

REMUNERATION AND EMPLOYEE BENEFITS IN ORGANIZATIONS IN THE CZECH REPUBLIC

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Abstract

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In today's highly competitive environment, the goal of organizations is to recruit, retain and sufficiently stimulate employees to give high quality performance, which may actually be achieved by a well-developed system of remuneration and a wide range of suitably selected employee benefits. The article aims to identify and evaluate important factors influencing the area of employee remuneration and benefits offered in organizations in the Czech Republic. The research was carried out through a questionnaire survey that involved selected organizations in the Czech Republic ($n = 402$). The obtained primary data were processed using descriptive and multidimensional statistics. The factors examined in relation to the employee remuneration and benefits include: industries and sectors of organizations; markets in which they operate; the size of organizations by the headcount; the existence or absence of the Human Resource Department. The results confirm that the organizations that want to maintain a good position in the labour market pay attention to their personnel marketing, which is also helped by the right (suitable) system of employee remuneration and fringe benefits thanks to which they retain their employees and can increase employee satisfaction and loyalty. Employee benefits are exactly what may distinguish the organizations from their competitors in the labour market.

Keywords: cafeteria system, employees, employee benefits, organization, remuneration, retention, stimulation

INTRODUCTION

A stimulating remuneration system and a wide and more diverse range of employee benefits provide organizations with a competitive advantage over the others in the labour market. Held (2016) also agrees with the preceding statement and indicates that an interesting system of employee benefits together with a right remuneration system improves the name and competitiveness of the organization in the labour market. The author also mentions the importance of fringe benefits in order to recruit and retain employees and increase their involvement (Held, 2016). Bessette (2016) emphasizes that a properly designed remuneration policy has a significant impact on the ability of

organizations to attract and retain quality and key employees who are critical to organization's competitiveness in the market. However, it must be said that the area of remuneration is a challenging HR area that must follow trends (Prasad, 2015), since the demands of younger generations are changing and only a wage or salary is not what retains talented employees in organizations, which is confirmed by Rowland (2011) and Marescaux *et al.* (2013). Nonfinancial benefits associated with flexibility, the possibility of various forms of work and friendly, organizational culture are increasingly motivational for talented employees (Schlechter *et al.*, 2015; Hitka *et al.*, 2015). The wage policy, in general, should be different in every organization; on the other hand, it is necessary that this area is given sufficient attention

and care in all organizations, the set parameters of the remuneration system must be regularly adjusted and adapted to changes, which is confirmed by the research of Van Der Meer and Van Veen (2009), who indicate that the changes in the use of benefits must be the result of individuals' changing preferences in the cafeteria plan, and therefore it is necessary to look into the employee satisfaction with the benefits offered. From the employees' point of view, organizations can thus achieve a fair as well as motivational system of remuneration. Marai *et al.* (2010) mention that in the event the remuneration system is unjust from the employees' point of view, it may be a reason for them to leave the organization for the competition. This article focuses on the issues of employee remuneration and benefits, since this examined area plays a key role in stimulating and retaining employees in every organization regardless of the headcount, industry sector or market type in which they operate.

Therefore, the aim of the paper is to identify and evaluate important factors affecting employee remuneration and fringe benefits offered in organizations in the Czech Republic. The partial aim is to test dependences between the selected qualitative characteristics (sector, market, a part of a multinational organization, size of organization, existence of HR department and its influence on benefits beyond statutorily prescribed obligations) and to give organizations recommendations on how to make the fringe benefits more efficient.

The first part of the article focuses on the theoretical background, the next part presents the methodology used for processing the obtained primary data. The chapter dealing with results focuses on the evaluation of the questionnaire survey outcomes and the subsequent factor analysis and their interpretation. Discussion and conclusion then summarise the findings of the surveys carried out and interconnect them with the obtained theoretical knowledge.

Theoretical Background of the Paper

The aim of remuneration is to evaluate employee performance fairly and to effectively stimulate them to fulfil their work assignments and to achieve high performance (Bol *et al.*, 2015). Bol *et al.* (2015) further stress the importance of setting a fair remuneration system and its link to the performance appraisal system. The remuneration system includes both financial components (wages or salaries) and non-financial components (fringe benefits). The importance of non-financial components has been increasing. Rue and Byaes (2003) in Aziri (2011) include remuneration and benefits in the factors influencing job satisfaction. It may be stated that fair remuneration has a positive impact on both job satisfaction and employee motivation (Bol *et al.*, 2015; Maas *et al.*, 2012; Kelly *et al.*, 2013; Marai *et al.*, 2010).

