

COMPENSATION AND BENEFITS IN THE EBRIDGE ORGANIZATION

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The article deals with the meaning of employee motivation in the organizations' activities and its capacity to have effective and long-term impact on its employees performance. The importance and methods of employees evaluation and compensation is discussed, so as the manner of incentive programs implementation in an IT organization is analysed; with the main focus on the remuneration and benefits. Areas for improvement were suggested, based on the employee satisfaction survey, dealing with working conditions and environment.

Keywords: Compensation of Employees, Benefits, Employee Motivation, Job Satisfaction.

1 INTRODUCTION

Human resources are the core of any organization – they act as the driving force by offering their personal potential and professional skills, abilities, training level, motivation level, work attitudes and philosophy of life.

By the suitable staff selection, training, motivation, provision of employee benefits, improving the quality of working life, i. e. by good and well thought personnel work, the human factor contributes to the growth of labor productivity, creates the first assumption of organization's competitive advantage that can be achieved.

Rewarding of the employees is the basic component of motivation. It is important to find a balance between what employees require and what the organization is willing and is able to pay its workers for profit.

2 MOTIVATION AND ITS SIGNIFICANCE IN ORGANIZATION'S PERSONNEL WORK

Motivation is one of the important factors that affect the full-valued life of a person. The ability to give more than average effort requires addressing the activities and work that satisfies us internally, is enjoyable and fulfilling. This can be achieved by internal or external motivation. Internal or intrinsic motivation is characterized as the driving force that comes from inside, whereas the most important internal motivators include the need for self-fulfillment, pleasure of the activity, responsibility, the need for human and social groups contact, development of a person's own skills, the desire for power and influence, etc. Unlike intrinsic motivation, extrinsic or external motivation is based on the activities of the organization, carried in order to increase the performance of their employees. Among the external motivators may belong: various kinds of rewards, recognition, praise for the work, promotion, employee benefits, salary adjustment, but also punishment in the form of a disciplinary action, criticism, bonuses cuts and others.

Motivation factors can significantly affect the quality of performed work, whereas in general, labor productivity and given effort increases in direct proportion to the growth of appropriate motivation.

Therefore, the basic task of the work motivation management is to develop an effective system of motivators, determining their particular application. These include tangible financial rewards and non-financial rewards, employee benefits, informal assessment -

encouragement, social stimulation – the working group atmosphere, working conditions and work arrangements, work content. Effective management of human resources in the organization should have elaborated motivation strategy, with focus on the due employees reward for their work and efforts. Adequate job performance appraisal of tangible or intangible incentives contribute to the creation of harmonious labor relations in the workplace.

Incentive Program

On the basis of motivational strategies, an organization develops incentive program, which is a comprehensive set of measures and procedures in the field of human resources management. The aim of the incentive program is to influence working behavior, reinforce positive attitudes of employees of the organization and to strengthen the identification of workers' interests with the interests of the company.

The incentive program development should be based on the status and effectiveness findings of the underlying factors of work motivation through social audit focused on this area. In this case, the social audit should focus on the analysis of

- the current system stimulation in the organization,
- incentive profile and structure of employees,
- job satisfaction,
- extent of employee identification with the organization,
- real and potential fluctuations.

3 STAFF RENUMERATION

Staff remuneration is extremely important and sensitive area of personnel work that directly affects each of us.

Reward is what employees receive for their work. However, in the modern human resource management, reward lays not only in the wage or salary, but possibly also other incentives not only of monetary compensation provided by the employer to employees as compensation for performed work. Many modern organizations are currently shifting the focus of remuneration beyond financial incentives. Nevertheless, the Slovak republic considers financial incentives to be the one of the most effective. Therefore, for organizations operating in our country it is important to quantify the amount of money that can be allocated to costs directly

linked to remuneration. It is necessary to take into account the so-called hidden costs of the company; for social activities of their employees and their families, various corporate and teambuilding events, or fundamental issues like drinking regime and workplace snacks.

3.1 System of Benefits

The system of employee remuneration is set of all components that make up the so-called total remuneration. When creating the system of remuneration, it is necessary to think and to remember that the reward system has to help meet company's goals, but also has to copy with employees' needs and requirements. Only if these requirements are met, such system may be mutually acceptable and successful.

