
THE EMPLOYEE BENEFITS INDUSTRY
AND BENEFIT PRACTICES
FOLLOWING THE 2008 RECESSION:
AN IRISH CONTEXT

BY

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ABSTRACT

Like most other areas of HR, employee benefits are not immune to the catastrophic effects of the recession. In a bid to keep up with business strategy HR managers have implemented several plans, categorized in this study under ‘_Hard’ and ‘_Soft’ employee benefit policies, which range cost reducing initiatives such as cutting benefits, to employee motivating and retaining tactics such as introducing ‘_quiky’ and ‘_fun’ benefits in order to mitigate the impact of the recession on employees.

This study also aims to shed some light on the employee benefits industry in Ireland and highlight the main benefits offered by Irish employers. To create a snapshot of the Irish employee benefits industry it was necessary to i) set the scope and boundaries of what could be considered as an employee benefit, ii) understand who the main players in the employee benefit industry are, iii) map out the possible service lines.

The available employee benefits service lines were categorized into two major types (Simple service line and extended service line). Following this an actor abstraction was also created showcasing the typical actors involved in the employee benefits industry, that is, the Employee, Employer, Benefit Consultant, Benefit Technology Provider, and Benefit Supplier. Next a search to find out the main benefit offerings provided by Irish firms was carried out.

It was found that the Pension, Healthcare benefits are the most offered benefits and could arguably be the declared as the benefits employers bank on to attract, retain and motivate its employees. Meanwhile, it was suggested that employee benefits may not be as important to Irish employees anyway as they are more appreciative of the fact that they are in employment than anything else.

1. INTRODUCTION

We have come a long way from the times when employee benefits were only regarded as luxuries received only by the lucky few who managed to secure employment in benevolent companies. Prior to the 1940s, employers rarely compensated their employees with any benefits outside their wages which, in turn, were tightly in line with the number of times they worked. This meant that the employees and/or their families were solely tasked with the responsibility of covering issues such as old age, death and poor health (Beam and Mcfadden, 2001).

Fortunately, from the 1940s and onwards employers started to recognize the advantages of employee benefits as an accessory to wages and since then its growth has increased immensely. The rise in the availability of employee benefits have led to changes in the compensation system so much so that government imposed regulations now exist, also employers are now faced with the difficulty of making decisions as to which benefits to provide as well as how it will be funded (Beam and Mcfadden, 2001).

Employee benefits can be divided into two main categories; mandatory (or legally required) benefits which are usually made obligatory by the government of a country, and non-mandatory (or discretionary) benefits which are benefits provided by employers at their own will. Mandatory benefits differ from country to country and usually include benefits such as pension schemes (including retirement, widows), social security etc. non mandatory benefits include perks such as cycle to work schemes, medical insurance, canteen facilities, dental insurance, employee training etc. (Ronald McGaughey, 2005).

Employers that are able to offer an attractive employee benefits package are usually rewarded with improved employee attraction and retention statistics (Ronald McGaughey, 2005), as they

have are said to be linked to their attitudes and behaviours in the workplace (Muse and Wadsworth, 2012). Moreover, employees see benefits as a source of financial security for they and their families (Ronald McGaughey, 2005). Suffice it to say, employee benefits nowadays come with a huge price tag for employers.

Take for example; an employee accepts a job and as part of his remuneration package he is guaranteed a salary of €25,000 along with employee benefits including life insurance (€75), medical insurance (€1000 - €1500 for single cover, €3000 to €3600 for family cover), income protection (€125), dental insurance (€120 to €325 depending on cover). Other benefits could include company car, accommodation, and employee assistance programs. Therefore, the total costs of employing the employee (that is, salary, taxes and benefits) could potentially be nearly 1.5 times the basic salary of the employee, so in this case €31,250 to €35,000 (Hadzima, 2005). And according to Curran (2009) the cost of providing benefits by an average American company is just under \$15,000 per annum.

2. LITERATURE REVIEW

2.1 HRM DURING THE INDUSTRIAL REVOLUTION ERA

According to Khilawala (2013), The need for Human resource management began as far back as the late 1700s during the industrial revolution era. During this period vast changes were evident including the replacement of man made goods with ones made with machinery, so much so small businesses were replaced with factories producing products on a much larger scale. The changes resulted in the influx of a vast amount of immigrants seeking employment and necessitated the need for a different structure, one which would encompass the better management of employees and recruitment practices to create employment for job seekers.

Pravin (2010) also points out that during this period, factors such as the working conditions and the social behavior of employees arose as chief issues. Factory working areas were deemed as unhygienic and employees were made to perform arduous tasks (Nayab, 2011). In response, companies and nations responded to this threat by instilling a code of discipline made to check unpermitted behaviour and create a standard set of appropriate behaviour. Further down the line, “labour welfare measures” were also introduced in the United States (Pravin, 2010). Khilawala (2013) mentions that these welfare measures assisted in the aim of assisting immigrants in fitting into their community and helped to adjust them to the demands of the jobs. Inclusive were programs put in place to help immigrants learn English and medical care and training. Soon afterwards the National Cash Register Company (NCR) created would be the first personnel management department which was tasked with the job of managing issues including working hours, wage management and record keeping (Nayab, 2011). At the same time, major companies like Cadbury introduced benefits such as the construction of model villages for its employees and

the employment of welfare workers who were tasked with the duty of looking over the wellbeing of employees (Khilawala, 2013).

2.2 EMPLOYEE ATTRACTION AND RETENTION

Scott-Ladd et al (2010) described the attraction and retention of employees as an important part of a company's HR efforts claiming that it is connected to the success of a company. Likewise, more and more companies had started to realize this and they saw a need for them to check that their recruitment and retention practices within Human resource management were in par with their overall strategy formulation. In addition, Scott-lad et al (2010) warned against making assumptions about what employees wanted in terms of attraction and retention. According to Scott-lad et al (2010), before rewards can be offered a thorough analysis must be carried out to assess the employees' situation. Scott-lad et al (2010) cited the US as an example saying that the rewards that are more likely to be received favourably in the country include more pay and flexible hours.

Gonzalez (2009) conducted a study in order to shed some light into the attraction and retention of low level Mexican workers to the maquiladora industry. Jobs offered in this industry are mainly from multinational companies outside Mexico which are mainly low skilled jobs in plants and warehouses. The industry itself is faced with increasing job cuts and plant closures, and as such, high turnovers have always been the norm. Gonzalez (2009), through his interviews, came to the conclusion that there was no attraction to the industry and pointed out that the maquiladora's need for basic necessities precluded selective practices and was the main motivator behind wanting to get a job in the maquiladora industry. He continued by saying that many of the

workers actually saw it as a personal objective to get a maquiladora job, though they preferred working with their friends and families, when push came to shove they went ahead regardless.

With regards to retention, Gonzalez (2009) was able to list out a couple of points he gathered from his interview with the workers in maquiladora, and he mentions that money acts as a motivator of people. According to him maquiladora workers like the idea of being paid for every ounce of effort put in. An issue which was noted was the relationship between workers and their supervisors. Workers complained about how they were maltreated by unprofessional supervisors and cited this as one of the reasons they were likely to leave. Gonzalez (2009) suggested that in order to rectify this problem the supervisors must be trained. Maquiladora workers also preferred the idea of having people promoted from within. This gesture gives them the hope that they might someday move up the ranks of operator to member of management. Furthermore, they despised it when people from other maquiladora were brought into the company instead. The workers also made mention of wanting to be recognized or appreciated for the work they did. They pointed out how they were criticized by their supervisors when production levels were bad but then would not get any commendation when production was good again. He points out that the economy has had its toll on some maquiladoras making them cut expenditures on celebrations for their staff. However some workers feel unappreciated when they see that other firms going through the same recession still put out a little money to appreciate their staff.

2.3 EMPLOYEE MOTIVATION AND PERFORMANCE

According to Muhammad Ikhlas Khan (2012), one of the challenges of the workplace is getting employees to be motivated enough to carry out their work. However finding out what motivates people is a mystery that has been debated for a long time. He cites that Maslow's hierarchy of

needs attempted to shed some light on the topic by providing five levels of employee needs, physiological, safety, social, ego, and self-actualizing (Muhammad Ikhlas Khan, 2012).

Anyim et al (2012) points out that for performance to increase motivation should be the manager's main priority, a point also mentioned by Nicu (2012) who believes that of all human resources processes in an organization motivation takes a chief role because other facets of the organization gain from its "health functioning".

Like Scott-Ladd et al (2010), Nicu (2012) also stressed the importance of knowing the motives of the employees explaining that knowing the motives of the employees would assist employers in improving action efficiency. He also goes on to say that there exist interdependence between motivation and performance stating that the motivation and satisfaction levels of employees would always affect the individual and organizational performance. Popescu and Popescu (2011) also add that this interdependence of motivation and performance is also affected by the complexity of the tasks an individual is to perform. He continues by saying, in the case of simple tasks (for example repetitive tasks), as motivation intensity increases so does the employee's performance also increase. With regards to complex tasks (for example tasks requiring creativity), as motivation increases so does performance also rise until a certain mark is reached where there are no more increments in performance.

According to Rani and Kumar (2012), research performed in the fields of psychology and business literature have uncovered that motivation may vary as a function of different facets in work environment, including evaluation expectation, actual performance feedback, reward, autonomy, and the nature of work itself. They also state that human motivation to do work can be split into two forms namely, intrinsic and extrinsic (Rani and Kumar, 2012). According to

Krivonos (1978), motivation is said to be intrinsic when an individual receives his reward for performing a task from within himself / herself or from actually performing the task itself. Whereas he explains extrinsic motivation to be work carried out in order to fulfil a non-objective goal for example, tasks done to relieve guilt, help a friend, or climb up the career ladder. (Krivonos, 1978)

2.4 EMPLOYEE BENEFITS

Employee benefits are part of an employee's total reward package provided along with his/her usual cash payments (Armstrong, 2006). (Armstrong, 2002) states that employee benefits can exist in three forms, namely; Deferred (or contingent) - which include benefits such as medical insurance, and pension scheme. Immediate - this includes car allowance and season ticket loan. And benefits which are not strictly classified as remuneration: such as holidays or holiday trading

Most benefits provided by employers are subjected to tax, also called "benefits in kind", with the notable exception of some benefits including pension schemes, canteen meals, car parking, professional subscriptions and other benefits that are used mainly for job duties. Flexible benefits, also known as "cafeteria schemes", give employees the choice to decide what benefits they want out of a package of employee benefits (Armstrong, 2006).

Employee benefits play a significant role between employers and employees and are said to be advantageous to both parties. Over half of today's employees acknowledge that employee benefits are just as important to them as their basic pay. This is so because some employee benefits enable employees to make savings, or provide amenities that otherwise would have been difficult to get such. Examples include health care and insurance (deanandraper.com, 2012). The

scope and range of employee benefits has continued to grow at an increasing rate, however, a big stumbling block exists in that employers sometimes do not understand what their employees want and so provide the wrong employee benefits. (Human Resource Management International Digest, 2010).

One of the biggest issues with employee benefits lies in the cost of providing it. According to (Kalamas, Mango and Ungerman, 2008) companies in the United States have spent up to \$2trillion in funding employee benefits with a significant amount of the cost incurred by the rising cost of healthcare (Prudential Financial, 2012) (Wells Fargo & Company, 2012). While in the UK, the British government's recent pension auto-enrolment has been cited as a cost concern for employees (Tolley, 2011). In a bid to cut costs, employers are looking into several cost-cutting benefit strategies including introducing technology to improve benefits delivery (Bridgeforth, 2012), balancing business costs and benefits using tactics such as cost shifting which involves passing on the cost of benefits – e.g. from insurance rates - from employers to employees (Managing Benefits Plans, 2011) (Metlife, 2011a), and predictive modelling which helps employers predict their future benefit costs (e.g. healthcare take-up) ahead of time giving them the opportunity to decide which benefit programs would suit them best (Uborcev, 2011) (Silva, 2008).

2.5 LINK BETWEEN EMPLOYEE BENEFITS AND EMPLOYEE ATTRACTION AND RETENTION

–Employee retention is a process in which the employees are encouraged to remain with the organisation for the maximum period of time or until the completion of the project.” (Giri, 2008)

Replacing an employee is an expensive process and according to Carsen (Carsen and Incorporated, 2005), the cost of carrying out a replacement is as high as 200% of the employee's annual salary and benefits put together. This is so because hiring an employee usually includes factors such as advertising, recruiter's salary, training and other expenses. Most HR professionals and economic researchers believe that employee retention will be a key business tool. This is based on the fact that 81% of US executives feel that employee retention is an important business priority (McCooley and McCooley, 2009).

Furthermore, (Ryan, 2000) stated that employee retention poses as a business concern for many firms. He states that employee retention is an issue which should be considered as a strategic problem and hence must be handled with a benefits professional in sight. He also theorized that one of the many reasons why employees decide to leave their current employment is due to unsatisfactory tangibles (pay and benefits). (Koch, 2006) also points out how health benefits are being used by employers as a tool for retaining their prized assets. She also mentions how employers are starting to understand that offering an attractive pay is not always enough for an employee but that benefits and job security are usually demanded, most especially medical benefits.

(Brenner, 2010) warned that mature workers are likely to leave the workforce unless policies are instilled in order to keep them in; such policies include "targeted employee benefits programs", and examples include favorable health and life insurance policies. Some organizations do take advantage of this fact by offering an increase in these benefits in return for an employee's decision to stay past their retirement age ((Brenner, 2010). "Fun" benefits also help cement the bond between employer and employees, these types of benefits include perks such as picnic

outings, company parties and milestone rewards. Other benefits can also include childcare, pet care and paid travel for an employee's spouse(Toledo Business Journal, 2009).

2.6 LINK BETWEEN EMPLOYEE BENEFITS AND EMPLOYEE MOTIVATION AND PERFORMANCE

According to (Forsyth, 2006) motivation has the ability ~~to~~ increase efficiency, effectiveness and productivity, and makes it more likely that whatever results are targeted will be a hit". He also states that the consequences of not motivating employees include increased management times, possible altercations in the form of arguments and countless scrutiny. (Grigoroudis and Siskos, 2010) posited that employees are the internal customers of an organization and stresses that their satisfaction is an important driver to business success. This notion is also supported by (Nawab, Bhatti and Shafi, 2011) who suggest that an important factor for any organization that wishes to achieve its goals and objectives is to make sure that its employees are motivated.

Keller (cited by (Anyim, Chidi and Badejo, 2012) asserts that employees give back in performance what they are expected of by their employers, that is, when employers expect the best, employees give their best and when employers expect little employees give little in performance. Also, according to Vroom (cited by Hong et al., 1995), people work with the expectation that they will be rewarded for whatever they do. He also asserts that the level of reward is directly proportional to the quality and quantity of work produced, hence affecting his/her productivity. (Green, 1992) also makes similar suggestions by stating that employees are motivated to perform better when offered something that meets their satisfaction.

As a result, employers motivate their employees in a number of ways one of which involves offering them incentives in order to bolster their satisfaction levels hence increasing their interests in their tasks and duties (Nawab, Bhatti and Shafi, 2011). Hong et al (1995) sought out to assess the impact employee benefits had on employee motivation and performance by carrying out a study on the topic. His sample included 113 corporations. At the end of his research, he was able to come to the conclusion that employee benefits have “great impact on work-motivation” which in turn affects performance. He also discovered that people reacted to employee benefits depending on factors such as job grade, gender and marital status etc. This phenomenon was also pointed out by Green (1992) who stipulates that approaches that motivates an employee to perform well may “miss the mark” with another employee.

2.7 EMPLOYER REACTION FOLLOWING THE 1930 GREAT DEPRESSION

The 2007 – 2008 financial crises has sometimes been portrayed by in the media to be just as detrimental or even worse when compared with the Great Depression in the 1930s. Common examples of situations during this period include great hardship and unemployment (Bennett et al, 2010). Moriguchi (2003) carried out a research into the use of private welfare capitalism (that is, compensation and benefits that were above wages and legal obligations) pointing out that welfare capitalism began to mature in the 1920s to form “sophisticated HRM policies” with the main goal of nurturing a stable and committed working pool. The ulterior motive was also to prevent employees from getting involved with unions. Before the start of the 1930s at least 200 firms, with a workforce totalling just less than 2million production workers, established comprehensive HRM programs including (1) incentive contracts such as retirement pension plan, paid vacation plan, and group insurance plan (2) human capital investment such as company

libraries and employee classes (3) internal enforcement mechanisms such as company picnics, recreational facilities and athletic teams. (3) internal enforcement mechanisms.

Moriguchi (2003) further uncovered evidence that gave the perception that employee benefits, or corporate welfarism as it was referred to, had developed into a mutually binding obligation between management and workers. He went on to state that employers at the time noticed the benefits of the HRM program and showed concern that ending these programs would have a knock on effect on employee morale or give rise to labour disputes and hamper recruitment in the future.

Moriguchi (2003) also carried out an investigation into the impact of the great depression on employee benefits provided by top companies at the time. These companies included the likes of Ford, General Motors, General Electric and IBM. In his findings, he found that there were substantial inter-firm variations which highlighted the varying experiences of the companies in the industries in dealing with the depression. Out of the four companies, Ford was the hardest hit due to the poor sales records which reduced by approximately 80%. On the other hand IBM was able to sail through the depression with little or no dent.