The offer of fringe benefits is one of the areas in which the organization can differ from

the competition and which affects its attractiveness (Schlechter *et al.*, 2015). Schlechter *et al.* (2015) also mention the influence of benefits on attracting and retaining the talents in the organization. A good choice of fringe benefits shows that the organization appreciates the human potential and is willing to invest in its employees (Daly, 2011). However, the fact that the organization does not provide any fringe benefits is not the reason for termination of employment; thus, it cannot be said that the absence of fringe benefits would be the reason for a higher staff turnover (Duda, 2007). Dencker *et al.* (2007) then point to the basic areas of providing fringe benefits: preventive programmes (focused on employees' health and protection of their incomes), programmes focused on leisure activities (e.g. holiday, culture, and sport contributions, etc.) and programmes focused on improving and providing housing. Chiang and Birch (2011) emphasize that due to the increasing pressure of organizations on management, or on reducing costs, the importance of non-financial rewards (fringe benefits) as an alternative to financial rewards of employees is increasing.

Whereas studies confirm the employees' interest in their own choice of benefits, organizations may be recommended to work with this information (Duda, 2007). Dulebohn *et al.* (2009) stress that members of different generations (e.g. Generation X and Generation Y) have different expectations and different preferences regarding the offer of fringe benefits. The same view on the preferences with regard to generations is also held by Dencker *et al.* (2007) and Pregnolato (2010), who, among others, mention that experience, age cohort, life stage employees are in, etc. also play a big part in employees' preferences and expectations. The fact that the population is aging is also reflected in preferring some benefits. The population aging itself is also reflected, as mentioned above, in the age structure of employees in organizations, but it also has positive effects because it brings diversity that is often associated with higher performance of teams (Li *et al.*, 2011). The research has also shown that inner motives are primarily important for the older age groups of employees (Kooij *et al.*, 2011). These employees are less interested in training and development, but they pay their attention to the issue of security and help. Giannikis and Mihail (2011) state that it would be appropriate to find the influence of some factors for motivating older employees; these factors include, for example, flexibility of place of work, the number of hours worked or the procedure for termination of employment, etc.

Providing fringe benefits associated with flexibility is currently the trend. Implementing the possibility of time flexibility regarding working hours, as well as fringe benefits related to leisure activities, can help employees in achieving the balance between work and personal life (Mansour, Tremblay, 2016). Another interesting fringe benefit, which

is typical of large organizations, is the possibility of purchasing employee shares. Organizations that have a higher volatility of share value place great emphasis on developing plans for employee stock options, which may explain the interest of employees in the first option to buy shares in case of high volatility of share values (Sun, Widdicks, 2016).

The advantage of fringe benefits is their tax advantage compared to a wage or salary, which is then both for the organization and employees positive (Soled, Thomas, 2016). An interesting fact is the finding that the actual financial value of employee benefits does not directly correlate with the employee satisfaction with their provision (Dulebohn *et al.*, 2009).

The disadvantages of fringe benefits include their financial demanding character, their possible inefficient use and conflict occurrence if some of the employees feel inequity of providing fringe benefits to individual employees (Bol *et al.*, 2015).

The research carried out in the area of remuneration and motivation has shown a certain change in preferences of individual fringe benefits in the course of time (e.g. Deloitte, 2016; NN Pojištovna, 2015, etc.). The ING's survey (2012) divides fringe benefits into tax-advantaged and tax-disadvantaged. According to the results of the survey conducted by Deloitte (2016), luncheon vouchers, bonuses and company events ranked in the top three. Mobile phones, refreshments at the workplace, a laptop, canteen meals, discounts on company products or services, contributions to sports, culture and leisure time ranked in the top ten and sick days ranked tenth. However, the survey of fringe benefits carried out by the NN insurance company and the Confederation of Industry of the Czech Republic (2015) showed different results. 110 companies from the Czech Republic participated in the survey. Mobile phones, professional training and education and non-alcoholic drinks in the workplace ranked in the top three; however, the largest increase since 2010 was recorded for the offer of benefits in the form of contributions to life insurance (21 % growth), contributions to supplementary pension insurance (17 % growth) and the thirteenth salary (an increase by 15 %). On the contrary, the interest in luncheon vouchers (decrease by 3 %) and a company car (decrease by 2 %) has declined, which is somewhat at odds with the results of the Deloitte survey (2016). The survey of the NN insurance company and the Confederation of Industry of the Czech Republic has also pointed to the fact that the offer of fringe benefits has been increasing year by year – in 2010 organizations provided 8 fringe benefits on average, in 2015 organizations offered, on average, 12 fringe benefits.

