

EFFECTS OF EMPLOYEE BENEFITS ON AFFECTIVE AND CONTINUANCE COMMITMENT DURING TIMES OF CRISIS¹

ABSTRACT

Purpose: Employee benefits represent a large proportion of operational costs in most sectors, but discussions of their outcomes have been inconclusive. This paper attempts to decipher the effects of employee benefits on organizational commitment in a changing and largely uncertain environment.

Design/methodology/approach: 3 repeated large-scale surveys in Greece during the recent recession are used (2012, 2013 and 2015, total N=3498).

Findings: A new taxonomy of employee benefits based on employees' subjective utility evaluations is developed and applied. Availability of benefits and changes in the allocation policies of benefits are found to significantly but not powerfully influence organizational commitment. The setting in which this exchange is realized is critical for the relationships developed.

Research limitations/implications: The study is conducted in a single country during the recession and trough phases of the business cycle and employee benefit allocation is measured with employee perceptions. Future research is called to couple

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present findings with international research at diverse phases of the business cycle and objective or company-provided measures of employee benefits.

Practical implications: Employers are advised to draft long-term employee benefit strategies, avoid frequent adjustments and provide multiple types of employee benefits, to increase affective organizational commitment.

Originality/value: This is the first time employee benefits are treated as a whole, and effects of their allocation and of changes in their allocation are explored at the employee level.

Research Paper

Keywords: Employee benefits, employee rewards, non-monetary, affective commitment, continuance commitment, crisis, recession, Greece, Social Exchange, Prospect Theory

INTRODUCTION

Employee compensation is critical both to achieve organizational goals and to increase employee wellbeing. It is proposed by many as the major tool of employers to increase positive employee attitudes and maintain a healthy organizational climate. In this study the focus is on tangible but non-monetary rewards, namely, the provision of goods and services that contribute to direct remuneration and that may significantly enhance total employee rewards. They have been referred at as “fringe benefits”, “benefits in kind”, “perks” and “perquisites”, but here we adopt term “employee benefits” to refer to this category of non-monetary rewards. These benefits have been shown to account for up to 30% of total employee compensation and constitute a large part of the operating expenses in most businesses.

Employee benefits have attracted considerable attention over the past 60 years. A main area of focus has been their cost, which has increased substantially. The so-called employee benefit hype that began in the 1960s has found both supporters and challengers in the business and academic worlds. Supporters argue that the use of employee benefits should be amplified. In contrast, challengers propose that the “benefits revolution” should be reversed so that a large portion of benefit costs can be converted to wages and incentives. The recent economic recession increased the vulnerability of most soft HRM practices (Cook et al., 2016) that aim to organizational support for employees. In this situation, some organizations squeezed employee benefits to cut costs (Gunnigle et al., 2013; Muse & Wadsworth, 2012), thus enhancing the existing trend of abandoning some traditional employee benefits (Cobb, 2015). This paper intends to add evidence to this debate, by examining the effect of employee benefits on Affective and Continuance Organizational Commitment.

Xavier's (2014) recent proposition for a research agenda on rewards and benefits placed studies of the consequences of tangible, non-monetary rewards at the center of research on total rewards. As Werner and Ward (2004) noted in their comprehensive literature review of the 20 top academic journals on management, the study of employee benefits' effects lags behind research on other types of rewards. I propose and test a model incorporating allocation and changes in allocation of employee benefits with affective and continuance commitment as the dependent variables. A large-scale repeated survey in Greece over three research rounds (2012, 2013 and 2015; total N= 3498) is utilized. The Greek debt crisis began in 2009 and peaked in 2010-2013, leading to a deep recession that evolved into a trough in 2015. The recession effects were manifold and affected all aspects of the Greek economy

(Foundation for Economic and Industrial Research, 2016; Organisation of Economic Co-Operation and Development, 2016). Among others, employers had to perform changes in standard, long-term employment practices, such as the provision of employee benefits, which they either decreased in a cost cutting effort, or increased, to simulate a risk-absorbing role. I argue that the Greek setting during the recession years provides an ideal empirical context to extract conclusions about the use, utility and outcomes of employee benefits during major economic crises.

