

Impact of the Covid Pandemic on Management Decisions Regarding the Content of Benefits Packages

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ABSTRACT: The Covid-19 pandemic took us all by surprise, affecting all areas of activity at national and international level. This situation has forced us to change both our private and professional life. Depending on the specificity of the activity carried out by each employee, there were sectors of activity that continued their activity with physical presence, with employees going to work every day, but the vast majority had to adapt to the new conditions of activity. What happened on the labor market in this new situation? There were companies that temporarily suspended their activity and later had to close it, because they could no longer cover expenses during the crisis. There were many cases in which the employees' option was to give up their job, temporarily, with managers being put in a position to find solutions and manage them so as to get over these unwanted events.

KEYWORDS: management, benefits, pandemic, tools, team

Introduction

Along with the emergence of the pandemic worldwide, the states of the world have had to identify and adopt budgetary and political measures able to ensure liquidity in order to support citizens from a professional and personal point of view.

In addition to these measures, at EU level, "the Commission suggested comprehensive measures of mobilization **of every euro in the EU budget in order to protect lives and living standards**. The Commission has launched a new initiative, the Support to mitigate unemployment risks in an emergency situation (SURE) **tool**, which will help people keep their jobs and help their families. The Commission has also suggested redirecting all available structural funds to the response to the coronavirus crisis."

"The flexibility of state aid rules allows Member States to introduce aid schemes (e.g voucher guarantee schemes and other ways to support cash flow) in order to support businesses and to guarantee that reimbursement claims caused by coronavirus pandemic are met."

"The SURE programme helps Member States to cover the costs of national technical unemployment schemes, and similar measures allow companies to maintain their jobs. The Commission also supports partnerships between employment services, social partners and businesses, in order to facilitate retraining, especially for seasonal workers" (European Commission 2021).

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Taking into account the decisions taken at national and international level in a pandemic situation, the issue of what happens within the company was raised. What decisions can a manager make to help his/her employees? How can managers motivate their own employees in order to keep them in the company?

A big problem was the impossibility of physical interaction with and between employees. Managers had to reorient themselves, mainly, towards online communication.

Thus, they had to invest in equipment and work software. Digitization has proven to be essential by means of the use of software networks.

- “Slack- a chat system used by most companies, which can be divided into different communication channels, such as a general one and others for other sub-departments, teams or projects. This is much more useful than a classic chat or group.

- Zoom - a more complex tool than Skype, ideal for conferences with multiple users and presentations. The number of users doubled earlier this year along with the spread of Coronavirus.

- Google Drive - the sharing system that contains options for document, table or presentation files, in which you can track the activity of all contributing users, you can save previous versions and use the entire suite with the entire team.

- Google Hangouts Meet - ideal and simple for online meetings, with or without a video camera, in which two or more people can enter an invitation on their Google calendar and then speak, write and share files.” (UpRomania 2021)

Thus, they found effective ways to convey all objectives clearly, in order to be understood and completed while meeting deadlines. Ways to socialize with the team were identified online, in order to replace the previous meetings during which members could talk about different personal, family, professional topics, etc.

“The “listen and answer” technique involves an active and sustained communication of managers with the members of the teams they coordinate. It is about encouraging communication, about creating an environment in which any employee and team member feels that he/she can raise questions and requests to which they will receive answers and help. It is also called the feedback technique and is all the more important as employees see it as a technique that helps them evolve and enrich their know-how. (...)

- An attractive work environment involves several factors including:
 - An attractive salary package, adapted to the level and requirements of the market
 - Important non-salary benefits: food vouchers, vouchers, gym memberships, health insurance in private medical networks, company car, etc.
 - Opportunities for promotion at work
 - A competitive work environment
 - A prestigious company (...)

Rewarding employees is a means of motivation with good results in the long run, especially as long as the rewards are fair and directly proportional to the employee's efforts and value. Rewards for employees can be direct, indirect, material or non-material, depending on the company's possibilities, the employee's activity, and the nature of the job.

(...) A number of tools from different registers are used to motivate employees. Often these tools must be used in parallel because the needs of the individual are related both to issues strictly necessary - a sufficient income for housing, food, etc., and tools referring to needs such as professional recognition.

Useful tools for motivating employees are divided into:

- Tangible motivating factors: a motivating salary (aligned with market revenues), financial rewards (when achieving objectives), bonus plans, prizes, material and financial benefits

- Intangible factors: influence in decision making, success, recognition of the role in the company, career development, job security, belongingness, promotion, praise, involvement in new projects (of a larger scale), flexible working hours (the possibility to work from home)” (Sodexo 2019).

