

# Employee Compensation and Benefits Pre and Post COVID-19

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**Abstract:** The Compensation and Benefits Package is considered the main employee's motivator. As such, it plays a crucial role in determining successful recruiting, engagement, and retention strategies. Failing to offer the right package, will be translated into additional costs. This study aimed to identify what type of compensation and benefits Albanian employees receive and their relationship with job satisfaction, before and after COVID-19. We surveyed 127 employees and conducted 10 in-depth interviews, in different institutions in Albania. Descriptive and inferential statistics were used to analyze the data. The findings showed that most received benefits are medical insurance and bonuses, and employees are less than considerably satisfied with their package. The majority stated that it had great importance in their job satisfaction, and most would leave their current job for another one that offers more benefits. Findings related to the COVID-19 impact showed that employees' lifestyle has changed and flexible working hours are the top benefit, followed by more paid time-off options. The conclusions of the study indicate that Compensations and Benefits packages should be redesigned to meet the needs of working in the "new normal", for current and future employees, paying close attention to their preferences.

**Keywords:** HR; compensation and benefit; COVID-19; pandemic



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## 1. Introduction

An important aspect of Strategic Human Resource Management is the belief that the performance of the organization is affected by the Human Resources functions and practices (Huselid et al. 1997). Empirical evidence supports this assumption, affirming that the Strategic Human Resources Management role influences the company's performance by implementing innovative practices, as stated by Mitchell et al. (2013) and Peráček (2020). Chopra (2017) along with Delery and Roumpi (2017) similarly found this positive correlation which emphasizes the importance of researching such a topic.

The steps of having the best employee possible involve developing and implementing strategic human resources plans, among which offering a compensation and benefits package that satisfies employees (Dessler 2019) and makes them go the company extra mile. There are also numerous considerations to take into account before devising a pay plan: company strategy, equity, legislation in force, and unions (Anthony et al. 2009; Pynes 2013). Besides them, the employer has to consider other factors, such as whether his or her employees favor a higher wage or receive additional benefits.

A survey by the SHRM (2018) showed important correlations between compensation and benefits and job satisfaction, where 92% implied compensation and benefits were critical to their job satisfaction; as well as compensation and benefits and employee retention where 29% indicated that the package of compensation and benefits offered would affect their choice of looking for another company to work for, while 32% stated that the reason why they loved working in the company was exactly the benefits and compensation they received.

### *Problem Statement*

Many reasons pinpoint the importance of employee compensation. To start with, pay and compensations are one of the most essential influencers regarding the quality and effectiveness of human capital. The compensation factor is crucial, from the recruiting to engagement and retention phase. If not offered the right package, then the best candidate will not be employed, the best employee will not be motivated to do his/her best, nor will the most qualified worker stay with the firm, and in the worst-case scenario, the turnover rate will increase. All of this negative impact is translated into an added cost for the company, and that is why it is extremely important for the policymakers to take their time and develop the best program possible for the employees (Michael et al. 2016; Portolese 2018).

But even though its importance is uncanny, the compensation and benefits element is one of the least researched components of Human Resources (Gupta and Shaw 2014; Portolese 2019). It is not only under-researched as a topic, but in the year 2019 there were still employees who are not fully informed on the components of a Compensation and Benefits Package, and the problem is the Human Resources Department, which should be and is responsible for giving a clear and thorough explanation on what type of compensation and benefits they receive. Not only that but employees are offered fewer benefits compared to what they would prefer. For such reasons every company must do research regarding the package of compensation and benefits, they offer to understand where they stand and what must be done to improve the situation.

Despite its strategic importance, compensation and benefits continue to receive little attention in research. Especially in Albania, there have been little to no studies on this matter. To this end, the researchers undertook a study in early 2019. Soon after, the pandemic started, and the entire world was in crisis. While trying to manage COVID-19 directly impacting their employees, companies were trying to identify strategies to keep up with their business, re-shape their business model and adopt their HR practices to respond to the impact of the pandemic. Triggered by the new normality challenges, we wanted to continue our study and investigate the impact of COVID-19 on compensation and benefits packages.

This exploratory study tries to fill in this gap, aiming to find out if employees know what compensation and benefits their employer offers, which are the most preferred ones, and the relationship with job satisfaction. This study focuses particularly on non-mandatory compensations which can serve as a strategic human resources tool to foster longevity and engagement in the company.

## **2. Research Questions and Objectives**

RQ1: What is the Package of Compensation and Benefits offered in Albania?

RQ2: How much satisfied are employees with the Compensation and Benefits?

Hypothesis: Employees are considerably satisfied with their benefit package

**H0.** *Employees are considerably satisfied with their benefit package*

**Ha.** *Employees are more or less than considerably satisfied with their benefit package*

RO1: To identify what type of Compensation and Benefits Albanian employees receive and how satisfied they are.

RO2: To explore if employees in Albania value a higher payment, or decide on what benefits to receive.

RO3: To investigate the impact of COVID-19 on the Compensation and Benefits package.

To answer the research questions and achieve our research objectives, we first, looked at the compensation and benefits in general, then we dig deeper into factors that determine pay plans, reviewed the types of compensation and benefits offered in different industries,

analyzed compromises that exist between wages and benefits, lastly looked at the impact of the pandemic into compensation and benefits.

