

Role of HR Digitisation in Personalization of Employee Benefit

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Abstract: In spite of recent serious attention to employee benefits by organizations, human resource scholars have dedicated little attention to this employee benefit program. But in the present competitive age, where employee performance is one of the key factors of organizational success, employee satisfaction and employee retention are the primary concern of every company. So to gain the faith of the employees that their company is helping them out with some significant benefits which are necessary at the present juncture of their life, personalised employee benefit service will certainly be helpful. The main purpose of this research paper is how to identify the personalised requirements of employees to help them with corresponding benefits which can be achieved by HR digitization. To proceed with the study, employees and employers of different organisations are queried regarding employees' probable performance improvement after implementation of certain personalised measures regarding employee benefit program. After our analysis we found that employees' and employers' expectations are quite similar and hence these personalised benefit programs can be introduced in organisation. Thus, employee satisfaction can be improved and hence organisation performance can also be enhanced.

Keywords: HR digitization, Personalization, Employee Retention, Employee Engagement

Introduction

Digitization of human resources is optimisation of processes and enhancing the efficiency of the HR function. For employee recruitment, retention and engagement to overcome existing challenges what employees face, HR with digitisation lead to those problems. Thus employee engagement also can be increased and therefore they can be motivated further. Through HR digitisation, employees' personal requirements can be identified through several processes. With the use of modern techniques, data points can be retrieved by several methods from the system so that those data points can be used for further processing. As

better employee satisfaction is a great concern of organisations, employee benefit programs should be designed in a modernised fashion to improve its effectiveness. Personalised employee benefit program design is another great idea to help the employees to ease their personal day-to-day lifestyle.

Conceptual framework

HR digitisation

Digitisation in HR is elevating the human resource functions from people and paper to systems and analytics. Back office support function has been transformed to strategic operations of

organisations which is quite significant (Veronika Mazour, 2018). The transition has also modified the HR organizations function which uses more technology friendly systems that can manage their applications efficiently. HR organisations embraced digitisation whose initial waves affected finance, sales, security and other services of companies. This fact is evidenced by the continuous increase in funding by the investment community for HR technology start-up companies.

The core part of HR digitization is Human Capital Management (HCM) system, which enables HR administration functions to be automated like data management for organisations and its employees, payroll administration, workforce planning and management, talent management, performance management to help streamline and automate performance review cycles, compensation planning, promotion and succession planning, learning and professional development, etc. (Peter Daheb, 2017).

Employee Benefit

Employee benefits are non-wage compensation offered to employees in addition to their regular wages or salary. There are several kinds of benefits among which the most common benefits include medical, disability, life insurance, retirement benefits, etc. (Minnesota State, 2005).

In most countries, most employee benefits are taxable to some extent. Examples of these benefits include accommodation, insurance (health, dental, life, etc.), day care, disability income protection, retirement benefits, vacation (paid and non-paid), student loan contribution; conveyance expenditure due to office job, domestic help (servants) and other specialized benefits.

The purpose of employee benefits is to increase the economic security of staff members, and in doing so, improve employee retention chances and enhancement of employee motivation across the organization.

Personalisation

Personalization is a method of fulfilling the customers' needs more effectively which results in more customer satisfaction and the probability of revisits.

Personalisation alters something to meet individual needs and specifications. A wide variety of organizations use personalization to improve customer satisfaction and branding.

Similarly, in our context, personalised employee benefits indicate the personal needs of employees. We can explain it through a case. A woman employee who has given birth to a child will be searching for a good house-helper and an attendant to take care of her children. On the other hand, an employee at the age of 58 might be looking forward to having a good holiday trip. So requirements are different in different phases of life. Identifying those personal requirements and accordingly suggesting employee benefit schemes is also personalisation in our context.

Review of Literature

In 2016 Rajib Kumar in his article 'HR Analytics: Where Do We Stand?' described the need to digitise HR. Digitisation helps to get clearer insights into HR than the prevailing system where intuition was very much important.

In 2014 Barbara Spitzer in her paper 'HR in the Digital Age' has mentioned that jobseekers and employees use digital platform such as Twitter, glassdoor, Facebook, LinkedIn etc to search for their new employment and also to express their opinions on workplace issues. She has referred to a survey which shows 75% organisations rely primarily on traditional recruiting and branding methods. Traditional habits in HR function have restricted the investment in HR digitisation. Still she mentioned that digitisation offers new ways to attract, retain and engage talent. It has not only enhanced the accuracy of performance assessment but has also helped develop skill.

James H. Dulebohn, Janice C. Molloy, Shaun N. Pichler, Brian Murray in 2009 in their study 'Employee Benefits: Literature Review and Emerging Issues' mentioned that employee benefits provide a new exposure to examine fundamental theoretical and empirical questions about employee behaviour and contemporary employment relationships.