Moriguchi (2003) made an assessment of the HRM policies implemented during the great depression period (1929 – 1934) using different measures namely; wages, employment, HRM programs, and emergency relief plans. According to his assessment, despite the decline in sales revenue, all companies were able to maintain and sustain a steady work force size and hourly wage level until early 1931. This changed in 1932 when companies were involved in making job cuts and wage restructuring. Ford, General Electric and General Motors were amongst several other companies that carried out major job cuts ranging from 50% to 80% of their work force.

Furthermore, several companies suspended, closed, or shrunk their HRM programs to manageable sizes which included introducing tighter eligibility rules, reducing the number of benefits or increasing the amount of employees contributed towards a benefit.

Moriguchi (2003) pointed out that during the great depression, a majority of the share plans, profit-sharing plans, and housing plan schemes were shelved by employers that offered them. However companies did provide other benefits such as relief assistance including food baskets, emergency loans, dismissal pay and in special cases private unemployment benefit plans.

2.7.1 GE Case Study

According to Moriguchi's (2003) case study analysis, General Electric was known for having introduced one of the most comprehensive HRM programs. Its programs included a non-contributory pension plan, an additional compensation plan (5% of annual wages) rewarding employees who had given at least 5 years of service. A holiday plan which gave employees a week of holiday which would have increased to one week after 3 years and 2 weeks after ten years. Also provided were savings and investment plan and a corporate housing plan to help employees purchase homes.

The management at GE took employee retention serious. Their work force was made up of semi-skilled and skilled employees, and both were regarded equally as essential to retain. In addition, General Electric was of the belief that employees who had been at the company longer had the most experience and skills and therefore were great assets to the company (Moriguchi, 2003).

During the depression GE suffered a serious decline in sales of 67% whilst its share price fell 91%. The management of General Electric made attempts at protecting its valued assets, the

–corps of skilled and loyal employees” which the company had spent years investing in. One of the many HR strategies include the introduction of work sharing in order to cut the chances of carrying out large layoffs and as a result were able to maintain 75% of their work pool in the first two years of the depression. They also introduced extensive relief efforts and an –employment stabilization program” which was an unemployment benefit plan (Moriguchi, 2003).

However by the third into the recession, huge cracks began to show in GE. Their work force was reduced significantly to less than half of its 1929 level. Furthermore, GE started to discontinue benefits such as home mortgage assistance, paid holiday leaves, and suspended the 5% additional compensation. Revisions were made to the savings and investment plan and it also reduced interest payments. All in all, the amount allocated to benefit expenditures took a nose dive from \$10 million in 1931 to \$6 million in 1933. He noted that there was concern among workers towards the change in wage amount as well as the layoffs occurring and the benefits that had been discontinued (Moriguchi, 2003).

2.8. EMPLOYER REACTION TO EMPLOYEE BENEFITS FOLLOWING THE 2008 RECESSION

–In today's weak economy, catered meals, dry cleaning and babysitting services, traditionally associated with the Googles of the world, are being scrapped faster than "McCain 2008" bumper stickers” (Robbins, 2009).

Although Robbins‘ (2009) statement above was made in 2009 the same can still be said of the state of things 2012. Employers of today are much more interested in innovative and cost efficient employee benefit solutions (Aon.com, 2012). According to (Bridgeford, 2010), in 2010 18% of large companies reduced their employee benefits offerings while 19% cut or suspended

employer contributions towards pensions. In all, 63% said that the recession negatively affected their organization (BenefitsSellingMag.com, 2010). In addition 41% of employees were said to now value their benefits more than they did prior to the economic downturn and 40% have increased their interest in learning more about their employee benefits (Managing Benefits Plans, 2011).

Furthermore, as the economies of most countries struggle to regain a stable flourishing state, employers have had to undergo massive restructuring and have implemented cost-cutting exercises and made redundancies in effect (employeebenefits.co.uk, 2012). Companies are trying to survive amidst the recession by cutting back on staff numbers and replacing humans with machines where possible. And although these tactics are showing reward, they are also have knock-on effects. As a result of the cuts, employees are being asked to do more work than they usually would whilst their compensation package remains stagnant. Despite the unhappiness of employees at such arrangements there is little that they can do but consent to the unspoken truth of ~~Be~~ "Be happy that you still have a job at all." In effect, employee loyalty and satisfaction has taken a plunge (MetLife, 2011b).

However, some employers have acknowledged that retaining key staff is an important part of their HR goal this year and have positioned it as the key issue shaping their benefits strategy. In a survey carried out by the Employee Benefits Group, employers mentioned that the reason why they were offering employee benefits was to keep their employees engaged ~~because~~ "because they are an effective retention tool (80%) and an effective recruitment tool (79%)" (employeebenefits.co.uk, 2012).

From an employee perspective, in 2009 Ceridian and Vebnet carried out some market research involving over 1,000 employees in order to find out the impact of the recession on the mindset of employees. In their research, they discovered that most UK employees were more interested in being able to get along with their daily struggles, with almost half of the employees citing “day-to-day” survival as their top priority. They also found that there was a prominent distinction between employees who place a heavy premium on such benefits as holidays and socialising (the fun group) and those who took the much more prudent approach instead (the frugal group) (Ceridian.co.uk, 2009).

Furthermore, they were able to discover that a significant number of employees were of the belief that in the times of hardship and difficulties they should be supported by their employers in the short-term and rewarded in the longer-term. They pointed out that employee plans for the upturn of the economy revolved around the improvement of rewards in three main aspects:

- Pay: In which 20% of employees surveyed planned to ask immediately for a pay rise,
- Promotion: in which 20% of employees surveyed stated that they would be looking for new challenges within the company or elsewhere.
- Personal development: In which 16% of employees surveyed mentioned that they would be looking to receive training in order to develop their skills. (Ceridian.co.uk, 2009)

All in all, their recommendation to employers was that they hold onto their staff and make preparations for how they intend to meet the requirements of their employees. They stressed how employers will need to face the recession with a realistic mindset and open themselves to the chances of ‘implementing alternatives’ to pay rises and bonuses ahead of conversations with employees whilst been open to communication and honest throughout. (Ceridian.co.uk, 2009).

2.8.1. KPMG Case Study

An example success story of Ceridian's implementing alternatives, employee retention and communication recommendation can be seen in the case of KPMG's method of implementing its benefits.

"Instead of having HR work up [redundancies], why not engage the whole workforce in developing alternatives?" Duncan Brown, director of HR business development at the Institute for Employment Studies. (Wilkinson, 2009).

According to (Wilkinson, 2009), KPMG which considers its employees as its biggest assets responded to the recession by inviting its employees to register an interest in working a four-day week or taking a sabbatical at 30% of salary, as measures to avoid redundancies. The result of the scheme was an 85% take up which was well above what was needed (75%) under which KPMG would have had to make job cuts. In summary, with the help of effective communication and the use of alternative benefits, KPMG were able to meet the requirements of its staff hence retaining its employees.

2.8.2. Adecco Case Study

Another case study where implementing alternatives, and communication have worked hand in hand can also be seen in the case of the recruitment solutions firm Adecco. Wilkinson (2009) mentioned that Adecco had looked to changing their rewards system to one that would reward employees more for exhibiting values aligned with the company's vision and displaying outstanding performance. Before the recession, Adecco had paid more attention to pleasing the employees who brought in top sales by rewarding them with tangible benefits like skiing trips.

However, following the recession, Adecco had decided to instead use its powers to reward a wider range of workers and sought the help of its employees in deciding how best to do this.

"We are planning campaigns across the group that recognise outstanding performance or behaviour, and anything that reinforces our values and strategic objectives." Claire Lawrence, head of HR projects, Adecco. Wilkinson (2009).

Key benefits that were implemented as a result of this new initiative way include the introduction of shopping vouchers in their flexible benefits scheme and the introduction of an employee assistance programme (EAP) to provide employees with support outside of the company in matters involving, but not limited to, money management.

2.9. HUMAN RESOURCE MANAGEMENT IN IRELAND

2.9.1. The recession in Ireland

The current economic situation can be heavily felt in Ireland as much as other European countries and the labour market has not been left untouched so has human resources. Around the 1990s Ireland experienced a large growth in employment as more than a million new jobs were created enlarging the labour market by more than twice its original size. By the 2000's Ireland could boast of having Europe's highest employment creation figures although a significant chunk of it was in the construction industry (Roche et al, 2011). That said, the increase then slowed considerably in 2007 but was still 75% more than it was in 1994. Furthermore unemployment had also reduced from 15% in 1994 to 4.5% in 2007 (Voitchovsky et al, 2012).

Voitchovsky et al (2012) also attributed the sharp rise in employment rate to the fact that more married women were also drawn into the paid workforce. Compared to 1994 where only about half of all working-age adults were in the workforce, by 2007 this had reached 69 per cent (with the rate for women going from 40% to 60%). Voitchovsky et al (2012) also pointed out that migration had played a prominent part in the expansion of the workforce, as the pool of unemployed domestic workers reduced. The once impressive employment performance then came to a stop at the dawn of the recession which occurred in late 2007. Honohan (2009) stated that Ireland was in a bad situation ahead of the global recession in that it was experiencing domestic issues including the home-grown banking crisis, and a trend loss in wage competitiveness that had been on-going since 2000. Expectedly within a year, unemployment had increased to about 12.5% (Voitchovsky et al, 2012).

Roche et al (2011) noted that whilst the unemployment rate for 15-19 year olds was just over 16.0% in 2007, this figure shot up to nearly 35% in the space of 2 years. The same fate was also faced by individuals in the age group 20-24. In 2009, unemployment for this group increased to 24% from a more manageable figure of 8% two years before. Job losses were occurring in both the public sector and private sector with the latter shedding around 6.8%, which equates to 69,000 employees.

Roche et al (2011) also mentioned that a couple of measures designed for the labour market were put in place to combat the dwindling situation. He reports that the government had introduced wage subsidies which had divided the opinions of observers. On one side of the argument, those against the subsidy were of the view that wage subsidies should not be used as a method to support jobs inside firms saying that total payment to a factor of production should not exceed its

marginal productivity. The counter argument was that a society without the wage subsidies will mean more people than usual would become unemployed as companies default on their ability to pay wages, and it might also cause people to become dependent on government provided welfare packages. The Governments was also involved in the promotion of job flexibility programmes in terms of the contract working. This included providing public money for companies to introduce short-term working schemes so as to prevent employees from being made redundant.

2.9.2. The effect of the recession on HRM in Ireland

The internet is loaded with comments coming from all corners of the globe and from all types of professionals, including HR practitioners and consultants, centring around the topic of the effect the recession is having on human resource management. A significant number of these discussions revolve around the use of several strategies such as pay cuts, job cuts, retaining scarce talent, and developing employee commitment. Roche et al (2011) also believed that a key part of the difficulties facing companies during the recession was the ability to reduce costs while still improving its productivity. He mentions that communications was one of the most important tools that could be used by HR to help tackle recession challenges. Next to this, he states that assisting in creating efficiencies and implementing cost control measures were also effective areas where HR could be involved in. The measures included implementing cost reductions in terms of “wages, salaries, bonuses, pensions, fringe benefits and redundancies”

Joining the debate was the CIPD who gave suggestions as to how HR professionals can better manage their workforce including supporting employees’ health and well-being, finding alternative methods to redundancy, implementing a long term approach to solutions, preserving

employee engagement, bolstering communication between employee and employer, giving employees the opportunity for training, strengthening line management capability and providing advice and support for employees that have been made redundant (Roche et al, 2011).

According to Roche et al (2011), there has not been as much documentation of the changes in HRM practice in Ireland following the recession. On questioning employers, Roche discovered that a significant number of them had a fairly bleak view of business conditions; whilst 61% of respondents admitted that they employed fewer than they did two years prior. He pointed out that firms in Ireland were not only cutting jobs but also developing fairly multi-faceted restructuring plans. There were also firms who mixed strategies, introducing redundancy with other modes of cost-cutting strategy including pay cuts, shift pattern changes and pay freezes. As an example, in a bid to protect its employees, AXA, a large insurance firm, reduced the pay of its employees whilst changing their shift pattern by increasing the working week by more than an hour. Roche et al (2011) also mentions the Clarion Group of hotels as another organization that strived to protect its employees. According to Roche et al (2011), they were able to avoid applying job cuts by giving its employees the opportunity to accept a pay cut and implementing a much flexible shift pattern.

In a survey carried out by Roche et al (2011), respondents were given a selection of possible HR measures that may have been carried out to reduce the burden caused by recession and asked to specify those that were applied in their business. The answers were grouped into five areas namely a) Pay and pensions, b) Headcount and staffing, c) Changes in working-time arrangements, d) HR systems and the HR function, and e) Other change measures.

A: Pay and pensions

Going by Roche et al's (2011) survey it was apparent that a majority (60.4% of firms) of the measures used in this category included a pay freeze for all staff as well as the cutting bonuses (38.1%). The survey shows that only a small number of firms (2.8%) went ahead and increased wages and salaries for its entire staff while 8.1% admitted to doing this for only staff in particular positions. Meanwhile, close to a quarter of firms (24.4%) surveyed say that they introduced pay cuts to staff in senior positions while 11.5% say they introduced proportionally higher cuts in bonus for senior staff members. Furthermore, the results of the survey also showed that 20.8% of firms changed pension arrangements for existing staff, while 13.9% said that they had made changes to pension arrangements of new staff (Roche et al, 2011).

B: Headcount and staffing measures

With regards to the headcount and staffing HR policies implemented in response to the recession, firms were able to cut down headcount and alter staff shift patterns using several methods. The survey revealed that more than half (51.2%) the number of firms interviewed admitted to halting employment processes, while just under half (48.3%) announced that they would carry out mandatory job cuts and 29.9% introduced voluntary redundancies. Roche also discovered that just over 40% of organisations reassigned staff from one part of the business to another as a result of the effects of the recession. He reports that a minor amount of firms chose to adopt in-sourcing, out-sourcing or introducing early retirement. The report also points out that a small number of firms (14.6%) halted general promotions within the business while an almost similar percentage of firms (13.3%) also admitted to only promoting people at certain positions in the business (Roche et al, 2011).

C: Changes in working time arrangements

Another method firms used in cutting their bill, besides job cuts and pay restructuring, was to re-jig work shift patterns. A significant number of firms (63.3%) responded to the recession by cutting down overtime. The survey also shows that 42.6% of Irish firm interviewed had introduced a short-time working while up to 32.1% of firms owned up to making us of more part-time workers in their business as a way of increasing their flexibility during the recession. According to the survey, 21.2% of firms increased the use of contract workers compared with 14.5% who had opted to cut down the number of contract workers. 13.7% of firms disclosed to having used publicly paid or subsidized trainees (e.g. FAS trainees, interns, etc.). A small number of respondents (5.4%) also stated that they had increased the use of agency workers as opposed to 10.1% who said they decided to reduce the use of agency workers (Roche et al, 2011).

d) HR systems and the HR function

The figures retrieved from the survey showed that more than half of the firms in the survey (50.6%) made the decision to curtail training and development, whilst one third had opted to use its own staff members for training and development exercises. Roche et al (2011) reported that 4 out of 10 firms decided to train staff for new roles in-house whilst also reducing their need for HR consultants (for recruitment and training). Close to half of the firms surveyed also acknowledged that they were now more focused on managing the performance of their employees more strictly and had tightened discipline, time-keeping and attendance requirements. Furthermore, 20.7% mentioned that they had implemented special measures at retaining high potential or high performance staff (Roche et al, 2011).

e) Other change measures

Roche et al (2011) stated that firms had used other HR methods in pacifying the effect of the recession, and these include

“introduction of unpaid leave; modest use of month-by-month contracts; temporary layoffs; increased use of external HR consultants; canteen removal; pay cycle change; plant closure for 7 working days during 2009; renegotiation of terms and conditions/Sunday premiums; suspension of sick pay; replacement or cover for absences internally where possible; reduction in overtime premia; reduction in working hours; movement of staff to other companies; company restructuring to consolidate administration roles and to lower costs.” (Roche et al, 2011).

2.9.3. Response of HR Managers to the recession

2.9.3.1. Recruitment and retention:

As part of his research, Roche et al (2011). also held a focus group made up of 30 managers divided into 5 cells. The businesses represented in the focus group include firms who were into the production and/or provision of pharmaceutical products, medical services, food, digital products etc. and incorporated companies in the information technology, finance, retail, engineering and healthcare industries and all companies except two were from the private sector. Furthermore, 29 of the 30 participants were directly responsible for the HR activities in the firm while the exception was a manager who HR reported to.

According to Roche et al's (2011) findings, a number of participants in the focus group revealed that during the boom periods, HR practitioners and departments showed major concern towards the recruitment and selection. However as a result of the recession, they also reveal that there was hardly any movement in terms of recruitment which echoes the heavy restrictions that were

put in place by Irish and multinational companies. The managers confessed that they faced difficulties from the attraction side of things during the recession in that they found it challenging to convince new potential recruits to join their company because most people had become conscious of the risks of joining a company, and expressed surprise that a lot of people were not taking up well-paid jobs due to risks of the recession.