### 3. Literature Review

#### 3.1. Human Resource Management and Compensation and Benefits Importance

Human capital is considered the most important investment, and it determines the future course of the organization. Human Resources are considered a valuable resource for the company, and as such contribute to increasing its performance. According to [Peráček \(2020\)](#), “one of the most important prerequisites for success are human resources and their motivation to work”, and wage is one of the most effective drivers of human resources in the company. [Borgatti and Li \(2009\)](#) stated that earlier studies on human capital management had emphasized the role of the individual (thoroughness, dependability) ([Dudley et al. 2006](#); [Iddekinge and Ployhart 2008](#)) and job characteristics (skill variety, task significance, and identity) ([Grant 2007](#)) in the results of employees, such as their performance, absenteeism, turnover, etc. Despite those correlations, the necessity of having a Human Resources department should not be disregarded ([Hollenbeck and Jamieson 2015](#)).

The steps of having the best employee possible are developing and implementing strategic human resources plans, figuring out the personnel needs, recruiting employees and selecting the right one, training, evaluating through performance appraisals, and of course motivating to ensure employee retention. An important step is also offering a Compensation and Benefits Package ([Portolese 2018](#)).

According to [Dessler \(2014, 2019\)](#), employee compensation and benefits include all forms of pay going to employees and arising from their employment, besides their regular wages or salaries. They are comprised of direct financial payments (the 13th payment, bonuses, profit-sharing, etc.) and indirect financial payments (medical coverage, health insurance, paid vacations, etc.). To [Leibowitz \(1983\)](#), benefits are classified into three categories. The first one is nontaxable for private utilization and includes health insurance, sponsored lunches in the firm (also known as a brown bag), etc. The second and third categories are taxable. In the second category are benefits such as life insurance, which the employer can offer at a low cost, due to the quantity rebates, while the third category comprises paid time off. [Mura and Svec \(2018\)](#), as stated in [Peráček \(2020\)](#), use the term ‘remuneration’ which they argue means not only the salary or other cash remuneration but also other forms of indirect compensation of employees for the work done by them. It also includes formal recognition, promotion, and employment benefits provided by the employer to employees, not depending on their work, but derived from working relations in the organization.

Benefits are an important element of employees’ aggregate compensation, so they affect their welfare and financial well-being ([Kristal 2017](#)). Although the job itself might be a motivator to continue working and increase the company’s performance, most of the employees would choose not to. Another option would be to only choose jobs that are enjoyable for the employee but not essentially required by the community ([Lazear 2018](#)).

The compensation factor is very crucial, both in the recruiting and retention phase. A study showed that professors who received incentives when the school year started but had to give them back if they did not perform according to school goals, were more motivated and performed even better than the ones who were promised the reward at the end of the school year if the goals were met ([Fryer et al. 2012](#)).

#### *How knowledgeable are employees about compensation and benefits?*

Studies have shown that employees do not have a full understanding of every type of benefit. Sixty percent admitted to having a very good knowledge of the health benefits they received, while only fifty-one percent of the non-health benefits. Both types have experienced an increase in understanding in the year 2018.

Regarding the different industries, some offer more benefits than others. Specifically, manufacturing, finance and insurance, and public administration and governance lead the

industries which offer the most. Employees who work in the retail and accommodation and food industries receive far fewer benefits (Greenwald and Fronstin 2019). While Mabaso and Dlamini (2021) conclude that higher education institutions must improve their compensation strategy to boost employees' dedication will enable commitment, while efficiently delivering outstanding results.

### 3.2. Employee Preference on Compensation and Benefit Types

RO1: To identify what type of Compensation and Benefits Albanian employees receive.

As discussed by several authors, there are numerous considerations to take into account before devising a payment plan such as company strategy, equity, legislation, and unions.

Employers cannot design the pay plans according to their likes. Some laws dictate things such as minimum wages, overtime rates, pension plans, and benefits. The 1963 Equal Pay Act declares that "employees of one sex may not be paid wages at a rate lower than that paid to employees of the opposite sex for doing roughly equivalent work. Specifically, if the work requires equal skills, effort, and responsibility and involves similar working conditions, employees of both sexes must receive equal pay, unless the differences in pay stem from a seniority system, a merit system, the quantity or quality of production, or any factor other than sex" (Dessler 2014, p. 283).

In Albania, employment relationships are regulated by the Labor Code of the Republic of Albania, no.7961, date 12.07.1995, amended by several laws, in the private sector; and by Law No. 152/2013, amended by law no. 178/2014 and law 41/2017 "For the civil servant".

Unions and labor relations laws impact the Pay Plan. The core topic of their bargaining is the wage rate, but they also negotiate additional concerns, such as paid time-off, health care benefits, etc. Unfortunately, in Albania, after the fall of the communist regime, labor unions are very few, as listed by (International Labor Organization n.d.), with two main confederations: the United Independent Albanian Trade Unions (BSPSh) and the Confederation of Trade Unions (KSSH). But from a practical point of view, they are almost inexistent. Furthermore, according to Nikollaj K., president of the KSSH confederation, Albania lacks laws on trade unions, collective bargaining, and conflict (IndustriALL Global Union 2019).