“The pyramid of needs or Maslow's Pyramid, the pyramid of wishes, on the other hand, are components of certain theories, the former conceived by the American psychologist Abraham Maslow (...), and which establish some hierarchies that condition our behavior and

which could provide a key to our inner balance and to the motivation or lack of motivation in the choices we, willingly or unwillingly, always make or when we undertake or abandon activities, plans, life projects, etc. (...)

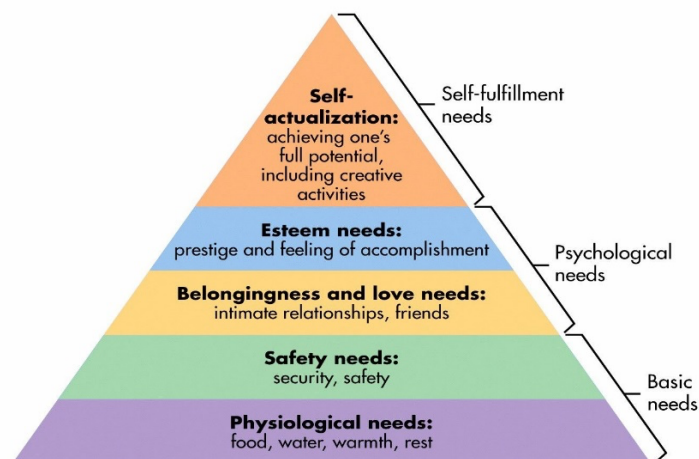
According to the American psychologist, there are five levels of human needs. Once a level is achieved or when he feels that it would be so, man enters a temporary phase of relative balance, after which he passes to the next level of needs, the course being from the base of the pyramid to the top. Maslow explains that it is the unsatisfied level the one which guides human behavior. It would be useless, even impossible, to try to accomplish some needs at the top of the pyramid, if the basic ones are not met.

The pyramid of needs drawn up by the American psychologist Abraham Maslow highlights five levels of needs, from the primary ones, which he calls vital or psychological needs, going through security needs (stable and predictable environment, housing, job, etc.), through the ones of belongingness (love, integration in a group, etc.), esteem (trust, self-respect and appreciation of others), to the needs of self-actualization/self-realization, which give a meaning to existence. (...)

Maslow's pyramid contains the basic needs and not the wishes of people. It is natural to ask what the difference between needs and wishes is. A need is a dissatisfaction, a lack of an essential need to live - organic, social, mental, etc. Dissatisfaction or lack is expressed by means of sensations: hunger expresses the need to eat, fear expresses the need for security, etc., and if these needs are not met, they can block a person's life or development.

Wish has its origin in the subconscious, and in the plane of the conscious it takes the form of an emotion regarding a non-vital need, something that can be very strong, but not essential for life. Housing, food, medicine, etc. are necessities, while going out to a restaurant, brand clothes, holidays, etc. are wishes" (Deștepti.ro 2018).

Figure 1. Maslow's Hierarchy of Needs



Source: McLeod (2020) Maslow's Hierarchy of Needs

Given the needs of employees during a pandemic, HR departments, which manage the workforce within a company, have become more important and the manager has made efforts to strengthen it. In addition to recruitment, employment and training, the HR department had to identify new means of efficiency and optimization. Employees began to feel increasing pressure and needed additional support from the company. Since more and more companies had to move their activity in the virtual media, internal and external meetings were cancelled and replaced with online ones, to communicate all the information necessary for the proper conduct of business in real time.

During this period, the emotional state of the employees was affected, and HR departments had to invest new resources in order to maintain an emotional balance. For this reason, companies have identified new strategies to offer employees as benefits packages.

“After being asked what were the new benefits that they received in the last 12 months, participants in the latest study conducted by eJobs Romania mentioned professional psychological counselling, increase in the value of food vouchers, subscriptions to private medical clinics, health insurance or gift vouchers for partner stores. But if they were put in the position to set up their ideal package of benefits, they said that to what they already received they would add a budget for the home office fit-out works, psychological counselling, a private voluntary pension, a company car or personal development courses” (Economica.net 2021).

Also, in order to support employees and employers, Law 296/2020 for amending and supplementing Law no. 227/2015 on the Tax Code, has undergone a number of changes that have created new tax facilities in addition to the previous ones. These have been used by companies as an additional offer in terms of benefits packages.

“Companies can grant certain amounts of money monthly in order to cover the expenses generated by teleworkers, and the value can be deducted within the limit of 400 lei per month per employee from the profit tax. In addition, companies do not have to pay payroll taxes for this money granted to teleworkers. This amount that can be deducted by the employer is not related to the salary, but is related to covering certain expenses of the employee that the company normally pays when the employees are at the office. Specifically, we are talking about expenses for electricity, heating, water and internet bills, but also for the purchase of office furniture and equipment.