Some HR managers also confirmed that they had put plans in place that would seek to retain staff that would be tempted to move, however they also pointed out that these moves were usually hampered by the embargos on pay and promotions placed on the firms by their parent company. Some had also pointed out how they were able to let go of people who they felt were “mediocre” whilst striving to hold onto their top talents. The interview revealed in some cases, talent management initiatives were carried out to decipher where the “future superstars are likely to be”. Furthermore, as a result of the recession, some firms had abandoned their traditional recruitment practices in exchange for methods that helped them achieve their goals. Examples included a cleaning firm deciding not to hire students any longer because it felt that it cost too much to recruit students due to the number and cost of administrative work involved in the process. In addition, a software firm had also taken to hire FAS trainees, now seen as worthwhile, when previously it had alluded to doing so.

2.9.3.2. Work intensity and the management of performance:

With regards to work intensity, Roche et al (2011) reported that a number of participants in the focus group acknowledged that due to the economic climate and evident difficulties the their firm was going through, employees were working much harder than before, with one HR manager admitting that employees were working much harder than before but for less money.

Employees were said to have been putting in more hours and doing overtime without being asked to do solely because they were grateful they had a job in the face place. However it was assumed that employees worked religiously while still holding to the expectation that there would be some form of “payback” in the form of improved pay in future when the dust settled. In a particular case, a firm was able to attain higher performance by introducing clear performance standards for its employees, with some HR managers also stating that they had looked into performance management rigorously during the recession. One example was a firm which was no longer accepting poor performance and was strictly monitoring its employees, and in cases where it found employees to be slacking in performance they sought to remove them from the business. Managers also admitted that prior to the recession, they hadn't taken disciplinary measures seriously but this changed at the onset of the recession (Roche et al, 2011).

2.9.3.3. Engagement and motivation:

HR managers were well concerned of the effect of the recession to the engagement and motivation of their employees. Some HR managers especially voiced their concern over the significance of re-engaging employees following the introduction of redundancies. In relation, a number of HR managers had to cope with the difficulties of maintaining motivation, morale and commitment amidst the challenging scenario where pay and bonuses had mostly been cut off and colleagues were being made redundant. Only a small number of participants in the focus group acknowledged that they had introduced specific programmes or initiatives in order to better manage employee engagement and motivation. They said that in such cases where cuts had been implemented they tried to bolster up motivation by celebrating successes when employees performed well in their task. A number of participants agreed that the best way to manage employee engagement through the recession was through effective means of communication. As

an example, one of the participants who had implemented a string of job cuts and restructuring mentioned that they had implemented a formal re-engagement plan that involved meetings between employees and senior management. The goal of the meetings was to dispel the fear of further cuts and reassure employees of their value to the firm. From the hotel perspective, delivering communication had a direct impact on the morale of hotel staff as well as customer service. According to one of the participants ‘our staffs are meeting guests ten minutes after the meeting. If they’re down in the mouth they can’t go into the office and hide. They’re front-line; they have to be upbeat....’ (Roche et al, 2011).

2.10. RESEARCH GAP

There is a wealth of information concerning employee benefits in books, journals and websites etc. Most of these sources either offer a generalized view of employee benefits or focus more on employee benefits in the United States, United Kingdom and Canada; possibly due to the fact that these countries have a thriving employee benefits industry. In contrast, information concerning employee benefits in Ireland is very limited. What is also evident is the lack of documentation on the employee benefits policies implemented by Irish employers following the recession.

2.11. RESEARCH OBJECTIVE

The main objective of the research is to carry out an investigation into the Irish employee benefits industry as well as the benefits policies implemented by Irish employers following the 2008 recession.

The objectives will include such as:

- ❖ To examine the employee benefits industry in Ireland
- ❖ To highlight the top employee benefits offerings in Ireland.
- ❖ To shed some light on the employee benefit policies following the recession.
- ❖ To suggest improvements concerning Irish employers' benefit strategies.

2.12. RESEARCH QUESTIONS

To achieve the research objectives listed above, the researcher has to answer the following questions:

- ❖ Who are the main actors in the Irish employee benefits industry?
- ❖ Does the cost of employee benefits affect Irish employers?
- ❖ What benefit strategies – or alternatives – are Irish employers taking?
- ❖ What are most Irish employers basing their benefits strategies on; Attraction? Motivation? Retention? etc.

3. RESEARCH METHODOLOGY

3.1. INTRODUCTION

According to (Kumar, 2011) research can be defined as a search for knowledge and understanding and an activity undertaken with the aim of establishing something, a fact, a theory, a principle or an application. Saunders (2009) described research as something undertaken with the aim of finding out things in a ‘systematic way’. In both cases, the authors outlined a string of activities called the research process which starts with identifying a research problem, reviewing literature, formulating research design, and finally analysis and reporting of research.

Covered in this chapter are topics related to the research method implemented by the author (figure 1) using Saunders et al’s (2009) research onion (figure 2). Also included is the research plan including ethics, limitations, time allocation and cost.

FIGURE 1: RESEARCH METHODOLOGY SEQUENCE

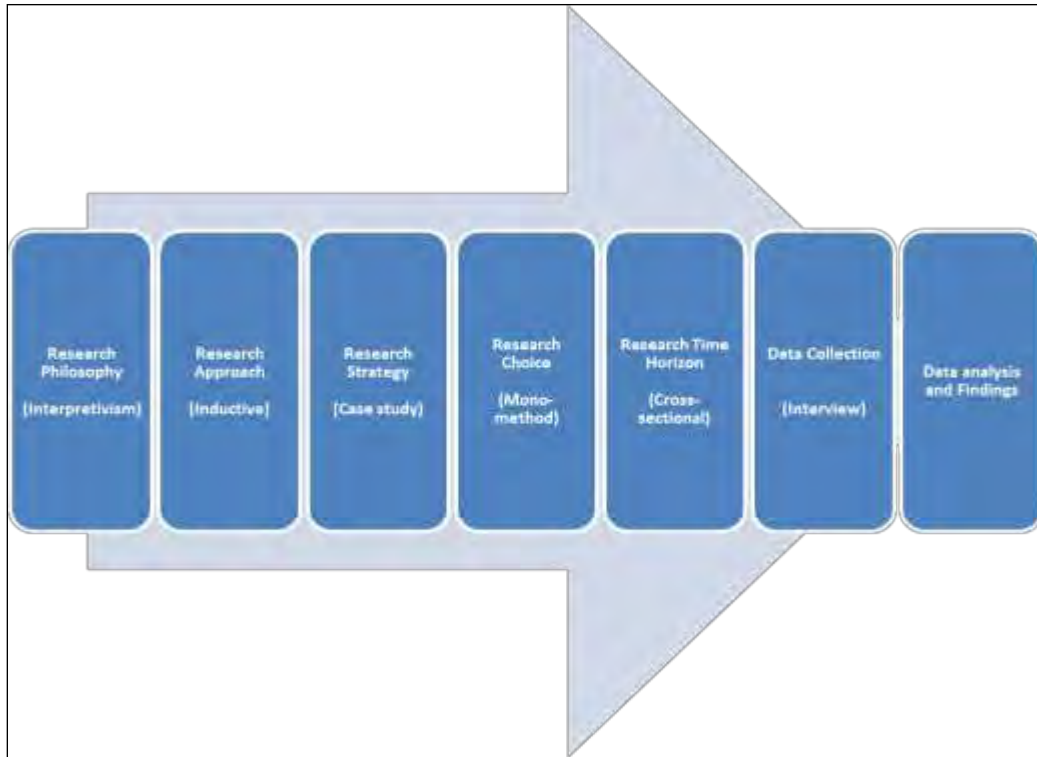
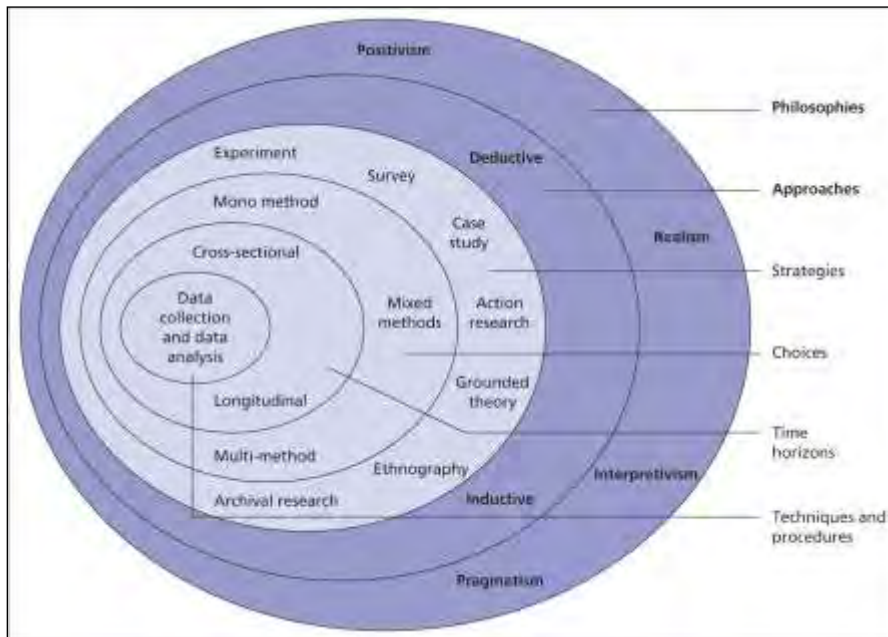


FIGURE 2: RESEARCH ONION (SAUNDERS, M.N.K., LEWIS, P., THORNHILL, A., 2009. RESEARCH METHODS FOR BUSINESS STUDENTS. PEARSON EDUCATION.)



3.2. RESEARCH PHILOSOPHY

3.2.1. INTRODUCTION

According to (Blaxter, Hughes and Tight, 2006), positivism goes along with the view that “social science procedures should mirror, as near as possible, those of the natural sciences” and as such suggests that the researcher should have an objective mindset and be removed from the objects of research. They assert that with the help of research tools such as experiments and questionnaires, a researcher should be able to capture “reality”. Classic examples of quantitative approaches include the use of experiments and statistics (Blaxter et al., 2006).

Realism is also said to be linked with the concept of positivism and like positivists, realists develop knowledge via the use of scientific approaches (Saunders et al, 2009). Realism also exists in two types, direct realism and critical realism. With regards to the former, the realists believe that whatever they perceive through their senses is the truth and is accurate whereas the critical realists argue that what we perceive is not always the truth but sensations which we experience and hence are only images of the real world and not the things directly (Saunders et al, 2009).

Interpretivism or anti-positivism is more concerned with interpretation and understanding (Blaxter et al., 2006). According to Craighead et al (2007) interpretive researchers emphasize more on people and concepts instead of objects, they also differ substantially from positivist in that their research are more likely to be inductive than deductive.

Furthermore, (Dawson, 2010) asserts that whilst positivist research tends to move towards offering explanations and establishing the existence of relationships, interpretivist researchers are more focused on providing understanding of these relationships. In other words, interpretivists seek to comprehend how others “construe, conceptualize, and understand events and concepts” (Craighead, Hanna, Gibson and Meredith, 2007). It also encourages researchers to adopt an inductive and interpretive style of thinking, as opposed to seeking to validate or quash hypotheses (Johari, 2009).

Craighead et al (2007) asserts that “Interpretive researchers explain by placing behaviors in a broader context in which the behaviors make sense” and hence common tools under this category include case studies, literature reviews, and scenario postulating.

3.2.2. JUSTIFICATION FOR SELECTING INTERPRETIVISM AS THE RESEARCH PHILOSOPHY

The main focus of the researcher is on developing an understanding of the feelings and experiences of Irish employers with respect to employee benefits in times of recession. To achieve this task the researcher greatly depended on the understandings and experiences of those being interviewed, which falls in line with the definition of interpretivism.

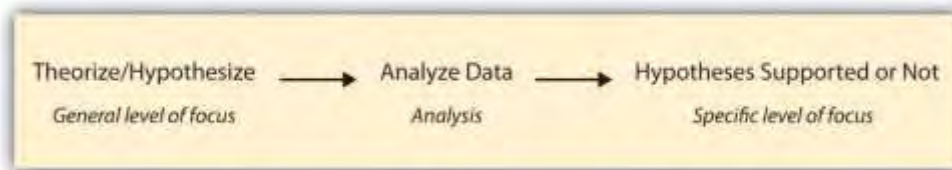
However the researcher is aware of the shortcoming of adopting this research philosophy including the possibilities of mishandled interviews or the misinterpretation of verbal communications.

3.3. RESEARCH APPROACH

3.3.1. INTRODUCTION

The deductive research approach begins with an emphasis on existing concepts and theories (Mennen, 2010). The researcher firstly studies existing theories and concepts related to his/her field before proceeding into testing hypotheses associated with the theories (Blackstone, 2012). The end result of this type of research are summaries of observations/findings or hypothesis.

FIGURE 3: DEDUCTIVE RESEARCH APPROACH (BLACKSTONE, A., 2012. PRINCIPLES OF SOCIOLOGICAL INQUIRY: QUALITATIVE AND QUANTITATIVE METHODS.)



In contrast, the inductive research approach requires that the researcher firstly collect data of relevance to his/her topic. Once this is done, the researcher backpedals in order to gain a bird's eye view of the data collected. Following this, the researcher can then commence his/her search for patterns in the data with the motive of developing a theory which will tally with the patterns observed (Blackstone, 2012). In other words, an inductive approach begins with a set of observations followed by a period of reflection and then the generation of inferences (Bryman and Bell, 2007).

FIGURE 4: INDUCTIVE RESEARCH APPROACH (BLACKSTONE, A., 2012. PRINCIPLES OF SOCIOLOGICAL INQUIRY: QUALITATIVE AND QUANTITATIVE METHODS.)



3.3.2. JUSTIFICATION FOR SELECTING THE INDUCTIVE RESEARCH APPROACH

As previously mentioned, a deductive approach requires that the researcher begins with a hypothesis. However, seeing as the researcher was unable to find any suitable hypothesis to fit the topic of interest, the researcher was left with the inductive approach. The researcher therefore relied on analysed empirical data in order to gain an understanding of the policies of Irish employers towards employee benefits in times of recession. At the end of the research recommendations were developed which future researchers may be able investigate.

3.4. RESEARCH STRATEGY

3.4.1. INTRODUCTION

Ethnographic research strategy, which has its roots in anthropology, is centred on the concept of “total immersion” whereby the researcher immerses himself into the society he wishes to study. This results in the researcher gaining first-hand experience from observing day to day activities in the society (Thomas, 2004).

Action research is mainly suitable for answering “how” questions and contrasts from other strategies due to its “explicit focus on action”, most especially in relation to stimulating change in an organization (Saunders, Lewis and Thornhill, 2009). According to (Creswell, 2002) surveys

provide “a quantitative or numeric description of trends, attitudes, or opinions”. Whereas, in regards to experiments, the main aim is to “test the impact of a treatment (or an intervention) on an outcome”.

The purpose of the grounded theory method is to produce “a theory that explains a concept, process, or interaction among individuals” (Miller and Salkind, 2002). Lastly, the archival research strategy uses records and documents as the main source of data (Saunders et al., 2001). (Sternberg and Sternberg, 2010) stipulate that archival research is particularly valuable in retrieving information that is otherwise too difficult or impossible to acquire using other methods.

Marshall (cited in Thomas, 2004) defines a case study as “a research design that takes as its subject a single case or a few selected examples of a social entity”. Furthermore, in his explanation of the purposes of case studies, Thomas (2004) points out that in the scenario where little or no information is known about a topic of interest, “an intensive study of one or a small number of instances” can be undertaken for the purpose of producing comprehensive descriptions of typical cases. These cases can then, in turn, serve as the foundation for the development of theories and concepts.

3.4.2. JUSTIFICATION FOR SELECTING THE CASE STUDY RESEARCH STRATEGY

The research needed to be carried in a short time span and on a small scale, and as such, the researcher used the case study research approach as it fits these requirements. The case study will enable the researcher to acquire a collection of cases concerning Irish employer’s employee benefit policies. With the help of case studies, the researcher was able to answer the questions of

why, what, and how via literature review and an interview with an employee benefits professional (Mennen, 2010).