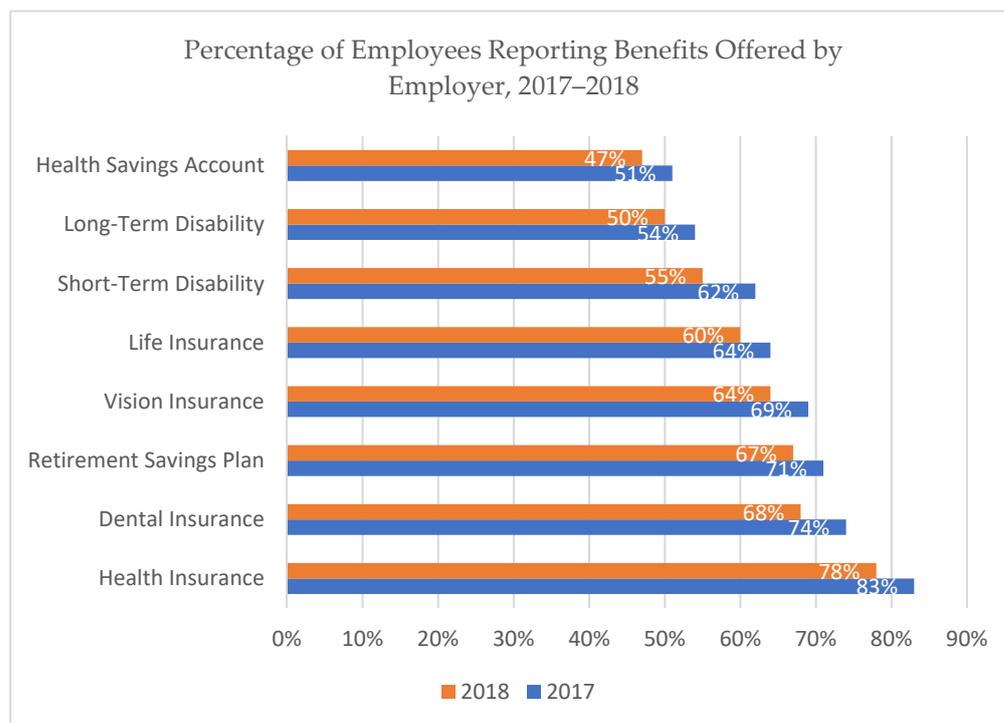
In the last decade, employees are thinking more about the work-life balance, and this has caused a growth in the number of contingent workers. To the U.S. Bureau of Labor Statistics (BLS 2005, p. 2) "contingent workers are those who do not have an implicit or explicit contract for ongoing employment. People who do not expect to continue in their jobs for such personal reasons as retirement or returning to school are not considered contingent workers, provided that they would have the option of continuing in the job were it not for these reasons". They are comprised of: part-time employees and temporary employees (Martocchio 2017, p. 281). "Part-time employment is normally defined as systematic wage employment where the hours of work are less than 'normal'" (Thurman and Trah 1990, p. 23). In the U.S. the normal working time is 35 h/week, in Canada and U.K., 30 h for part-time, and in Germany no more than 36 h/week. In Albania, according to the Labor Code, the standard working hours are 40 h/week and 8 h a day, while employees younger than 18 years old should work no more than 6 h/day. Temporary employees are the ones who may substitute a sick, or on maternity leave employee, or simply complete an assignment that is needed for a short period. The temps provide their services to the same employer from only a few days to some months, depending on what is required of them (Vosko 1997). Regarding the benefits, firms usually do not offer optional benefits to part-time workers, but this practice may vary on the industry, company size, and on the fact whether it is a private or public firm. In 2014, only 37% could obtain retirement benefits compared to 74% of full-timers, and even fewer received medical care benefits. This happens, because employers are not legally required to offer protective insurance. A positive factor is that the ones who receive medical care and retirement benefits are covered by the Consolidated Omnibus Budget Reconciliation Act. To benefit from it the individual has to be more than 20 years old, and have worked for 1000 h or more in 12 months. Firms

normally do not offer optional benefits to temporary employees either, because they want to reduce the cost of it. Nevertheless, these employees are entitled to receive pension benefits (Martocchio 2017).

In Albania, mandatory compensations and benefits such as overtime, paid time off, parental leave, and other leaves are regulated by national laws. The maximum allowed additional working hour is 200 h/year. The minimum wage currently is 32,000 Albanian Lek or around 300 \$, according to Order (VKM 2022) No. 158 date 12 March 2022. Social security benefits in Albania are provided by the Social Insurance Institute (ISSH n.d.) and are regulated by Law no. 7703. There is some supplementary compensation to pensions and unemployment benefits for dependent children and family members, financed from the state budget.

Hong et al. (1995), conducted a study to see what benefits the employees' favor compared to what was given by the employer. The benefits program was comprised of 27 types: foreign travel subsidies; entertainment equipment and activities; transportation facilities; opportunity for further education/training; subsidies for further education/training; counseling measures; day-care service; maternity and paternity leave; group and dependent insurance; various loans; dividends; year-end bonuses; savings subsidies; traditional and emergency subsidies; pensions; vocational disease and damage compensations; child-education benefits; individual annual vacations, national holidays, paid leave; discounted goods supply; dormitories and housing benefits; food/drink equipment and meal subsidies; barbering/hairdressing and laundry service; medical equipment and subsidies; free commuting vehicles; commuter subsidies; flexible working time; part-time working. The results showed that financial benefit programs were more favored by the employer and employee to give and receive (end year bonus, pensions, etc.), but there still was a gap in understanding what the employees truly wanted. Dividends were ranked number 2 in the order of importance for employees, but for employers, their worth was no. 21 out of 27. The same goes for saving subsidies and having flexible working time.

In 2018, a survey conducted by EBRI and Greenwald and Associates indicated that employees are receiving fewer benefits compared to the year 2017, as shown in Figure 1 below.



**Figure 1.** Percentage of Employees Reporting Benefits Offered by Employer, 2017–2018 Source: The State of Employee Benefits: Findings from the 2018 Health and Workplace Benefits Survey, 2019.