To do that, I propose a taxonomy of employee benefits that is based on employees' subjective utility evaluations. In the employee benefits literature, there is lack of a common way to represent and assess total employee benefits, or a so-called "inventory of employee benefits" (see for example Xavier, 2014). Some researchers propose that employee benefits should be treated "as a whole" (Artz, 2010), but research continues to focus on specific benefit types, primarily health insurance schemes or family-related benefits (Haar & Spell, 2004). Calls have also been made to include employee perspectives more prominently in research on compensation and benefits (Xavier, 2014), as the employee perspective is crucial for the outcomes of HRM practices and HRM evaluations lie in the eyes of the beholder. In this study, exploratory and confirmatory factor analyses were conducted on the 3 datasets to propose, with high reliability and validity, a taxonomy of 4 types of employee benefits: (a) family-related benefits, (b) tools of the work as benefits, (c) products as benefits and (d) insurance benefits.

To sum up, this paper contributes to the discussion over the utility of employee benefits, by testing effects of their allocation and changes (increases or decreases) in their allocation on continuance and affective commitment. In fact, in agreement to the propositions of prospect theory, it will be shown that decreases have a higher

(negative) effect than increases or preservation of the status quo. The paper also contributes by proposing and validating a taxonomy of employee benefits. It is structured as follows: first the major theories on which it is grounded are presented (Social Exchange Theory and Prospect Theory) and hypotheses are formulated. Then, a description of the research setting and methodology are provided, followed by the findings. Finally, the findings are discussed, limitations are acknowledged and conclusions and implications for theory and practice are developed.

THEORY AND HYPOTHESES

Organizational commitment refers to the psychological attachment of individuals to an organization (Allen & Meyer, 1996). According to the dominant approach, I distinguish between two forms of organizational commitment: (a) *affective commitment*, which reflects “an affective or emotional attachment to the organization, such that the strongly committed individual identifies with, is involved in, and enjoys membership in the organization” (Allen & Meyer, 1990: 2), and (b) *continuance commitment*, which refers to the bond between individuals and their organization as a result of contemplating the consequences (costs) of not being committed (taking into account the alternatives to being committed).

Social Exchange Theory (SET) is an influential theory for explaining behavior in organizations and is based on reciprocating expectations and relations. This theory holds that “social exchange involves a series of interactions that generate obligations” (Cropanzano & Mitchell, 2005, p. 874) in diverse ways. Social exchange relationships develop over time through a series of mutual, though not necessarily simultaneous, exchanges that call for a pattern of reciprocal obligation for each party in the relationship (Blau, 1964). The provision of employee benefits involves the provision

of goods or services from the employer to the employee in exchange for positive employee attitudes that eventually may translate to improved economic results. In this case, a social exchange theorist would identify the existence of a transfer of particular and concrete resources (goods and services in the form of employee benefits) from the employer to the employee that is reciprocated in the long run by the exchange of particular and intangible resources (desired employee attitudes and behaviors).

The research evidence on the effects of the provision of employee benefits on positive employee attitudes is suggestive but is limited, conflicting and inconclusive. Satisfaction with overall employee benefits has been found to predict organizational commitment (Malhotra et al., 2007). Williams, Malos and Palmer (2002) found a positive effect of the satisfaction with benefits on job satisfaction but failed to show a negative effect on turnover intentions. Further, Sinclair, Leo and Wright (2005) found that employee benefits' efficiency and effectiveness are positively related with affective commitment but not consistently related with continuance commitment. Lee, Hsu and Lien (2006) found that employee benefits and pensions diminish the employee turnover rate. Mano-Negrin and Kirschenbaum (1999) also conceptualized employee benefits (pensions) as a factor that diminishes turnover but failed to prove this relationship, with the exception of one of the four professional groups they studied (physicians). Muse and Wadsworth (2012) found that non-traditional employee benefits increase perceived organizational support, whereas traditional employee benefits do not. Artz (2010) found that some employee benefits are significant and positive determinants of job satisfaction. However, other research has failed to provide evidence of this relationship (Donohue & Heywood, 2004). Family-related employee benefits, in particular, have repeatedly been shown to influence positive employee attitudes and behaviors (Baughman et al., 2003; Lambert, 2000;

Yamamoto, 2011). Specifically, Casper and Harris (2008) showed that family-related benefits predict affective commitment and turnover intentions. However, this effect depends on the use of the benefits for male employees, whereas it is independent of use for female employees. It should be noted that only two of the studies reported above are based on evidence provided by the employer (Baughman, et al., 2003; Lee, et al., 2006). Most of the literature draws on employees' perceptions of employee benefits, but in essence there is no noted difference in outcomes between the two types of studies. Based on the propositions of the SET, I hypothesize that the availability of employee benefits will be considered by employees as a resource to which they will wish to reciprocate with positive employee attitudes, such as affective and continuance organizational commitment.

