

*WHAT DO EMPLOYEES REALLY WANT? AN
ASSESSMENT OF EMPLOYEE BENEFIT PROGRAMMES
AT A TERTIARY INSTITUTION: A CASE OF THE
UNIVERSITY OF SOUTH AFRICA*

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Die belangrike rol wat Suid-Afrikaanse tersiêre instellings in die algemene ontwikkeling van die land speel kan nie betwis word nie. Ongelukkig is die vergoeding wat deur die instellings betaal word ten nouste aan die subsidie wat hul van die staat ontvang, gekoppel. Vanweë die vermindering van die persentasie subsidie ontvang die afgelope paar jaar en die feit dat dit heel waarskynlik sal voortduur, sal tersiêre instellings verplig wees om meer vindingrykheid aan die dag te lê met betrekking tot die bestuur van hul vergoedingstelsel wat sowat 80 persent van hul begrotings uitmaak. Werknemerbyvoordele verteenwoordig ongeveer 40% van dié persentasie en dit sal dus wys wees om te bepaal tot watter mate hierdie byvoordele nog aan die behoeftes van die werknemers voldoen.

1. INTRODUCTION

The important role played by tertiary institutions in South Africa with regard to the general development of the country cannot be disputed (Bosch, Du Plessis, Louw and Venter, 1998). To be successful in this regard, these institutions rely on the intellectual capacity of their employees. It is this dependency that makes the management of employees one of the principal challenges at these institutions (Coetzee, 2000). One of the main factors in this regard is the compensation paid to employees.

Unfortunately the compensation paid by these institutions is closely linked to the government subsidy received each year. Because the

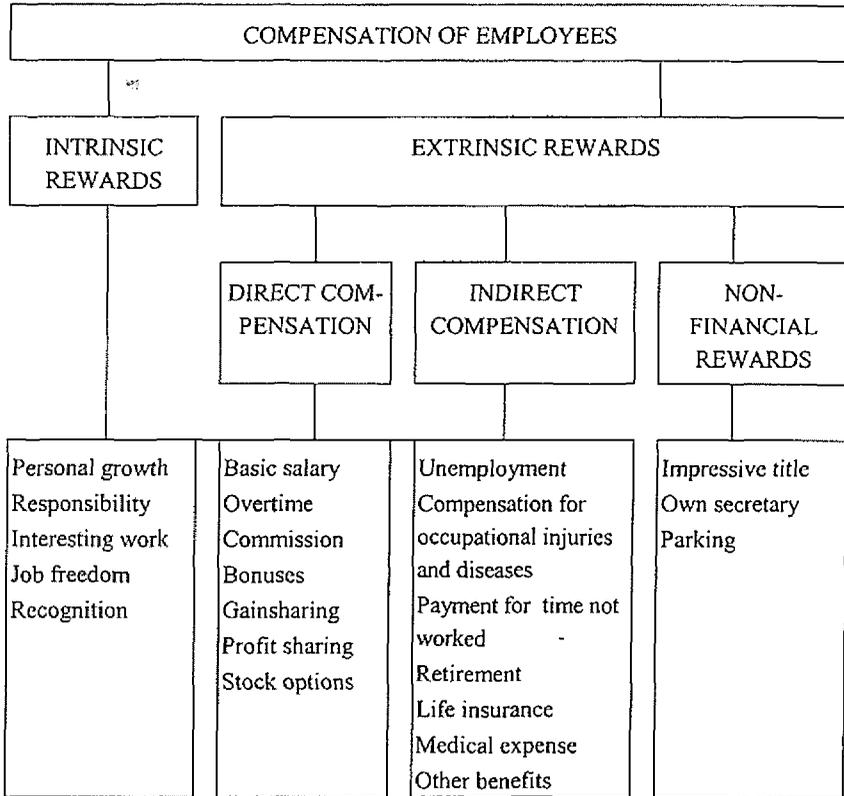
percentage of the subsidy has decreased during the past few years and will probably continue to do so, tertiary institutions will need to show greater ingenuity in the management of their compensation system which forms some 80% of their budgets (Coetzec, 2000).