They did not find specific reasons but made allegations that elements such as the destabilization of the insurance markets and the shift of the workforce from Baby Boomers to Millennials have affected the type and quantity employers offer benefits. This is especially since the new generation declared that they receive fewer basic benefits such as health, dental, and vision insurance. Despite this, workers are pleased with their compensation packet. Regarding those who were extremely satisfied, more unbelievable is the fact that they were more content in 2018 (51%) compared to 2017 (48%). 30% were somewhat satisfied, while only 9% were relatively low with their benefits package (Greenwald and Fronstin 2019).

The hypothesis of the study: Employees are considerably satisfied with their benefits package.

### 3.3. A Compromise between Wages and Benefits

This section of the literature review contributed to drawing survey questions related to the second research objective of the study.

RO2: To explore if employees in Albania value a higher payment, or decide on what benefits to receive.

The simplest model assumes that all employees have the same liking concerning benefits and it measures the curve of indifference between wages and benefits. It was suggested that wages will be reduced if health care coverage and pensions increase (Ehrenberg and Smith 1981). The correlation between wage and health care was approved by Olson (2002), who stated that employees have to give up 20% of their wages to move from a company that does not offer health insurance to one which does. On the other hand, Dorantes and Mach contradicted the negative link between wages and pension (Dorantes and Mach 2003). They stated that while workers might sacrifice their insurance package to get paid more, this normally is not an option with retirement plans, which is associated with higher pay for both genders. One reason for this to happen is the restricted transferability of some pension plans from one company to another. So, for the worker to benefit from it, he or she has to work hard to maintain a healthy, long-term relationship with the company, which also increases the amount of money they earn. More recent studies contradicted those findings. Some employees might trade higher wages for more benefits, but that is not the norm (Weathington 2008). Tetrick et al. (2010) conducted a study with 76 students from a big urban University in the US., to prove if there was any relation between being paid more money in return for accepting a lower number of benefits when applying for work. The result showed that applicants did not consider benefits and pay as a substitute for one another. An increase of \$10,000 per year would not counterbalance a decrease in paid time-off, having to contribute more to health insurance or other related to pension plans. A more recent study, conducted by EBRI and Greenwald and Associates Institute strived to find out how employees trade-off their salary with benefits. They organized an online survey with 1025 employees between the age of 21–65. The workers were asked if they would keep the wage-benefit rapport as it currently was, if they would prefer fewer benefits for a higher wage, or whether they would accept a lower payment to receive more benefits. The results showed that 58% would prefer to stay in the current benefit-wage situation, 24% wanted a higher wage even if they received fewer benefits, and only 18% accepted receiving less money but being rewarded in terms of incentives (Greenwald and Fronstin 2019).

### 3.4. Compensation and Benefits in the Pandemic

RO3: To investigate the impact of COVID-19 on the Compensation and Benefits package.

After the pandemic started, studies emerged in the field of HR to investigate the COVID-19 impact. Authors such as Baskin and her colleagues preface the review with consideration of employment trends leading into 2020, including modifications to the traditional 40-h, Monday-Friday workweek, adjustments in minimum and subminimum

wage, and growth in the gig economy. Next, they examine the response to COVID-19 in the US, summarizing legislation that has examined the opportunities of suggesting intervention opportunities for HRM professionals concerning the traditional workweek, worker classification, employee benefits, and workplace safety.

According to [Abston and Bryant \(2021\)](#) compensation and benefits area will be impacted by lost revenue and increased costs because of the pandemic. “The flexibility to work remotely has, of course, been a major point of discussion, and employees are also looking for increased paid time off (PTO) options” ([Hampton 2020](#)). While, [Kilgour \(2020\)](#) says that pension plans, especially those that were already struggling will face a stormy sea due to the pandemic. [Lester et al. \(2021\)](#) summarizing legislation has examined the opportunities of suggesting intervention opportunities for HRM professionals concerning the traditional workweek, worker classification, employee benefits, and workplace safety.

### 3.5. Literature Review Conclusions

According to the results of different studies pre and post-pandemic, pay and benefits contribute to the job satisfaction of employees. Regarding the trade-off between the received payment and benefits, previous researchers suggested that employees would have to give up more than 15% of their wages to move from a company that does not offer health insurance to one which does, while others insinuated that some employees might trade higher wages for more benefits, but that was not the norm. The latest study conducted in the year 2019 found out that more than half of employees would prefer to stay in the current benefit-wage situation, followed by the ones who want a higher wage, even if they receive fewer benefits.

## 4. Research Methodology

This study follows the deductive approach, by examining how valid are the made suppositions ([Bryman and Bell 2015](#)). 127 employees were surveyed in early 2019, by distributing an online questionnaire via e-mail and social media. To investigate the impact of COVID-19 on the compensations and benefits package, 10 in-depth interviews, in 5 different institutions (1 from the HR department and 1 other staff) were conducted from March-April 2022, in person and through phone calls.

The sample of this study is comprised of Albanian employees, working in different public and private institutions, in Tirana and all over Albania. Their age group varies from 21–65 years old, married or single, with or without children. The ones who are self-employed are excluded. According to [Instat \(2019\)](#), the number of employed individuals (15–65 years old) was 1.138, out of whom 601 were males, while 531 were females. Since the population size is 1138, our sample of 11.1% is considered representative and statistically significant.

The demographic information of the 127 participants, is as follows:

- 89 were female and 38 were male;
- 54 ranged from 21–35, 64 from 36–50, and only 9 ranged from 51–65;
- 49 were single and 78 were married;
- 76 had at least 1 child, while 51 did not have children.

