

A Study of Health Benefits and Its Impact on Employer Brand Image

(With reference to IT Companies in Bengaluru)

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Abstract: Globalisation and intense competition for talent had made it crucial for corporates to constantly focus their efforts on enhancing their employer brand image. Employer brand represented a firm's effort to promote, both within and outside the firm, a clear view of what made it different and desirable as an employer. Organisations could enhance their employer brand value by recognizing the importance of employee benefits as a highly effective HR tool for steering change within the organization. Non mandatory benefits provided companies an opportunity to innovate and experiment for these benefits could be tailored specifically to meet the genuine needs of its employees. This study investigated the impact of health benefits on employer brand image in IT companies in Bengaluru and examined its contribution to talent attraction, management and retention.

Key words: Health Benefits, Employer Brand Image, Talent Attraction, Talent Retention, Talent Management

I. INTRODUCTION

Employer brand was described as a combination of functional, economic and psychological benefits given to employees and identified with the company they were working for (Ambler and Barrow, 1996). Building employer brand meant developing an organizational culture which fostered a sense of belonging with the company and encouraged employees to share organization's goals for success.

Information technology sector was a major contributor to Indian economy both in terms of revenue and employment generation, but IT companies were struggling with scarcity of 'real' talent. Only 18.43 per cent of the six lakh Indian engineers graduating annually were employable as software engineers in IT services according to Aspiring Minds' National Employability Report-Engineers 2014. Additionally, an upbeat employment scenario and changing priorities among the young workforce had led to declining employee loyalty according to a survey by Wisdom Jobs (Press Trust of India, Economic Times, 2015) which revealed 65 per cent of the respondents were willing to change jobs. To sustain and grow, IT companies had to strongly adhere to stringent deadlines and maintain high quality standards. This made them highly dependent on a very talented, dedicated and loyal workforce. Employer branding assisted IT firms to create an image that there were no choices for their employees outside their organization and to position themselves as an employer of choice for potential talent. However, a study by Rani and Kumar (2013) found employer branding strategies were not

very prevalent in Indian IT companies and there was a need for a long-term approach towards investing in employer branding.

Health benefits had long been a much neglected but potential area which was of great importance to both employees and employers in managing their healthcare costs. An ASSOCHAM survey (2015) found Indian employees were suffering from lifestyle diseases such as depression (43%) and obesity (23%), high blood pressure (9%) and diabetes (8%). Reports from hospitals in Bengaluru confirmed 50 per cent of their patients were afflicted by work-related stress which was not the case 5 years back. With a Tower Watson study revealing many Indian companies to have no strategy on staff health (Singh & Mukherjee, 2013) and findings of early onset of hypertension and other health complications among software professionals (Babu & Detels 2013), provision of comprehensive health benefits became a priority. IT employers had to focus on providing more inclusive health benefits that met employees' physical, mental, social and spiritual wellbeing. Additionally, they need to consider offering flexible health benefits as it would be more relevant and beneficial for employees in meeting their medical expenses. Health benefits provided huge scope for creativity and customisation and could be tailored to meet individual employees' needs, but would they have any significance in increasing employer brand value? Thus the research problem of this study was to analyse employees views on health benefits in IT firms in Bengaluru to determine if they enhanced employer's brand value and

assisted them with their talent attraction, retention and management.

II. REVIEW OF LITERATURE

Leopold (2010) specified that effective management of employee benefits in line with overall business strategy increased employer brand image. It also contributed positively to employee productivity, attraction and retention. The study recommended a paradigm shift in 4 key areas i.e. (1) cultivating a culture of health and wellbeing by investing in wellness programs, communicating its importance to employees and revising time off policies for doctor's appointment (2) fostering financial security of employees by offering financial guidance, retirement seminars and access to retirement professionals (3) promoting work/life balance by accommodating flexible working schedules, telecommuting options and volunteer outings and (4) crafting effective and efficient programs that matched employees needs.

Koo (2011) showed an increase in employer brand value when flexible health benefits were customized based on the firm's demographics. The case study done in a large global bank in Singapore having a diverse workforce showed that flexible health benefits were effective in managing employee healthcare costs resulting in total savings of nearly \$1 million in four years and improved employer brand image.

Shreeram (2012) indicated that Indian employees were becoming increasingly aware of the need to keep their mind and bodies in sync. The article suggested that corporate wellness programs need to move from ad hoc activities to a more structured program. Their major focus must be on lifestyle modification, stress management, diet control, exercise, smoking cessation and other such factors. Organisations need to acknowledge that their biggest challenge would be in retaining employee interest throughout the program. The article pointed out the significance of innovative health and wellness programs such as Stepathlon, IBM Game approach and SapientNitro's diet food options for today's new age employees.