Hypothesis 1: The availability of employee benefits will positively affect the level of affective and continuance organizational commitment.

In Behavioral Economics, Prospect Theory (Kahneman & Tversky, 1979) is a most influential stream of thought that explains the formulation of utility attributions and decision making. This theory is based on the key assumption that the psychological value (utility) of an option differs systematically from the actual value of that option. Among others, it proposes that both at risky and risk-free situations, individuals are governed by two principles during their utility attributions: Reference dependence and Loss aversion. Reference dependence means that "we are more attuned to changes in attributes such as brightness, loudness and temperature than we are to their absolute magnitudes" (Barberis, 2013: 175). Loss aversion expresses the idea that people are more sensitive to losses- even small ones- than to gains of the same magnitude. Reference dependence and loss aversion are the two concepts of PT

that have been most widely studied in empirical research on affect and motivation in management theory (Holmes et al., 2011).

Adopting the Prospect Theory (PT) propositions in the case of employee benefits, changes in benefit allocation can be conceived as departures from the reference point (previous situation/ status quo). Therefore, a decrease in employee benefits allocation will be perceived as a loss, whereas an increase in employee benefits allocation will be perceived as a gain. Applying the PT, Rousseau and Greller (1994, p. 397) have already conceived the decreases of rewards in general and of benefits in particular, as losses and proposed that in agreement to PT “people react more negatively to losses from the status quo than gains that are withheld”, therefore “benefits once available are difficult to take away or even change”. Based on the combined propositions of Social Exchange and Prospect Theories, the effect of a decrease in employee benefits is expected to be stronger of that of an increase or maintenance of the status quo of employee benefits.

Hypothesis 2: A perceived decrease in employee benefits will negatively influence the level of affective and continuance commitment.

Hypothesis 2a: A perceived decrease in employee benefits will influence the level of affective and continuance commitment more than a perceived increase in employee benefits.

Despite the call for further study of the effects of employee perspectives toward rewards (Xavier, 2014), available evidence on the effect of rewards utility on positive employee outcomes is limited and mostly focuses on monetary rewards, not employee benefits (Dulebohn et al., 2009). Research on the perceived utility of employee benefits is surprisingly limited (for example Day et al., 2014 focused on employee

needs), and evidence on the ways that employee benefits can be grouped according to their subjective utility is not conclusive. The importance of determining employees' benefit preferences was stressed in early studies of employee benefits and it has been the basis for the introduction of cafeteria/flexible benefits that have recently become very popular in HRM practice of companies (Hillebrink et al., 2008; Vidal-Salazar et al., 2016). Williams (1995) was among the first to attempt to map the desirability of employee benefits to predict benefit satisfaction, but that study failed to show that benefit desirability is linked to benefit satisfaction. Recently, Muse and Wadsorth (2012), based on evidence from a healthcare organization, conducted exploratory and confirmatory factor analyses on the perceived value of benefits to employees and proposed categorizing employee benefits into traditional and non-traditional. Research on other types of employee rewards has established that a reward's desirability/utility moderates its relationship with job satisfaction (Linz & Semykina, 2012). To my knowledge, only one study has focused on the value of work-life employee benefits and demonstrated their effect on perceived organizational support (Muse et al., 2008).

SET leads us to believe that the subjective value (utility) attributed to each employee benefit should influence the relationship between access to valuable employee benefits and positive work-related attitudes. According to SET, when the value of the provided reward is high, the level of obligation on the part of the employee is also high, and the relationship developed in the long term is strong.

Hypothesis 3: The subjective utility of employee benefits will moderate the effect of the availability of employee benefits on affective and continuance commitment.