Within this system, employee benefits constitute as much as 40% of the payroll costs and it would be wise to scrutinise this factor more closely in view of its impact on the total compensation system (Carrell, Elbert, Hatfield, Grobler, Marx and Van der Schyff, 1998). A question that thus needs to be addressed by the management of tertiary institutions is whether employee benefits are managed as efficiently and effectively as possible. A key stakeholder in this regard are the employees at these institutions and the purpose of this research was to determine to what extent the present employee benefits address the needs of these employees.

2. COMPONENTS OF A COMPENSATION SYSTEM

According to Cascio (1998) an organisational reward system includes both financial and non-financial rewards. Financial rewards include direct payments plus indirect payments. Non-financial rewards include everything in a work environment that enhances a worker's sense of self-respect and esteem by others. Carrell et al. (1998) also support this view and refer to compensation as a system consisting of extrinsic rewards such as salary and benefits as well as intrinsic rewards such as achieving personal goals, autonomy and more challenging job opportunities. Thus, compensation broadly includes all forms of payment (financial as well as nonfinancial) in exchange for employees contributions. A schematic representation of the components of a compensation system appears in Figure 1. These components will be briefly discussed.

FIGURE 1
THE COMPENSATION SYSTEM



Source: Adapted from Robbins (1993)

The two main groups of components can be divided into intrinsic and extrinsic rewards. Intrinsic rewards refer to those which individuals experience within themselves and include achieving personal goals, having autonomy, receiving recognition and enjoying challenging job opportunities. Extrinsic rewards include direct compensation, indirect compensation and non-financial rewards (Robbins, 1993).

Direct compensation refers to the direct payment of employees for services rendered and includes basic salary, overtime payment, commission, bonuses and other incentive payments. Indirect compensation, as the word implies, refers to indirect payments in the form of benefits and includes retirement, medical insurance, group life insurance, housing subsidy and various allowances. Non-financial rewards do not refer to any form of payment but reward employees in non-financial ways for their contributions (Casio, 1998). These type of rewards include an impressive title, own secretary and special parking area.

3. A THEORETICAL PERSPECTIVE ON EMPLOYEE BENEFITS

We have moved from an era in which large portions of the workforce were assumed to be similar, to an era in which the workforce is composed of many different individuals - hence the value of a flexible compensation approach to the needs of a diverse workforce.

Elmuti (1993) and Jamieson and O'Mara (1991) identify the following changes that the workforce in general is experiencing:

- More female employees and dual income families
- An increase in ethnic diversity
- More employment of people with disabilities.

These changes, particularly in the South African context, have the following implications for the provisioning of employee benefits:

- More female workers and dual-income families
 - Members of dual-career families will only relocate with significant incentives and support
 - Benefit needs will vary among women who are single parents, who are part of dual income families, childless or have children

- Lease policies will have to be revised
- Childcare benefits will grow in importance.
- Increase in ethnic diversity
 - Rewards will have to value different cultural groups and be flexible about holidays, time off and leave
 - Managers will be rewarded for successfully blending a diverse workforce.
- More employment of people with disabilities
 - Work-at-home and other flexible options will be considered
 - Comprehensive employee assistance services will be required.

Consequently, the major challenge to organisations will be to manage employee benefits in an organisation where the employees may be divided along sexual, racial, ethnic, religious, age, income levels and marital status lines. Unfortunately this is not simply about providing a variety of employee benefits — employee benefits need to be continuously updated.

According to Griffes (1990) a fundamental feature of benefit theory is that employees perceptions of the value of benefits result from personal economic circumstances and personal social values. Since these personal circumstances and values change over time, employee perceptions also change. This concept of ever changing employee perceptions about employee benefits is fundamental to benefit planning and management.

Most organisations today have a rather paternalistic approach to the structuring of compensation packages. This means that employees are to a significant degree, tied to cash/benefit mixes, as prescribed by the organisation (Griffes, 1990). Little discretion exists for the individual to shape benefit coverages to suit individual needs or circumstances (Frost, Gifford, Seltz and Sperling, 1992).