In 'Shaping the Future Research Agenda for Compensation and Benefits Management: Some Thoughts Based on a Stakeholder Inquiry',

stakeholder perspectives were also discussed besides an overview of the opinions and attitudes of line managers, employees and compensation and benefits practitioners by Baeten Xavier in his research in 2014. He has also proposed that further research can be conducted on several aspects of rewarding: (1) the external environment like effects that an ageing population, geographical differences, and the economic situation have on rewarding; (2) employee perspectives towards rewarding; (3) total rewards; and (4) reward processes and procedures, such as performance management and reward communication.

In 1994, Michael M Harris and Laurence S. Fink in their paper 'Employee Benefit Programs and Attitudinal and Behavioural Outcomes: A Preliminary Model' described a model of employee benefits and their effect on various attitudinal and behavioural outcomes. Several measurement issues, such as the definition of benefits along with theoretical explanations for the various linkages in the model, importance of greater use of qualitative methods such as employee age were addressed.

Carol Dahowel and John A. Lust in 1992 in their study 'A Conceptual Model of the Determinants of Employee Benefit Satisfaction' highlighted a model of employee benefit satisfaction as a construct distinct from pay satisfaction. Benefit satisfaction in this model contains two components such as satisfaction with the costs incurred and satisfaction with the quality of the benefit package. Proposed determinants of benefit satisfaction in the described model include employee needs, values and expectations, benefit availability and level of coverage, employee experience with package components and the cost structure of the benefit program. Employer communication, distributive justice and procedural justice are proposed as moderating variables.

Research Gap

These studies show that many of the researchers have described and worked on employee benefit programs. Here in this research we want to emphasise on personalising the benefit programs according to the necessity of the employees. This will eventually help the employees to combat a

particular phase of their life in a better way. Moreover, stakeholders will also be benefitted from this research. How personalisation helps in employee's performance has also been discussed here.

Aims and Objectives of Study

The objectives of the study are as follows:

- To enhance employee motivation and to increase employee retention probabilities by providing personalised solutions. This implies tailoring employee benefit programs to accommodate specific individuals.
- To design a better employee benefit program vis-a-vis its competitors.
- To help the stakeholders to build their business after tie up with the mother company. A good number of customers can be attracted by the promotional activities of the stakeholders.

Study Method

Type of Research: Survey research with primary data.

Data: Data were collected from employees of different companies with the help of standard questionnaires. Employees' perspectives regarding their current performance and improvement of their prospective performance after implementation of this study were studied. Similarly, employers were also asked about their perception regarding employees' work performance improvement.

Procedure of Analysis: Two sample Students' studies T-test is applied as two different samples i.e. employees and employers were asked regarding their views before application of the study which is current state and hypothetically after implementing the study.

Data Analysis and Interpretation

The ways to find out the personalised requirements of employee:

Through the following ways certain data points can be identified to analyse and suggest some personalised benefits for employees.

Based on past web search histories

During office hours employees often search for their personal requirements on the web and discuss

the matter with their colleagues. Those search results can be retrieved from systems. Based on those search histories some data points can be selected, such as:

- Information about an employee's hobby such as cooking, dancing, architecture, spiritualism, meditation, etc. can be retrieved from their search histories and subsequent suggestions can be provided to them to nourish those hobbies. The study can be further refined by identifying the type of cooking or the type of dancing in which an employee is interested and accordingly classes or courses can be suggested to him. This will encourage the employee to work hard for that company which is taking care to nurture their personal skills.
- Similarly, when any employee is surfing the net for different holiday trips, several trips can be suggested for that particular location with some tie-up with travel agencies.
- Based on search histories of new housing projects by the employees, newly built or upcoming housing projects for that particular searched locality can be suggested to them.

When location of the employee get changed

An employee may be transferred to a new location. After transfer to the new location, an employee will need a great deal of assistance to get settled in the new environment.

Suggestions may be made about accommodation in the new place like rent information, paying guest arrangements at the new place of posting. Moreover, information can be provided about renowned shops in the new place like groceries, food-joints, clothing shops, packers-movers, etc. Such help also can be a big contribution to an employee. Transportation information can also be a big help.

Age of the employee

Different kinds of suggestions can be provided by the new system depending on the age of the employee.

If the age of the employee is less than 40 years, housing projects suggestions can be provided as at that age they have a long career ahead of them and they are in a position to pay the EMIs. If the

age of the employee is more than 55 years, holiday trips and low risk investment suggestions can be provided. If the age of the employee is less than 35 years, pension plans can be suggested so that they can secure their post- retirement life.

Medical claim submission

An employee needs monetary help as well as other support facilities when he undergoes hospitalisation. Most companies provide monetary help to their employees at such times. A few suggestions can be provided to such employees by this new system. Addresses of good nursing homes and good medicine shops where the employee can buy medicines at subsidised rate may be provided to the employees. The company may even try to have tie-ups with a few medicine shops and nursing homes for the purpose.

Life event

An employee may get married or have a baby. The company may provide the addresses of nearby crèches and shops specialising in things needed for babies to employees having babies. Addresses of nurses looking after babies may also be provided. The companies may have tie-ups with such shops and crèches. Coupons of these shops may be given as gifts to such new mothers. This will help for the promotion of the shops too. Moreover, this will motivate the new mothers to return to their companies soon after their maternity leave.