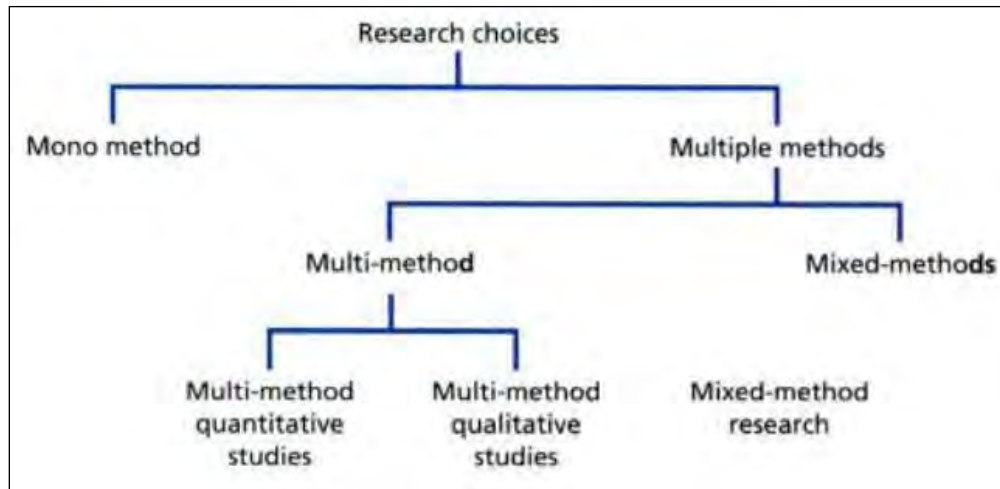
3.5. RESEARCH CHOICES

3.5.1. INTRODUCTION

(Saunders, Lewis and Thornhill, 2009) describes research choice as the way in which we decide to combine qualitative methods of research with quantitative methods. He goes on further to describe mono-method as the use of a single method of data collection along with a corresponding data analysis procedure whilst multiple methods involves the use of more than one method of data collection and analysis procedure in the bid to answer a research question.

Under the multiple methods research choice we have the mixed and multi-method procedure. The former has to do with the use of more than one method of data collection or investigation but from different research perspectives, that is, qualitative and quantitative research techniques. Whereas, the latter refers to the use of more than one method of data collection or investigation but all from the same research perspective, that it, either quantitative or qualitative but not both (Camerino, Castaner and Anguera, 2012)

FIGURE 5: RESEARCH CHOICES (SAUNDERS, M.N.K., LEWIS, P., THORNHILL, A., 2009. RESEARCH METHODS FOR BUSINESS STUDENTS. PEARSON EDUCATION.)



3.5.2. JUSTIFICATION OF SELECTING THE MONO METHOD RESEARCH CHOICE

Ideally the researcher would have preferred to adopt the multi-method using both qualitative and quantitative methods (interview for data collection and opinion survey for verification). However, due to the time constraints on the research, the researcher decided to use the mono-method (Qualitative method) to save time.

3.6. RESEARCH TIME HORIZON

3.6.1. INTRODUCTION

According to (Ller and Möller, 2010), the longitudinal method refers to studies that are carried out over a period of time while, according to Saunders et al (2009), the cross-sectional method revolves around studying a phenomenon at a particular time.

The cross-sectional study is very easy to carry out as all it requires is for the researcher to firstly decide what he/she wants to study before identifying the study population, then selecting a sample and finally contacting his/her respondents to find out the required information (Kumar, 2010). Longitudinal design, on the other hand, is much more demanding and requires a much more careful planning and consistent funding over long periods of time (Magnusson, Bergman and Rudinger, 1994).

3.6.2. JUSTIFICATION FOR SELECTING THE CROSS-SECTIONAL TIME HORIZON

Vaus (2001) asserts that the cross-sectional designs are the most widely used in social research and revealed the ability for researchers to obtain results quickly as one of the reasons for this popularity. Bearing this in mind, the researcher opted to go for the cross-sectional approach seeing as the research to be performed is constrained by time.

3.7. DATA COLLECTION AND ANALYSIS

3.7.1. INTRODUCTION

The purpose of this study is descriptive because it mainly seeks to produce “an accurate description of observations of a phenomena” (Harvard, n.d.). Exploratory research on the other hand is more suitable for researchers wishing to generate questions and hypothesis whilst explanatory research aims at providing casual explanations of events (Blanche, Durrheim and Painter, 2006). In the course of carrying out this study, the researcher will be using both primary and secondary data collection.

3.7.2. PRIMARY DATA COLLECTION

3.7.2.1. Introduction

According to Kumar (2011), the interview method allows the researcher to retrieve information which is harder to get using other means such as reactions to experiences and thoughts while carrying out an activity. Moreover, the interview method is also much more simple and direct. Interviews allow the researcher the opportunity to control the situation when necessary. He/she is able to clarify questions thereby avoiding misunderstandings (Kumar, 2011). (Oatey, 1999) points out that interviews exist in two basic structures. These include structured (closed interview) and unstructured (open interview). Interviews can also be semi-structured (Schensul, Schensul and LeCompte, 1999).

Nichols (cited by Oatey, 1999) defines the unstructured interview method as "an informal interview, not structured by a standard list of questions. Fieldworkers are free to deal with the topics of interest in any order and to phrase their questions as they think best." And it makes use of a wide variety of questions which can be asked in any order as the interview progresses. They provide the interviewer with the opportunity to dig deep into responses with the aim of getting a more detailed answer. Therefore, the quality of the output will rely on how much pressure the interviewer applies (Oatey, A., 2009). The disadvantages of this method however is that it is highly susceptible to interviewer bias and is usually disorganized (Mitchell and Jolley, 2012).

On the other hand, the structured interview follows a set list of questions in an orderly manner. By using this method the researcher will be able to reduce the likelihood of interviewer bias (Mitchell and Jolley, 2012). He/She also gains a strong element of control over the interview (Currie, 2005). The semi-structured interview however is like the structured interview but gives it also the interviewer the opportunity to go into greater depths on a question. The danger of

using this method is that it opens the possibility to interviewer bias and compromised results. For example interviewing two participants using the semi structured method may give one participant a better chance than the other because the set of follow up questions and answers during interview questions are not usually the same (Mitchell and Jolley, 2012).

The researcher would ideally prefer an individual face to face interview with at least two employee benefits specialist from any of the employee benefits specialist companies namely; Mercer, Towers Watson, Willis, and Invesco. These specialists work with several clients across several industries and will be able to provide information across the board.

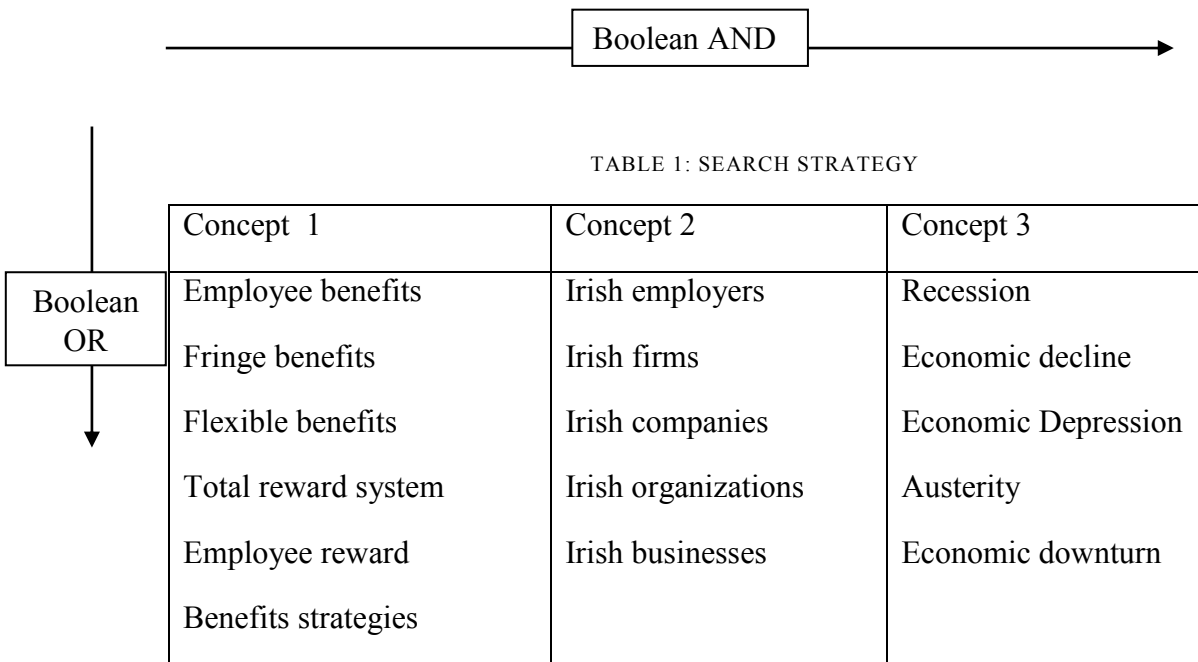
An alternative would be to speak to HR managers (or other personnel in charge of employee benefits) from at least four companies in separate industries to give a fairer view. The interview will be recorded electronically but will be kept away from sight so as not to distract the interviewee – he/she will be notified of this.

3.7.2.2. Justification for selection semi-structured interview

The researcher chose to use the semi-structured interview method for two main reasons. Firstly, information security is likely to be a major hindrance because companies may not want to give out information concerning their benefits system and strategies; hence it is important that the researcher is flexible enough to change his questions to suit the situation. Also, due to the limited number of available participants to interview, the researcher may need to get the most out of his interviewee(s) whenever possible, and ask as many questions as allowed.

3.7.3. SECONDARY DATA COLLECTION

Secondary data was collected via intensive literature search of relevant materials including academic publications, online sources, journals, and books etc. The researcher was able to identify some of the key terms to be used for the literature search and has created the following concept table (table 1)



3.8. SAMPLING

3.8.1. INTRODUCTION

Singh, Y.K (n.d.) posited that the study of total population is impossible and impractical for reasons such as cost, time and other factors that act as inhibitors. It is for this reason that the concept of sampling exists so as to make research findings economical and accurate. Cohen et al (2007) points out that there are two types of sampling, namely probability sampling and non-probability sampling.

With regards to the former, the chances of members of the wider population being selected for the sample are known whereas in the latter, the chances of members being selected are unknown. In other words, in probability sampling, participants have an equal chance at being selected whereas in non-probability sampling some participants will definitely be included or excluded from participating.

3.8.2. JUSTIFICATION FOR SELECTING NON-PROBABILITY SAMPLING METHOD

The researcher applied the non-probability sampling method, and to be specific, the purposive sampling method. This method involves picking samples that are specific to the needs of the study. As an example, the sample for this study will include HR personnel and employee benefit specialists.

3.9. RESEARCH PLAN

3.9.1. ETHICS

According to Saunders et al (2009) ethics can be defined as “The appropriateness of your behaviour in relation to the rights of those who become the subject of or are affected by your work”. (Cohen, Manion, Morrison and Morrison, 2007) identified three main areas of ethical issues concerned with interviews. These include informed consent, confidentiality and the consequences of the interview. Similarly, Diener and Crandall (1978) also pointed out four main areas of principles including whether there is harm to participants, whether there is a lack of informed consent, whether there is an invasion of privacy, and whether deception is involved.

Following on from Cohen et al’s (2007) and Diener and Crandall’s (1978) recommendations, the researcher looked to check ethical issues such as whether the informed consent of the interviewees had been given, if the interviewee is aware of the possible consequences of the research, that the research will be of no harm to the participants or others, the benefits of the research to the participants, who will have access to the data, who will own the data etc.

Furthermore, before the interview session, the researcher informed the interviewee of the aims and objectives of the research and where it was possible asked to sign a letter of acknowledgment accepting that he/she understands and agrees with the implications of taking part in the interview. Additionally, an interview log was also sent to the interviewee for him/her to confirm that it is acceptable.

3.9.2. LIMITATIONS

According to (Newman and Newman, 2008), interviews have their limitations. They assert that the participant's views can be deliberately or unintentionally manipulated by the interviewer via a phenomenon referred to as "self-presentation bias". Bailey (cited by (Unrau, 2008), also pointed out a few problems and limitations of interviews such as participants making mistakes or giving inaccurate answers accidentally, some of which are due to misunderstanding the question being asked.

An issue also arose in the likes of finding interviewees. This was so because there are only a few employee benefits specialist companies in Ireland. Moreover, getting access to an employee benefits specialist whilst also trying to retrieve information concerning their clients also proved difficult to achieve. The author was also unable to find HR personnel that were willing to speak about their company employee benefits strategies.

Another limitation which was mentioned previously is time. The research study covers a period of three months meaning the researcher was only able to contact a few prospective interviewees to take part in an interview. A longer time span would have meant a higher possibility of having more participants to interview and hence more data to cross reference.

4. FINDINGS AND ANALYSIS

4.1. INTRODUCTION

Below are the results of the data collection (interview and literature research). This chapter seeks to answer the research objectives pointed out earlier on in this paper which are (1) To examine the employee benefits industry in Ireland (2) To highlight the top employee benefits offerings in Ireland. (3) To shed some light on the employee benefit policies following the recession. (4) To suggest improvements concerning Irish employers' benefit strategies.

In doing this, the author decided to split the findings into three categories, the abstraction of the Irish employee benefits industry (Including service flow and actor abstraction), Benefit offerings from the top 20 organisations in Ireland, a documentation of employee benefit policies after recession, and the results from a validation interview.

4.2. ABSTRACTION OF THE EMPLOYEE BENEFITS INDUSTRY

4.2.1. INTRODUCTION

This section touches on the abstraction of the employee benefits industry. The abstraction covers a list of areas including service and actors of the employee benefits industry.

4.2.2. METHODOLOGY FOR THE ABSTRACTION OF THE EMPLOYEE BENEFITS INDUSTRY

Prior to the commencement of the abstraction, the author made attempts at defining the scope and boundaries of the assignment this is because employee benefits industry differ from country to country, and as Lewis (n.d.) pointed out, employee benefits and employee services can be easily mistaken for one another. Employee services include perks that are provided by employers

more for the convenience it gives its employees. These include perks such as shuttle services, coffee shops, cafeteria, on-site childcare etc. whereas employee benefits are perks that are considered as necessities for most people to have and they include perks such as pension plan, life insurance, income protection, dental insurance, medical insurance.

In most cases these two types of benefits are jumbled up together to form a ‘total reward package’ which is then offered to employees. In the course of carrying out the abstraction however Lewis’ second definition of employee benefits was used.

Having identified the scope and boundary, the author proceeded to locate any literature matching the definition but from an Irish context. In the process of performing the literature search the author encountered a few difficulties in that there exists a scarce amount of academic information relating to the employee benefits industry in Ireland. However, the author was able to find some information on the websites of employee benefits providers, consultants and benefits reports. Following the literature search the author was able to gain an idea of the structure of the employee benefits industry. The abstraction was created according to the guidelines suggested by Kalpic and Bernus (2002) who listed the following three stages; the description phase, which involved capturing the AS-IS process model, the analysis stage which involved the examination of gathered information, and the redesign phase involving the development of a new model based on the findings of the author.

4.2.3. RESULT

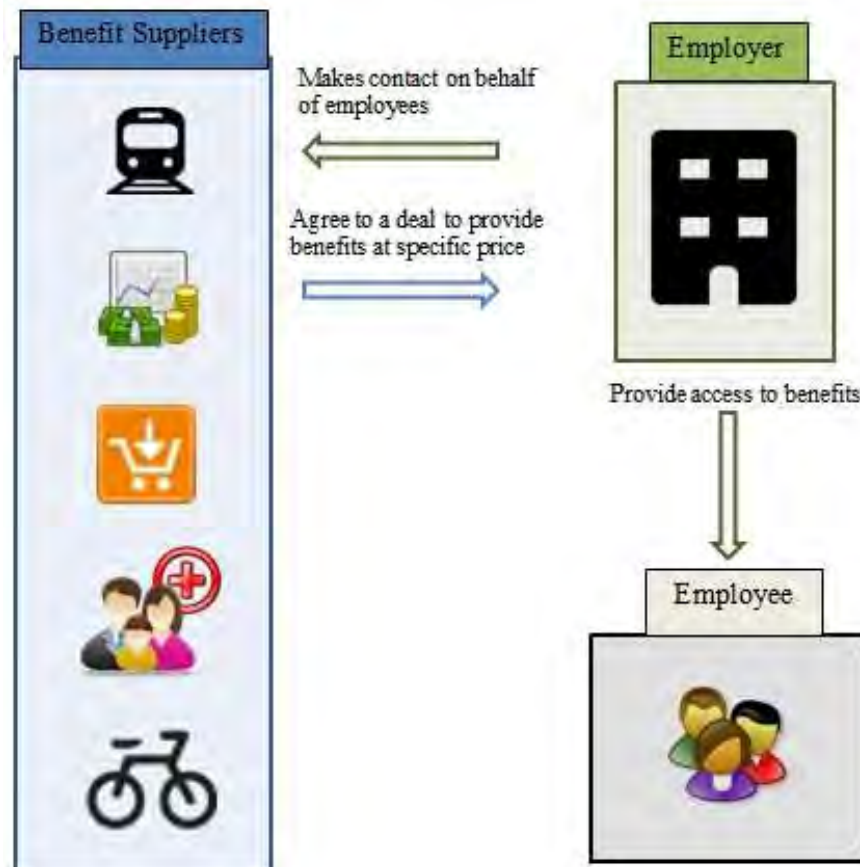
4.2.3.1. Service flow Abstraction

The service abstraction has been divided into two main types of services which are most common in the employee benefits industry. These include the simple and extended service model (Fig 6 & 7 respectively). Regarding the former, this service model is likely to be more common with small to medium-sized businesses where employee sizes are manageable and includes entities such as the benefits suppliers, employers and employees only. The extended service model is like the simple model but it also includes additional parties such as the benefit consultant and technology providers included.