Tab. 1 Organization Remuneration Objectives

Rewarding in terms of organization:	Reward system from the perspective of employees should be:
<ul style="list-style-type: none"> • supports employee behavior that contributes to the goals of the organization, • is important for the creation of values, implementation of standards and expectations of the organization, • motivates, engages, supports quality work and teamwork, • supports program of organizational change, • ensure that the organization will achieve the desired results for their money. 	<ul style="list-style-type: none"> • transparent and understandable for each employee, • open and accessible to the employees ideas, • transparent, where all changes are communicated and explained in time, • motivating, • suitable for social needs and satisfying the needs of employees of the organization.

According to Armstrong, remuneration system consists of the following components - remuneration strategy, remuneration policy, remuneration practice, remuneration processes and procedures.

Remuneration strategy depends on the company's strategy, which identifies the organization's objectives such as profitability, productivity and innovation. To achieve these objectives, it is necessary to have motivated people, who are able to meet these objectives.

Remuneration policy gives guidance on the decision-making, addresses the level of monetary rewards, or ways of labor costs saving in times of crisis.

Remuneration practice relates to the inclusion of employees in the salary classes on the basis of their position, or the number of working years. Distribution of employee benefits under the rules set out in the remuneration policy and the salary adjustment resulting from the economic performance of the organization is also included here.

Remuneration processes and procedures are used to ensure that the system works. They check whether the money spent by the company are used effectively and deliver desired goal. System that is intelligible to the staff is the effective system that encourages achievement of the desired goal.

3.2 Salary - Basic Component of Remuneration

The amendment to the Labour Code of the Slovak Republic no. 311/2001 Z.z. effective from 1.1.2013 defines in § 118 salary as a monetary payment or performance of monetary value (natural salary) provided by the employer to the employee for work. Whilst wage compensation, severance payments, severance grants, travel expenses, social fund contributions, supplementary pension savings contributions, tax bonus and others are not considered to be wages.

The structure of wages, the number and proportion of wage items depends on the wage policy of each organization. Part of wage items is eligible (basic salary) and the organization has to pay their employees for a well done work, another part may be ineligible (bonuses, HV share) and its payment depends on the fulfillment of specified criteria and economic performance of the organization.

3.3 Additional Wage Forms

In many organizations, additional monetary rewards are provided, conditioned by the economic performance of the organization, employee's capabilities and performance or employee's total length of practice. They are subject to performance of the whole organization, group or individual, and may be paid a single time or periodically. They are often titled as "variable component of the salary." They should be previously agreed and processed in detail in writing form, specifying the criteria and indicators for the fulfillment of an employee's right to receive payment. Such paid wage component effectively motivates employees to meet the required tasks. Among the main form of additional monetary rewards belong individual rewards / personal evaluation, extra rewards (bonuses, provisions, reward depending on the length of employment, improvement suggestions rewards, concern in the economic results of the organization, employee shares, other payments, prize money.

3.4 Employee Advantages - Benefits

Employee advantages - benefits are considered to be the part of workers' compensation, but in contrast to the compensation for employment time and performance, they are provided to employees simply for the fact that they are employed in the organization.

In addition to the forms of monetary rewards, employer provides benefits in terms of internal rules agreed upon in accordance with the Social Fund Act, so as in accordance with other generally binding regulations.

They may be paid in the cash form, or in a form of employee benefits of a certain monetary value. Employers offer diverse advantages and welfare to motivate employees to perform better and to stay in the company.

When creating employee benefits, organization has to take into account:

- societal interests,
- company interests,
- employees interests.

Employee advantages can be divided into three groups:

- Socio cultural - include social events, insurance, loans, kindergarten etc.
- Employment - educational, food, health-care beyond the mandatory provision.
- Benefits associated with the status (position) in the organization - car, phone, laptop, conferences, etc.

4 eBridge COMPANY

Company operates on the Slovak market for more than seven years and offers a broad portfolio of products, including e.g. proposals for the development of solutions, development and testing of software, system integration, security and maintenance of product quality, implementation of new solutions, consultancy, technical support of large-scale applications and others.

With more than 400 customers worldwide and many leading software and hardware vendors, the company is building long-term, strategic relationships with its customers.

Employees satisfaction and their further growth is the company's priority. In the human resources area it searches for talents and provides an interesting and creative work in eastern Slovakia, career growth and attractive system of benefits. Especially experienced programmers, software testers, implementers, consultants or customer support specialists, but also universities alumni without work experience can be of use here.

4.1 Evaluation of the Motivational Factors Use in the eBridge Organization

Transparency in the allocation of the variable part of pay – bonuses

The financial model of the company is represented by a set of fixed (base salary) and a variable part of pay – bonuses.