The questionnaire has 14 questions, divided into 2 sections. The first section contains four questions of demographic nature: gender, age group, marital status, and whether or not the participants have children. The second section has three questions regarding the fact of whether or not the employees are aware of what a Compensation and Benefits Package is and what theirs comprises of, four questions which tend to figure out if they are satisfied with the package they receive, two questions about their preferred ratio wage/benefit, and the final questions is about the possible link between demographic characteristics and benefit preference. Since the questionnaire was anonymous, each form was assigned a number to identify it from the others and the data were processed in SPSS.

Descriptive and inferential statistics (T-test) are used to analyze the data, test the hypothesis, and present the findings of this study, while NVivo is used for interview coding and qualitative data analyses and interpretation. The usage of this software helped exclude human error and bias.

Ethical rigor is ensured, as the selected measurement tool provided for complete anonymity, so the partakers' identity was not threatened to be exposed at any moment of the process. Participation was voluntary and attached to the questionnaire, a consent form explained the aim of the study, the goal of the survey, and the procedure of the questionnaire, where it was clarified that the participants could interrupt the responding process at any time and that there were no risks associated to this research. They were also assured that the results of the questionnaire would be used for this study only.

## 5. Results and Data Analyses

The results of the study highlighted the types of compensation and benefits most received from the surveyed employees and confirmed our hypothesis regarding the satisfaction of employees with their package of compensation and benefits. Details of the results are presented below.

### 5.1. Research Question 1

Data presented in the following Table 1 answer our first research question.

**Table 1.** Having or not knowledge of what a Compensation and Benefits Package is.

	Frequency	Percent
YES	104	81.9%
NO	23	18.1%
TOTAL	127	100%

SOURCE: SPSS output.

Out of 127 participants, only 18% of them (23 employees) did not know what the notion of Compensation and Benefits Package is compared to 82% who did. This is a step forward in implementing the reward system with benefits.

Around 39% (Table 2) of participants stated that they had not received a clear and thorough explanation of what their Compensation and Benefits Package would comprise when they started working at the current company. Still, considering the evolution of Albania's job market, 61% can be interpreted as a high percentage.

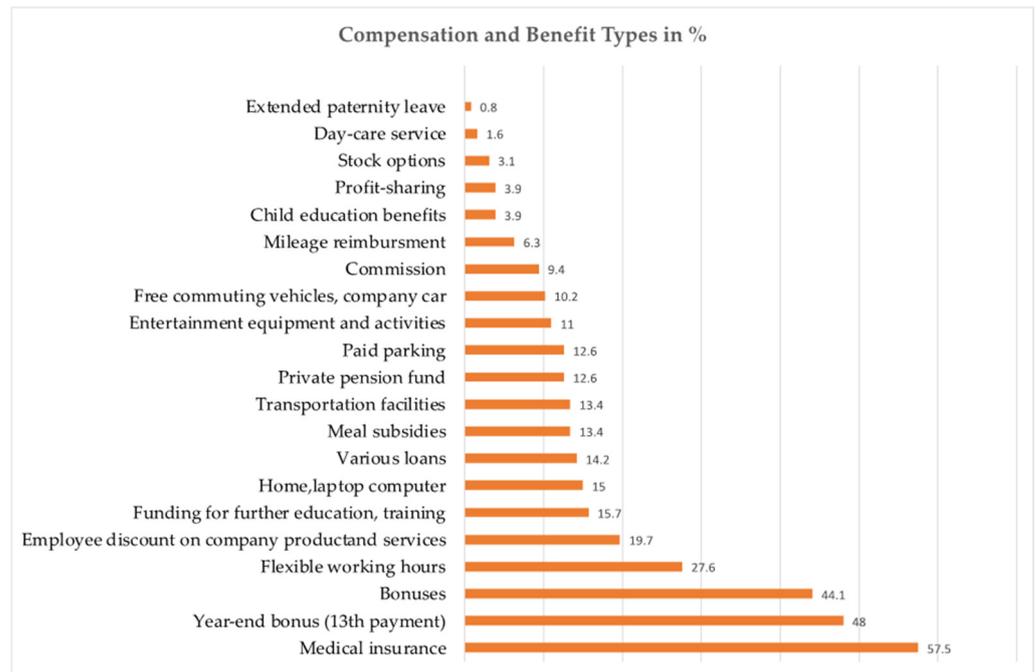
**Table 2.** Receiving or not clear explanations on what benefits would be received.

	Frequency	Percent
YES	78	61.4%
NO	49	38.6%
TOTAL	127	100%

SOURCE: SPSS output.

As we can see from Figure 2 below, the most received benefits are:

- Medical insurance with 57.5%
- Year-end bonus (13th payment) with 48%
- Bonuses with 44.1%



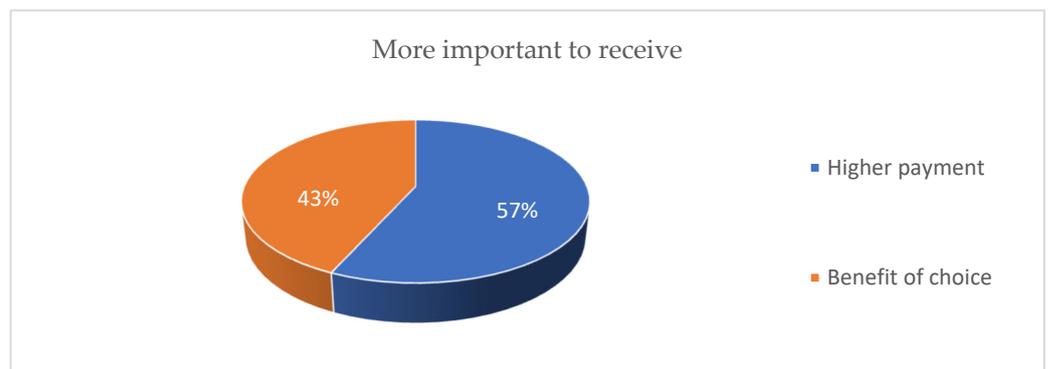
**Figure 2.** Percentage of employees receiving the types of compensation and benefits.

