A GENERAL EVALUATION OF FRINGE BENEFITS PROVIDED IN TURKEY: THE CASE OF ICI 100

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ABSTRACT

Today’s companies focus more and more attention on fringe benefits to motivate their employees, reduce labor turnover, and increase employees’ commitment and performance. This is because economic conditions make it difficult to increase salaries. Accordingly, this study aims to determine the fringe benefits provided by the 100 biggest industrial enterprises in Turkey announced by the Istanbul Chamber of Industry on 2013 through an in-depth review of their websites. 57 of 100 companies give information about their fringe benefits on their websites. These benefits are mostly included under the title ‘Human Resources’ and mainly aim to ensure and improve security, education & development, and quality of life.

Keywords: Fringe Benefits, Motivation, Human Resource Management, Content Analysis, Turkey

INTRODUCTION

Rewarding contributes to motivating employees, increasing their commitment and performance, helping them balance between work and life, and decreasing labor turnover. While intrinsic rewards are spiritual, extrinsic rewards granted by enterprises are more concrete. Intrinsic rewards include gestures and facial expressions, appreciative behaviors, written or verbal thanking expressions, gifts, leaves, participation in decision-making processes, delegation of authority, personal development opportunities, joining social groups, social engagements, taking initiatives, and so on. Extrinsic rewards, on the other hand, include direct payments (i.e. salary), indirect payments (e.g. overtime pays, shifts with increased rates, death benefits, nursery services, individual retirement accounts, parking services), and non-monetary rewards (e.g. existence of cafés, dining rooms, etc. in the working place, making tea & coffee machines widespread in the working place, giving private cars/phones/computers, promotion) (Erdemir, 2012:120-126). The benefits apart from salary provided to employees are mostly fringe benefits. These kinds of benefits and services provided to employees mainly aim to improve morale and job satisfaction, lower employee turnover, and attract productive staff (Bingöl, 2006:439). In recent years, various studies have been conducted on fringe benefits provided by enterprises both in Turkey and worldwide. The research carried out by Great Place to Work Institute in 2014 suggests that people want to work for Google most. Such unique benefits of Google as dry cleaning service, nap capsules, and all-day-round unlimited food may be influential on it. PwC Türkiye İnsan Kaynakları Danışmanlığı [PwC Turkey Human Resources Consultancy] carried out the 9th Beginning Salaries and Fringe Benefits Research (2013) on 91 enterprises of various sizes. The results of this research indicate that fringe benefits mostly include food, transportation, and health insurance. Previous studies on this subject involved interviews with managers (Eren et al., 2000) and employees (Olsen, 2006) to determine the fringe benefits provided. Although many studies have been conducted on how salaries are determined, there is quite a limited number of studies on fringe benefits (Mok and Siddique, 2011:4). The present study intends to collect data about fringe benefits through an in-depth review of the websites of the 100 biggest industrial enterprises of Turkey. With its methodology, the present study is a first in both national and international literature. It is significant because it allows detecting how effectively the biggest 100 industrial enterprises in Turkey use their websites.
Conceptual Framework

Incentives are stimuli for a greater activity. They are given in addition to salary. They create an effort and an urge to perform better among employees (Owolabi et al., 2013:23). Encouragement refers to motivating employees to work better and more and to spend more energy. Contemporary organizations reinforce positive behaviors through rewarding rather than punishing negative behaviors (Findikçi, 2006:389). According to Findikçi (2006:388), rewards or incentives to activate a desired behavior fall into two groups: social rewards (i.e. verbal appreciation, written appreciation, promotion, positive feedback) and financial rewards (e.g. salary increases). To Yavuz (2004:9) and Cascardo & Kumar (2010:22), incentives are divided into two groups: monetary and non-monetary. Monetary incentives include commission fee, premium, profit sharing, share, and so on. Monetary incentives involve compensating through money. Non-monetary incentives are not direct cash payments. They can be concrete or abstract. Some non-monetary incentives are encouraging employees to participate in decision-making processes, improving their working conditions, appreciating a good job by giving small gifts, writing a letter of thanks, organizing social events in the working place, making employees eat at any restaurant, providing employees with flexible working hours and training opportunities, etc. (Yavuz, 2004:9; Cascardo and Kumar, 2010:22). Non-monetary incentives were classified in more detail by Yavuz (2004:45-46) as follows:

- Non-monetary concrete incentives include free food, office accessories, shuttle, clothing, club privileges, private office, cinema/theatre ticket, picnics/sports activities/social events, end-of-work parties and celebrations, mobile phones, use of company’s facilities and vehicles for personal projects, and so on. Daycare service, free food, and shuttle provided by companies are also in this category.