On the one hand, this probably results in the organisation wasting money on benefits that have no or limited value to a significant number of its employees: On the other hand, individual employees are generally unable to achieve optimal cash flow from their remuneration packages.

A remuneration strategy that allows employees to achieve optimal cash flow from their remuneration packages is the flexible benefits plan (also known as the cafeteria plan) (Carrell et al., 1998). The key features of this flexible benefits plan are as follows:

- The employee is rewarded with a total package value based on the value of the job and job performance.
- The employee is provided with a number of flexible benefit options from which he/she may choose those benefits which are the most appealing.
- The cost to the employer for providing these benefits is then deducted from the total “package” value in order to arrive at a net cash salary (Ernst and Young, 1995).

4. FLEXIBLE BENEFITS OVERVIEW

As indicated earlier, people’s needs vary greatly depending on their age, marital status, number of dependants, income level, culture and sex. People thus prefer to make choices, to customise their benefits and to gain more control over part of their income. As Gemignani (1997) puts it “Benefits: one size does not fit all”.

By offering flexible benefits, organisations are not only responding to their employees’ needs, they are also containing what would otherwise be increasing benefit costs (Jamieson and O’Mara, 1991).

According to Bloom and Trahan (1986) there are two basic types of flexible benefit plans: full-flex plans and reflex plans. Most plans found in practice today combine features of both. Full-flex plans are employer-driven benefit plans in which employees spend “flexible

credits” on various benefit options provided by the employer. These credits are usually employer-provided although they may also be generated by salary-reduction arrangements. Employers who wish to provide a wide range of benefit options for their employees prefer this type of plan. In contrast to full-flex plans, reflex plans are primarily tax driven. They usually involve the creation of flexible spending accounts, funded through pretax payroll deductions, employer contributions, or both. Such accounts are used to reimburse employees for specific benefits that they initially pay for out of their own pocket. If employees do not spend enough on a particular benefit to exhaust the flexible spending account, the remainder is forfeited — even if it came from their own salaries. Reflex plans do not always involve flexible spending accounts. Sometimes they simply involve salary reductions that are used directly by the employer to purchase certain benefits for the employee.

Besides the above two basic types of flexible benefit plans, Carrell et al. (1998) also distinguish between three major types of flexible employee benefit plans. The core cafeteria plan provides employees “core” (minimum) coverage in several areas and allows them to choose either additional benefits or cash up to a specified maximum total. The aim of this plan is to give employees freedom to choose between benefits while also protecting them against poor decisions. The buffet plan starts employees with their exact current benefit coverage and allows them to decrease coverage in some areas in order to earn credits for other benefits. The alternative dinners plan provides a number of packages (“dinner”) to choose from. The total costs of each dinner would be approximately the same. Flexible benefit plans provide many advantages for both the employer and the employee and these are indicated in Table 1.

TABLE 1
ADVANTAGES AND DISADVANTAGES OF A FLEXIBLE BENEFIT PLAN

<p>ADVANTAGES FOR EMPLOYEES</p> <ul style="list-style-type: none"> • Ability to choose benefits that will satisfy their particular needs • A wider variety of benefits is available • Employees gain a sense of belonging and responsibility • Gain control over the spending of their income
<p>ADVANTAGES FOR EMPLOYERS</p> <ul style="list-style-type: none"> • Improves cost containment since employees elect to participate in more cost-effective plans • Lower employment taxes • Tool for the recruitment and retention of employees • Improves forecasting and management of benefit costs • Meets diverse needs of employees • Avoids duplicate coverage
<p>DISADVANTAGES FOR EMPLOYERS AND EMPLOYEES</p> <ul style="list-style-type: none"> • Administration costs increase as the benefit plans become more complex to administer • Adverse selection (employees make poor choices which leads to inadequate coverage) • Educating employees and communicating the various benefit plans will need to be done extensively

Source: Adapted from Kleiner (1994), Tane (1992) and Carrell et al. (1998)

Despite the many advantages of flexible benefit plans, organisations are generally hesitant to implement flexible benefit plans (Coopers and Lybrand, 1993). According to Coopers and Lybrand, the following are the main obstacles in the implementation of flexible benefit plans:

- the high costs of implementing a flexible benefit plan
- the high costs and complexity of administering a flexible benefit plan
- tax implications due to a change in fiscal measures
- the loss of large-group economies of scale in benefit pricing
- the problem of adverse selection by employees

- the possibility that workers will make bad benefit decisions that will impact negatively on work satisfaction and productivity.

