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The Influence of Employee Welfare Program on Work Productivity of Development Regional Bank Employees

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Abstract:

Researchers want to know if employee welfare initiatives affect how productive employees are at work. The population for this study, which has 300 executive workers working in one of the branches of one regional bank in Indonesia, was sampled using a combination of convenience sampling and quota sampling approaches. With the use of SPSS for Windows 25.0, questionnaires and scales were used to gather data, which was then processed using basic linear regression analysis. The findings demonstrated that there is a substantial relationship between employee welfare programs and employee productivity, with the t value being significantly higher than the t table value and the significance value of 0.00 being lower than 0.05. Employee welfare initiatives impact job productivity by 50%.

Keywords: Welfare, Regional Bank, Productivity, Regression Analysis.

Introduction

The difficulty of being competitive in a world market that is expanding and becoming more open is a major one. The existence of organizations and businesses is significantly impacted by the ongoing globalization. The way banks operate and their personnel are impacted by the digitization of financial services. Using human resources to their full capacity so they can help banks achieve their goals is the problem facing banks today. The challenge for businesses or organizations that continue to exist today is to continuously improve productivity, continuous innovation (efficiency), product innovation, and good service. Every firm must acquire the capacity to manage its human resources due to the rapid environmental changes that affect external organizations (Azis et al., 2022).

Continuing in the Pandemic era in 2020, which hit the world including Indonesia, had a major impact on companies and the world economy, including in the banking world, the durability of domestic banks will be tested after the Covid-19 credit restructuring program which ends in March 2023. If banks can quickly clean up potentially bad loans, then banks will survive. However, the problem that occurs is that some banks still report restructuring with a very large value. Then coupled with the condition of debtors who still need an extension of the restructuring program, the bank's ability to print profits has the potential to erode. In addition, the COVID-19 pandemic has also affected the development of the use of information technology which has occurred very rapidly in recent years, which has resulted in changes in behavior patterns and community preferences that demand services towards digital. With this change, it indirectly encourages the creation of an accelerated trend of digital transformation in the banking sector, where banks massively optimize digital technology facilities in both products and services for customers. This is a challenge for all banks and other companies to be able to survive in their operational activities, this condition must be maintained by the company to be able to continue to exist in carrying out its activities so that there are no layoffs, therefore the company must have strategies so that the company can continue to run, the first strategy is to retain employees because they are the main asset of a company (Sagajoka & Lucyani, 2021).

Employees, the company's most valuable resource, are also one of the production elements that have the most impact on how the business is managed and operated, making labor the most essential component in boosting output. In essence, the company's contribution and existence depend on the character and caliber of its employees. The likelihood of a worldwide economic crisis in 2023 was mentioned in a World Bank research from the previous year titled "Is a Global Recession Imminent?" With multiple signs that have started to materialize, including the aggressive hike in benchmark interest rates by central banks of several nations in an effort to slow the rate of inflation, this forecast feels more and more probable. The Financial Services Authority (OJK) defines a recession as a period of deteriorating economic conditions in a nation, as evidenced by negative real economic growth for two consecutive quarters, growing unemployment, or negative real gross domestic product (GDP). People lose their jobs, businesses sell fewer products, and the nation's overall economic output decreases during a recession. The reality of recent events is that numerous large-scale layoffs have been carried out by both small and large businesses, including Google, Shopee, Indosat, GoTo, LinkAja, and many more. In the banking industry, Goldman Sachs has laid off 3,200 employees, representing 6.5% of all employees (Taufik et al., 2022).

Stakeholders must be able to effectively carry out company policies and obligations in order to meet the company's targets and goals in the face of problems. They must also be able to make the appropriate policies for employees and their families based on their positions and standard of living, allowing them to work as efficiently as possible without worrying about their own conditions (outside of work) or other things unrelated to their work. The controversy over the Omnibus Law on Job Creation (Ciptaker) has recently flared back up. Thousands of laborers and employees from several businesses have once more called attention to this law in conjunction with the Constitutional Court's (MK) official test session of the Ciptaker Law. The term "omnibus law" refers to a way of creating laws that combines several rules into a single legal package, each of which has a separate legal purpose. There are three rules specified in this legal system; in addition to the ciptaker rule, there are rules relating to tax provisions, economic development tools, and financial sector growth and development. But out of the three, the Ciptaker Law has received the most attention since it is seen to contain a number of contentious provisions that are harmful to the workers, particularly laborers. Some of the issues that jeopardize the wellbeing of workers or employees are holiday reductions, reduced value of severance compensation, excessive working hours, lost leave rights, and others. Due to the removal of their welfare rights and tendency to favor investor interests, these arguments are seen as being harmful to workers (Djata et al., 2021).