It must, however, be noted that the area of remuneration and fringe benefits belongs to frequently outsourced activities within HR management, which is also confirmed by the research of Wahrenburg *et al.* (2006). Berber and Skavić (2016) mention a statistically significant

relation between remuneration and fringe benefits outsourcing on the one hand and the number of employees in the HR department on the other. However, this very important area is often underestimated by organizations. According to the HR Forum (2016), wages and salaries constitute 20–70 % of all costs in every Czech organization. Employee wages and salaries must be viewed as investment in case that the potential of employees is used efficiently. The remuneration system is included in the organization-wide strategy; hence this area must be addressed in organizations. This article therefore deals with the current issues of remuneration and fringe benefits in conditions of Czech organizations.

MATERIALS AND METHODS

The article was prepared based on the methods of analysis of primary and secondary sources, synthesis of knowledge, induction, deduction and comparison. Scientific monographs and scientific articles in the Web of Knowledge and Web of Science dealing with remuneration and employee benefits were analysed within the secondary sources.

Primary data were obtained by the quantitative research in organizations operating in the Czech Republic in all sectors of the economy (by CZ-NACE). The research was conducted electronically from September 2015 to June 2016. The questionnaire was completed by company managers in mid-level and top management. For potentially ambiguous questions, the terms were explicitly defined. The results are focused on managerial aspects and marginally on economic aspects. The survey had 12 questions and 4 identification questions in the area of remuneration and financial and nonfinancial benefits.

The questionnaire survey was implemented across all economic sectors in the Czech Republic in the monitored period from the 1st September 2015 to the 30th June 2016 and $n = 402$ organizations (774 were approached, the return rate was 51.9 %) participated in it. The organizations were selected only for the given research and their composition is random, it does not respect the precise distribution of the national economy. The questionnaire respected the ethical aspect and the respondents' anonymity.

The structure of organizations participating in the survey was as follows:

- Business sector: 70.7 % from private sector, 14.4 % from public sector and 14.9 % from state sector.
- Economy sector: 3.0 % from primary sector, 27.1 % from secondary sector and 69.9 % from tertiary sector.
- A market in which the organization operates: 12.2 % in local, 23.6 % in regional, 26.4 % in national and 37.8 % in international markets.
- The organization is a part of a multinational organization: 50.0 % is a part of a multinational

organization and 50.0 % is not a part of a multinational organization.

- The organizations size: 16.7 % employing 1–9, 24.3 % employing 10–49, 24.9 % employing 50–249, and 34.1 % having 250 and more employees.

Closed or semi-open questions, which were compiled based on the study of literature, documents and other related research, were used to obtain answers. In order to evaluate the results, descriptive statistics tools such as absolute and relative frequencies, the chi-squared tests of independence (χ^2 test) and tests of strength association (Cramer's V) were used. If the p-value was lower than $\alpha = 0.05$, the null hypothesis was rejected.

The factor analysis was used within the multivariate statistical methods. The calculation methods and data interpretation were used according to Hebák *et al.* (2014). This analysis was used because of the efforts to simplify the observed and studied phenomena and to make them more transparent. The factors explain variability and dependence of variables considered. The factor analysis was used to establish factors which summarize the respondents' (managers') behaviour into coherent groups. The factor analysis is based on the correlation matrix. Therefore, before using the factor analysis the correlation matrix was created and further analysed for its suitability for further calculations using multivariate methods (Pecáková, 2011).

The analysis examines and assesses mutual linear relationships between the observed variables that are viewed by the factor analysis as a consequence of the existence of directly unmeasurable known or hypothetical and more general influences. Therefore, the factor analysis was used only as verification on the understanding that, at first, theoretical assumptions (formation of theoretical factors) were determined and they were subsequently tested with a view to finding out whether similar results will be obtained and divided into sub-groups (factors) in order to reduce the number of variables entering the analysis. Emphasis is laid on the meaningfulness and merits of factors, also in terms of the theory of human resource management.

In case of the factor analysis it is a more heuristic approach requiring a deep understanding of the issues examined, but also considerable knowledge and experience of the selected method used for data analysis. Therefore, the method is dismissed as little exact, insufficiently conclusive and subjective by some statisticians. However, many researchers in social sciences (e.g. sociologists) use the factor analysis frequently and have great confidence in it (Palat, 2012). This method is used and popular also in case of research in human resources (Anderson, 2009). However, it must really be the case of verification analysis with a priori theoretical assumptions and the researcher must

have deep knowledge of the examined issues to be able to correctly interpret the results.

Because of the fact that factor analysis is often used in human resources, it was also used to prepare this article. In its application all the above mentioned facts were respected and it was interpreted with the knowledge of the theory on this issue.