5. RESEARCH METHODOLOGY

5.1 SAMPLE

Constraints such as costs and time have made it impossible to conduct this research at all tertiary institutions in South Africa. Hence it was decided to involve only the largest institution namely the University of South Africa (Unisa). During 1998, Unisa provided tuition to more than 29 percent of South Africa's students.

Apart from being the largest institution, it also has a diverse workforce. The staff component consists of approximately 1 311 (38,5%) academic staff (1 124 White, 10 Coloured, 18 Asian, 159 Black) and 2 088 (61,4%) administrative personnel (1,349 White, 22 Coloured, 21 Asian, 696 Black) – hence a total staff establishment of 3 399 of which 51% are female. It is also one of 11 mega distance teaching institutions in the world (see Table 2) and thus plays an important role in higher education internationally.

TABLE 2
THE ELEVEN MEGA-UNIVERSITIES IN THE WORLD

COUNTRY	NAME OF INSTITUTION	ESTABLISHED
China	China TV University System	1979
France	Centre National d' Enseignement à Distance	1939
India	Indira Gandhi National Open University	1985
Indonesia	University of Terbuka	1984
Iran	Payame Noor University	1987
Korea	Korean National Open University	1982
South Africa	University of South Africa	1873
Spain	Universidad Nacional de Educacion a Distancia	1972
Thailand	Sukhothai Thammathirat Open University	1978
Turkey	Anadolu University	1982
United Kingdom	The Open University	1969

Source: Meister (1998)

It was also found that the benefits offered by Unisa were representative of the benefits provided by all other tertiary institutions within South Africa (see Table 3 below).

TABLE 3
EMPLOYEE BENEFITS PROVIDED BY UNISA

<p>LEGALLY REQUIRED BENEFITS</p> <p>Unemployment Insurance</p> <p>Compensation for occupational injuries and diseases</p> <p>Payment for time not worked</p> <p>VOLUNTARY BENEFITS</p> <p>Medical aid scheme</p> <p>Group life insurance</p> <p>Pension/provident funds</p> <p>Parking</p> <p>Bursaries and tuition fees</p> <p>Clothing and overalls</p> <p>Housing subsidy</p> <p>Membership of professional associations/attendance of courses and conferences</p> <p>Motor-vehicle loan scheme</p> <p>Bonuses - annual service bonus, qualification bonus and long-service bonus</p> <p>Subsidised bus transport</p> <p>Removal and travelling expenses</p> <p>100% housing loan scheme</p> <p>24-hour group accidental death and disability plan</p> <p>Childcare centre (crèche)</p> <p>Legal advice services</p> <p>Counselling services</p> <p>Subsidised cafeteria meals</p> <p>Health clinic</p>
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Source: Conditions of Employment brochure, Unisa (1999)

For the purpose of the empirical study a disproportionate, stratified sampling method was used. Stratified sampling involves separating the

population into subgroups called “strata” and then randomly drawing from each stratum (subgroup). Disproportionate sampling means that the different strata are not sampled in proportion to their size in the overall population, but a predetermined number of sample employees is decided-upon beforehand. Employees within a stratum are selected randomly, but among the different strata, employees have disproportionate chances of being selected (Aaker, Kumor and Day, 1995).

The first step in the sampling process involved obtaining a list of all staff members (academic as well as administrative) at Unisa. The list consisted of all permanent, temporary and part-time employees and provided information such as personnel category, ethnicity, gender, employment status, marital status and age. The next step involved separating the list into academic and administrative personnel. Thereafter, each list was further divided into male and female, married and single (widows, widowers and divorcees) as well as whites and other groups. With regard to ethnicity, employees from other population groups (Blacks, Coloureds and Asians) were treated as a single component of ethnicity because the size of each of these individual groups was too small in proportion to Unisa’s total workforce. Once this process had been completed, a maximum of 40 employees were drawn (i.e. the first 40 names on the list) from each category and where there was less than 40, a minimum of 20 were drawn. A sample of 560 employees was used (320 administrative employees and 240 academic employees).