Every business must recognize that, in essence, people (workers) have a range of requirements that are evolving over time. As a result, the business must pay attention to the welfare of its employees, both in terms of material and non-material demands. Every business can benefit from increased productivity because it has a significant impact on the caliber of employees' work in moving the company forward. Productivity levels will be high if employees have high employee morale, and vice versa, if employees have low employee morale, the company will have lower productivity levels. The business must satisfy employee demands by offering suitable service rewards for the labor force's contributions to the business in order to foster excellent collaboration. One of them is by offering a welfare program, which is a reward or complement that is offered based on corporate policy and can be both tangible and immaterial. As a result, employees will feel that the organization values them more as a result (Muchdarsyah, 2014).

In order to offer social security benefits to all of its workers and to improve its national social security system so that it functions better for its workers, Indonesia has reached a critical point in its efforts. Due to the low participation rate, the poor program governance, and the low investment value of the program funds, the current national social security system is not regarded as being financially sustainable or having been successful in providing meaningful benefits to its participants. As a result, many contend that the program has to be fundamentally changed. The proposed reform of the Jamsosnas system as set forth in the current draft of the Jamsosnas Bill may discourage Indonesian workers from setting aside money for their retirement, do not benefit all workers equally, plan a benefit that many people deem to be overly generous, and jeopardize the government's ability to maintain its financial stability. The policy does not take into account the potential for poor program governance, the predicted aging of Indonesia's population in the near future, which would increase the economic burden on the government. These factors will put Indonesian employees' health and retirement prospects in jeopardy and may even cause them to become impoverished by the time they retire. In accordance with Law No. 13 of 2003 Concerning Manpower, employee welfare is the satisfaction of physical, spiritual, and/or other requirements, both within and outside of the workplace, which, directly or indirectly, can boost job productivity in a secure and healthy work environment (Yuliana & Tannady, 2019). The purpose of this study is to determine if employee welfare initiatives have an impact on worker productivity.

Literature Review

In accordance with Law No. 11 of 2009 Concerning Social Welfare, welfare is defined as the condition of meeting the citizens' material, spiritual, and social requirements in order for them to live healthily and be able to develop themselves in order to perform their social roles. Employee wellbeing is an additional (material and non-material) service offered in accordance with policy. The goal is to maintain and enhance employees' physical and mental health so that their output and morale rise. In accordance with Law No. 13 of 2003 governing labor, employee welfare refers to the satisfaction of needs, including those of a physical and spiritual character, both inside and outside of work relationships, which, directly or indirectly, can boost work productivity in a secure and healthy work environment (Suyoto & Tannady, 2022).

Whether we like it or not, we are fundamentally social beings. In fact, practically everything we do in life involves other people. The word "social welfare" is typically used to describe the state of being in which both material and non-material demands are met. Employee welfare is a type of indirect payment that is made to members of an organization just for their existence, regardless of how long they have worked there or how well they performed. In addition to making employees unhappy, poor employee wellbeing can also lower productivity. They'll also lose interest, lose enthusiasm at work, and their commitment to the organization will decline (Reynaldo et al., 2022).

Employee welfare programs are a form of Corporate Social Responsibility (CSR) for employees that contribute to economic improvement along with improving the quality of life of employees and their families. Employee welfare programs can also be revealed as a type of complementary compensation where almost all organizations provide it to each employee whose provision is not based on employee performance. Employee welfare programs are strategic efforts made by companies to improve the physical, mental, and emotional well-being of employees. The goal of the program is to create a supportive work environment, increase productivity, and ensure employees feel valued and cared for. Employee well-being programs encompass a wide range of initiatives that cover physical health, work-life balance, personal development, social support, and other aspects that together make up a positive work experience. One of the main aspects of an employee wellbeing program is attention to physical health. Companies often provide wellness programs such as health insurance, fitness facilities, and disease prevention programs. This not only benefits employees personally, but also helps to reduce absenteeism and increase productivity as healthy employees tend to be more energized and have higher energy levels. In addition, employee wellness programs also include efforts to help employees achieve a work-life balance. This can include working time flexibility, better leave, and support for working remotely. Recognizing employees' personal needs helps reduce stress levels and burnout associated with work demands (Ramadhany et al., 2013).