Nayar (2013) indicated that image conscious and progressive companies implemented health programs to ensure a healthy workforce. The study highlighted the following unique health benefits offered by 4 companies: (i) Corporate wellness program at GE India Technology Centre, called 'Happy Always (HaHa)' consisted of a program 'Heart Wise'. The program aimed to control cardiovascular risk factors like diabetes, hypertension and obesity among employees after identifying those at risk based on their internal screening. It was a year-long program that included individual diet and lifestyle counselling, consultations by cardiologists and endocrinologists and conducting periodic blood tests. (ii)

EMC's 'iWellness' was a three-day event that fostered employee wellbeing. Experienced practitioners and renowned workplace counsellors organised sessions on issues like (a) work life balance (to create a more fulfilled individual working experience), stress management (strategies to manage stress and bring balance) and shift work (topics on lifestyle management, sleep hygiene, nutrition and fatigue). (iii) Syntel's 'Gift a Life' campaign educated employees about the benefits of donating stem cells. The campaign succeeded in encouraging more than 1000 Syntellers to pledge their stem cells. (iv) Coca-Cola's health work policy encouraged its employees and families to enrol in healthy living programmes. They offered memberships in gym, yoga, aerobics and the like by funding 50% of the expenses incurred on memberships and equipment.

Singh and Mukherjee (2013) emphasised the significance of preventive health benefits by pointing out that costs involved in prevention of illness was very small when compared to their return on investment in terms of productivity, absenteeism from work and health premiums. Organisations were recommended to acknowledge this fact and provide more preventive health benefits to their employees.

Towers Watson Staying@Work Survey (2014) found globally companies with the most effective health programs were more productive, generated 34 per cent higher revenue per employee and had greater than 20 percentage points higher market premium. The study observed that while 8 per cent of employers in Asia Pacific regions offered cash as a financial incentive to encourage program participation, the number dropped to 2 per cent in India. This exposed the reluctance among Indian employers to offer financial incentives to encourage their employees to participate in health programs.

III. RESEARCH GAP

Literature review revealed there had been no prior studies in the IT sector in Bengaluru on the impact of health benefits aimed at employees' physical, mental, social and spiritual wellbeing and provision of flexible health benefits on enhancing employer brand value and willingness of IT employees in sharing healthcare costs with their employers. This research gap had been addressed by the present study.

Scope of the Study

Scope of the study was limited to the IT industry in Bengaluru. The research studied health benefits offered to IT employees and their impact on enhancing employer brand value.

Objectives of the Study:

1. To study the opinions of IT employees towards current health benefits.

- To investigate the significance of health benefit programs in attraction, management and retention of employees in IT companies.
- To evaluate the impact of health benefits in enhancing employer brand value.

Research Hypothesis

H1: Health benefits have a significant influence in enhancing employer brand value.

IV. RESEARCH METHODOLOGY: RESEARCH DESIGN

The research design used in this study was the Diagnostic Descriptive Research Design. The main objective of descriptive research was to describe the state of affairs as it prevailed at the time of study. Diagnostic research determined the frequency with which a variable occurred or its relationship with another variable. The diagnostic descriptive research design was suitable for this study because the research dealt with the extensively existing problem ‘enhancement of employers’ brand value’ and the extent to which it was affected by health benefit programs in IT companies in Bengaluru. The objective of the study was to analyse and find the influence and impact of these programs on the dependent variable ‘employer brand value’.

Variables used in this Study

This study consisted of employer brand value as the dependent variable and health benefits as the independent variable.

Table 1.1: Factors Analysed

Factors	Variables identified
V ₁ Health Benefits	<ul style="list-style-type: none"> Free memberships for yoga, aerobics or other dance classes Time offs for physical exercise during work hours Gym in company premises Nutritious food options in company cafeteria Smoking and alcohol cessation programs Spiritual wellness programs Fun at work events like get together or games Family get together functions Regular screening tests, participatory incentives, wellness seminars and workplace counselors Provision of uniform medical policies for all employees

Sources of Data

The data collected for the study was obtained from both primary and secondary sources. **Primary Data:** Primary data had been collected through a structured questionnaire

from employees working in IT companies in Bengaluru and consisted of Trainee Engineers, Software Engineers, Software Developers, Junior Developers and Programmer Analysts. **Secondary Data:** Secondary data was collected from reference books, research papers and articles published in periodicals, journals, magazines, newspapers, NASSCOM Annual Reports, internet and company websites.

Sampling Plan

Sampling Technique: For this study, non probability convenience sampling technique was used.