5.2 MEASURING INSTRUMENT

It was decided to use a structured questionnaire for this study. A structured questionnaire provides alternatives to each question and the respondents simply need to select and mark the applicable answer. The questionnaire consisted of eight sections: Section A – personal particulars (biographic data); Section B – awareness of employee benefits at Unisa; Section C – preferences regarding employee benefits; Section D – satisfaction with employee benefits; Section E – exchanging benefits for cash; Section F – unique benefits; Section G – new benefits

and Section H – communication methods for benefits information. Although no formal pretest of the questionnaire was undertaken, inputs were however obtained from the Human Resource Department at Unisa and the different trade unions. The Department of Business Management at Unisa was also approached.

5.3 QUESTIONNAIRES RETURNED

As indicated earlier, 320 questionnaires were sent to administrative employees and 240 questionnaires to academic employees. From the academic group, 158 questionnaires were returned (66%) and from the administrative group, 143 (45%). The overall response rate was 55%. According to Welman and Kruger (1999), a response rate of 33 percent can be regarded as being representative of the population, hence the response rate of 55 percent is more than adequate for the sample to be regarded as being representative of the population.

5.4 STATISTICAL ANALYSIS

Statistical analysis was done by using the SAS computer programme (SAS - Stat User's Guide, 1990). Various factors have to be considered before an appropriate statistical method for data interpretation could be selected. In respect of this research, the sample size as well as the number of variables that needed to be analysed simultaneously, were the determining factors. To address these issues properly, a number of statistical techniques were identified and used as basis for the interpretation of the data. These included a univariate data analysis, partial correlations and factor analysis. Issues such as means and standard deviations, as well as the level of statistical significance, were also considered.

6. RESULTS FROM THE SURVEY

The findings relating to the individual sections are discussed in this section.

6.1 SECTION A OF THE QUESTIONNAIRE (BIOGRAPHICAL DETAILS)

The most important and interesting findings in this section of the questionnaire revealed the following on the profile of the respondents. Note that the profile of the respondents is representative of the overall employee profile at Unisa.

- Gender

A total of 153 male and 152 female employees completed the questionnaire.

- Ethnicity

A total of 212 Whites (70%), 73 Blacks (24%), 7 Coloureds (2%) and 11 Asians (4%) completed the questionnaire.

- Age

The majority of the respondents (66%) were between the ages of 25 and 46, which is indicative of a relatively young workforce.

- Job tenure

It is interesting to note that 61 percent of the respondents had been working for less than 10 years at Unisa. Very few of the present staff complement appear to have started their careers at Unisa. This low job tenure could possibly be the result of the higher entry requirements (eg. qualifications) for the academic group and the large number of junior administrative appointments made during the last decade when new posts were created.

- Dependants

Of the respondents, 38% do not have any dependants, while 16 percent have one dependant, 17 percent two dependants, 13 percent three dependants and 11 percent four dependants.

- Educational qualifications

The educational level of the respondents is quite high — 81 percent have obtained a degree, diploma or higher qualification, 16 percent grade 12, and only three percent a qualification lower than grade 12.

- Contributors to the household income

A minority of respondents (49,5%) indicated that other family members also contributed to the household income. It can thus be assumed that in these cases the household included either a married husband or wife — a dual-career family.

- Breadwinner

The majority of the respondents (66%) indicated that they were breadwinners. As a breadwinner, the assumption can thus be made that employee benefits such as medical aid, pension and housing subsidy will be of vital importance to them.

- Monthly gross salary

A relative large group of respondents (43%) indicated that they earn between R5 000 and R10 000 per month. This group thus represents the middle management level in the administrative division and the lecturer/senior lecturer group in the academic division.

- Marital status

The majority of the respondents (64%) are married, the remaining respondents (36%) being either single, divorced or widowed.