Wellbeing programs also focus on the personal development of employees. This can include training and professional development, opportunities for career growth, and support in achieving their personal and professional goals. This kind of support helps employees feel valued and recognized within the company, which in turn increases their motivation and attachment to work. It can be concluded that employee welfare programs are indirect rewards or rewards outside of salaries or wages given to employees and their provision is not based on employee performance but is based on their membership as part of an organization that is useful for meeting employee needs outside of wages/salaries. Previous researcher defines productivity as the link between actual entry of outcomes (goods or services) and their real and physical counterparts. Productivity is defined as the ratio of total costs at a given point in time to total inputs used during that time. Productivity can be defined as an arithmetic comparison between the quantity produced and the quantity of each resource used in production. These sources can include land, raw materials, auxiliary materials, factories, machines, and tools, as well as labor. A product's labor productivity, or ability to perform a given amount of work in a given amount of time, is measured (Taufik et al., 2022).

From some of the aforementioned definitions of productivity, it can be inferred that programs to improve productivity aim to increase overall productive efficiency, and that greater technical productivity can be attained by using fewer inputs to produce the same output or by producing more output with a given input. In addition to measuring input-output, productivity also takes into account how individuals participate in the production process. The degree to which a person considers productivity to be something meaningful to him, in order to inspire people to keep growing as people and to increase their capacity for productive work. Efficiency and effectiveness are intimately tied to the idea of production. High effectiveness and efficiency will lead to high production; conversely, low effectiveness and efficiency are taken as indicators of poor management. If efficiency is high but effectiveness is poor, there may be waste (high cost), but if efficiency is high but effectiveness is low, the objective may not be attained or the target may have been missed (Djata et al., 2021).

Methodology

This research uses a quantitative approach with an associative research type. The research was conducted at one of the Regional Banks in Indonesia with a population of 300 bank employees who were then taken 20-25% who were used as respondents or research samples with the Slovin formula adapted from a combination of convenience sampling and quota sampling techniques. The data in this study are divided into two, namely primary and secondary data. Primary data is taken using a questionnaire for each variable using a Likert scale, and previously validity and reliability tests have been carried out first. While secondary data is obtained through other sources such as books and journals related to this research. Data analysis in this study uses simple linear regression analysis and is presented descriptively.

Results

Before leading to the main hypothesis testing, the data in this study were processed in the classical assumption test to fulfill the requirements of linear regression analysis. In the normality test, it was found that the significant value of this research was obtained at 0.069> 0.05, which means that the data is normally distributed and has met the normality requirements in the regression model. Through P-Plot testing, it is obtained that the points follow and approach the diagonal line, meaning that the regression model fulfills the normality assumption. From the results of the linearity test, it is found that the value obtained by Deviation from Linearity Sig. is 0.053> 0.05. So it can be concluded that there is a significant linear relationship between the independent variable (Welfare Program) and the related variable (Work productivity).

Simple linear regression analysis using data processing results yields a constant value of an of 24.027, indicating that the consistency of the productivity variable is 24.027. Additionally, the welfare program's independent variable's regression coefficient yields a value of 0.428. Based on this, it can be concluded that employee work productivity has a value of 24, 027 regardless of whether the value of the employee welfare program increases or decreases. However, the employee labor productivity will also rise by 0.428 if the employee welfare program is increased by one unit. The Employee Welfare Program variable (X) has a positive effect on the Employee Work Productivity variable (Y), as shown by the positive regression value.

The employee work productivity variable (Y) is influenced by 50.1% of the welfare program variable (X) according to the findings of evaluating the coefficient of determination, which demonstrate that (R square) is 0.501. whilst other factors not included in the research have an impact on the remaining 49.9%. The t test findings show that the t count is larger than the t table, which leads to the conclusion that H0 is rejected and H1 is accepted, indicating that employee welfare initiatives have a positive and substantial impact on employee work productivity.