At first, the correlation analysis was used for the calculations, then the analysis of main components was used and subsequently the factor analysis by the Varimax method was applied. To select the essential factors, the Kaiser Guttman rule (i.e. essential factors have variance value higher than 1) was used. As significant values were considered those having value greater than 0.3 (Anderson, 2009). Again, the particular methodology applies only to social sciences and research work in the field of human resources.

To evaluate the data, the SPSS 23 statistical software and MS Excel 2007 were used.

RESULTS

The development of changing market conditions may be observed on the changes in the approach of organizations to employee remuneration. Organizations have gradually switched from one-dimensional models aimed at formulating a pay policy to a strategy of remuneration, modelling the total remuneration, up to the creation of value proposition for every employee. This shift is characterized by the increased complexity and considering more aspects of the employee-organization relationship, namely because of the growing megatrends in management.

Currently, not only financial or benefit components are perceived as remuneration, but also other characteristics of the organization, such as the organizational culture expressed in the quality of leaders and management style, working environment, job content and career opportunities, organization's reputation, development and training opportunities, etc. are taken into consideration, which is confirmed by the research of Schlechter *et al.* (2015). However, the values that the organization offers to employees must be defined. It is also necessary to remember that this value proposition must be prepared in the context of competition, which is constantly getting stronger, and thus to reflect both market and marketing conditions. Based on the value proposition, every organization then increases the efficiency of its personnel marketing.

The research results have shown that the types of benefits provided differ within individual employee categories (the management – specialists – administration – blue-collar jobs). The detailed results of using the individual types of benefits are shown in Tab. I.

It can be summarized that in the management category most organizations provide remuneration dependent on the individual performance (32.3 %), followed by bonuses dependent on achieving

I: Benefits in organizations according to employees category

Benefits	Employees category in organizations			
	Management (%)	Specialists (%)	Administrative(%)	Workers (%)
Employee shares	19 (2.5)	12 (1.9)	13 (2.2)	0 (0.0)
Profit sharing	82 (10.6)	32 (5.0)	23 (3.8)	13 (3.3)
Stock options	6 (0.8)	1 (0.2)	1 (0.2)	0 (0.0)
Optionality of fringe benefits (Cafeteria plan)	54 (6.9)	48 (7.6)	47 (7.9)	21 (5.3)
Remuneration dependent on individual job performance	250 (32.3)	230 (36.2)	244 (40.8)	183 (45.7)
Bonuses dependent on achieving individual goals	170 (22.0)	166 (26.1)	129 (21.5)	77 (19.2)
Bonuses dependent on meeting team targets	156 (20.1)	122 (19.2)	106 (17.7)	82 (20.5)
Others	37 (4.8)	24 (3.8)	35 (5.9)	24 (6.0)

Source: own survey

individual goals (22.0 %) and bonuses dependent on achieving team goals (20.1 %); the least used incentive in this category is the possibility of options (0.8 %). To sum up, the management participation in meeting targets is most provided by large organizations (73.7 %) in the private sector (73.7 %), most often those are organizations active on international markets (57.9 %), which are part of a larger group of organizations (68.4 %). Shares are not issued in the public sector. The statistical correlation (p-value = 0.023; Cramer's V = 0.113, low dependency) has been found between providing employee shares to the management and the existence of HR department. Also the dependence between the payment of profit share and the organization sector has been proved (p-value = 0.000; Cramer's V = 0.197, low dependency), and at the same time the dependence between the payment of profit share and the size of the organization (p-value = 0.004; Cramer's V = 0.184, low dependency). The dependence between optionality of benefits (i.e. the existence of the Cafeteria plan) and the market in which the organization operates (p-value = 0.000; Cramer's V = 0.223, lower dependency) has been established.

The statistical dependence has also been proved between providing bonuses dependent on the individual performance and the fact whether the organization is part of a larger group of organizations (p-value = 0.000; Cramer's V = 0.190, low dependency), the size of the organization (p-value = 0.000; Cramer's V = 0.245, lower dependency), the existence of HR department (p-value = 0.000; Cramer's V = 0.218, low dependency) and the business sector (p-value = 0.043; Cramer's V = 0.125, low dependency).

Concerning the payment of bonuses dependent on achieving team objectives in the management

category, the dependency on the business sector (p-value = 0.000; Cramer's V = 0.288, middle dependency), the market (p-value = 0.000; Cramer's V = 0.323, middle dependency), the fact whether the organization is part of a larger group of organizations (p-value = 0.001; Cramer's V = 0.171, low dependency), the organization size (p-value = 0.001; Cramer's V = 0.201, lower dependency), the existence of HR department (p-value = 0.000; Cramer's V = 0.181, low dependency) and the market (p-value = 0.000; Cramer's V = 0.306, middle dependency) has been proved.