Population: All professionals working in a total of 3253 IT companies located in Bengaluru (Bangalore Circle, www.bangalorecircle.com) were considered as population for the purpose of the study.

Sample Size The sample was collected from a total of 500 employees from 30 IT companies in Bengaluru.

Sample Size Determination: Minimum sample size required for the survey was determined using the formula

$$n = \frac{(z_{\alpha/2} + z_{1-\beta})^2}{d^2}$$

where n was the sample size, α the level of significance, $1-\beta$, the power of the test and d, the effect size or Cohen’s d.

For the survey, researcher had chosen the level of significance α as 0.05, the power $1-\beta$ as 95% and Cohen’s d as 0.25. The table values of $Z_{\alpha/2}=1.96$ and $Z_{1-\beta}=1.65$ (obtained from standard normal table). The formula for minimum value of n resulted into 402.2 which was rounded off to 403 and a sample size of 500 was chosen for the survey.

Data Collection

Primary Data was collected from employees working in IT companies in Bengaluru which included old and well-established IT companies as well as one new start up with seventeen being global corporations and thirteen Indian origin companies. Limitations of the study were: (i) Health benefits differed based on the lifecycle of the organization and whether they were Indian or multinational companies. (ii) Time factor was a main limitation. (iii) Findings of the study were subject to bias and prejudice of the respondents. (iv) The study was confined to employees belonging to thirty IT companies in Bengaluru and so the findings may not represent the entire IT sector of the country.

V. DATA ANALYSIS

The collected primary data was statistically processed, classified and tabulated by using appropriate methods. Tables and statistical results were derived from the computer software package called SPSS (Statistical Packages for Social Sciences). The following statistical

techniques were employed to analyze the data in this research study:

1. Descriptive Statistics
2. Correlation Coefficient
3. Multiple Regression Analysis

A microanalysis of the perception of IT employees towards health benefits and their impact on employer brand image and contribution towards retention, management and attraction of employees was conducted. This was done by analysing each individual item on a five-point Likert scale and their results were interpreted in detail utilising descriptive statistics. Karl Pearson's correlation coefficient was used to examine the influence of health benefits on talent attraction, retention and management. Karl Pearson's correlation coefficient and Multiple Regression Analysis were used to test the research hypothesis statement and analyze the influence of the health benefits on enhancing employer brand value.

VI. FINDINGS OF THE STUDY

Demographics

Findings showed 89.6% of the respondents were below 34 years, 43.8% had less than 5 years of total work experience and 44.2% of them were in their first job indicating a young and inexperienced IT workforce. It was noted 29% of the respondents had worked in one company earlier and 17.4% had worked in two companies prior to joining their current organisation highlighting mobility among IT professionals. It was noted that 83.4% of the respondents were graduates. It was observed from the survey, which consisted of 56.4% executives and 31% managerial cadre respondents, that 87.4% of the employees monthly salary was less than Rs.50000. Taking into consideration the high living costs of Bengaluru city, this would make them more dependent on their employers for their health needs. The survey consisted of 61.2% males and 38.8% of female respondents with 59.6% married employees and 91.2% of them living in a nuclear family setup.

Employees' opinion on health benefits and its impact on enhancing employer brand image

- The survey revealed 51.8% of the employees strongly agreed that promoting physical fitness among employees by providing free memberships for yoga, aerobics and other dance classes made them feel good about their employees.
- It was observed that 50.4% of the respondents strongly agreed that time offs for physical exercises during work hours increased their concentration, productivity and goodwill for their employer. Such breaks helped to remove monotony of the otherwise sedentary IT job as well as promoted physical wellbeing.
- The study revealed 55.8% of respondents strongly agreed that provision of nutritious food in

company cafeteria promoted healthy eating habits among them and reflected their employers' genuine concern for their health.

- Spiritual discourses had a calming effect on the mind and were known to inculcate more tolerance and encourage positivity. It was noted that 47.6% of respondents strongly agreed that providing spiritual wellness programs made them tolerant and positive and increased brand image.
- On social wellness programs, 56.2% of the employees strongly agreed that family get togethers and fun at work events like games facilitated team bonding leading to a 'feel good' factor and increased trust in their employer.
- On wellness seminars by medical practitioners and workplace counselors, findings revealed 52.2% of the respondents strongly agreed that wellness seminars provided valuable health information and workplace counselors helped them to manage their job stress and these measures enhanced employer brand image.
- It was revealed that 52.8% of the respondents strongly agreed that conducting regular screening tests facilitated early detection and control of diseases and increased employer's brand image.
- On the question of provision of participatory incentives, 50.8% of the respondents agreed that incentives encouraged participation in health programs, added to the brand image and encouraged them to recommend their company to others.
- It was observed that 47.2% of the respondents strongly agreed that provision of good health benefits made them feel secure and increased their loyalty to their employer.
- The survey showed 45.2% of the respondents strongly agreed that they considered companies which initiated health schemes based on their employees' feedback as good places to work for.
- On being asked about flexible health benefits, 48.6% of the respondents strongly agreed that customizing health benefits based on individual employee needs increased loyalty and employer brand image.
- On the question regarding their willingness to share healthcare expenditure due to increasing health costs, 47.8% of the respondents strongly agreed and 33.8% agreed they were willing to share healthcare expenditure with their employers if it provided them better quality and coverage. This finding should urge IT employers to provide superior health coverage for their employees.
- Findings showed 48.2% of the respondents strongly agreed that they considered a company's health policy before joining it. This indicated that