- Non-monetary social incentives are about superior-subordinate relationships and social activities in an organization. When superiors are open to communication with their subordinates and appreciate their thoughts, employees feel themselves part of the whole more. Some non-monetary social incentives are smiling, giving feedback about performance, writing letters of thanks, giving ‘employee of the month’ reward, asking for suggestions, and giving family dinners.

- Non-monetary work-related incentives have a natural potential to motivate employees. Some of these incentives are a meaningful job, job enrichment, job rotation, participation in decision-making processes, objective setting, personal development opportunities such as training programs, international business trip opportunities, and flexible working hours. Responsibilities, flexible working hours, participation in decision-making processes, and personal development opportunities are very important to satisfy employees’ happiness needs. Non-monetary incentives satisfy employees’ self-actualization and ego (Owolabi et al., 2013:23).

Rwards or facilities provided by enterprises in addition to monetary payments are called indirect payments, too. The role of indirect payments in holding and motivating qualified employees is indisputable (Gürbüz and Yaylaci, 2005:240).

Rewards which make employees feel themselves privileged (Jeffrey, 2003:8) and special fall into two groups based on the classification of Erdemir (2012:120-126): intrinsic rewards and extrinsic rewards. Intrinsic rewards are the internal rewards concerning the psychological expectations of employees. Intrinsic rewards include gestures and facial expressions, appreciative behaviors, written or verbal thanking expressions, gifts, leaves, participation in decision-making processes, delegation of authority, personal development opportunities, joining social groups, social engagements, taking initiatives, and so on. Extrinsic rewards are more concrete rewards that can be controlled by enterprises more. They include direct payments (i.e. salary), indirect payments (e.g. overtime pays, shifts with increased rates, death benefits, nursery services, individual retirement accounts, parking services), and non-monetary rewards (e.g. existence of cafés, dining rooms, etc. in the working place, making tea & coffee machines widespread in the working place, giving private cars/phones/computers, promotion) (Erdemir, 2012:120-126). Some intrinsic rewards and such extrinsic rewards as indirect payments and non-monetary rewards are treated as fringe benefits in the present study. The benefits apart from salary provided to employees are mostly fringe benefits. However, these benefits are also considered part of salary because they have financial value (Olsen, 2006:88).

The classification of Galanaki (2013:1-2) about fringe benefits given below supports this view, too:

- security services (e.g. private health insurances, individual retirement),
- services for balancing between family and work (e.g. leaves for child care, daycare of the children of employees). Female labor force participation and the number of dual career families have
rapidly increased, especially in western societies. That causes companies to provide services balancing work and family lives of their employees.

A study on 120 employees from various sectors in New York reports that child care services and flexible leaves in case of illness lead to lower employee turnover rates (Baughman et al., 2002:1-14).

- education & development services (e.g. supporting participation in trainings and seminars for personal development),
- services for improving quality of life. They may include social and cultural events and activities (e.g. celebrations, parties, gym in the working place, on-site doctor and psychologist, food allowance, advance salary payment, additional leaves for special circumstances),
- products (e.g. giving mobile phones, computers, and cars that can be used outside the work, too),
- flexible working arrangements (flexible working hours and working from home).

Enterprises focus attention on fringe benefits to motivate their employees, increase their commitment and performance, decrease labor turnover rates, help them balance between work and life, and raise labor supply(Olsen, 2006:88).

For example, Yavuz(2004:53-54) conducted a study on Turkish public sector and concluded that non-monetary concrete incentives improve employees’ motivation, and intrinsic rewards such as celebrations, picnics, social events, and sports activities increase their commitment. Sorauren(2000:925-939) also states that goals other than earning money motivate people to work more, improve their internal capabilities, and increase their interest in the organization. That is supported by the results of the research carried out by Hakmal et al.(2012) on 308 nurses working at Gülhane Military Medical Academy Training Hospital. It was found out that non-monetary incentives such as appreciation of the works performed, participation in decision-making processes, taking initiatives, and acquiring new skills have the greatest influence on increased motivation among nurses. Cheema et al.(2013) conducted a study on 384 employees from various banks and levels in Pakistan and determined that there is a positive relationship between non-monetary incentives and employee motivation. According to Şenel et al.(2012:14), spiritual rewards bring about higher motivation in comparison to monetary rewards.