In the category of **specialists**, it may be concluded that most organizations provide remuneration dependent on the individual performance (36.2 %) and bonuses dependent on achieving individual goals (26.1 %). Statistical null hypotheses were tested and it can be stated that there is a relationship between the payment of shares and the fact whether the organization is part of a larger group (p-value = 0.023; Cramer's V = 0.137, low dependency), as well as between the payment of shares and the existence of HR department (p-value = 0.000; Cramer's V = 0.212, lower dependency). The statistical dependence between the optionality of employee benefits (i.e. the existence of Cafeteria plan) and the market in which the organization operates (p-value = 0.000; Cramer's V = 0.316, middle dependency), the size of the organization (p-value = 0.000; Cramer's V = 0.388, middle dependency), the existence of HR department (p-value = 0.000; Cramer's V = 0.308, middle dependency), and the fact whether the organization is part of a larger group of organizations (p-value = 0.000; Cramer's V = 0.202, lower dependency) has also been proved.

With respect to the category of **administration**, it can be concluded that similar benefits as in

the category of specialists are used. Employee shares and options are not used in the category of **blue-collar jobs**, which results from the job content of their activities. Employee's performance is directly remunerated in this category. Remuneration of blue-collar jobs based on individual performance depends, for example, on the size of organization (p-value = 0.003; Cramer's V = 0.158, low dependency) and the market in which it operates (p-value = 0.000; Cramer's V = 0.176, low dependency). All company representatives who ticked the "other" option stated that they do not provide any benefits for any category of employees.

Tab. II presents the employee benefits beyond statutorily prescribed obligations of the surveyed organizations. The results have shown that mobile phone is used most (70.4 %), followed by luncheon vouchers (63.2 %) and a laptop (54.7 %); on the contrary, children's playroom in the workplace is least provided (3.0 %). However, this might change due to the demographic development and pressure of organizations on ensuring women's return to work from maternity/parental leave as soon as possible.

Concerning the "Others" option, the respondents most frequently cited employee price lists (cheaper goods for organization's employees), "Flexi pass" vouchers, and contributions to language courses. In total 11 out of 31 respondents (35.5 %) have stated the organization they represent does provide benefits beyond statutorily prescribed obligations. Tab. III presents the testing results of dependencies between the selected qualitative characteristics,

whose strength of association for the proven relationships ranges from 0.100 (low dependency) to 0.438 (middle dependency).

The research results below were tested using multivariate statistics, namely by the factor analysis using the identified variables, which, as already mentioned in the methodology, has only a verification character. The values calculated in the factor analysis express the degree to which a newly created variable correlates (interacts) with the original variables. In other words, it can be concluded that the higher the value of the variance of the found factor is, the greater response group (variables entering into the analysis) is collected by the factor and the factor represents those variables on the basis of their common characteristics, similarities and behaviour. Based on the evaluation of the calculated data, 6 significant factors satisfying the criteria laid down by the methodology have been identified in the evaluation of the questionnaire survey. Tab. IV shows the significance of the individual examined factors of provided benefits according to their percentage and grand total.

II: *Employee benefits beyond statutorily prescribed obligations*

Benefits beyond statutorily prescribed obligations	Absolute frequencies	Relative frequencies	Order
Children's playroom in the workplace	12	3.0	18.
Cultural activities	122	30.3	7.
Laptop	220	54.7	3.
Clothing allowance	83	20.6	12.
Legal counselling	52	12.9	14.
Career break programmes for educational purposes	36	9.0	16./17.
Private health care programmes	36	9.0	16./17.
Holiday allowance	85	21.1	11.
Contribution to supplementary pension insurance schemes	185	46.0	5.
Sick days	121	30.1	8.
Company car for private purposes	170	42.3	6.
Sports activities	114	28.4	9.
Luncheon vouchers	254	63.2	2.
Study leave	104	25.9	10.
Mobile phone	283	70.4	1.
Working hours adjustment	212	52.7	4.
Health programmes	41	10.2	15.
Soft loans	78	19.4	13.
Others	31	7.7	-

Source: own survey

III: Testing dependences between providing benefits beyond statutorily prescribed obligations and the selected qualitative characteristics