Gross salary represents a fixed part of the wage, which is underpinned by the contracted wage decree and is part of the employment contract. The second variable part of salary - bonuses are after the basic wage the second most important part of the remuneration, whereas is accorded to employees in the form of money and therefore they themselves decide how to make use of it.

Bonuses are advanced, legally ineligible motivation tools above the basic salary. Bonus scheme is approved by the

director of the company and chief financial officer. The project manager decides on the amount of given bonuses. Approved bonuses are paid quarterly in the standard pay period to an employee who has been granted the right to be given bonus. These are paid to the company employees only if the company meets the planned economic goals.

4.2 Employee Advantages and Benefits at eBridge

eBridge company offers a wide range of employee benefits to its employees.

Point system

Point system is system based on the cafeteria bases. Employees themselves choose benefits from a catalog of benefits, which they will make use of in the particular quarter. Number of points assigned to the employee depends on the length of employment in the company, as the following table shows:

Tab. 2 Point Budget in the Evaluation System of Employees

Lenght of the employment	Points per quarter	The annual budget
0 – 1 year	60	240 €
1 – 2 years	70	280 €
2 – 3 years	80	320 €
3 – 5 years	95	380 €
5 – 8 years	105	420 €
8 and more years	115	460 €

The point system applies the principle of rewarding employees loyalty, where one point represents a value of 1 €. Employees have the opportunity to choose from a wide range of gift vouchers for Slovnaft petrol, wellness center vouchers, Mall.sk, Nay gift cards, Universal passes, and more.

Language learning is a part of the point system. The foreign language knowledge and improvement is a necessity, since all eBridge employees work on foreign customers projects and are in daily contact with English or German-speaking colleagues. Language learning takes place in the premises of the company during working hours, and language learning participation is counted into the working time. Foreign languages lecturers are provided by language school in the range of 2 x 60 minutes per week.

Employees can combine different products in any proportion and are limited only by the number of points assigned to them for the particular quarter. In the case that points are not used up in the particular quarter, they can be transferred to the next quarter, but 2 times max. However, if points are not used up even then, they forfeit.

Working from home

One of the long-desired benefits is the opportunity to work from home, so-called homeoffice. Employees can apply for this benefit three times a month and use it up max. two consecutive days without interruption. This benefit is proven and highly advantageous especially in IT organizations where the work is performed on computers, and therefore in most cases the personal participation in the workplace is not necessary. On the basis of the rules of this benefit usage, employee must be available to his or her employer. This benefit is provided to all employees, but some teams use it minimal or not at all because of certain work constraints.

Extra vacation

eBridge company offers its employees max. 5 days paid time off beyond the statutory holidays. This vacation beyond the statutory holiday is not payable and is not entitled to the financial or other compensation. The purpose of granting extra vacation is to reward employees for exceptional work performance results.

Food vouchers

Food vouchers that are provided to employees according to the statutory regulations are worth 3.30 Euros, while the employee contribution is € 1.05 for 1 meal voucher. The employer contributes by more than 55% of the daily meal unit, as it is required by law and is currently considering to raise the value of the meal ticket while employee's contribution shall not be changed. Therefore, it is possible to make this employee benefit even more attractive.

Sickness days

Sickness days constitute the provision of max. 3 days of paid time off per employee per calendar year after treatment cure in case of health problems for precisely specified conditions.

Staff refreshment

Staff drinking regime is followed by providing and placement of water storage tanks in the workplace. Free refreshment for employees is also provided by the company - coffee, tea and milk are placed in kitchens. The entire building is air conditioned, which is appreciated by employees especially on hot summer days.

Gym

Part of the building in which the company currently operates is a gym. Renting the gym results in enriched sport activities of employees. The company decided to provide these facilities free of charge to its employees and gym is fully used before, as well as after working hours. Among the most popular sport activities belong: soccer, badminton, pilates, ballroom dancing volleyball, floorball and others.

Business partners discounts

The company provides discounts for services and products of different suppliers with whom it works, whether it's sports shops, various travel agencies, or discounted bank products as credit card free account maintenance, or discounts for mortgage loans.

Referral fee

The purpose of this compensation is to motivate employees to approach friends, family members and former colleagues with job vacancies. The level of remuneration is divided into 3 categories according to the occupied position. List of all available positions with the candidate requirements, as well as other conditions for benefit obtaining is given on the company's web page, intranet.

Employee wedding fee

Employee who at the time of the force of this directive entered into matrimony and documented this fact by the certificate of marriage, after the director of the company approval will be in the next standard pay period paid from the social fund of the company 70,- EUR bonus.

