czech Republic.

The publicly available official data from the Czech Statistical Office (Czech Statistical Office-CZSO, 2016) is primarily used to determine the development of expenses. Data mining was carried out in this area which aimed to trace the main trends in this field.

Data from repeated surveys is used to determine the level of job satisfaction which were conducted by the authors (January and February, 2013 and for the second time in the same months during 2015). These surveys were carried out via a questionnaire survey “job satisfaction survey” Czech version (Spector, 1997; Franek and Vecera, 2008). For the purposes of this study only the results monitoring the level of overall job satisfaction and satisfaction with employee benefits are used.

The obtained data was collected through co-operation with university students in part-time learning at the Faculty of Informatics and Management at the University of Hradec Kralove. The students were asked to let their colleagues at work fill-in the questionnaire. Typically, each student collected approximately 15 questionnaires. It used the fact that the addressed students work in different types of organizations in at least three regions of the Czech Republic. The questionnaire included demographic questions and questions characterizing the organization where the respondent works. Characteristics of the sample is given in the results. The second part concerned the “job satisfaction survey” Czech version. The questionnaire

consists of 36 items (the respondents identified the extent of their compliance with each item on a six-point scale ranging from strongly disagree (1) to completely agree (6). The obtained data is being used to measure the perception of the job satisfaction level. The overall level of job satisfaction consists of the following factors: pay, promotion, supervision, fringe benefits, continent rewards, operating conditions, coworkers, nature of work and communication.

A total of 1,950, i.e., 1,547 respondents participated in the study, 174, i.e., 77 questionnaires were excluded from the sample due to various errors and missing values. Statistical analyzes were performed using the statistica 8 Software.

The research has some limitations but due to the fact that the Czech Republic currently has a relatively homogenous socio-economic composition, we believe that our data provides results that expand our understanding of job satisfaction.

Offering of employee benefits in the czech republic: In the long term the structure of labour costs in the Czech Republic is almost the same, although labour costs are rising. In the years 1994-2013 the direct costs vary between 70-72%, the social costs between 25-27%, social benefits (or employee benefits) are only between 1-2.5% (Czech Statistical Office-CZSO, 2016) (Table 1).

Table 1 shows that, the average monthly expenditure per employee (i.e., social) benefits has grown, since, 1994-2013 to almost double from 220-428 CZK which is not the highest value. From 1994, spending on employee benefits grew until 2007 when the value reached 670 CZK

from this summit there was a reduction, first in 2008 due to the economic crisis there was a dramatic decrease to the average value of 499 CZK, then there was a slow decline up to 2012 to the level of 424 CZK. In 2013 it seemed that this trend stopped because there was a slight increase to 428 CZK. According to data of Czech Statistical Office in 2014 there was again a decrease to an average of 404 CZK (Czech Statistical Office-CZSO, 2016; Sokolova *et al.*, 2016).

RESULTS AND DISCUSSION

Study results the effect of employee benefits on job: The study included 1776 respondents in 2013 and in the repeated survey (2015) 1470 respondents. The respondents were aged 17-74 years, i.e., 16-77 years and their average age was 36.3 years (SD = 10.80), i.e., 36.19 years (SD = 10.70). Other selected characteristics of the respondents and the organizations in which they work are listed in Table 2.

In both cases, the respondents lived mostly in the North-Eastern region of the Czech Republic-Regions of Hradec Kralove, Pardubice and partly Vysocina (the Czech Republic consists of 14 regions). From the above characteristics, it is evident that the examined samples of respondents are comparable in both surveys.

The results show that the overall level of job satisfaction was the same in both investigated years (3.73) but the impact of individual determinants on the overall satisfaction changed. The determinants that decrease the overall level of job satisfaction include fringe benefits in addition to promotion, pay, operating conditions because the average level of these determinants is lower than the average overall satisfaction with work. Conversely, the respondents are most satisfied with supervision, co-workers, nature of work and communication which average satisfaction is higher than 4.00.

For fringe benefits determinant there was a slight increase in satisfaction from the value of 3.42-3.48 between the surveyed years. Table 3 shows the average scores of job satisfaction and employee benefits determinant for both surveys by the selected characteristics of respondents.

The results confirm the fact that overall job satisfaction in the Czech Republic has been at very low level for a sustained period which is shown by previously published studies (Franek and Vecera, 2008; Franek *et al.*, 2014; Medgyesi and Robert, 2003; Vecernik, 2003).