It is argued that non-monetary rewards have a more lasting motivational effect in comparison to monetary rewards (Erbaş and Arat, 2012:136, Jeffrey, 2003:8). Behaviors such as using an appreciative expression towards employees, saying ‘well done’, shaking hands with them, showing them as an example in a meeting, remembering them on their birthdays, increasing their authorities, being interested in their families and children, and sharing feelings such as success, love, sorrow, etc. with them create much bigger and more positive effects(Findikç, 2006:390). Surely, that varies from employee to employee and from company to company by budget(Cascardo and Kumar, 2010:22). Sector, country, and employee’s status can also be added to these variables. For instance, studies on 45 librarians working for the libraries of various universities in Nigeria(Owolabi et al., 2013) and 61 salespeople working for different distributions companies in Pakistan(Malik et al., 2011) showed that monetary incentives are preferred more. Öztürk and Dündar(2003) carried out a study on 150 employees having different jobs in the central organizations of the Ministry of National Education, the Ministry of Health, and the Ministry of Justice of the Republic of Turkey. It was argued that spiritual rewards provide more motivation to administrators in comparison to monetary rewards, while it is just the opposite for employees. Şenel et al.(2012) conducted a study on 116 employees working for public and private sector banks in Eskişehir and demonstrated that the most annoying situations for the employees of public banks are lack of benefits other than salary, non-participation in decision-making processes, and non-appreciation of the works performed respectively.

Human resources management literature indicates that fringe benefits are quite important for both employers and employees. For example, Yavuz(2004) conducted a study on the employees of the T.C. Ministry of Culture and Tourism General Directorate of Investment and Establishments and concluded that most employees think that non-monetary incentives are inadequate. It is argued that incentives of this sort are not less important than monetary incentives for employees. Fringe benefits are regarded as one of the factors influential on the quality of working life (Duyan et al., 2013:106). They lead to low labor turnover rate and high labor supply (Olsen, 2006:88). Collective provision of fringe benefits enables employees to enjoy the economy of scale. For example, collective purchase of health insurance is more economical. Paying attention to employees and telling them that they perform well are more influential than payments in high quantity. Offering fringe benefits is considered a way of improving the peace of employees and their families and their confidence
for the future (Galanaki, 2013:4-5). Fringe benefits allow providing both employees and employers with a positive and productive workplace environment (Owolabi et al., 2013:23). A study carried out on 150 nurses working at various hospitals in Taiwan revealed that one of the primary factors influential on nurses’ capacities to cope with stress is fringe benefits (Pan, 2014). It is reported that the most important factor influential on the performance of 102 employees of PT XYZ, an Indonesian finance company, is non-monetary abstract variables (Gunawan and Fabrianto, 2014). A study on 428 employees from food sector in the Central Anatolia Region of Turkey suggests that non-monetary incentives have a positive impact on job satisfaction (Erbaş and Arat, 2012).

Research

The fringe benefits provided by the 100 biggest industrial enterprises of Turkey announced by the Istanbul Chamber of Industry to their employees were determined based on content analysis through a review of their websites. Content analysis aims to bring together similar data within the framework of particular concepts and themes (Yıldırım and Şimşek, 2008:227). In the present study, the fringe benefits provided by the biggest 100 industrial enterprises of Turkey to their employees were grouped based on the classification of Galanaki (2013:1-2).

57 of the 100 biggest industrial enterprises of Turkey put information about the fringe benefits they provide on their websites. Fringe benefits provided by 57 companies can be tabulated as follows:

Table 1: Fringe benefits provided by 57 companies

<table>
<thead>
<tr>
<th>Security</th>
<th>Services for Balancing Between Family and Work</th>
<th>Education &amp; Development</th>
<th>Services for Improving Quality of Life</th>
<th>Products</th>
<th>Flexible Working Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Individual retirement</td>
<td>● Nursery</td>
<td>● Orientation</td>
<td>● Food</td>
<td>● Mobile phones</td>
<td>● Flexible working hours</td>
</tr>
<tr>
<td></td>
<td>● Private health insurance</td>
<td>● In-house and external trainings</td>
<td>● Shuttle</td>
<td>● Laptop computers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>● Retirement and provident fund</td>
<td>● Conferences, interviews, symposiums</td>
<td>● Gift packs and shopping vouchers on special days</td>
<td>● Vehicle allocation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>● Personal accident insurance</td>
<td>● E-trainings</td>
<td>● Benefits such as rent allowance, maternity benefit, death benefit, marriage benefit, fuel benefit, and housing benefit</td>
<td>● Fuel</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Trainings for personal development</td>
<td>● Multi-purpose sports facilities, hobby courses</td>
<td>● Meal voucher</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Trainings about worker’s health and security</td>
<td>● On-site doctor and sickroom</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>● Providing educational opportunities inside and outside the country and supporting such educational activities</td>
<td>● Opportunity of holiday in company’s training and recreational facilities</td>
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<td></td>
<td></td>
<td></td>
<td>● Housing acquisition through housing projects</td>
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<td>● Advance money for</td>
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</tbody>
</table>
Almost all enterprises, which give information about their fringe benefits on their websites, primarily feature food and shuttle services among benefits provided for improving the quality of life. That is not surprising because they are one of the most fundamental expectations of employees. A study conducted by Yavuz(2004) on the employees of the T.C. Ministry of Culture and Tourism General Directorate of Investment and Establishments demonstrated that non-monetary concrete incentives such as picnics, sports activities, discount holiday tours, and shuttle service are used as a motivational tool most. Eren et al.(2000) intended to make an evaluation on wage and salary administration through face-to-face interviews with staff or human resources and factory managers of the 100 biggest enterprises of Turkey. However, evaluation was made by receiving answers from only 50 enterprises for reasons such as confidentiality and rejection of responding. 67% of the enterprises responding in the research stated that they offer free shuttle service to their employees.

The products provided by enterprises to their employees as part of fringe benefits are mobile phones, laptop computers, vehicles, fuel, and meal vouchers. Eren et al. (2000) making an evaluation on wage and salary administration through face-to-face interviews with staff or human resources and factory managers of 50 of 100 biggest enterprises of Turkey reported that 90% of these enterprises allocate vehicles for top management, 41% for mid-level management, and 53% for salespeople.

Enterprises provide their employees with flexible working hours. However, their websites do not include any detailed explanation about in what circumstances and how such flexibility is offered. Yavuz (2004) conducting a study on the employees of the T.C. Ministry of Culture and Tourism General Directorate of Investment and Establishments argued that the most frequently used non-monetary incentive is flexible working hours.

**Conclusion and Evaluation**

This study classified the fringe benefits provided by the 100 biggest industrial enterprises of Turkey as announced by the Istanbul Chamber of Industry through a review of their websites. These benefits are mostly included under the title ‘Human Resources’. There are also a few companies giving information about these

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Purchasing house, car, etc.</th>
<th>Casual Friday</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursery and sports schools</td>
<td><img src="image" alt="" /></td>
<td></td>
</tr>
<tr>
<td>Family and work balance</td>
<td><img src="image" alt="" /></td>
<td></td>
</tr>
<tr>
<td>Work and life balance</td>
<td><img src="image" alt="" /></td>
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<tr>
<td>Orientation and training</td>
<td><img src="image" alt="" /></td>
<td></td>
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<tr>
<td>Retirement and private health insurance</td>
<td><img src="image" alt="" /></td>
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</tr>
</tbody>
</table>

Most importance is attached to individual retirement and private health insurance in services aiming to make employees feel themselves secure. This finding is not surprising in consideration of Turkey’s economic conditions and high uncertainty avoidance level. According to Malik et al.(2011) on 61 salespeople working in different distribution companies in Pakistan, the primary non-monetary incentive preferred by salespeople is security. Ghee(2010) carried out a study on 172 mid-level managers from various Malaysian sectors and put forward five non-monetary incentives motivating them and increasing their job satisfaction: security, success, relationships with superiors, equals, and subordinates, growth, and independence and autonomy. Towers Watson carried out the labor research 2012 on 750 employees from various Turkish sectors. The results of this research showed that employees attach great importance to fringe benefits concerning retirement. That implies that future concerns are influential on the decisions of employees.