Childbirth fee

Employee who have had a baby and documented this fact by submitting a birth certificate to the HR department, will be given contribution from the social fund of the company amounting to 70, - EUR. This fee is paid to the employee in next standard pay period.

5 QUESTIONNAIRE SURVEY OF EMPLOYEE SATISFACTION IN THE eBridge ORGANIZATION

The questionnaire survey aimed to determine the level of satisfaction of eBridge company employees with working conditions and manner of remuneration. To measure the level of employee satisfaction, a structured questionnaire method was used, in the form of 5 grade Likert scale, whereas number 1 expressed the full agreement to the question asked and number 5 fundamental disagreement of the respondent. Numerals 2,3 and 4 created a range between borderline replies 1 and 5. In the questionnaire, segmentation questions on the length of employment, job level and questions about benefits and motivation elements were asked.

In total, 115 respondents of the eBridge company were interviewed, of which 84 respondents actively participated in the survey, which is 73% of the respondents. Of these, 21% were women and 79% men.

In terms of the employment length, 14% of the total number of respondents work in eBridge company for less than 1 year and 35% of respondents for four and more years.

Respondents on various working positions participated in the survey – from Juniors (25% of respondents), through the Experienced positions (37% of respondents), Senior (18 % of respondents), Team Leader (13 % of respondents) to the position of Manager (7% of respondents).

The question: „Do you think you are motivated in your work sufficiently?“ was answered by more than 60% of respondents positively, indicating that suitable working conditions and opportunities are produced for employees to keep them motivated. There is a certain number of dissatisfied employees, indicating that there is

a need to seek further opportunities to improve the motivation of employees.

Regarding overall satisfaction with work being carried out, working conditions, relationship with supervisor, wages and remuneration, benefits and work schedule, more than 70 % of respondents were satisfied and only 30% were partially or fully dissatisfied with the current pay and bonuses.

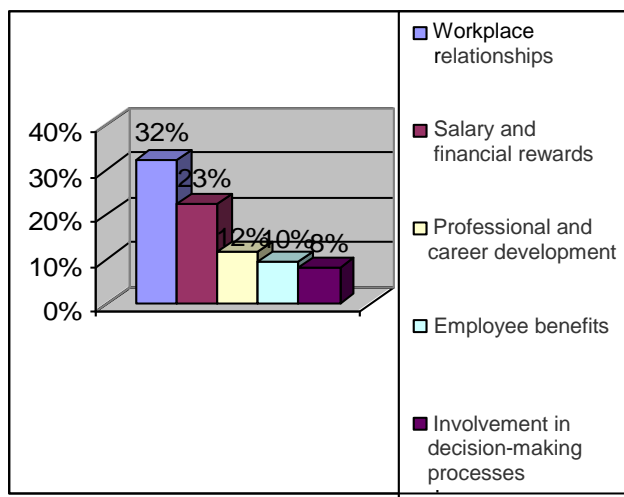
10 % of all respondents do not agree with the claim that internal communication of the eBridge company works without problems. This means that the company has well established and utilized communication channels and tools, which are essential for the effective management.

The survey also showed that about half of the employees prefer monetary (45%) benefits and the other half non-monetary (55%) benefits, which implies the importance of a fair remuneration.

Even 87% of respondents consider benefits to be very important in the process of work selection.

93% of respondents stated they are adequately informed about the benefits offered by the company, suggesting that the company is actively trying to create sufficient motivational environment for their employees and thereby sustain its necessary performance.

As stated by respondents participating in the survey, the most preferred benefit in the eBridge company is working from home (homeoffice) (preferred by 35% of the respondents), point system (26% respondents), extra vacation (17% respondents), sickness days (12% respondents), refreshment on the working place (11% respondents).

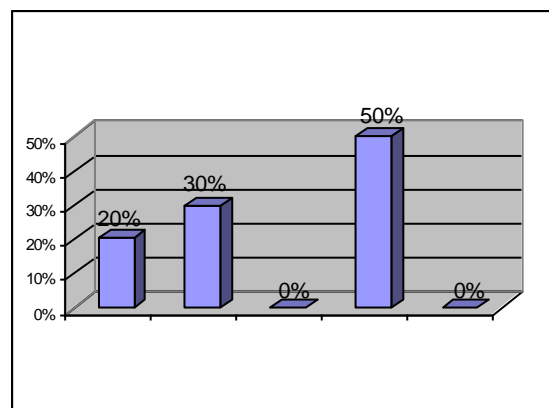


Pic. 1 Motivational elements

To find what motivates employees to higher job performance, respondents were offered the following options, from which they had to select up to 5, by stating the order of priority indicating range 1-5.