Simple Service Model

The simple service line represents the scenario where employers have a one to one interaction with benefit suppliers choosing to forgo the use of intermediaries (benefit consultants and technology providers) with the aim of providing their employees with benefits. The motive for choosing this model could stem from employers wanting a more hands on approach on benefits management and transparency in benefit dealings, to other reasons such as the potential savings on the reduced cost from carrying out benefits negotiations independently. Furthermore, this model can be seen among employers who supply benefits themselves and only require other benefits which they cannot supply. It is also evident in employers who have chosen to self-insure in which case they seek insurance protection for themselves from suppliers against their (employer) inability to meet up with insurance claims from employees.

FIGURE 6: SIMPLE SERVICE MODEL

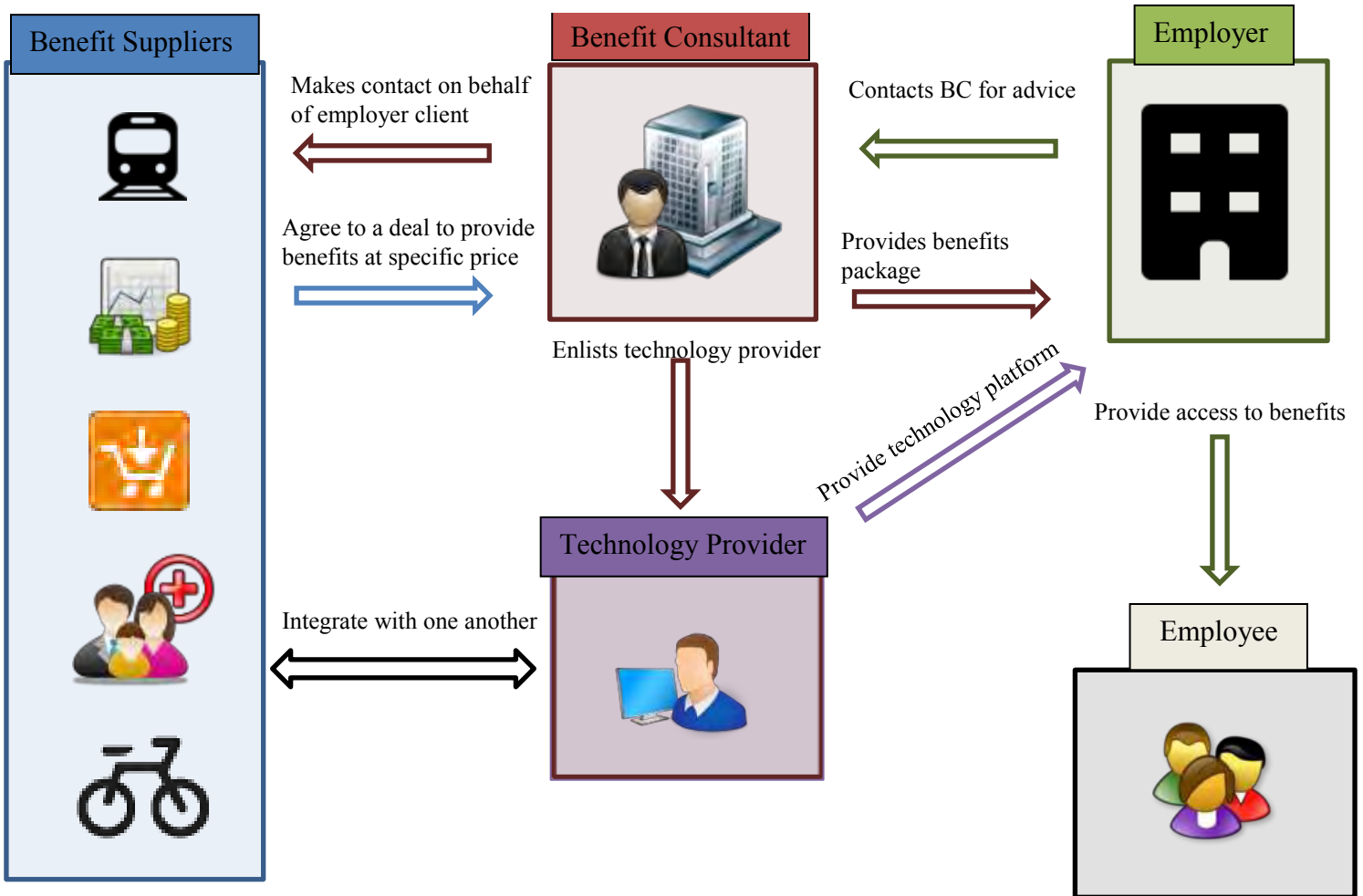


Extended Service Model

The extended service line represents scenarios where employers interact with several other entities besides the benefit supplier including benefit consultants and technology provider with the aim of providing their employees with benefits. The benefit consultant in this model acts as a bridge between the benefit supplier and benefit technology provider. The advantage of having this model is that the benefit consultant acts as an adviser to the employer in matters concerning employee benefits plans. The benefit consultant negotiates with the benefit suppliers on behalf of the employer in order to broker a deal that would work best for the two parties. In some cases the benefit consultant can bring in the technology provider (e.g. flexible benefits software providers

and online discount providers) who will supply the technology platform used by the employer and its employees.

FIGURE 7: EXTENDED SERVICE MODEL

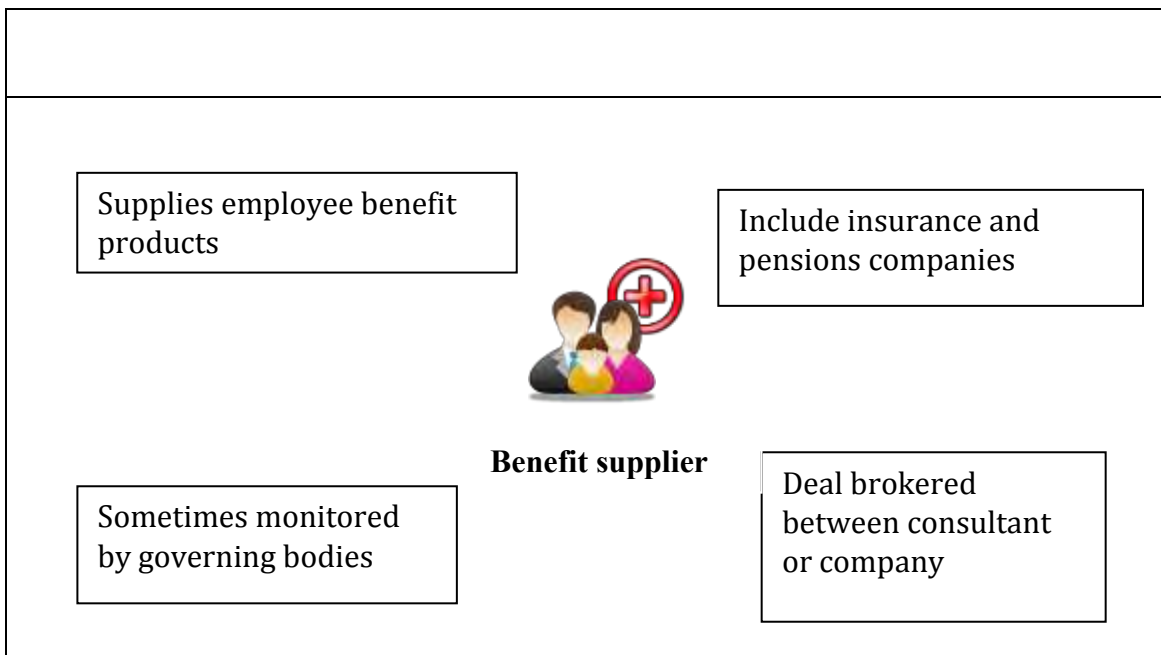


4.2.3.2. Actor Abstraction

Benefit Suppliers

Benefits providers include businesses such as dental practices, insurance companies, bike leasing trades, pension providers etc. and they range from small companies to big multinational providers. In Ireland some of these providers are regulated by government bodies, for example private health insurance providers are monitored by the Health Insurance Authority while life insurance providers are supervised by the Central Bank of Ireland. Depending on the situation, providers may interact with the consultant, employer or employees directly. In most cases, benefit suppliers work through brokers who contact them on behalf of the employers. Much smaller to medium companies however might opt to do this on their own.

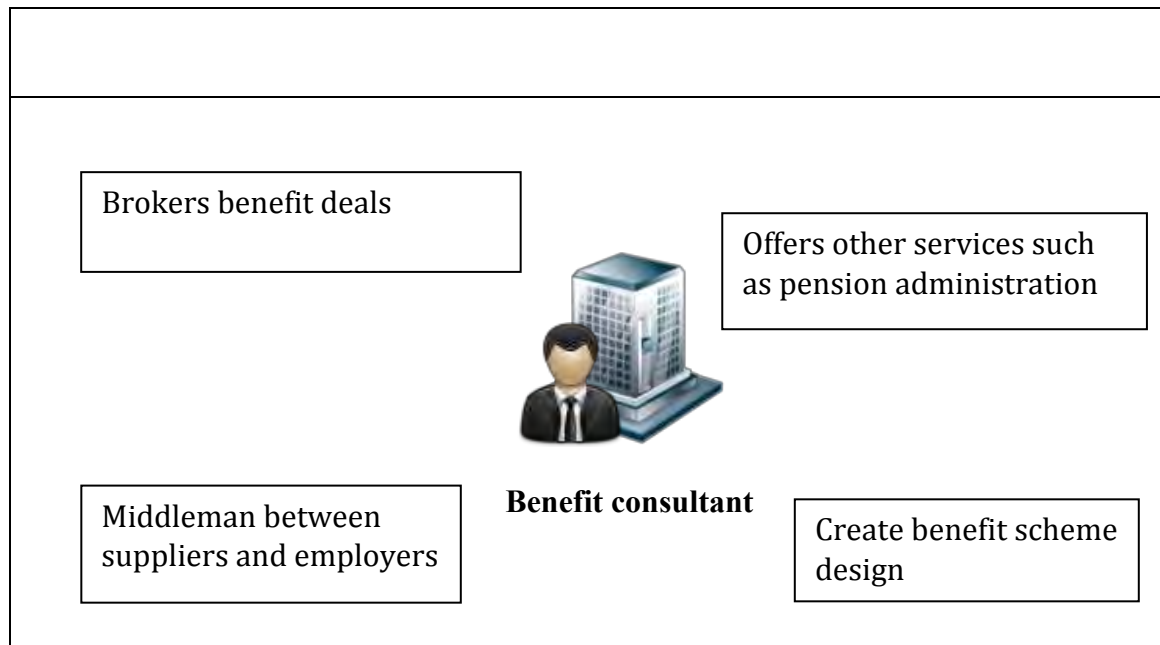
FIGURE 8: ABSTRACTION OF A BENEFIT SUPPLIER



Benefit Consultants /Brokers

Benefit consultants include HR consultancies and financial advisory businesses that usually work in conjunction with employers and technology providers to plan employee benefit schemes and are involved in the operation of the scheme overtime. Their involvement in the benefits industry is to help ensure that their clients (employers) receive best practice advice as well as making sure that they are up to date with changes occurring in the industry in terms of scheme design and alterations in laws and regulations. Some of the companies under this group are subsidiaries of companies under the benefit suppliers group. Furthermore, companies under this group offer several other services besides deal broking including tax and benefit administration services.

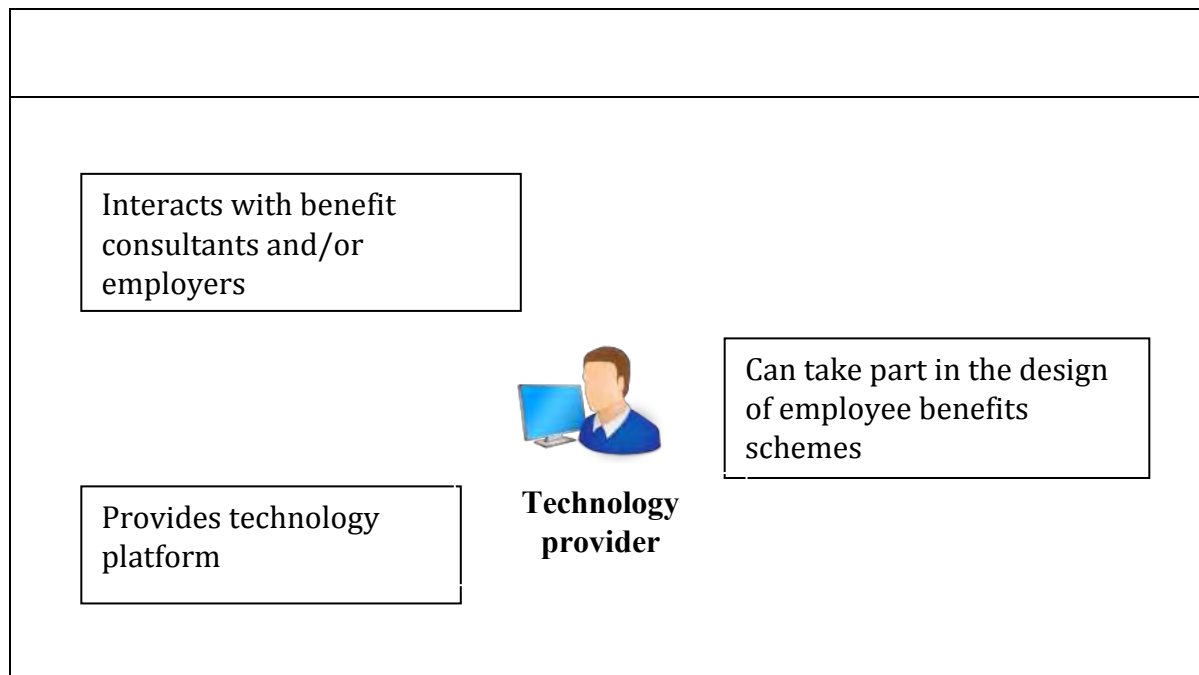
FIGURE 9: ABSTRACTION OF A BENEFIT CONSULTANT



Technology providers

The benefit technology providers usually work hand in hand with the benefit consultants in carrying out a number of activities. Some technology providers provide platforms with which pension platform providers, total reward platform providers, discount offer platforms and flexible benefit platform providers. Some of these platforms are offered to the employers to use whilst some are provided solely to the benefit consultants so as to help perform their duties. For example pension administration systems and calculators are provided third party software companies to help benefit consultants and employers calculate employee pensions. Some of the technology providers also work hand in hand with the benefit suppliers cutting off the benefits consultants and working directly with employers and employees. Technology providers play an important role in the communication of employee benefits to employees.

FIGURE 10: ABSTRACTION OF A TECHNOLOGY PROVIDER



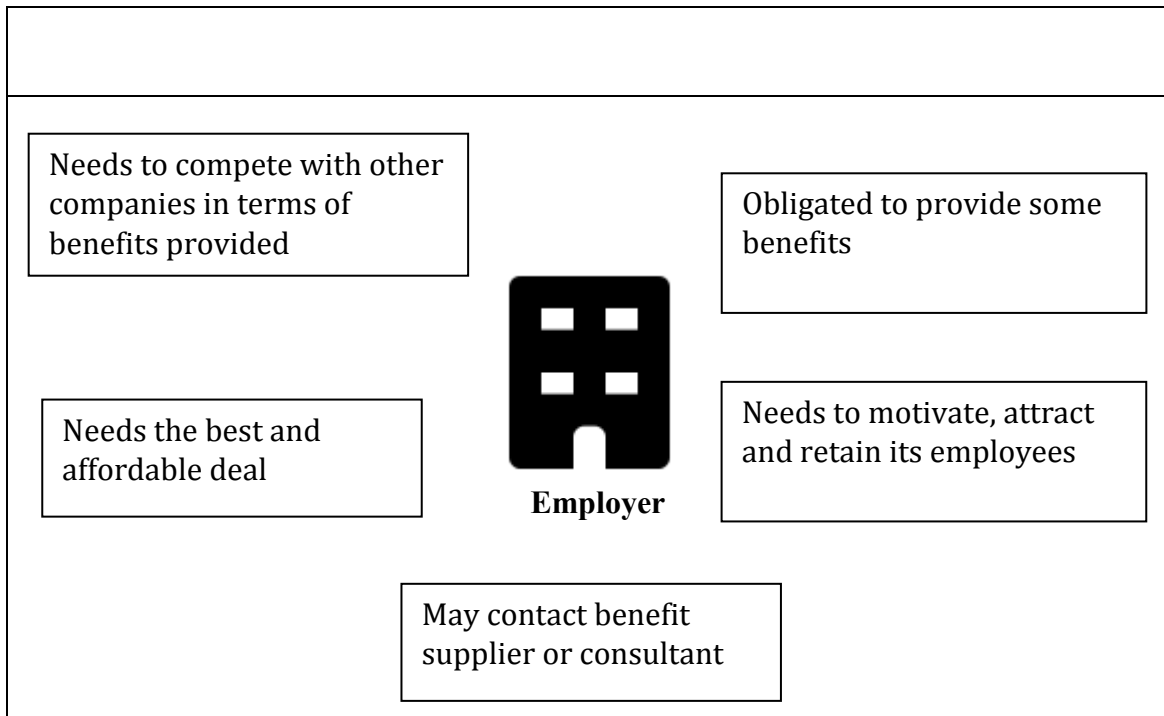
Employers

Employers are the initiators of the employee benefits schemes. They provide their employees so as to stay in competition with other businesses as well as to follow legislative rules. In some cases, large employers wishing to launch employee benefits to its employees may decide to go through benefit consultants who, in turn, will help broker deals with benefit suppliers that would fit their budget. Smaller companies may, in order to avoid paying large consultancy fees from benefit consultants, opt to reach out to suppliers directly or go through special technology providers. One of the major drawbacks of providing employee benefits is the cost, however, more employers are starting to recognize the usefulness of having a flexible benefits scheme which gives employees the opportunity to select what benefits they want from a pool of benefits. This way, employers do not have to pay and supply benefits that are not needed.