The least received benefits are:

- Extended Paternity leave with 0.8%
- Day-care service with 1.6%
- Stock option with 3.1%

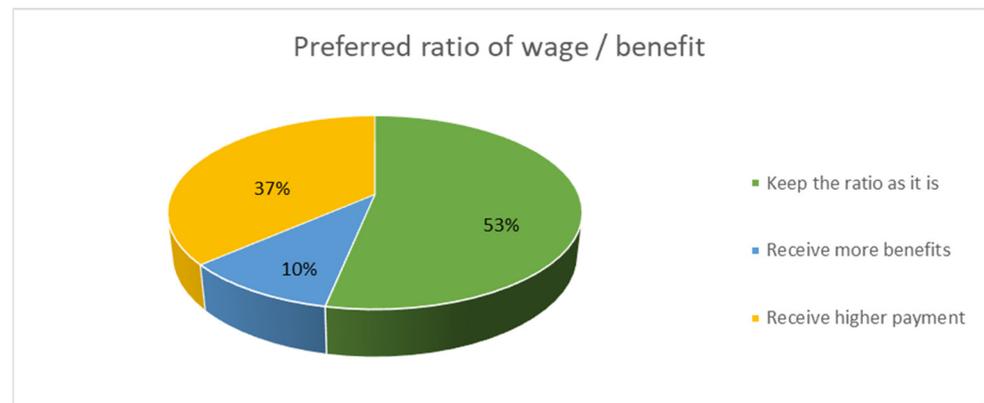
While, during and after COVID-19, the interviews coded and analyzed by NVivo software showed that the main impacted benefit is “Flexible working time” which now is the top received compensation and benefits, together with more paid time-off options.

As we can see from Figure 3 below, 57% of employees stated that they would prefer to receive higher pay compared to the ones who would want to receive the benefits of their choice. This is not a big difference, and the ratio can change in the future.



**Figure 3.** Percentage of employees who prefer a higher pay compared to the benefit of their choice.

As we can see from Figure 4 below, more than half of employees would prefer to keep the ratio of wage/benefit received as it is, while 47% would want to change it, respectively 37% would want to receive a higher payment with fewer benefits, and only 10% would give up a part of their wage to receive more benefits.



**Figure 4.** Percentage of employees who prefer to keep the ratio wage/benefit as it is compared to changing it.

### 5.2. Research Question 2

The following data answer our second research question (Table 3).

**Table 3.** Level of satisfaction with the Compensation and Benefits Package.

	Frequency	Percent
Not at all	19	15%
Somewhat	27	21.3%
Considerably	40	31.5%
Greatly	32	25.2%
Extremely	9	7.1%
Total	127	100%

SOURCE: SPSS output.

As we can see from Table 3 above, 31.5% of employees who participated were considerably satisfied with their Compensation and Benefits Package, followed by 25.2% who were greatly satisfied. Only 7.1% were extremely satisfied compared to 15% who were not at all.

As shown in Table 4 below, 36.2% of employees who participated stated that the Compensation and Benefits Package had great importance in their job satisfaction, followed by the ones who considered it extremely important. Only 9.4% did not consider it at all important.

**Table 4.** Importance of Compensation and Benefits Package in employees' job satisfaction.

	Frequency	Percent
Not at all	12	9.4%
Somewhat	6	4.7%
Considerably	31	24.4%
Greatly	46	36.2%
Extremely	32	25.2%
Total	127	100%

SOURCE: SPSS output.

Analyzing the data presented in Table 5 below, we can conclude that although a high number of participants were satisfied with their Compensation and Benefits Package, the majority of them stated that they would leave their current job for another which offered more benefits. Only 3.9% did not consider changing jobs.

**Table 5.** The possibility of leaving the current job for another which offers more benefits.

	Frequency	Percent
Not at all	5	3.9%
Somewhat	20	15.7%
Considerably	26	20.5%
Greatly	32	25.2%
Extremely	40	31.5%
Missing	4	3.1%
Total	127	100%

SOURCE: SPSS output.

### 5.3. Hypothesis Testing

Looking at the mean value, it is noticeable that in general employees are not satisfied with their Compensation and Benefits Package (Table 6). Their mean score regarding the importance of the Compensation and Benefits Package on job satisfaction insinuates that they have barely passed the threshold of being considered less than average. Regarding whether or not they would leave their current job for another which offers more benefits the mean has surpassed the average score, which implies that most of them would leave their current job. Considering the standard deviation is a small value in all cases, it means that the responses had a small variation from each other.