6.2 SECTION B OF THE QUESTIONNAIRE (AWARENESS OF EMPLOYEE BENEFITS AT UNISA)

Section B of the questionnaire consisted of 36 questions relating to the employee's awareness of the benefits offered by Unisa. Owing to the large number of items, it was decided to perform a factor analysis to determine whether possible dimensions or factors underlie the items. From the information obtained, two factors could be identified,

namely: awareness of development benefits (Factor 1) and awareness of support benefits (Factor 2).

Factor 1: Awareness of development benefits (consisting of items such as research and development leave, long leave, membership of professional associations and bursaries).

The findings indicate that the employees are highly aware of the development benefits offered by Unisa. However, it is interesting to note that employees were the least aware of the benefit for the payment of membership fees of professional associations (52%). The reason for this could possibly be related to management's efforts to curtail costs and consequently they do not market this benefit fully. The benefit of which employees were most aware was the services rendered by the health clinic (94%). Unfortunately, the health clinic has since been closed. Other significant findings regarding this factor included:

- Sick leave

Older employees were significantly more aware of this benefit. As individuals grow older and their health starts to deteriorate, medical benefits such as "sick leave" become an important factor — hence employees' awareness of these benefits will increase.

- Bursaries for employees' children

Older lower-income employees were significantly more aware of this benefit. It is understandable that older employees will have children who will soon leave school and be ready to attend a tertiary institution. Employees in this age group that do not earn high salaries, tend to be more dependent on financial assistance by means of bursaries.

- Research and development leave for academic personnel

Older academic employees with higher qualifications were significantly more aware of this benefit. It is not unusual for academics who wish to develop their research skills and become independent researchers, to utilise such a benefit for the undertaking of large research projects.

Factor 2: Awareness of support benefits (consisting of items such as loans, bus transport, pension schemes and overalls).

The two support benefits of which the employees are the most aware are (1) study leave for administrative personnel (79%), and (2) bus passes (81%). The awareness of the study leave benefit for administrative employees is not surprising. With the relatively young employee profile at Unisa the improvement of individual qualifications in the administrative category is understandable, especially for job performance and future promotion opportunities. Staff members only pay an annual fee equivalent to 50 percent of the cost of one course to further their studies. Besides this concession, Unisa also pays a qualification bonus on the attainment of the qualification. The availability of bus passes to staff members has become a unique institution at Unisa. More than 700 staff members utilise this benefit. The benefit has been available for more than 30 years. One of the drawbacks of the site on which the Main Campus has been erected, has been the shortage of parking. Bus passes largely alleviate this problem. A further reason for the importance of this benefit is the lack of individual transport, especially amongst the disadvantaged groups at Unisa. With the employment equity programme, it is inevitable that in future this group will form a major percentage of the total staff complement, thus emphasising the importance of this benefit.

Other significant findings regarding this factor included:

- Funeral benefits offered by pension funds

Administrative employees were significantly more aware of this benefit. This is not surprising since a large number of employees from other population groups (to whom funerals are an important part of life) are found in the administrative staff component — 33 percent of the employees for example are Black.

- Housing subsidy for both spouses

Lower qualified employees were significantly more aware of this benefit. Since housing is an important component of one's basic needs, it is under-

standable that a housing subsidy would be of greater importance to staff with lower qualifications who earn lower wages, especially in some of the administrative categories. In many cases this subsidy makes the ownership of a home possible which would otherwise not have been the case.

- Cash loans

Administrative employees with lower qualifications, from population groups other than white were significantly more aware of this benefit. This is not surprising since there have been many changes in the past number of years in the land reform issue in South Africa. Hence this benefit has become popular amongst the other population groups, especially Blacks living in townships who have difficulty in obtaining financial assistance for home improvements. Because of their low income a loan of up to R10 000 is granted.

- Clothing and overalls

Married, administrative employees with lower qualifications were significantly more aware of this benefit. In South Africa, the provisioning of clothing and overalls has been a tradition amongst unskilled and semi-skilled workers in factories, on mines and at semi-government organisations like Transnet, Telkom and the Post Office (Coetzee, 2000).