Similarly after marriage employees will plan for their honeymoon trips. Based on their search history of destination, preferred trips can be suggested along with transport, accommodation, etc.

Addition of skill set

New skills may be imparted to the employees in the company itself depending on their aptitudes. Employees may be regularly informed about the possibilities of adding to their skill sets.

Based on applied leave history

Due to certain unavoidable circumstances employees take leave. They often apply for sick leave on medical grounds. Reasons of such sick leave can be analysed and based on that

personalised health benefit programs can be suggested by this new system.

Analysis of individual leave history: The reasons for which an employee has applied for sick leave over the past few years can be analysed under this new technique. Personalised solutions may be suggested to the employee. Free medical camps may be organised in company premises. Personalised diet chart according to blood pressure, sugar level, etc. can be suggested by this new system.

Analysis on geographic location basis: It becomes a serious concern for a company when it is noticed that several employees in a particular location are applying for sick leave on a particular ground. The reasons for such sick leave should be analysed and the problem needs to be addressed.

One simple test is run among employees from different companies to get the initial effectiveness of this research fact:

The employees were asked about their present performance level and work performance improvement if this study would be implemented in their company. A sample size of 25 employees was identified who had undergone certain changes in their life like getting married, the birth of a baby, transfer within company from one location to another, parent's sickness, etc.

A simple question was presented to them after describing this prospective research system.

After implementing this system in their company what percentage of their performance will be improved? The data are shown in Table I.

Table I: Expected Performance Improvement - Views of Employees

Number of Employees	Expected Performance Improvement after Applying the test research (in %)
1	20
2	30
3	10
4	60
5	25
6	30
7	15
8	20
9	50
10	40
11	30
12	20
13	35
14	20
15	30
16	40
17	50
18	20
19	10
20	10
21	20
22	25
23	15
24	20
25	10

Interpretation: On an average, there will be an improvement in employee performance of 26.2% according to the employees.

2.2 Employers were also asked about their perception that what can be the expected employee performance improvement after applying this study and the related data is shown in Table II.

Table II: Expected Performance Improvement - Views of Employers

Number of Employers	Expected Performance Improvement after Applying the test research (in %)
1	20
2	15
3	20
4	20
5	15

Application of Statistical Test

Assumptions:

- Sample size is less than 30.
- The collected data follow normal distribution.
- Population variance is unknown.

Hence, the independent two sample students' t-test an inferential statistical test that determines whether there is a statistically significant difference between the means in two unrelated groups is applied here.

Hypotheses:

The null hypothesis: The population means from the two unrelated groups are equal: $H_0 : u_1 = u_2$

The Alternate hypothesis: The population means are not equal: $H_A : u_1 \neq u_2$

Level of significance (alpha): 0.05.

Test statistics:

The test statistics for an Independent Samples t Test is denoted by t.

Equal Variances Assumed

When the two independent samples are assumed to be drawn from populations with identical population variances (i.e. $\sigma_1^2 = \sigma_2^2$), the test statistic t is computed as:

$$t = \frac{\bar{x}_1 - \bar{x}_2}{S_p \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}}$$

Where

$$S_p = \sqrt{\frac{(n_1 - 1)s_1^2 + (n_2 - 1)s_2^2}{n_1 + n_2 - 2}}$$

\bar{x}_1 = Mean of first sample = 26.2

\bar{x}_2 = Mean of second sample = 18

n_1 = Sample size (i.e., number of observations) of first sample = 25

n_2 = Sample size (i.e., number of observations) of second sample = 5

s_1 = Standard deviation of first sample = 13.21

s_2 = Standard deviation of second sample = 2.44

s_p = Pooled standard deviation = 12.27

The calculated t value = 1.37

Degrees of freedom $df = n_1 + n_2 - 2 = 28$

Table value of t at the 28 degree of freedom = 2.048 at 5% significance level.

As the calculated t value is less than the critical t value, then we accept the null hypothesis. So according to employees and employers, both their perspectives are same regarding the implementation of this study. So it is proved that definitely it will be beneficial for the companies if they apply this test technique to their company.

Conclusion, Findings and Suggestions

In this competitive market scenario work done by the employees is one of the primary focus of companies. This program will enhance employee

engagement, employee motivation and employee retention probability. Hence this will lead to more profit for the company.

Several stakeholders also can increase their sales by tying up with the company and providing facilities to the employees of the companies. So a better monitoring policy also can be created.

HR managers of different companies put several efforts to improve employee performance and to engage the employees. This new innovative technique can be used to enhance employee motivation and to help employees with a revised set of employees benefit program.

Further research can be carried forward by analysing the outcome of the special employee benefit initiatives already adopted by different companies. How much have those initiatives already helped the employees and what was their performance improvement measurement, etc. can be analysed to draw a definitive conclusion that enhancement of employee benefit program improves the performance level also.

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