Employers’ costs of testing and vaccinating employees are exempt from payroll taxes. An amendment to the Tax Code resulted in the inclusion of the costs generated by epidemiological testing and vaccination of employees in the category of salary income or similar income that are excluded from taxation and from the calculation of pension and health contributions. (...)

Micro-enterprises and payers of specific tax are exempt from paying taxes for the company cars granted to employees. Thus, starting from the income statement for January 2021, the payers of micro and specific tax will no longer pay income tax and social contributions for pensions and health for the company cars offered to their employees. However, the fiscal framework refers, in principle, only to small cars.

Adoption aid/benefit granted to employees is not subject to taxation. Employees will be able to receive adoption aid from the employer, for which no income tax and social contributions will be paid. Adoption benefits were introduced by means of Law 296/2020 on the list which also includes burial aids, aid for serious and incurable diseases, aid for childbirth or gifts in cash or in kind.

Leave benefit granted to employees is taxed if it exceeds the value of the average salary in the country. Law 296 established a limit for the non-taxation of the money offered to employees for leaves at the level of average gross earnings. Specifically, the amounts granted by companies to employees for tourist or treatment services - including transport for them and their families, when they go on holiday - that exceed an average gross salary will be subject to income tax and payment of social security contributions for pensions and health.

For gift vouchers offered to employees other than your own, only income tax is paid. Starting from this month, gift vouchers granted to employees other than your own are considered income from other sources, for which only the income tax of 10% is paid to the state budget, and not the social contributions to pensions and health. Specifically, the same Law 296 introduced bills (banknotes) in the form of gift vouchers in the category of income from other sources. (...)” (Extrasalary benefits 2021)

These amendments have been made in addition to the previous tax facilities provided for in the Tax Code and which remained in force.

“Private medical subscriptions and voluntary pensions. The limit of 400 euro/year applied in the case of private health subscriptions granted to employees represents a non-taxable advantage if the amounts for these insurances are borne by the employer. In the case of income tax, these expenses incurred by the employer are expenses deductible from the income tax, if they are similar income. For this type of expenses, the employer does not pay any social contributions.

In addition, the expenses that the companies make with the contributions to the voluntary pension funds of the employees can be deducted in full, in the case of the profit tax, within the limit of 400 euro/year per employee. Anything above this limit is considered a non-salary benefit and is taxed accordingly.

Company phone. If the company phone is also used for personal purposes, the related part of the expenses is taxable income for the employee. However, if the respective amount is deducted from the employee's salary, the value of the subscription will no longer be taxed.

Food, gift, nursery or cultural vouchers. For the employer, from the perspective of the profit tax, gift vouchers, cultural vouchers and nursery vouchers are part of the category of deductible social expenses within the limit of 5% applied on the value of the expenses with the salaries of the personnel, according to the Tax Code. Food vouchers are deductible up to the values provided by law. The most used bills are food vouchers. These are granted monthly to employees, either in printed or electronic format, only for the purchase of food or the payment of meals. (...)

Gift vouchers represent bills/banknotes that can be granted by employers to employees, occasionally, for various social expenses.

Cultural tickets are bills/banknotes that can be granted to employees monthly or occasionally and can be used to pay for various cultural goods and services: books, textbooks, music albums, movies, but also subscriptions or tickets to shows, concerts, movie screenings, museums, festivals or theme parks. (...)

Nursery vouchers are bills/banknotes issued each month to employees who do not benefit from parental leave for the child up to two years of age (or three years in the case of a disabled child) and the related allowance(...)” (Intelligent Accounting 2021).

Thus, the selection and creation of a benefits package by the company depends on several factors: age, marital status of the employee, level of educational and professional training, the field in which he/she will work, the employee having the opportunity to negotiate and choose a flexible benefit scheme, provided by both the Romanian state and the employer.

Conclusions

The labor market is constantly fluctuating. There are situations when there is an acute shortage of staff or situations in which employers try to find solutions to keep their employees, because until that moment they consider them the best, the best performing for the company. The tendency of employees is to turn to companies that offer salary packages that also include various attractive non-salary bonuses.

For this reason, employers are increasingly concerned with motivating and keeping their employees. If they are motivated, they will become more productive, and companies that want to attract or keep their specialists must consider employee motivation as a priority. When an employee is motivated his/her performance will also increase, as he/she becomes more productive, loyal and enterprising.

During this pandemic, competition on the labor market has grown, with employees turning to the best offer on the labor market and employers being forced to review their company policy, pay scales and benefits packages.

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