- 24-hour accident policy

Older employees with many years of service were significantly more aware of this benefit. This trend is not unusual because motor-vehicle accidents can cost thousands of rands as well as possible loss of income, depending on the severity of the accident. Older workers are normally married employees and have a responsibility towards their families.

- Study leave for administrative personnel

Administrative employees with lower qualifications were significantly more aware of this benefit. Since this benefit is applicable to administrative employees only, it is logical that they would be more aware of it. It is not surprising that this benefit is well-known because qualifications play a vital role in improving an individual's work performance and

subsequent promotion opportunities resulting in better pay packages. Thus study leave forms an integral part of this effort.

By comparing the findings for these two factors it is obvious that employees are more aware of development benefits than support benefits. In the broader sense, support benefits can have a positive impact on the psychological contract between the employer and the employee, leading to a happy and motivated workforce. The institution thus needs to improve its efforts to market these benefits to the staff.

6.3 SECTION C OF THE QUESTIONNAIRE (PREFERENCES REGARDING EMPLOYEE BENEFITS)

Section C of the questionnaire consisted of 10 questions (statements) with the main focus on employee involvement. From the findings it is clear that the majority of the respondents were in favour of having a greater input in the provision of employee benefits. It also became clear that employees from other population groups were significantly more in favour of issues such as

- having greater benefit choices
- choosing their own medical scheme
- receiving a 20% salary increase instead of any voluntary benefits
- “selling leave”

Employees from population groups, other than white, also indicated that the employee benefits failed to adequately satisfy their individual needs. Once again it was found that diversity factors played a crucial role in the benefits area.

6.4 SECTION D OF THE QUESTIONNAIRE (SATISFACTION WITH EMPLOYEE BENEFITS)

Section D of the questionnaire consisted of nine questions (benefits). Employees had to indicate to what extent they were satisfied with the particular benefit indicated. From the findings it appears that employees are

generally quite satisfied with the benefits provided by Unisa, especially vacation and sick leave benefits. The benefits with which they were the least satisfied include the vehicle-loan scheme, bursaries and the subsidised bus pass. Regarding the bus pass, employees' dissatisfaction is surprising, because this is the cheapest means of transport to the Main Campus. Perhaps the limited number of routes available could be the underlying cause of the employees' dissatisfaction. Regarding the issue of bursaries and the vehicle-loan scheme, a possible reason for employees' unhappiness here could be the limited financial support provided for these benefits. Unfortunately, owing to cost constraints these benefits cannot be improved at present. Other significant findings included:

- Retirement (Pension)

Younger employees from other population groups with relatively few years of service were significantly more satisfied with this benefit. This is not surprising because individuals from other population groups are more optimistic about the future economic prospects of South Africa compared to Whites. The portfolio of the Unisa Pension fund comprises a large shareholding on the Johannesburg Stock Exchange (JSE) and the growth of the Fund is inextricably linked to the economic prospects of the country. Possibly diversification of the Fund into overseas portfolio's could make it more attractive to all employees.

- Group Life insurance

Lower-income, younger employees with relatively few years of service were significantly more satisfied with this benefit. At present, the group life insurance pays a lump sum twice the amount of an employee's pensionable salary to an employee's dependants. This is especially important to young employees who are still in the early stages of their careers, in many instances, have young children and a spouse to care for.

- Medical insurance

Female employees who are not the sole providers of income and also not the breadwinner in the family were significantly more satisfied

with this benefit. This meant that they are not a member of their spouses medical scheme and are thus very happy with the benefit.

- Housing subsidy

Lower-income, younger, female employees were significantly more satisfied with this benefit. This is understandable, especially with the high cost of accommodation nowadays.

- Motor vehicle loan scheme

Younger employees with less years of service were significantly more satisfied with this benefit. This is understandable since these employees simply cannot afford to pay the high interest rate when purchasing a vehicle. Unisa provides a loan for this purpose at a lower interest rate.

6.5 SECTION E OF THE QUESTIONNAIRE (EXCHANGING BENEFITS FOR CASH)

In section E of the questionnaire employees had to indicate which benefits they were prepared to exchange for cash. This section included seven benefits.