In Ireland, the type of benefits employers can offer its employees are categorized into two forms.

- Benefits-in-kind. These include benefits such as company car, loans and accommodation that are offered by employers which cannot be given up in return for cash payments.
- Benefits (other than benefits-in-kind). These include discount vouchers, work holidays, bill payment and prizes (Citizensinformation.ie, 2012.).

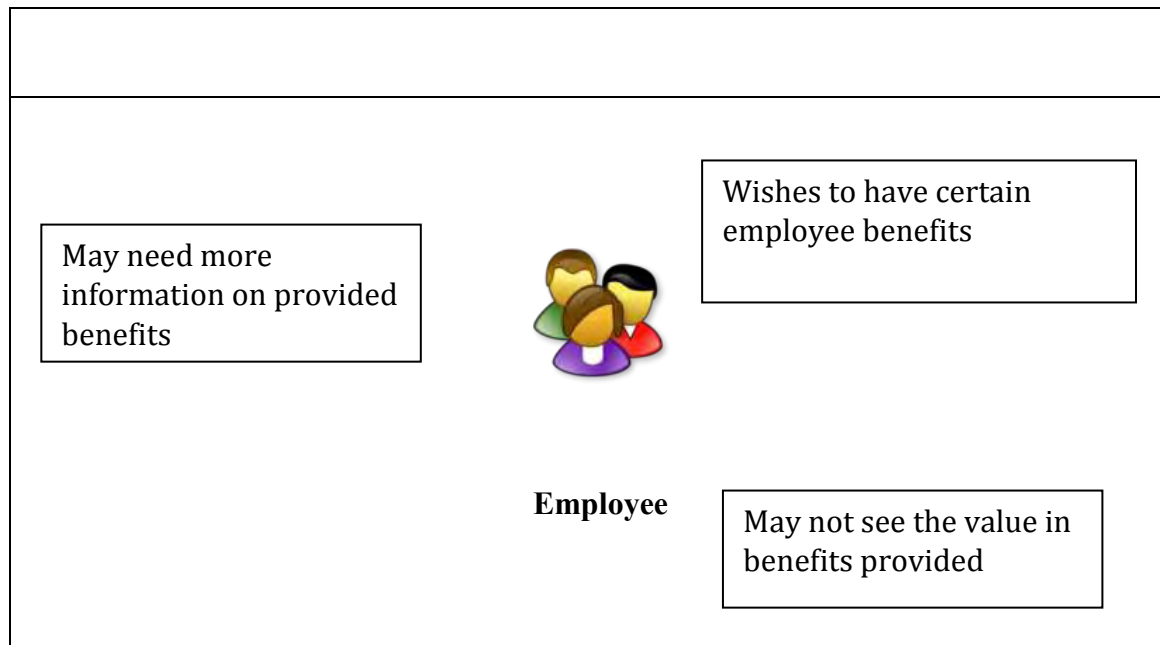
FIGURE 11: ABSTRACTION OF AN EMPLOYER



Employees

Employees are the beneficiaries at the receiving end of employee benefits. Although employers spend a lot of money in providing benefits for employees yet there are cases where these benefits are not taken up. Earlier it was mentioned that it is important for employers to find out what benefits employees want before engaging with providers to supply them. Furthermore, in some cases employees are oblivious of the fact that they are been given benefits or sometimes do not see the value of the benefits which they have. This begs the need for a proper communication route between the employees and the employer which may be aided with the presence of the right technology platform.

FIGURE 12: ABSTRACTION OF AN EMPLOYEE



4.3. TOP BENEFIT OFFERINGS IN IRELAND

4.3.1. INTRODUCTION

This section was created to get a general overview of the types of benefits being offered by the top employers in Ireland to their employees.

4.3.2. METHODOLOGY FOR DETERMINING THE TOP BENEFIT OFFERINGS IN IRELAND

As with the previous section, in order to carry on with this task the author made an attempt to define the scope and boundaries of the assignment. The companies analysed include those found in the list of the top 1000 firms in Ireland (Irish Times, 2013). The list was compiled by the Irish Times and visions-net.ie. According to the Irish Times (2013), the companies themselves are ranked according to their turnover, excluding firms in the financial services industry which are ranked by assets. The author chose to select firms starting from the top of the table because they are likely to have the financial capability to offer their employees the best benefits.

Benefits may be provided under different names and schemes and so to make them easier to distinguish, the author grouped common benefits under one common name. The pensions benefit includes DC and DB pensions and pensions with or without employer contribution. The healthcare benefit includes, private medical insurance and health cash plans. The life insurance benefit includes life cover, spouse cover, and other covers that relate to life protection in general. Disability covers include income protection, permanent health insurance schemes and sick pay.

From the table we can also get a general understanding of what benefits are more important from the point of view of the employers. One can also assume that since they are willing to advertise

these benefits on their website it could also be suggested that these are benefits they feel the Irish populace would be attracted to.

4.3.3. RESULT

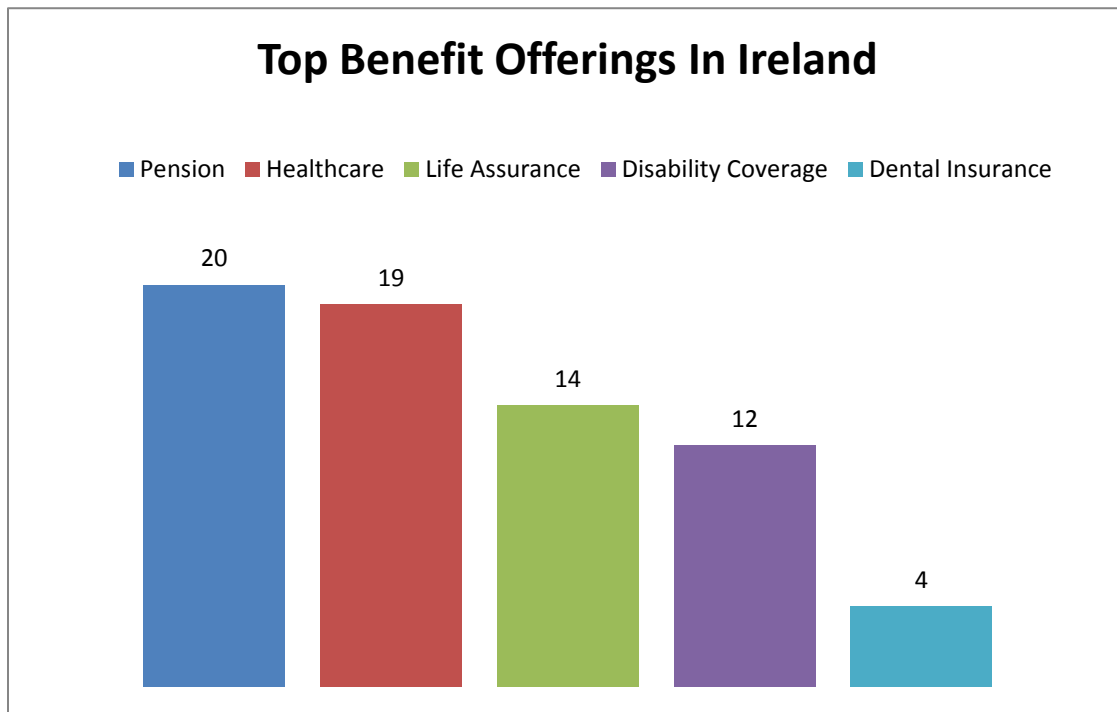
It was interesting to find out that out of the first 82 top companies listed in the top 1000 Irish businesses guide; only 20 companies had opted to list out the benefits they offer to their employees. The results feature companies from the technology, energy, food, pharmaceutical, retailing and transport industries. A significant number of the companies sampled belong in the technology industry (55%), while the energy, food, pharmaceutical and retailing industries each make up 10% of the sample. The remaining 5% goes to the transport industry. Turnover across the companies ranged from as low as €750 million to €13.4 billion as at the year 2011. All but two (Bord Gáis and Aer Lingus) of the sampled companies are multinational firms with staff populations ranging from as little as 54 employees to 14,925 with a total average of 2,446. Below is a snapshot of the benefit offerings from the 20 companies sampled.

TABLE 2: BENEFIT OFFERINGS FROM TOP IRISH FIRMS

Benefits Companies	Pension	Healthcare	Life Assurance	Disability Coverage	Dental Insurance
Microsoft	✓	✓	✓	✓	X
Google	✓	✓	✓	✓	X
Dell	✓	✓	✓	✓	X
Oracle	✓	✓	✓	✓	✓
Penny's	✓	✓*	X	X	X
Sandisk	✓	✓	✓	✓	✓
Tesco	✓	✓	✓	X	X
Topaz	✓	✓	X	X	X
Diageo	✓	✓	✓	X	X
Intel	✓	✓	✓	✓	X

Adobe	✓	✓	✓	✓	X
Eircom	✓	✓	✓	X	X
Bord Gáis	✓	✓	X	X	X
Aer Lingus	✓	✓	X	X	X
HP	✓	✓	X	✓	X
Maxim Integrated	✓	✓	✓	X	✓
Genzyme	✓	✓	X	✓	X
Organon	✓	✓	✓	✓	X
PepsiCo	✓	✓	✓	✓	X
SAP	✓	X	✓	✓	✓

FIGURE 13: TOP BENEFIT OFFERINGS IN IRELAND



The benefits chosen for comparison are those that occur more than thrice in all companies. Some companies like Google for instance, have countless other perks which count as benefits such as cafeteria, dry cleaning and “fitness benefits”. However these benefits are out of the scope and/or

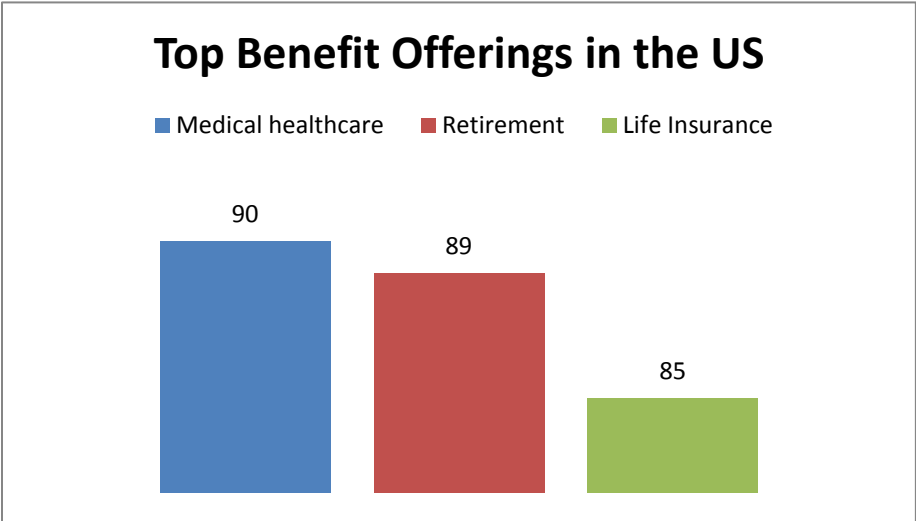
not offered by other companies and so have been excluded from the table above. Other popular benefits which were not included were holiday leaves, including maternity and paternity leave especially. Another practice that was noted is that some benefits may be provided by the company but only offered to people in certain grades. Example of a company that practices this is Penny's. On the other hand, there was a scarcity of some benefits including childcare vouchers and cycle to work

Out of all the benefits, pensions are the most popularly provided benefits, as all companies declaring their benefits also mentioned the fact that they provided employee DC pensions, and in most cases they were also offered employer contributions. Only a small number of companies declared that they offer DB pension schemes. Following pensions on popularity is the healthcare benefit. As mentioned previously this includes medical coverage that providing employees with care including private medical insurance and health plans. As with pensions all companies on the list offer this benefit to their employees. The only slight differences were Penny's which had stated that it offered the benefit to certain employees in certain grade, and SAP who did not declare that they provided a health insurance benefit. Life insurance is only publicized in 14 out of the 20 firms showcased while disability coverage is only pointed out in 12 out of 20 companies. Dental insurance seems to be the least popular benefit offered as only 4 firms out of 20 firms. A reason for this could be because the companies do not offer it because it has a poor take up or because they consider it not attractive enough to list it as one of the benefits provided.

In comparison with the US, according to the Bureau of Labor Statistics (2012), the medical healthcare benefit was more popular with 90 per cent of large employers in the private and public sectors (All companies with 500 employees or more). This is closely followed by retirement

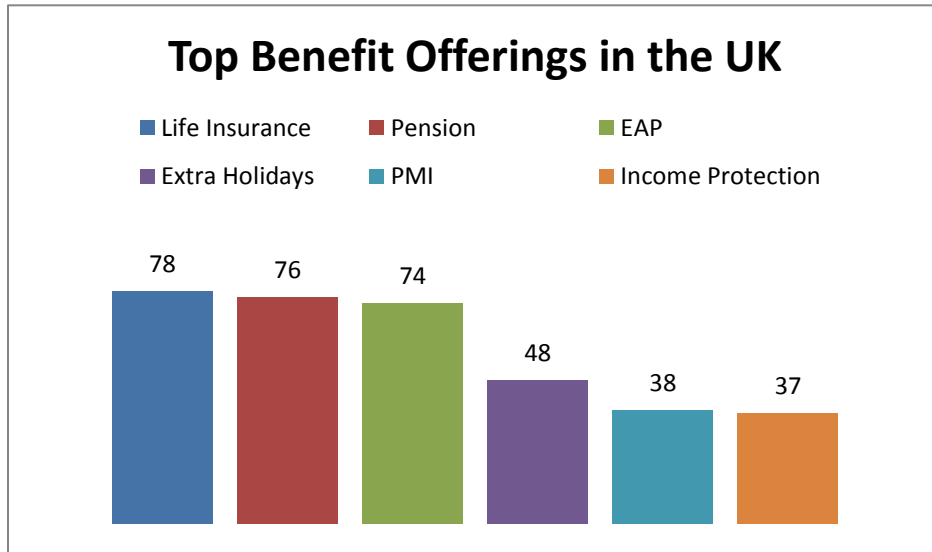
benefits (pension) which is the second most available benefit (89 per cent) made available by large establishments. In third place is the life insurance benefit with 85 per cent of workers of workers having access to the benefit.

FIGURE 14: TOP BENEFIT OFFERINGS IN THE US



In the UK however, employers were asked what benefits they offered their employees as core benefits, and most (78 per cent) replied that they offered the Life insurance benefit, whilst closely following was the pension benefit where 76 per cent of employees claimed that they offered this benefit to all staff. EAP was third with 74 per cent while Private medical insurance and income protection ranked fifth and sixth respectively with 38 per cent and 37 per cent (employeebenefits.co.uk, 2012).