□ salary and financial reward, □ professional and career development, □ recognition, □ job security, □ workplace relations, □ good team, □ involvement in decision-making processes, □ set up business processes, □ employee

advantages and benefits, □ qualification development, □ certifications, □ self-realization, □ fear from recourse, □ criticism and success of other colleagues. On the pic. 1, depicting results of the respondents, it is obvious that good relations in the workplace are the most motivating for employees and help them to increase their work performance. Other motivators are salary and financial reward, professional and career development, employee advantages and benefits, and participation in decision-making processes. Other motivators were not stated.



Pic. 2 Transparency in bonuses granting

Employee satisfaction survey also showed that half of respondents (Pic.2) believe that the bonuses granting is not sufficiently transparent.

5.1 Suggestions for improvement

The survey showed that the improvement should be made in bonuses granting transparency and certain benefits treatment, which would strengthen the already effectively functioning system of motivation. Therefore, it is possible to propose a number of measures that can help to improve employee motivation and satisfaction.

Proposal to improve the transparency of variable pay awarding - bonuses

The employee satisfaction survey results regarding remuneration have demonstrated dissatisfaction with the transparency of bonuses granting. There are no obviously defined criteria of employees evaluation and therefore employees are not clear on what criteria the amount of the bonus depends. Bonuses are paid quarterly and their amount is not justified to employees in advance. In most cases, this information is obtained in the paycheck.

Fundamental basis for improvement in granting bonuses is identification of the key areas that will be evaluated. Earmarking of these activities should be characterized and described, also basic pillars necessary to satisfy the conditions employed in the particular field should be outlined. Evaluation of particular activities should be given on the basis of a rating scale, e.g. from 1 to 5 (excellent, satisfactory, sufficient, not sufficient, and

others.), along with the explanatory notes to facilitate the work of the evaluator. The area of evaluation must be notified to employees in advance to have a clear understanding of the criteria for obtaining bonuses.

During the evaluation period, it is very important for employees to be regularly informed by their direct supervisor (project manager or team leader) about the evaluation results and to receive information about the amount of bonuses granted. During the evaluation process, it is possible to incorporate employee comments on his/her work performance and activities. On the basis of this commentary, it is possible to correct the resulting sum of bonuses pertaining to that employee in the reference quarter, if necessary.

Improvement proposal of the benefit – work from home and point system

Based on the survey results, from the perspective of employees most valued and utilized benefits are – working from home - homeoffice and point system. It is understandable, as *working from home* motivates them to the use of the home environment for focused and undisturbed work in their place of residence. At this time, this benefit is offered only 3 days a month which is perceived by employees as deficient. Since this benefit is tested and during the test period no problems occurred, it would be suitable to think about this benefit's expansion. The risk of this change may be its possible abuse by employees. However, since the actual work from home benefit utilization is conditioned by the supervisor approval, it would be the opportunity to reward employees who achieve above-average results, without additional financial rewards.

Point system represents a complex system of employee benefits available through the intranet application. Through this application, worker chooses desired benefits according to his/her preferences within the specified limit. Employees have a choice of benefits individual attention and maximum information. Complex benefits management represents the advantage for the organization. Foreign languages learning is part of the point system. Its declining attendance is not a good indicator, as foreign language is a fundamental prerequisite for working on international projects.

One of the reasons of decreasing language courses attendance could be that they are chosen by employees at the expense of gift vouchers. The improvement proposal is to allocate the language teaching from the point system and the creation of training budget, where every employee should set aside a specific amount determined solely on language or other training.

The training budget could also be complemented by the certification option or the academic literature purchase. Certification in IT organization is a unique element of motivation, since reputable companies' certification is important to IT professionals, which would increase the commitment of employees, if they knew that their company offers them this option.

6 CONCLUSION

Motivation plays an important part in the activities of each organization. It represents supporting framework of personnel management and employee engagement and contributes to the satisfaction of employees, motivating them to better and more creative work.

Employee motivation and effective system of evaluation, compensation and benefits create conditions for the effective implementation of the objectives of a business enterprise concept, stimulates employees to increase efficiency and quality of work, as well as to their satisfaction and stability. For the employer, it is also important to respect the needs of employees and create conditions for a balanced work and family life to maximize workers' productivity.

The survey showed that many motivational elements in eBridge company are applied properly, motivate employees to better performance, contribute to the creation of pleasant working environment for job satisfaction and stability.

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