Hypothesis—Employees are considerably satisfied with their benefit package

**H0.** *Employees are considerably satisfied with their benefit package*

**Ha.** *Employees are more or less than considerably satisfied with their benefit package*

**Table 6.** SPSS output of mean and standard deviation.

	Min	Max	Mean	Std Deviation
Satisfied with the Compensation and Benefits Package	1	5	2.88	1,159
Importance of Compensation and Benefits Package on job satisfaction	1	5	3.63	1,187
The possibility of leaving the current job for another which offers more benefits	1	5	3.67	1,206

The measurement scale used to measure employee satisfaction is classified as follows:

1 = Not at all

2 = Somewhat

3 = Considerably

4 = Greatly

5 = Extremely

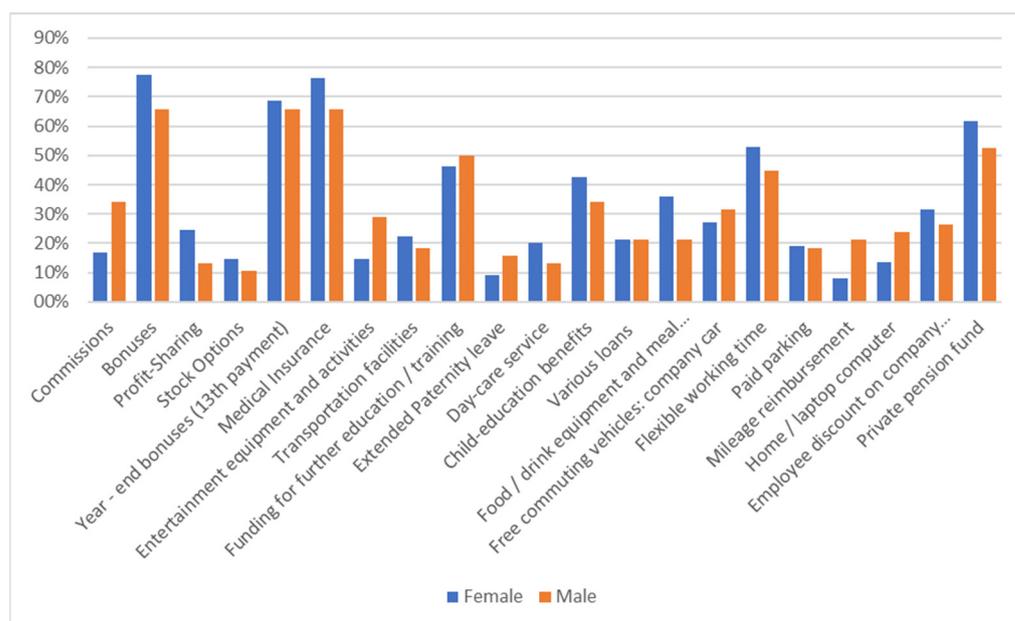
That means that if an employee is considerably satisfied, the average must be equal to the number 3. If the average is higher or lower than 3, then the Alternative Hypothesis is proven to be true. Table 7 shows a negative t-value. This indicates that the mean of the sample is smaller than the mean of the hypothesis. Since the calculated value (t-value) in absolute, is larger than the critical value ( $1.149 > 0.253$ ), we reject the null hypothesis and conclude that the alternative hypothesis is supported. Since the mean of the sample is smaller than the one of the hypotheses, the employees are less than considerably satisfied with their Compensation and Benefits Package.

**Table 7.** Employees are considerably satisfied with their compensation and benefits package.

Test Value = 3	Satisfied with Compensation and Benefits
T	−1.149
df	126
Sig. (2-tailed)	0.253
Mean	2.88
Mean difference	−0.118
Std. Deviation	1.159

SOURCE: SPSS output on t-test.

As we can see from Figure 5 below, female employees would prefer most to receive bonuses. While male employees on the other hand chose to receive bonuses, year-end bonuses/13th payment. The below benefits were preferred more by male participants than females: commissions, entertainment equipment, and activities, mileage reimbursement, home/laptop computer, extended paternity leave, free commuting vehicles: company car, and funding for further education/training.



**Figure 5.** Percentage of employees who prefer to receive different types of benefits according to gender.

### 6. Discussion

This empirical study proved that most Albanian employees do know what a Compensation and Benefits Package is, contrary to the common belief. The ones who did not know were a small number, less than 20%, and even in the USA according to a study, employees do not have a full understanding of every type of benefit. More than half admitted to having a very good knowledge of the health benefits they received, while only fifty-one percent of the non-health benefits (Greenwald and Fronstin 2019). The problem lies in providing information to employees on what their Compensation and Benefits Package is comprised of when they start working. 39% stating that the HR Department did not communicate to them what would be included in their Package when they started working in the company is worrisome. Does this happen because those employees do not receive any benefits, or are the ones responsible for providing information negligent?

The answer to that can be found in the responses given on what types of benefits employees receive. As we can see from Figure 1, the most received benefits are medical insurance with 57.5%, followed by year-end bonuses with 48% and bonuses with 44.1%,

while the least received are extended paternity leave (0.8%), daycare service, stock option, profit—sharing and child education benefits. That was expected because first these benefits are not known in Albania. Secondly, giving the father of the child more days off to take care of the baby is an unimaginable concept in our society, and third, even if the employer wanted to provide these benefits, he or she could not have the tools or means. Although, that does not justify why the highest percentage of receiving a benefit is only 57.5%. The value indicates that employees in Albania are not being compensated enough for their work. What is worse, they are receiving fewer benefits compared to what they would prefer. When comparing the scores in Figure 2 with Tables 1 and 4, it is noticeable that 71.7% of employees would prefer to receive bonuses, while only 44.1% do. The same can be said for medical insurance (71.1% compared to 57.5%), year-end bonuses (67.2% compared to 48%), private pension fund (57.2% compared to 12.6%), flexible working time (48.8% compared with 27.6%), and funding for further education and training (48.1% compared to 15.7%).