Discussion

The results found that employee welfare affects employee productivity. This is supported by the coefficient of determination which gets a value (R square) of 0.501, which means that in this model there is an influence of 50.1% of the welfare program variable (X) on the employee work productivity variable (Y). while the remaining 49.9% is influenced by other variables outside the model. Because there are actually several factors that affect employee work productivity according to Simanjuntak in a journal written by Risamayadi, the factors that affect the work productivity of company employees can be classified into two groups, namely: First, which concerns the quality and physical abilities of employees which include: level of education, training, work motivation, work ethic, mental and physical abilities of employees. Second, in the form of supporting facilities which include: a). Work environment (Production, production facilities and equipment, level of work safety). b) Employee welfare (Management and industrial relations).

The results of this study are in line with research previously conducted by Purba, where the research leads to a positive and significant influence between welfare programs on employee work productivity. This proves that indirectly the welfare program is also one of the important factors that can increase employee productivity, which means that the better the welfare program is implemented, the higher the level of work productivity.

The well-being that the company pays attention to and maintains includes not only financial aspects, but also physical, mental, and emotional factors that together form a positive work experience. The physical well-being of employees plays a role in increasing productivity. Companies that provide access to healthcare facilities, wellness programs, and physical well-being support such as adequate rest and good nutrition, help employees feel better physically. This physical well-being contributes to higher energy levels, psychological balance, and better concentration levels. Employees who feel well tend to have better attendance, less absenteeism, and higher productivity in performing their tasks. Mental and emotional well-being affects employee focus and motivation. Companies that provide psychological support, stress management programs, and work environments that support mental well-being, help employees cope with pressure and improve their quality of life. Employees who feel good mentally and emotionally tend to be more focused, creative and motivated in carrying out their tasks. They are better able to face challenges and contribute positively to the team and organization.

Employee well-being programs, including work flexibility and work-life balance programs, have an impact on employee motivation and attachment to work. Employees who feel valued by the company and have the opportunity to achieve work-life balance tend to be more committed to their jobs. They feel that the company cares about their well-being as individuals, which results in greater loyalty and morale. Employee well-being is also associated with low levels of stress in the workplace. Prolonged stress can impair concentration, reduce productivity and increase the risk of errors. By providing an environment that supports well-being, companies can help employees cope with stress and increase efficiency in their work.

From a psychological perspective, employees' well-being has a significant impact on their productivity at work. The psychological aspects of well-being involve emotional balance, motivation, job satisfaction, and a positive perception of the work environment. Psychological well-being includes the emotional balance of employees. A work environment that supports psychological well-being allows employees to better cope with stress and pressure. When employees feel empowered to overcome psychological challenges, they tend to have lower stress levels. This results in increased concentration and focus on work tasks, which in turn improves productivity. Psychological well-being is also linked to motivation levels. Employees who feel valued and psychologically empowered tend to be more motivated to achieve their work goals. A sense of belonging and involvement in work tasks increases intrinsic motivation, which is the drive to do work out of personal satisfaction and interest. This intrinsic motivation can result in higher quality work and better productivity.

Psychological well-being shapes higher job satisfaction. Employees who feel happy and satisfied with their jobs have a more positive perception of the work environment. This job satisfaction encourages extra effort and commitment to work, which contributes to increased productivity. Satisfied employees are also more likely to actively participate in teams and share ideas that can improve work processes.e Positive perceptions of the work environment that support psychological well-being can form a strong emotional bond between employees and the company. Employees who feel valued, heard and cared for have a higher sense of attachment to the organization. This creates positive morale and helps encourage employees to give their best in their work.

Conclusion

The researchers came to the conclusion that variable X (employee welfare program) has a positive influence on variable Y (work productivity) based on the results of the calculations and analysis that were done in this study regarding the effect of employee welfare programs on employee work productivity. The analysis and calculations that were performed corroborate this conclusion, particularly the findings of the t test in simple linear regression, which yielded a t count which is higher than the t table and a significance value of 0.000, which is less than 0.05. The coefficient of determination or R square of 0.5, which indicates that the welfare program variable (X) has an effect of 50% on the production variable (Y), further supports this claim. Therefore, it may be inferred that (H1) is accepted and (H0) is denied, proving that employee welfare initiatives have a major impact on workers' ability to produce. Other factors not covered in this study had an impact on the remaining of respondents.

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