FIGURE 15: TOP BENEFIT OFFERINGS IN THE UK



4.4. EMPLOYEE BENEFITS PRACTICES FOLLOWING THE 2008 RECESSION

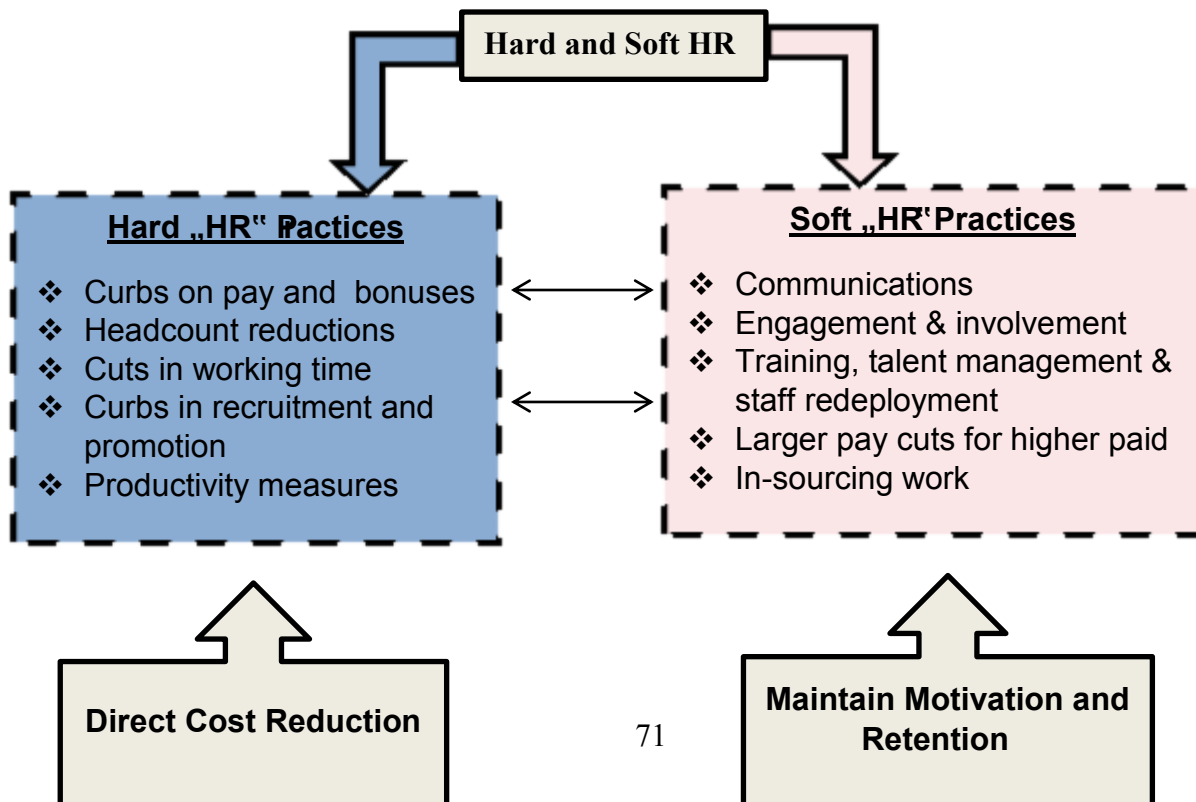
4.4.1. INTRODUCTION

This section was created in order to acquire an understanding of what actions employers took towards employee benefits after the recession.

4.4.2. METHODOLOGY FOR EXTRACTING INFORMATION CONCERNING EMPLOYEE BENEFIT POLICIES AFTER THE 2008 RECESSION

Some of the information for this section came from excerpts from the interview the author took in as well as extensive literature reviews relating to the topic. A starting point for the author was Roche's (2011) article for the CIPD titled HR's recession. Roche (2011) classified HR practices during the recession under Soft and Hard HR practices. The former included policies such as cuts in working time, headcount reductions and curbs on recruitment and promotion. While the latter included improved communications, training, talent management and staff redeployment.

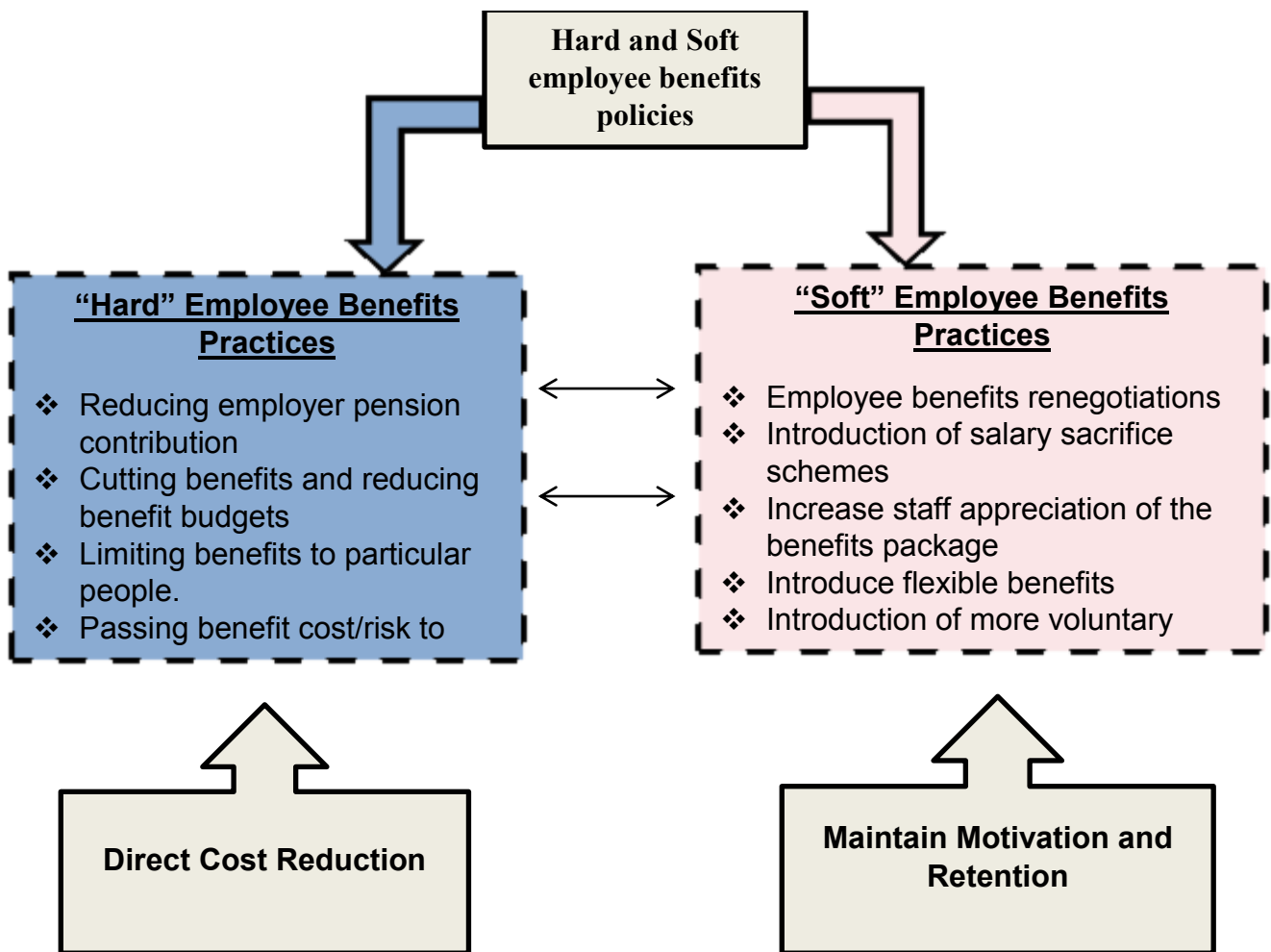
FIGURE 16: HARD AND SOFT HR POLICIES



4.4.3. RESULT

From the literature interview, the author was able to discover some employee benefit policies used around the world and most likely in Ireland too. Using Roche's (2011) idea these policies can also be classified under Hard and Soft employee benefit policies. Below is the diagrammatic representation of the policies.

Figure 17: hard and soft employee benefits policies (Roche, W.K., Teague, P., Coughlan, A. and Fahy, M., 2011.)



4.4.3.1. 'Hard' employee benefit practices

The pension benefit is an expensive benefit for employers to fund and it is one of the likely targets for employers wishing to cut costs. Cases of pension contribution cuts have been reported in large businesses (Landes, 2013) and the government (Telegraph.co.uk, 2010) alike. Some employers on the other hand opted to go the full length by shedding their benefits package in order to make savings where possible. According to the PRNewswire (n.d.), such benefits include financial planning benefits, travel benefits and in some cases health care benefits. Two years after the recession, employers were still cutting employee benefits and according to a 2009 survey of 371 companies 39% of respondents were somewhat likely or very likely to reduce benefits offerings into the year 2010. And according to an employee benefits expert, the high rate of unemployment gives employers little incentive to bring back benefits that have been cut off (Walker, 2010). In addition to this, pension plans also stand the chance of losing their attraction and retention value at businesses that decide to cut back on their matching contributions (Nyce, 2012). Furthermore, employees working in businesses where pension contributions have been reduced are "less likely to want to stay until retirement" compared to workers whose matching contributions were not interrupted. Other policies reported also involved employers limiting employee benefits to certain employees (employeebenefits.co.uk, 2012) and passing costs off to employees (Garloch, 2012), (Managing Benefits Plans, 2011) (Metlife, 2011a).

4.4.3.2. 'Soft' employer benefit practices

The renegotiation of employee benefits between employers and benefit suppliers or employers and employees have been mentioned in several cases as one of the policies carried out by employers in order to not only reduce costs but also to appease their employees during the recession (employeebenefits.co.uk, 2012), (Asperity, 2009), (SBA.gov, 2011). According to Mayhew (n.d.), the cost of negotiating benefits is much less expensive than losing an employee and starting the recruitment and selection process all over again. Although salary sacrifice can be hard to implement, the introduction of salary sacrifice or salary exchange comes with the benefit of helping organisations make improvements to their employee benefits packages in that it is a vital additional tool in managing costs in times of recession (Woods, 2009), (Payandbenefitsmagazine.co.uk, n.d). Hollon (2012) stressed that in the recession where employees seem to be more interested in work holidays and pay rise employers should rise up to the challenge of understanding and communicating the value of other employee benefits to their employees so that they make smart choices. The implementation of flexible benefits comes with the advantage of saving costs in the long-term whilst at the same time motivating staff. Flexible benefits schemes give employees the opportunity to choose what employee benefits package they want without having to spend their own money. It gives employees the opportunity to trade down or up so that they can select the benefits they truly want (Coles, 2009). Also, for employers that are hesitant of introducing new benefits that might incur more cost to the company, voluntary benefit plans may seem as a way out. Voluntary benefits schemes allow employers to “add the necessary depth and breadth of choices that workers crave” (Purchasing Power, 2010). Furthermore, according to Kuehner-Hebert (2013), employees are more likely to experience higher satisfaction with their benefits when they are offered voluntary benefits compared to those who are not offered voluntary products.

4.5. VALIDATION

4.5.1. METHODOLOGY FOR VALIDATION

The validation process involved interviewing a senior professional in the Irish employee benefits industry with experience in employee rewards and benefits. During the interview, the author gathered the interviewee's thoughts on areas including the employee benefits process, industry and policies following the recession.

Despite the efforts of the author to get at least two employee benefits professionals on board for the validation process only one professional was willing to comply. The interviewee was chosen due to their level of understanding of the employee benefit industry and interactions with a large portfolio of clients.

The interview questions were written in such a way that it would allow the interviewer to ease the interviewee into the discussion. Also the interview questions were sent to the interviewee to provide him/her with the opportunity to go through the questions beforehand, and the interview was done via telephone and recorded. At the end of the session the author proceeded to write down the details of the recording immediately so that little information would be lost.

The first section of the interview, that is, questions one to four of the interview guide, was included in order to determine the interviewee's understanding and level of experience with employee benefits. The reason for this is that, as pointed earlier, employee benefits may have differing definitions to several people and it was important to know what definition the interviewee was experienced in. Furthermore, the interviewer also needed to confirm that the interviewee had experience of employee benefits before and after the recession.

The second section concerns the employee benefits industry and sought to retrieve the interviewee's knowledge of the employee benefits industry.

Section three was in relation to Irish employer's actions in connection with employee benefits following the recession.

The last section, section four, attempted to capture the interviewee's opinion of what employee benefit strategies should be used as well as suggestions that would help improve the employee benefits industry.

4.5.2. RESULTS

Section 1 – Introduction

The interviewee works for a global consultancy firm in Ireland in the pension and reward division and specialized in providing insight to large corporations as well as SMEs on the area of pensions. The respondent also had up to 10year's experience in this area, meaning the interviewee possessed knowledge of employee benefits before and after the recession. The interviewee understood employee benefits to include benefits such as pension, life cover and disability cover.

Section 2 – Employee benefits industry

The interviewee stated that the government plays a prominent part in the employee benefits industry (especially pensions) as they provide state pensions, and they also take control of the amount of contributions paid into pensions.

The interviewee also acknowledged the presence of the benefit consultants as well as suppliers who provide the benefit products including Irish life, Zurich. However the interviewee was unsure of the role of the benefits technology provider in the employee benefits industry.

The interviewee stated that the benefits that are popular with employers, from a group risk point of view, are the life protection benefit and pension scheme. Also mentioned was the fact that some Irish employers decide to self-insure their employees therefore bearing the risk themselves.

Section 3 – Employee benefits policies following the recession

The interviewee confirmed that most of the employee benefits strategies carried out following the recession revolve around the reduction of cost. A point made was that the cost of running the pension benefit schemes in Ireland has grown substantially. 10 years ago pension schemes were well funded and were in surpluses; however, following the recession pensions schemes are much underfunded with —80% of DB schemes now being underfunded”.

Also mentioned was that pensions do not serve as a means of attracting employees any longer compared to previous periods because the pensions that are more attractive are not being offered by companies anymore. The interviewee also pointed out that employers are being more careful as they are looking at managing the volatility of risk exposure from the benefits they provide. They were also said to look to what their competitors offer, seeing who will take the first steps to reduce benefits and then follow along as well.

Furthermore, a lot of clients are said to be going through restructuring programmes and are trying to work with the numbers they have in terms of keeping employees on but generally they are letting people go.

Also stated was that employee motivation is driven nowadays by “just keeping your job” and that employees are almost willing for their employer to sacrifice their benefits as long as they are able to keep their job.

On the positive side, the interviewee remarked that a lot of employers are still paternalistic and try to give their employees good benefits.

Section 4 – Recommendations

The interviewee advised that employers should make sure that their benefits are sustainable and affordable going forward. Also suggested was that employers should ensure that they instil a flexible strategy that could deal with future changes in legislation and decisions by the government, for instance, it was pointed out that in Ireland there have been more changes to pensions in the last 3 to 4 years than has been occurring in the last 50yrs which shows that the pensions market is really going through quite a lot of changes and employers need to respond to this.

When asked about the challenges employers face when implementing benefits, the interviewee stressed that there is a big risk of employees not appreciating the benefits that their employers provide. In the interviewee's words – "I don't think they're aware of the amount of work and money that their employers put into it, so their appreciation is quite low"

In order to counter this issue, the interviewee suggested that employers need to have better communication exercises so that the employees are fully aware of the benefits that they have. In addition to this, it was also suggested that employees be involved in a gathering that would help to spread the word on employee benefits offered in their company as well as those offered in other companies though the likelihood of this happening would be difficult seeing as companies may not want to give out information concerning the benefits they offer.

– "I just think that there should be some sort of award day or a workshop where the employees could also know what is going on in comparison to the other companies that they could work for (so that employees know what their employers offer and others do not), maybe some give

maternity leave some don't, they need to start highlighting these differences, but no employee is going to fully appreciate it, that's the way they are"

Also mentioned was that employers should move towards fitting employee benefits in with their business objectives, and in cases where providing these benefits are hampering the businesses goal in any way they should look into it and review it.

Concerning the issues of how the Irish employee benefits industry can be improved to match the UK employee benefits industry, the interviewee was of the perspective that the UK had a lot more protection for their schemes from the UK government, whereas in Ireland employers can walk away from a scheme and not fully pay the benefit. Also stated was that the UK has auto enrolment whereby employers are made to put employees into a pension scheme automatically until the employee decides to opt out themselves. The advantage of this is that it reduces reliance on state pension, and allows people who otherwise would not have known about the pension scheme to be put in one automatically.

4.6. SUMMARY

The background of this study is based on the definition that employee benefits are perks that are considered as necessities for most people including benefits such as pension plan, life insurance, income protection, dental insurance, and medical insurance. However, the downside to using a specific definition is that other perks that could have been considered as employee benefits and potentially included in this study were overlooked. This includes other well-known benefits such as Holiday, Childcare, Share scheme, and employee assistance programme (EAP)

Furthermore, regarding the abstractions, there are several other service line possibilities that are yet to be described besides the simple and extended model. As mentioned during the interview, some employers may decide to self-insure their employees which would then preclude the need for benefit providers whilst other employers could also decide to create their own technology platform in-house hence excluding the need for a technology provider.

From the study we can confirm that the pension, life insurance and healthcare benefits are the most popular benefits made available by employers. However as gathered from the interview, employers need to know how to manage the costs of providing these benefits as they try to weather the economic storm.

This study also shows that employee benefit policies can be split into two categories namely “Hard” and “Soft” employee benefit policies and it has also been confirmed that Irish employers are leaning towards “Hard” employee benefit policies as Irish employers are seeking to reduce cost.

5. DISCUSSION AND CONCLUSIONS

Outlined in this section are the objectives of this research as well as a discussion of how it has been achieved.

To examine the employee benefits industry in Ireland

This study has attempted to categorise the different types of employee benefits service delivery in Ireland which are the simple service system and the extended service system. Furthermore, also included in this study is an abstraction of the actors involved in the employee benefits industry which includes the benefits supplier, benefits consultant, benefits technology provider, employer and employee. The author, through the interview, was able to validate the relationship between these entities except the benefits technology provider.

To highlight the top employee benefits offerings in Ireland

Exhibited in this study is a table showcasing the benefits offered by some of the top companies in Ireland. It has provided a slight estimate as to what benefits are mostly offered judging by what has been advertised on the career websites of these companies. A more accurate estimate would have involved sending out a survey to the top companies in question which would have been time consuming and hence not fit into the timescale of this study.