**SETTING OF THE STUDY: GREECE AND EMPLOYEE BENEFITS
DURING THE RECESSION**

There is no evidence on how the macroeconomic environment defines the effects of employee benefits. However, research has already established that the institutional environment affects the implementation of employee benefit policies. Specifically, den Dulk, Peters and Poutsma (2012) established that the welfare-state context explains how work-family benefits are adopted by employers. Furthermore, recent research on other employee compensation aspects has provided evidence that the macro-environment affects the adoption of pay-for-performance systems (Gooderham et al., 2015).

A business cycle is “a short-run alteration between recessions and expansions”, composed of an expansion, a peak, a recession, and a trough (Krugman & Wells, 2013, p. 603). Greece has been immersed in a deep recession since 2008 (Organisation of Economic Co-Operation and Development, 2016). In mid- 2008, following the international debt crisis that started in the USA, confidence in the Greek economy dropped, leading to reduced demand for Greek products and reduced lending and investment. These events immediately led to a steep decrease in the Gross Domestic Product (GDP) and employment in Greece. A graphic representation of the manifestation of the business cycle effects in the Greek economy is provided in Figure 1. The two vertical lines show the beginning and the end of the recession, showing that from 2014 and in 2015 the Greek economy seemed to have entered a trough. Throughout the recession, Greece experienced social and political turmoil that further worsened its economic position. This led to a further steep reduction in the economic sentiment and economic climate indicators, which had shown slight signs of improvement in 2014 (Foundation for Economic and Industrial Research, 2016).

Insert Figure 1 around here

Evidence regarding the application of employee benefits in Greece is very limited. Recent evidence from HRM departments across European countries depicts a similar practice of employee benefits allocation in Greece to that in most western European countries (reference omitted for blind review). The Greek institutional environment predicts mandatory coverage by the employer of a minimum health and pension insurance scheme that is common for all employees, with variations by sector and/or profession. This coverage accounts for 20-30% of employees' direct remuneration (salary). Recent evidence shows that only 0.3% of the total employed population enjoyed voluntary, above the mandatory, coverage by private pension plans (Organisation of Economic Co-Operation and Development, 2012). Further, maternity leave is also covered by law and is obligatory for a minimum of 4 months, depending on the sector and profession. Finally, again depending on the sector of activity, a small parental allowance is mandatory for each child that employees have. The employee benefits studied in the current research are those provided over, above and in addition to the health insurance coverage or family-related benefits mandated by law.

The Greek public social welfare spending and provisions have been traditionally lower than those of other European countries and have deteriorated further during the years of the recession (Organisation of Economic Co-Operation and Development, 2013), as a result of the austerity measures. This creates the necessity for coverage of social welfare needs through other means, notably private spending. Employee benefits provided by employers over and in addition to their legal obligations are very important for employees and some employers have recently opted

for the introduction of new benefits plans, in order to make up for the retention of public social welfare spending.

RESEARCH METHODOLOGY

Repeated survey data on the provision and value of employee benefits to employees across sectors and professions were collected in three research rounds. The first round was conducted from April to June 2012 (N=1123), and the second round was conducted one year later, from April to June 2013 (N= 1119). The research was repeated in 2015 to assess the effects of the deepening recession (N=1256, March to June 2015).

To facilitate the data-collection process, postgraduate students were trained as research assistants/interviewers as part of a research assignment on employee rewards. Each research assistant distributed the questionnaires to employees who had at least one year of working experience, thus ensuring that the respondents had sufficient experience to evaluate employee benefits and their availability in their organization. The research assistants/interviewers informed the respondents about the research, clarified terms and assured them that their responses would only be used for scientific purposes.

The 3 samples were stratified samples with a conscious attempt to achieve a balanced representation of different segments of the Greek society and economy, most notably in relation to gender, age and working experience. The selection of participants occurred through random interviewer selection and interviewer restrictions using quotas based on the population as a way to increase the representativeness of the sample (Kent, 2001, p. 141). In other words, each interviewer was required to return number of questionnaires relevant to the quotas, for

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example 1/2 male- 1/2 female, 1/2 younger than 40, 1/2 older than 41, 2/10 working in primary sector, 3/10 in manufacturing and 5/10 working in services. The samples represent a considerable ratio of the population and are proportionally larger than most previous studies on employee benefits. Table 1 presents the key characteristics of the sample. Micro businesses and those in the primary sector were deliberately kept to a minimum at the sample stratification stage because employee benefits are generally not offered in very small enterprises, which are most common in the Greek primary sector. The 3 samples are representative of all aspects of the Greek economy and society; however, despite the original stratification at the sample design phase, some groups are underrepresented. This is most evident in the case of gender, as women represent a higher proportion in the samples (51%) than they do in the population (40.8%). To address this issue, sample weighting is adopted throughout the analyses performed. Specifically, the sample weighting option described by Fowler (2002) is applied in all subsequent analyses through the use of the “svyset” function in Stata.