From the findings it is clear that employees were generally not in favour of exchanging benefits for cash. The two benefits which employees regarded as the most important and which they were least prepared to exchange for cash were medical insurance and retirement benefits.

6.6 SECTION F OF THE QUESTIONNAIRE (UNIQUE BENEFITS)

In section F of the questionnaire the respondents had to indicate which unique benefits they would utilise should Unisa offer them, provided that they pay 50 percent of the cost. This section consisted of four items.

From the findings it is clear that the three unique benefits employees are highly in favour of include computers at home, cellphone payments and Internet subscriptions. The following is of interest in this regard:

- Computers at home

Higher qualified, academic employees were significantly more in favour of this benefit. This is understandable because these employees conduct more independent research and with the information available on the Internet (eg. downloading articles), this will enhance their research effort.

- Internet subscriptions

An issue closely related to the above aspect is that of internet subscription. Again, higher qualified academic employees were significantly more in favour of this benefit. The internet plays an important role today as a vast source of information, and the value of this being made available to academics especially, should not be underestimated.

6.7 SECTION G OF THE QUESTIONNAIRE (NEW BENEFITS)

This section consisted of an open question requiring the respondents to indicate what other employee benefits they would like Unisa to offer.

From the findings it is clear that many of the suggestions made, actually refer to the improvement/expansion of existing benefits. New benefits like recreational facilities, working at home (telecommuting) better long service awards and motor-vehicles for higher ranking officials, were identified by the respondents as possible areas of improvement.

6.8 SECTION H OF THE QUESTIONNAIRE (COMMUNICATION OF BENEFITS)

Section H of the questionnaire addressed the whole issue of the communication of benefits to employees. The respondents had to indicate which method they preferred. The section consisted of six items.

From the findings it is clear that employees regard notices with pay-slips (83%) and e-mail messages (82%) as the most popular benefits communication methods. The least preferred method was posting on bulletin boards (19%). Employees from the non white population groups, however, were significantly more in favour of newsletters, postings on bulletin boards and trade union meetings as benefits communication methods.

By keeping the above results of the research in mind, recommendations on the management of employee benefits at Unisa will now be made in the next section.

7. RECOMMENDATIONS

Based on the findings of this study, the following recommendations regarding the management of employee benefits at Unisa can be made:

A flexible benefit plan comprising the following elements should be introduced:

- core and optional benefits
- benefit packages for different job levels
- benefits reflecting aspects of workforce diversity (As the staff composition changes in the next five years many new benefits will be required – the reference here is to the employment equity programme to be implemented)
- better communication of employee benefits.

8. CONCLUSION

Over the years indirect compensation grew substantially more than direct compensation. This increase occurred despite the lack of evidence that indirect compensation helps to realise the goals of total compensation. Money, job challenges, and opportunities for advancement appear to serve the purposes of compensation as much as if not more than, pension benefits, disability provisions and services, especially for employees

aspiring to managerial careers. This is not to say that employees do not desire indirect benefits. Organisations are offering them at such a rapid rate, partly because employees want them.

Unfortunately, the specific indirect benefits offered by an organisation are not always valued by all employees, some of them may not even know what benefits are offered. As a result, organisations now solicit employee opinions about their preferences for compensation programmes -- hence the aim of this study.

Organisations are also becoming more concerned about the communication of their benefits programmes. Current evidence suggests that employees' lack of awareness of the contents and value of their benefit programmes may partially explain why these programmes are not always favourably perceived.

Benefits do not come without costs. To ensure that an organisation is getting the most from its indirect compensation, thorough assessments should be made of what the organisation is doing, what other organisations are doing, and what employees prefer to see the organisation doing.

To improve the motivational value of indirect compensation, organisations should try to provide what employees want. Hopefully this study has identified the needs and preferences of employees regarding employee benefits at tertiary institutions.

As in the case of direct compensation, employees will probably continue to demand more benefits like the ones they now have, as well as some they presently lack but desire, as indicated in the study. With the appointment of a professional compensation manager (the absence of such a person appears to be prevalent), it is hoped that the management of employee benefits will be to the advantage of all.

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