health benefits played a positive role in talent attraction.

- On the question regarding the options they preferred for flexible health benefits, 73.8% of employees wanted all the 3 options to be included in their flexible health benefit plan which were every employee be given an annual ‘spending account’ based on their average healthcare costs; be allowed to manage their own accounts and roll over a percentage of any unused benefits for future use; and addition of voluntary benefits to financially protect them between jobs by allowing them to buy insurance at highly discounted rates for hospitalization, accidents or loss of income.

Significance of employees benefit programs in talent attraction, talent retention and talent management

Table: 1.2: Correlation coefficient of talent retention, attraction and management with health benefit policies

Characteristic	Correlation coefficient	Significant at
Talent Attraction	0.408	0.000
Talent Retention	0.450	0.000
Talent Management	0.379	0.000

(Source: Primary Data)

Karl Pearson’s Correlation coefficient was used to study whether talent attraction, talent retention and talent management were affected by health benefit programs. It can be seen from the above table 5.75 that the 3 characteristics namely, talent attraction (0.408), talent retention (0.450) and talent management (0.379) were found to be significantly positively correlated with health benefit programs.

Testing of the Research Hypothesis

Karl Pearson’s correlation coefficient and Multiple Regression Analysis revealed the following: **Employer brand image and Health benefits programs:** The impact of health benefits in enhancing employer brand value was measured using Karl Pearson’s correlation and the significance was tested at 0.05 level. Results showed health benefits (0.839) were found to be significantly positively correlated to the enhancement of employer brand value. Multiple regression analysis established the linear relationship between the dependent variable employer brand value and the independent variable, health benefits (0.308) with significance value at 0.000. Results of multiple regression analysis demonstrated the research hypothesis to be true, i.e., health benefits were found to be a significant contributor to the dependent variable employer brand value.

The alternative hypothesis was accepted.

H1: Health benefits have a significant influence in enhancing employer brand value

VII. SUGGESTIONS

- **Provide flexible health benefits** – Health policies had to become more employee-relevant and customised to individual employees needs. This study suggested companies to include flexible health benefits in their health plans since employees were found to respond positively to these 3 options:
 - A yearly ‘spending account’ provided to each employee based on their experience of average healthcare costs.
 - Allow employees to manage their own accounts and even permit a percentage of any unused benefits to be rolled over for future use.
 - Provision of voluntary benefits like individual insurance programs that financially protect employees between jobs. This would allow them to buy insurance at highly discounted rates for hospitalization, accidents or loss of income or any other scheme that met their genuine needs.
- **Share healthcare costs with employees** – Though healthcare schemes constituted substantial expenditure for employers, it offered an opportunity to enhance their brand image and establish competitive advantage. Considering the spiraling healthcare costs, employers may look towards employees sharing the costs as the survey found IT employees willing to share healthcare expenditure with their employer if it brought about better coverage and quality.

VIII. CONCLUSION

The present study had shown the significance of health benefits in enhancing employer brand value in IT companies in Bengaluru and its positive role in talent attraction, retention and management. With growth opportunities in advanced technologies forecasted, shortages of talented employees pose major challenges for IT companies. In such an employment scenario, it became imperative for IT companies to position themselves as attractive employers to attract and retain talent. The trend of social networking had made companies more transparent with employees commenting on their employers’ policies, perks and benefit offers (Talent Agenda #2, 2014). These comments were considered to be more trustworthy and relied upon by potential talent. The study demonstrated that by taking care of their employees’ physical, mental, social and spiritual wellbeing IT companies enhanced their brand image. The research revealed IT employees preferred flexible health benefits and were willing to share healthcare costs to enjoy superior health plan coverage. To promote themselves as ‘employers of choice’, the study recommended IT organisations to revise and renew their current health benefits to make it more employee relevant and consider introducing flexible health benefits plans customised to meet individual employees’ needs.

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