Everything stated above clarifies why employees are in general not satisfied with their Compensation and Benefits Package. The results show that most employees believe they are only considerably rewarded. Adams (1965) believed that people feel motivated in their jobs when they have a sense of fairness of outcomes, both in pay and other received rewards, when they perceive the process utilized to decide the outcome is fair, and when treated with respect and dignity, which explains why a high number would leave their current company for another one which offers more benefits. The literature review studies stated that 92 percent of survey participants implied the benefits were critical to their job satisfaction, and a correlation between benefits and employee retention was also found. Twenty-nine percent indicated that the package of compensation offered would affect their choice of looking for another company to work for, while thirty-two percent stated that the reason why they loved working in the company was exactly the benefits and compensation they received (SHRM 2018). Despite that, different in our case, workers were pleased with their compensation package (Greenwald and Fronstin 2019).

The most known model to explain the compromise between wages and benefits is called the Hedonic Compensation model. It explains the equilibrium of paying less and giving more benefits and measures the curve of indifference between wages and benefits. Our study showed that 57% of employees would prefer to receive higher pay compared to the ones who would want to receive the benefits of their choice. With a difference of only 14%, it cannot be said with complete certainty that Albanian employees prefer money more than benefits. Their preference for the ratio of wage/benefits contributes to this uncertainty. More than half of employees would prefer to keep the ratio of wage/benefit as it is, while 47% would want to change it. It is true that out of 47%, only 10% would give up a part of their wage to receive more benefits, but without knowing what amount of payment compared to the number of benefits the employees who preferred not to change the ratio receive, we cannot come to a clear conclusion on whether they chose so because of the money or benefits offered. The research of Greenwald and Fronstin conducted in 2019 supports the outcomes. Out of 1.025 employees, 58% would prefer to stay in the current benefit-wage situation, 24% wanted a higher wage even if they received fewer benefits, and only 18% accepted receiving less money but being rewarded in terms of incentives. Other studies likewise came to the same conclusion. Some employees might trade higher wages for more benefits, but that is not the norm (Weathington 2008), while Tetrick et al. (2010), findings showed that applicants did not consider benefits and pay as a substitute for one another

Results of the post-pandemic clearly indicated “flexibility” as the most preferred benefit from employees. The Society of Human Resources Management (Sammer 2021) supports this finding by saying that “Employees are caregivers,” and “The time has come to be more explicit in support of this”.

## 7. Conclusions, Limitations, and Future Research

### 7.1. Conclusions

The main purpose of this study was to identify what importance Albanian employees give to different aspects of their Compensation and Benefits Package. Even though the common belief of individuals who are in working relations is that the labor force of Albania is uninformed regarding what a Compensation and Benefits Package is, the findings showed the opposite. Employees might know the concept of the Package, but if asked to explain the different types of received benefits and on what criteria they receive them, they might experience difficulties. The reason why it happens is that the individuals who are responsible for providing clear and thorough information regarding the types of benefits offered when a new employee is hired, or when changes are made to the Pay Plan, often do not do their job. This, combined with the fact that employees are receiving fewer benefits compared to what they would prefer, contributes to their dissatisfaction with the Compensation and Benefits Package.

The most received benefits are medical insurance, year-end bonuses, and bonuses, where the highest received percentage is below sixty percent. However, when around seventy-two percent of employees state they would prefer to receive bonuses, and only forty-four percent do, it shows a mismatch between what they expect and what they receive (Expectancy theory).

More employees would like to receive a higher payment and keep the ratio of wage/benefits as it is. The difference though was small, so it cannot be stated with complete certainty that Albanian employees prefer money more than benefits.

The pandemic changed employee lifestyles, reshaped business models, and dictated new needs and preferences for consumers. The post-pandemic workplace calls for new skills and innovative strategies for doing business. Many employers have adopted new HR policies. All this implies the need for redefining compensation and benefits too.

### 7.2. Managerial Implications

1. Every company should do research regarding the package of compensation and benefits they offer to understand where they stand and what has to be done to improve the situation.
2. Practitioners and decision-makers should consider compensation and benefits as a strategic tool for recruiting, engaging, and retaining employees, as the results show Albanian employees give great importance to this package and consider it as the main motivator to work.
3. Human Resources should provide employees with clear and thorough information regarding the types of compensation and benefits offered.
4. When planning compensation and benefits packages, employee expectations should be strongly taken into consideration, to avoid the mismatch between what they expect and what they receive.
5. The pandemic changed employee lifestyles, by shifting their needs and expectations, and jobs acquiring new skills to be performed, thus a new and competitive remuneration package.

### 7.3. Practical Implications

From the practical point of view:

1. Employers can benefit from this study to redesign the Compensations package, as a crucial motivation tool, not only to meet conditions of working in the “new normal” for current and future employees but also to improve performance and enhance their skills for the jobs of tomorrow. This will contribute to increased productivity for the company and an improved workforce in the country.
2. Employees could try getting together to empower and/or form unions which in Albania are almost nonexistent in exercising their role. This could be a step forward in negotiation for their best remuneration.

3. There is a need for laws on trade unions and collective bargaining, which would greatly impact the remuneration of employees in Albania.

#### 7.4. Limitations and Future Research

Limitations of the study are related to the post-pandemic investigation since few in-depth interviews were conducted, and a survey could help to capture insights from a larger sample.

As to future research work in this field, further studies need to be done in the Albanian labor market and see whether compensation and benefits preferences are influenced by background factors such as age, gender, marital status, etc. In terms of employee satisfaction, other factors besides compensation and benefits could be considered. Moreover, it would be interesting to consider this study from the employer's perspective too, including company size and industry or competition factors.

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