The biggest attention is focused on orientation in benefits provided for education & development of employees. It can be said that enterprises feature orientation training to make employees adopt the corporate culture, to create commitment among them, to enable them to get used to their colleagues and the organization, and so on. The research carried out by Galanaki(2013) on 1115 employees from various Greek sectors suggested that many employers offer fringe benefits for employees’ education & development.
benefits under the title ‘Fringe Benefits’. 57 of
100 companies under examination give
information about the fringe benefits they provide
on their websites. Enterprises mainly aim to
to ensure and improve security (safety), education &
development, and quality of life. A study carried
out in Greece (Galanaki, 2013) reports that many
employers feature services about education &
development. In consideration of the working
conditions in Turkey, it is not surprising that
individuals attach primary importance to
occupational safety. It is possible to say that
enterprises focus attention to educational services
for both themselves and their employees. Benefits
for improving the quality of life of employees are
offered to make them feel themselves as part of
the enterprise, to increase their commitment to the
enterprise, and so on. Companies in Turkey that
do not show fringe benefits on their websites do
so because such benefits vary from position to
position. However, worldwide companies such as
Google, SAS, and IBM give quite a wide
coverage to fringe benefits on their websites in
order to attract qualified employees. For example,
Google is at the top of ‘100 Best Companies to
Work For’ list prepared by Levering and
Moskowitz (2014) on behalf of Great Place To
Work Institute, which is a global research,
consulting, and training company. 97% of the
employees of Google, which was set up in
California in 1998, feel very happy. The
employees of Google, which have 40,000
employees worldwide, recommend Google to
their friends. Google offers unique opportunities
and benefits to its employees. It offers various
cafés, dry cleaning service, bowling halls, nap
capsules, all-day-round unlisted food, and so on
to make its employees comfortable. SAS, which
ranks second in the above-mentioned list, was
founded in 1976. According to its employees, one
of the best features of the company is the
importance attached to balancing between work
and life. For instance, an employee states that s/he
can arrange her working hours by considering her
child’s school time and bring her child to work
from time to time. SAS offers benefits for
balancing between work and life such as
breastfeeding rooms for working mothers,
prolonged unpaid leave if needed by employees,
monetary aid for childcare, and elderly care.
Furthermore, tennis court, golf course, swimming
pool, hairdresser, masseur (masseuse), gym,
various cafeterias, many unlimited snacks, fruits,
and banking and car wash services are offered to
employees. According to the research conducted
by Great Place to Work Institute in Turkey
(2014), the first three large-scale companies for
which people want to work most are Axa Sigorta,
Ericsson Turkey, and Boyner Holding. These
companies make a great use of non-monetary
incentives. For example, Axa Sigorta offers ferry
and shuttle services so that its employees can
arrive at their homes more easily without getting
stuck in Istanbul’s heavy traffic. Boyner Holding
pays strict attention to not disturbing its
employees’ work-private life balance. It sends its
employees to cinema and dinner in order to
motivate them.

The detailed presentation of fringe benefits
provided by companies on their websites, which
can be considered their display windows, is
highly recommended. In this way, candidates who
want to work for companies can make a choice by
considering what they are going to have. Even if
fringe benefits vary from position to position,
sample benefits can be included on websites for
candidates to have some idea. As a result,
employers who have employees that already
know what they are going to have can determine
a road map more easily. In ensuring work-family
balance, companies mostly focus on employees
who are married and have a child. However,
provision of such fringe benefits to also
employees who are married, but do not have any
child or who are single is also recommended.
For example, employees of this sort may be provided
with leaves on their birthdays and other special
days, for their hobbies, and so on. It can be said
that flexible working is in great demand currently.
This system allows employees to arrange their
working time. Thus, as stated by Sabuncuoğlu
(2005:330-331), as job satisfaction and work
motivation are ensured, productivity increases;
cease of employment decreases; and employee
turnover rates reduce. For that reason, it is safe to
say that companies should attach more
importance to these kinds of working conditions.

The 100 biggest industrial enterprises of Turkey
examined in the present study have quite weak
website content. Some companies do not give any
information about the benefits or opportunities
provided to their employees on their websites.
Therefore, it can be said that these companies
should enrich the content of their websites. It
can be told that fringe benefits examined in the
present study may vary from culture to culture.
For instance, more collectivist cultures may be
interested in the social utility of rewards (Jeffrey,
2003:23). Accordingly, multinational
corporations should provide different fringe
benefits depending on the country where they
operate and the cultures of their employees.
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