The level of overall job satisfaction slightly changes for some characteristics of the file when we can

Table 2: Selected characteristics of the surveyed sample for years 2013 and 2015 (self-created)

Items	2013		2015	
	Percentage	Frequency	Percentage	Frequency
Gender				
Males	42.9	762	42.1	619
Females	57.1	1014	57.9	851
Age				
<30	32.4	576	32.4	476
30-40	35.2	625	34.7	510
41 and above	32.4	575	32.9	484
Years of experience (tenure)				
<5	44.0	781	42.2	621
5-10	29.5	524	29.9	440
11-15	11.9	211	12.9	190
>15	14.6	260	14.9	219
Organization ownership				
Czech owner	42.0	746	44.5	654
Foreign owner	21.1	375	21.5	316
International corporation	13.4	238	14.3	210
Public/governmental organization	23.5	417	19.7	290
Organization size				
Up to 50 employees	35.9	637	33.3	490
Up to 250 employees	30.1	535	27.9	410
Up to 500 employees	9.1	161	8.2	120
More than 500 employees	24.9	443	30.6	450
Job level				
Manager/supervisory	24.4	434	29.2	429
Responsibility employee				
Non-supervisory	75.6	1342	70.8	1041
Responsibility employee				

Table 3: The average scores of job satisfaction and satisfaction with employee benefits by selected characteristics of the respondents (2013 and 2015) self-created

Items	2013		2015	
	Fringe benefits	Overall satisfaction	Fringe benefits	Overall satisfaction
Gender				
Males	3.50	3.79	3.54	3.78
Females	3.35	3.69	3.44	3.70
Age				
>30	3.43	3.77	3.53	3.77
30-40	3.46	3.74	3.48	3.71
41 +	3.35	3.68	3.45	3.71
Years of experience (tenure) (years)				
>5	3.47	3.79	3.54	3.80
5-10	3.44	3.71	3.43	3.68
11-15	3.25	3.61	3.44	3.64
More than 15	3.33	3.70	3.47	3.73
Organization ownership				
Czech owner	3.39	3.74	3.43	3.79
Foreign owner	3.58	3.82	3.68	3.80
International corporation	3.77	3.87	3.74	3.77
Public/governmental organization	3.11	3.56	3.22	3.49
Organization size				
Up to 50 employees	3.38	3.79	3.54	3.87
Up to 250 employees	3.30	3.68	3.29	3.63
Up to 500 employees	3.50	3.73	3.45	3.68
More than 500 employees	3.56	3.70	3.60	3.69
Job level				
Manager/supervisory	3.64	3.91	3.64	3.85
Responsibility employee				
Non-supervisory	3.34	3.68	3.42	3.68
Responsibility employee				

say that men are a little more satisfied than women or manager/supervisor responsibility employee than non-supervisory responsibility employee. There are not more significant differences in the overall job satisfaction in the surveys carried out in terms of gender, age, work experience and company size. In the studied years we can see a change in the overall job satisfaction among the qualities of education where satisfaction fell significantly in people with primary education (but the sample of people is relatively small), small increases in satisfaction were in people studying colleges. Furthermore, a reduction in overall satisfaction occurred among people in multinational companies and the state, contributory and budgetary organizations.

A determinant of employee benefits was a small increase on average between the two surveys in satisfaction (from the value of 3.42-3.48), according to the individual characteristics there were no major fluctuations. On average, a higher increase in satisfaction with employee benefits in the survey can be seen, e.g., in experienced employees (more than 15 years) or in smaller organizations (up to 50 employees).

CONCLUSION

Thanks to the economic recovery and rising unemployment rate, shortage of skilled labour is significantly present and pushes the growth of wages. Businesses learn to compete, struggling for not only customers but also for staff. This is probably due to a lack of skilled labour, forcing companies into fiercer competition in the labour market, dragging for the employees and therefore offer of higher wages. With higher wages and job security the employees cease to be afraid of losing their job position and look more for better job prospects at the labour market. At some point, the pressure on wage growth will reduce and priority will be given to other factors such as the possibility of personal growth, a pleasant working environment or other employee benefits, previously less used benefits are starting to be desired again such as the ability to work from home.

With a slight exaggeration, we can say that era of personnel policy is starting for companies, wage will not be the main factor but the importance of other factors will

increase including employee benefits whose offer is not optimal in many companies as shown also by the results of employee satisfaction with them.

Finally, it is possible to state that the amount of spending on employee benefits is currently relatively low, it does not copy the increasing development of wages. Even the level of satisfaction with the benefits is also relatively low which can therefore confirm the argument that employee benefits can be a decisive factor in the battle for qualified employees.

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