Benefits beyond statutorily prescribed obligations	Sector p-value (Cramer's V)	Market p-value (Cramer's V)	A part of a multinational organization p-value (Cramer's V)	Size of organization p-value (Cramer's V)	Existence of HR department p-value (Cramer's V)
Children's playroom in the workplace	x	x	0.241	x	0.478
Cultural activities	0.487	0.004 (0.184)	0.002 (0.151)	0.000 (0.285)	0.000 (0.218)
Laptop	0.000 (0.226)	0.000 (0.318)	0.005 (0.140)	0.000 (0.235)	0.000 (0.208)
Clothing allowance	0.228	0.567	0.902	0.157	0.087
Legal counselling	0.089	0.563	0.003 (0.148)	0.024 (0.154)	0.001 (0.162)
Career break programmes for educational purposes	0.087	0.007 (0.174)	0.036 (0.105)	0.539	0.570
Private health care programmes	0.090	x	0.005 (0.139)	0.004 (0.181)	0.106
Holiday allowance	0.000 (0.275)	0.663	0.272	0.002 (0.194)	0.051
Contribution to supplementary pension insurance schemes	0.151	0.005 (0.180)	0.000 (0.185)	0.000 (0.414)	0.000 (0.327)
Sick days	0.000 (0.205)	0.009 (0.169)	0.001 (0.168)	0.000 (0.212)	0.000 (0.191)
Company car for private purposes	0.000 (0.358)	0.000 (0.365)	0.000 (0.181)	0.000 (0.246)	0.000 (0.211)
Sports activities	0.160	0.003 (0.189)	0.000 (0.221)	0.000 (0.394)	0.000 (0.320)
Luncheon vouchers	0.007 (0.158)	0.106	0.000 (0.217)	0.000 (0.288)	0.000 (0.231)
Study leave	0.000 (0.438)	0.693	0.111	0.002 (0.189)	0.121
Mobile phone	0.000 (0.224)	0.000 (0.271)	0.229	0.000 (0.260)	0.001 (0.168)
Working hours adjustment	0.615	0.003 (0.185)	0.046 (0.100)	0.106	0.033 (0.107)
Health programmes	0.338	0.002 (0.190)	0.000 (0.189)	0.000 (0.282)	0.000 (0.234)
Soft loans	0.068	0.039 (0.144)	0.006 (0.138)	0.000 (0.251)	0.000 (0.206)

x – test did not fulfil the statistical conditions: no interval with zero frequency, up to 20 % confidence intervals at a frequency less than 5

Source: own survey

IV: Variance explained by factors

Factor	Total Variance	Total % of Variance	Cumulative % of Variance
1	3.400	18.887	18.887
2	1.696	9.422	28.309
3	1.288	7.153	35.462
4	1.232	6.842	42.304
5	1.158	6.432	48.736
6	1.054	5.858	54.594

Source: own survey

V: Resultant factors by the Varimax method

Variable	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
Children's playroom in the workplace	0.034	-0.203	0.630	0.241	-0.131	-0.100
Cultural activities	0.279	0.240	0.263	0.339	0.225	0.165
Laptop	0.781	-0.032	0.058	0.042	0.151	-0.025
Clothing allowance	0.000	0.118	-0.156	0.674	-0.169	-0.038
Legal counselling	-0.010	0.073	0.012	0.590	0.229	0.059
Career break programmes for educational purposes	0.040	-0.008	0.332	0.479	0.293	0.085
Private health care programmes	0.093	0.143	0.741	-0.121	0.056	0.103
Holiday allowance	-0.125	0.707	-0.176	0.113	0.092	-0.068
Contribution to supplementary pension insurance schemes	0.147	0.677	0.114	0.127	-0.066	0.237
Sick days	-0.016	-0.084	0.184	0.145	0.205	0.672
Company car for private purposes	0.688	0.235	0.101	0.032	-0.178	-0.026
Sports activities	0.250	0.383	0.318	0.416	0.033	0.088
Luncheon vouchers	0.116	0.162	-0.091	-0.035	-0.084	0.794
Study leave	-0.221	0.225	0.050	0.164	0.666	0.159
Mobile phone	0.738	-0.037	0.020	0.006	0.084	0.153
Working hours adjustment	0.268	0.003	-0.021	0.034	0.737	-0.027
Health programmes	0.039	0.485	0.578	-0.105	0.183	0.112
Soft loans	0.155	0.482	0.257	0.095	0.279	-0.112
Total % of Variance	18.887	9.422	7.153	6.842	6.432	5.858
Name of factor	Tangible benefits	Social Development	Self-realization	Social activities	Personnel Development	Other standards

Source: own survey

The variance of Factor 1 can be regarded as the most significant (18.887). In total, the six identified variables explain 54.6 % of the sample behaviour or options of the resulting characteristics. The factor analysis results of the questionnaire survey are presented in Tab. V.