To shed some light on the employee benefit policies following the recession

To find out what policies employers implemented during the recession, the author carried out an intensive literature review from which a list of employee benefit policies was drawn up and categorised into “Hard” and “Soft” employee benefit policies. The goal of the hard policy is to

reduce costs while the soft policy was done with the aim of motivating, attracting, or retaining employees. Having categorized the two benefit policies, the author proceeded to the validation process, where it was confirmed that employers in Ireland are taking the “Hard” HR employee benefits approach, as cost reduction of employee benefits is in common practice.

To suggest improvements concerning Irish employers’ benefit strategies.

From the literature review and interview we are able to get an understanding of what benefits strategies employers have pursued and should pursue. A key strategy that sticks out is the proper implementation of communication channels when using either “hard” or “soft” employee benefits techniques. This could be in the form of workshops, seminars or email communication. Flexible benefits systems can also be implemented to help employers drive down cost whilst also communicating employee benefits to employees.

5.1. CONCLUSIONS

Irish firms have not been immune to the effect of the recession and, from the literature findings, a number of companies have had to implement several measures in order to keep themselves afloat in the business world. This study has identified what employers did besides the widely known HR tactic of keeping and/or offloading employees. This study shows that employers also engaged in the use of several other policies which Roche (2011) simply classified under Soft and Hard HR practices. The former included policies such as cuts in working time, headcount reductions and curbs on recruitment and promotion. While the latter included improved communications, training, talent management and staff redeployment.

Using Roche's (2011) concept of soft HR and Hard HR policies, the author categorized the employee benefit policies following the recession into two groups, that is, Hard and Soft employee benefits policies. In terms of former, some policies practiced included the shedding down of the number of employee benefits offered and closing down some employee benefits completely. In regards to the latter policies included the introduction of flexible benefits, introducing benefit alternatives, improving communication efforts regarding employee benefits, and re-negotiating benefits to achieve savings etc. It has also been revealed in this study that in some cases, both hard and soft models were utilized at the same time in order to ensure a balance between the effect of cost reduction measures and employee attraction, motivation and retention.

From the interview carried out in this study, the author was able to confirm that most Irish employers are engaging in 'Hard' employee benefit policies in order to reduce costs following the 2008 recession. This same policy was also common during the great depression in 1930 when employers also resorted to cutting benefits in order to save cost (Moriguchi, 2003).

Regarding employee benefit's ability to still motivate and attract people, it was stated during the interview that Irish employees no longer see certain benefits as motivating and that the only motivating factor in Ireland nowadays is the feeling of actually having a job. This assertion bears similarities to what Gonzalez (2009) had discovered while performing his study on maquiladoras. Gonzalez noticed that the unsatisfactory working conditions in which the maquiladoras worked in failed to act as a deterrent to them because they sought motivation from being able to meet their need for basic necessities from the money they earned. Perhaps the same could be said of Irish employees. Another interesting fact worth noting is that a report carried out by Ceridian and Vebnet (Ceridian.co.uk, 2009) in the UK also corroborated this idea of thinking. In their research, they discovered that most UK employees were more interested in being able to get along with their daily struggles, with almost half of the employees surveyed citing "day-to-day" survival as their top priority. Could it then be said that employee benefits may not be a necessary source of motivation, attraction and retention in times of recession regardless of the employee benefit policies introduced? This gesture could mean that there is the possibility that Hong et al's (1995) research which concluded that employee benefits have great impact on work motivation and performance may only apply in certain circumstances, that is, excluding periods of recession.

This study also theorizes that the pension and the healthcare benefits are two of the popular benefits being offered by employers in Ireland. Similarly in the US the healthcare and retirement plan is also considered valuable with the only difference being that healthcare is slightly held in higher esteem. In the UK however, the life assurance benefits is being offered more by employers closely followed by pension.

The employee benefits industry in Ireland is quite small but is still growing albeit at a slow pace. Ireland has no shortage of benefit suppliers despite the effects of the recession on some businesses but it is still difficult to say what the future will hold considering economic activity remains well below its peak since the end of 2007. On the other hand, the employee benefits industry did receive a slight boost in the arrival of “Asperity employee benefits”, an employee benefits technology provider, into Ireland. Unlike other countries where there is a presence of employee benefits forums and expos available, for example “EBN Benefits Expo” in the United States and “Employee Benefits Live” in the United Kingdom, Ireland has none. These expos help to bring all parties in the employee benefits industry together to help them showcase their products and innovations. It also gives businesses the opportunity to educate themselves on relevant employee benefits topics as well as update them on the latest trend that could perhaps assist in their decision making in regards to how best to manage employee benefits during the recession.

5.2. RECOMMENDATIONS

With regards to employee benefit policies, most benefits specialist would suggest that the first action to follow would be to carry out a review of the benefits being offered to employees. And similar to what Duncan Brown of KPMG had said about finding alternatives to redundancies, introducing alternatives or little tweaks to employee benefits might be worthwhile than scrapping them entirely (Wilkinson., 2009). From a cost perspective, an idea would be to speak to benefit suppliers to ascertain how much they are willing to lower their rates in order to make it more affordable for employers to continue providing benefits. Also advisable would be the introduction of salary sacrifice arrangements where possible as employees stand to make tax savings and employer PRSI savings. Centrica, a multinational utility company, pointed out that another area where employers can save money is in their company car fleet. They say that if employers switching 10% of their current vehicles to electric models they stand to save as much as € 400,000 on the running costs of their car fleet (Centrica, 2012).

However, in the event where benefit cuts have to take place, employers should be careful about which benefits they cut and ensure that the removal of such benefits will not cause ripples in the workforce. For instance the removal of healthcare may cause people to feel that they will have no support should a mishap occur in his/her family and hence might show less commitment to his/her employers and leave for a firm offering healthcare benefits. Whereas taking out benefits such as dental insurance is more likely to be met with less antipathy from employees although this would still depend on the overall benefit take-up or popularity of the benefit in the business.

Another point that has also been stressed in this study is the importance of having effective communication channels with employees. For instance, some employees may be unaware that

they can make savings from salary sacrifice arrangements and need to be informed about this and have it explained to them. In another case, employers need to make sure that their employees are aware of the benefits on offer and that they see the value of it. An effective way to do this might be to hold benefit package seminars whereby the benefits are explained to employees and also making sure new comers are also well informed.

The introduction of flexible benefits arrangements have also been hailed as a way for employers to make savings on employee benefits on the long run. Flexible benefits schemes give employees the chance to choose a mix of pay and benefits that is appropriate to their individual needs, while allowing the organization to control the costs (Mercer.ie, 2011), however employers must also be careful when going about pursuing this method as they could incur costs from the administration of flexible benefits on the short run.

Tobin Coles, head of flexible benefits at Jelf Group, made the suggestion that employers should focus more on voluntary benefits that would be of more meaning to the everyday life of their employees such as providing cash back on their weekly food bill (Bettelley, 2008). This point was also supported by Conley (2011) who states that the creation of meaning in the workplace directly drives employee commitment and engagement. A company that seems to have mastered this is Google which offers its employees a vast range of voluntary benefits (paid meal and free haircuts) besides the essentials (pension and healthcare). Apart from financial benefits, employers can also boost the motivation of their employees by offering non-financial benefits such as employee training and development schemes which are classified as powerful staff motivators (Conley, 2011).

Regarding the employee benefits industry itself, the author believes that there is a need for greater communication between all the actors present in the industry. Like other major employee benefits industries, there are annual events where benefits suppliers, consultants and technology providers come together to showcase what they have in stall. Discussions are held and employers are educated on the latest trends in the employee benefits industry. In addition to this, employee benefit magazines are also produced on a monthly basis with the latest trends and ideas also pointed out.

5.3. FUTURE WORK

Following on from the research done in this study, further research projects could be taken up in the area of:

- Carrying out a benefit offerings survey to get a more accurate estimate of what benefits are offered the most
- Finding out the impact flexible benefits schemes have on cutting the cost of employee benefits.
- Capturing and expanding on the existing employee benefits service lines besides the simple and extended types.
- Carrying out a survey to find out if Irish employees would indeed give up their employee benefits for the chance work and if employee benefits still attract, motivate and cause them to stay.

6. REFLECTIONS ON LEARNING

6.1. INTRODUCTION

This chapter focuses on how the dissertation and the MBA programme has added value to me. Included are the main academic and professional areas in which I have gained knowledge and understanding and my plans to sustain and extend my learning.

6.2. BACKGROUND

Earlier on in my life I had an interest in Web Design and Programming but that quickly changed when I ended up in a job as an implementation analyst for an employee benefits system company. The role required knowledge of employee benefits and some computing skills and as time progressed I picked up other skills including client handling, giving effective presentations, project management skills and team-working. After I felt I had gained enough work experience I decided it was time for me to further my education. I come from a family of entrepreneurs and a country where the economy is developing and business opportunities are rife and so my thoughts were to invest in getting myself business savvy. Prior to starting the MBA course at Dublin Business School I had little knowledge and understanding of what it was like to manage and/or run a company. My first goal was to attain a manufacturing related degree which I did at Cranfield University where I took a master's course in management and information systems. By the end of the master's course I was able to acquire an understanding of manufacturing principles and business management techniques. However something was still missing.

At the same time, my contingency plan had always been to progress from my previous role of an Implementation Analyst to that of a flexible benefits manager or consultant which I see as an ideal position for it means I will be able to offer my services (flexible benefits scheme

implementation) at my own accord whilst still concentrating hard on my main goal of becoming an entrepreneur.

6.3. MASTER 'S EXPERIENCE

After I had completed my manufacturing degree program the next step in my pursuit to becoming an all-round entrepreneur was to acquire an M.B.A degree. This time I wanted a program that was 100% business related with no mixed courses (my previous degrees were joint courses). With this in mind, I made the decision to apply to the M.B.A in Business Management at DBS. My expectations before joining the course was that I would be able to add to what I already know and also see if I could apply what I had learnt previously into the programme. Most importantly, I needed to build on my business understanding and to acquire case studies of past business experiences and theoretical knowledge relating to business management practices being applied all over the world. More importantly I was interested in knowing and understanding questions such as how successful companies have were able to get to where they are now?, what strategy did they employ?, What business model did they use?, What marketing ploy?, How do they manage their PR? I wanted a deep breakdown to these answers rather than half-answered responses which I could always find on Google.

6.4 AREAS OF DEVELOPMENT

6.4.1. Leadership Skills

Having good leadership skills is essential especially when dealing with people and I believe it is a key trait in anyone who wishes to become an entrepreneur. I come from a family of entrepreneurs and I have also seen my former managing director at work and so I understand how important it is to be able to gain the trust of people enough for them to respect your

judgments and decisions. I had a shot at fine tuning my leadership skills during a couple of group assignment projects and in most cases I was able to make contributions to the group by making important decisions (e.g presentation content, structure, meeting periods etc.). What I also learnt was that it is not always necessary to have an official leader in a group as the absence of a prominent figurehead created the perception that we were all equal and that everyone in the group could have a say as to what goes into the presentation. In addition, I made sure that every decision that I made was ok with everyone in all the groups I worked with. Furthermore, before proceeding to solve issues I firstly threw the question out to the table to hear the views and ideas of my group members before then letting them know what I think after which we can work around from there as to how best to represent our ideas so that everyone's happy with the outcome. I also made sure everyone was involved in discussions, in some cases when I noticed certain people have been quiet I tried to bring them in usually by asking them if they are ok with what was discussed or if they have any other ideas.

6.4.2. Interpersonal skills

To support my goal of improving my leadership skills I felt I also needed to bolster up my interpersonal skills, that is, the way I interact with people. This is an area I have been working on for a very long time since I started working in industry and again, as mentioned earlier, the group course work presented with the opportunity of testing out my interpersonal skills. Under the normal circumstances, that is, where everyone is from the same country, the group tasks may have been slightly straight forward however in the DBS setting it is not as easy. This is because you have different people from different countries all in the same room. This is a much more difficult task as it means that one would have to learn to adapt to and respect the views and cultures of everyone else in the group whilst trying to solve a problem. Fortunately for me, I

have a lot experience (school and work) of being in a multicultural environment so I was able to adjust when needed.

The members of the group were all from different countries, had different cultures and were all late joiners to the course like myself. On the more positive side I was fortunate to be in a group where everyone's views were honored and we respected one another. Also, to my advantage, I had taken a course on business management skills prior to starting the course so the challenge was to see how far I could use those skills to the benefit of the group and myself.

The key part of my interpersonal skills I wanted to test was my conflict handling ability, however seeing as the group clicked easily without any qualms I did not get the opportunity to see how I would cope in such a situation. I was however able to use other helpful business management skill methods such as avoiding the word ~~no~~" or rejecting an idea outright, but instead finding ways around negativity by, for example, writing down what the speaker has to say and informing him/her you will be coming back to his/her point later. Another skill method is replacing the word ~~but~~" with ~~and~~" instead.

6.4.3. Marketing skills

I believe that an important part of being an entrepreneur is the ability to sell not only your product but also yourself. Prior to joining the MBA programme I had only taken one marketing class which was during my undergraduate degree. Since then I have always had an eye for the clever way some companies sell themselves and their products. For instance I know of gocompare.com not because I like what they do or because I have been to their website, but because of their catchy advertisements which has been cleverly made to stick to your head once you hear it. Same tactic could be said about comparethemarket.com. Recently there has also been

a debate about David Beckham and his association with Burger King which made news on over local T.V and no doubt boosting up Burger King's name in the media. A major marketing tactic I have just noticed is celebrities actually being known as brands. The point here is that I have become sensitive to marketing ploys and wanted to learn how I could improve my marketing knowledge. During the international management class we covered International Marketing and Global Digital Business where topics such as the activities and processes associated with marketing, the power of brand image and how money can be made from it (e.g Virgin brand) the move made by more companies to connect brand with experience (especially in advertisements). I also attended a talk as part of the course from a speaker from Facebook who explained to us how companies are using Facebook as a platform to advertise and how the best advertisements are those that "tell a story".

6.4.4. Knowledge of the employee benefits industry

As previously mentioned prior to my coming to Ireland to study an MBA course, I worked in the UK as an Implementation Analyst working in the UK employee benefits industry. I acquired more than three years' experience and was very much up to date as to the latest trends and happenings. However, on arriving at Ireland for my MBA I noticed that the employee benefits market was not as pronounced as the UK's. Also, I felt I had a lot of catching up to do if I was to have the chance to following through my contingency plan of progressing into a flexible manager / consultant role.

The dissertation gave me the opportunity to increase my knowledge of the employee benefits industry by allowing me to embark on a journey to uncover a lot of interesting information such as the history of employee benefits, employee benefits practices in Ireland before and after the recession, and details of employee benefits policies used. The dissertation also brought me in

contact with some top contacts in the employee benefits industry and I also discovered companies I did not even know existed in Ireland. At the end of the dissertation I can firmly say I understand a lot about the employee benefits industry in Ireland now than before I started the course.

6.5. CONCLUSION

In summary, throughout the length of the MBA course, I have been able to test my leadership skills having worked with group members; my interpersonal skills by having to work harmoniously with people on a one to one basis; I feel I was able to enrich my understanding of marketing techniques; and lastly I have added to my knowledge of employee benefits.

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8. APPENDIX

AGREEMENT TO PARTICIPATE

1. You have been asked to participate in a research study investigating the Irish employee benefits industry and employee benefits policies following the recession.
2. If you agree to participate, you will be asked a set of questions which are recorded, and so you are also being asked for your permission to audiotape this interview, but if you wish not to be recorded, only notes will be taken.
3. This study will involve minimal risk and discomfort. The probability of harm and discomfort will not be greater than your daily life encounters.
4. Although the findings of this study may be published, no information that can identify you will be included.
5. There is no compensation for your participation in this study.
6. Your consent is being given voluntarily. You may refuse to participate in the entire study or any part of the study. If you choose to participate in the study, you are free to withdraw at any time without any negative effect on your relations with Dublin Business School or myself.

INTERVIEW GUIDE

Section 1: Introduction

1. Please briefly describe your role at ABC
2. How many years' experience do you have in employee benefits in total?
3. Were you in an employee benefits role prior the recession?
4. Do you have any knowledge of the US or UK benefits markets? Please elaborate
5. How many clients have you worked with in setting up their employee benefits scheme?

Section 2: Employee benefits industry

5. Who are the main actors in the employee benefits industry? i.e. government? Providers etc.
6. From your experience what benefits are popular with employers?
7. From your experience what are the ideal benefits employees would want?

Section 3: Irish employers' attitude to employee benefits following recession

8. What are your views on your clients' practices following the recession in regard to employee benefits strategies? i.e Cost reduction? Employee attraction? Employee motivation? Etc.
9. What actions have been taken towards the management of the cost of employee benefits (if any) following the recession? i.e. insurance rate negotiations?, introduction of salary sacrifice schemes? etc.
10. What are most of your clients basing their benefits strategy on following the recession?
11. Have you noticed any decrease or increase in the uptake of Flex schemes by clients?
12. What are the key challenges employers face when delivering employee benefits? i.e communication? Benefit take up? Etc.

Section 4: Recommendations

13. What benefits strategies do you think employers should employ?
14. How can the Irish employee benefits industry be improved to match the US and UK EB industries?
15. What are your thoughts on annual employee benefits seminars?
16. Is there anything else you would like to add?