The first factor proves the importance of tangible side of benefits. These organizations place emphasis on promoting efficiency of working activities by using laptop (0.781), mobile phone (0.739), or company car (0.688), which also helps building the brand, prestige of the organization not only in the eyes of employees, but also of customers, suppliers etc. Therefore, the first factor can be called "Tangible benefits". The coefficients of found factors range from 0.688 to 0.781, which represents a considerably high quality of identified coefficients. The second factor includes 4 values related to healthy lifestyle and a trend to reduce work stress. A high quality of coefficient is assigned here to holiday allowance (0.707). These organizations aim to balance work life of their employees with their personal life, which then results in higher employee loyalty. The third factor is called "Self-realization", because it includes values associated with promoting preventive visits at the doctor's and promoting the employment of existing employees on maternity

and parental leaves (0.630–0.741). The fourth factor consists of social activities, where the coefficients range from 0.339 to 0.674. This factor is mostly made up of values (5) such as cultural activities, clothing allowance, legal counselling, or sports activities. The fifth factor can be called "Personnel Development" as it focuses on developing employee competences at work, while using flexible working modes that enable employees to develop. It then helps the organization itself, since it increases the knowledge base. The last factor is composed of the remaining, standard and most used benefits in the Czech Republic, which are luncheon vouchers (0.794) and sick days (0.672).

It is necessary to deal also with the structure of the individual benefits, since they are the most frequently used tools not only in recruiting new employees, but also in retaining loyalty and increasing motivation of organizations' existing employees.

DISCUSSION

At the current pace of changes that constantly appear in the field of human resources management, the management of organizations must either adapt to them or, vice versa, come up with the changes

by themselves. The changes naturally concern the area of remuneration and employee benefits. The studies of Vidal-Salazar *et al.* (2015) confirm that in the current turbulent business environment, organizations are seeking more and more competitive, innovative and creative remuneration schemes. A well-adjusted remuneration scheme and a properly provided employee benefits will be more and more conducive to the effective use of human potential. It is necessary to realize that needs of different generations and employees themselves are constantly changing and the HR department should place emphasis on harmonizing the needs of the organization itself and needs of its employees.

The basis for the correct remuneration scheme is the principle of internal balance and the number of job positions which results in the structure of wage categories associated with grading and the director's approval. A well-adjusted basis of the remuneration scheme and employee benefits prevents not only external but also internal pressures to implement changes. Basic wages must be tied together closely to performance, because the blanket wage base increases adversely affect employees' enthusiasm and willingness to give the expected performance when they note that the wage increases in the same way even for their colleagues who are, in other words, "piggybacking". Bonuses and variable components are equally important and it is necessary to remember that rewards must be paid after the performance. It can be concluded that a properly adjusted system of remuneration and employee benefits will withstand any market fluctuations and brings stability to the organization itself.

There are many studies focusing on employees' preferences concerning remuneration and employee benefits. In her study Pregnotato (2010) examined demographic preferences in relation to 5 remuneration categories that she had defined. Those categories included: a reward in the form of financial reward, employee benefits, the balance between work and personal life, performance and appreciation, development and career shift opportunities. Pregnotato (2010) has confirmed that employees coming from different demographic groups (age, race, gender, etc.) have different expectations and demands in relation to their working environment even with respect to the individual categories of remuneration. The research carried out by this author, among other things, confirms the importance of flexibility for employees of Generation Y.

The HR Forum's studies (2016) in the area of remuneration indicate that employee shares, health care, contributions to children's summer camps or hairdressing/barber's care are currently less popular benefits in the Czech organizations. On the contrary, the interest in home office, professional training, personal development and coaching is increasingly growing, professional training, personal development and personal coaching.

The primary research results with respect to the preferences (mobile phone (70.4 %), luncheon vouchers (63.2 %) and laptop (54.7 %) slightly differ from the Deloitte's studies (2016), in which the first-three-ranking benefits are luncheon vouchers, bonuses and corporate events, and also from survey of the NN insurance company and the Confederation of Industry of the Czech Republic (2015), in which the first-three-ranking benefits are mobile phones, training and education and providing non-alcoholic drinks in the workplace.

As mentioned before, the survey of NN insurance company and the Confederation of Industry of the Czech Republic (2015) has pointed to the trend of an increasing number of employee benefits provided by organizations. With respect to the survey results and compared with the international studies, it may be concluded that currently employees of organizations do not want only a salary or wage and luncheon vouchers, but a positive working environment, good interpersonal and working relationships, communicative managers and colleagues, the possibility of a career advancement and less stress are also important for them. It is necessary to realize that if employees have, from their point of view, sufficient financial resources, they have the option to save on the one hand and, on the other, they prefer the option to spend such funds of their own choice. So they need some leisure time that can be flexibly spent. According to the surveys, this is predominantly typical of the newly coming Generation Y, which increasingly attaches great importance to the relationship of performance-development-joy.

The research of Schlechter *et al.* (2015) has also proved a statistical correlation between the non-financial reward (the balance between work and private life, professional training and career advancement) and its perceived attractiveness on the part of employees when being offered the job. The research has shown that male/female sex of employees is an important factor, because the presence of non-financial rewards is more important for women than for men when looking for a job. In summary, the research of Schlechter *et al.* (2015) has identified that the presence of non-financial reward as part of personnel marketing has led to significantly higher attractiveness of jobs in the eyes of potential employees.

Another study, which was performed by Wahrenburg *et al.* (2006), has proved the positives in the use of outsourcing by large organizations, when they have found that large organizations (in terms of the total number of employees and total assets) reach a significantly high level of vertical integration of sub-processes, because their operational management is outsourced and they retain only key and control processes in their competence.

Based on the conducted research, comparison of the results with the research performed abroad, the following recommendations that may help to

effectively adjust the remuneration scheme can be summarized:

- To establish an appropriate internal wage structure – however, regular job analysis and evaluation must be performed
- To adjust a real wage system in accordance with the established wage structure – it is necessary to process and evaluate information from the labour market and internal policies of the organization.
- To evaluate every employee individually – it is necessary to introduce a regular system of evaluating work results of all employees and to determine a wage range within wage categories.
- To pay rewards, bonuses or profit shares for the extra work done – employees' appraisal must be implemented, because bonuses are often linked to a specific project or a deal made, exceeding the target etc.
- To adapt the offer of fringe benefits to employees' preferences and demands of the labour market. In this connection, it is recommended to perform a regular analysis regarding job satisfaction or motivation and employee commitment.

Taking into consideration the last above-mentioned recommendation, it is necessary to remember that the right offer of fringe benefits, the so-called benefits, requires not only regular analysis of employees' motivation and needs, but also a sufficient analysis of market information in order that the offer of benefits provided by competitors can be identified.

CONCLUSION

The results have shown that remuneration and employee benefits play an important role in attracting and retaining employees in the organization. A fair adjustment of the entire scheme of remuneration and employee benefits plays an important role, which leads to the increased attractiveness of the organization as an employer.

The theoretical contribution of the paper is the current elaboration of the remuneration issues with a particular emphasis on fringe benefits. In accordance with the aforementioned necessity of the fair and transparent offer of both financial and non-financial rewards, it is important to highlight the need to link the remuneration scheme closely to the job performance evaluation of individual employees. The practical contribution of the paper is to evaluate and interpret the data obtained from the questionnaire survey conducted across organizations. The most important finding is the fact that remuneration provided to the individual categories of employees (the management, specialists, administrative staff and blue-collar workers) differs. While the management category is provided remuneration dependent on individual performance (32.3 %), followed by bonuses dependent on the achieving individual goals (22.0 %) and bonuses dependent on achieving the team objectives (20.1 %) by the most organizations, the least used benefit in this category is providing options (0.8 %). The list is shorter in the categories of specialists and administration because most organizations provide remuneration dependent on individual performance (36.2 %) and bonuses dependent on achieving individual goals (26.1 %). The category of blue-collar workers fundamentally differs, because employee shares and options are not used and the performance of individual employees is remunerated directly. The survey has identified the most commonly used fringe benefits, namely a mobile phone (70.4 %), followed by luncheon vouchers (63.2 %) and a laptop (54.7 %). The results correspond with the structure of participating organizations in the survey (most of them are large organizations from private sector, tertiary sector, operating in international markets).

Based on the conducted research, 6 significant factors categorizing the remuneration and benefits possibilities have been identified, namely the following factors: tangible benefits, social development, self-realization, social activities, personnel development and other standard benefits (the quality of

factors ranges from 0.416 to 0.781). The recommendations for a more efficient remuneration scheme have subsequently emerged from the results. Those are as follows: to adjust the system of real wages to the established wage structure; to evaluate all employees on an individual basis; to pay rewards, bonuses or profit shares for the extra work performed, and to tailor fringe benefits to employee preferences and demands of the labour market.

The future research may focus on comparing the preferences for fringe benefits of the Czech employees in terms of individual generations (Generation X, Generation Y and possibly Generation Z) and on linking the determined offer of fringe benefits to the increase of the organization's attractiveness and also the increase of job satisfaction and employee involvement.

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