Insert Table 1 around here

MEASURES

Groups of employee benefits according to their subjective utility

A list of 30 employee benefits was generated based on a thorough literature review. This process was followed by a pilot small-scale survey applied to 41 HR managers who rated the relevance of each employee benefit on the list. The results of

the pilot study were briefly presented to a focus group of 5 senior HR managers who were asked to express their views on the inclusion of each marginally rated non-monetary reward from the original list. The original 30-item list of employee benefits was reduced to 26 items based on the focus group discussion outcomes; 3 items were eliminated, 1 was added, and 4 were merged into 2 others. All items appear in the Appendix (Table 1). The questionnaire respondents assessed the subjective utility of each employee benefit on a 5-point Likert scale from 1: "I don't wish at all for it to be offered" to 5: "Its offer is extremely important to me."

As a first step, it was attempted to diminish the number of variables, by grouping the benefits based on their utility for respondents in fewer, latent variables (George & Mallery, 2010). An exploratory factor analysis (EFA) and a confirmatory factor analysis (CFA) were conducted to extract the factors into which the employee benefits were grouped according to their subjective utility. EFA was conducted on the data from the first round, then CFA was run on data from the second and third research rounds. This analysis confirmed the existence of 4 types of employee benefits based on how individuals perceive their utility: (a) family-related services, (b) tools of the job that can be used outside working time, (c) products and (d) private insurance services. The results of the CFA are depicted in Table 2. Both the goodness of fit indices for the CFA (CFI=0.91, RMSEA=0.06) and the internal consistency reliability (all Cronbach's α coefficients >0.7, with the exception of private insurance, where α =0.63) indicate that the employee benefits were correctly structured in the 4 categories. This analysis was performed separately on each of the 3 samples by research round and produced identical results for each research round (test-retest reliability). Acceptable indicator reliability was also established through the calculation of factor loadings, which were over 0.6 in all cases. Discriminant

validity was established through both the calculation of cross-loadings, which were lower than the loadings on the assigned latent variable, and according to the Fornell and Larcker criterion, whereby the average variance explained (AVE) of each latent variable was higher than its squared correlation with all other latent variables (Fornell & Larcker, 1981). The squared correlations between latent variables ranged from 0.05 to 0.13, which were lower than all factors' AVE (Table 32).

Insert Table 2 around here

These findings confirm that employee benefits can be grouped in a meaningful way according to their perceived utility. The most important employee benefit, on average, was insurance provision (overall mean= 4.19, 2012 mean= 4.18, 2013 mean= 4.20, 2015 mean= 4.18), followed by family-related benefits (overall mean= 3.99, 2012 mean= 3.94, 2013 mean= 3.94, 2015 mean= 4.07), products as benefits (overall mean= 3.82, 2012 mean= 3.84, 2013 mean= 3.84, 2015 mean= 3.79) and tools as benefits (overall mean= 3.46, 2012 mean= 3.44, 2013 mean= 3.48, 2015 mean= 3.46).

Availability of employee benefits

The availability of employee benefits to the employees participating in the sample was assessed using dichotomous (yes-no) questions for each of the benefits examined.

The percentage of respondents who did not receive any of the examined benefits was quite high (24% of the sample for family-related benefits, 67% for tools as benefits, 53% for products, and 62% for insurance).

Changes in availability of employee benefits

Changes in availability of employee benefits were measured using a categorical question for each type of benefit that asked whether the offer of a benefit had decreased, stayed the same or increased within the last 2 years. Based on these responses, two dichotomous dummy variables were computed, one for increase (if at least one benefit per category increased) and the other for decrease (if at least one benefit per category decreased) for each of the four benefit categories. In 81 cases (0.2% of the overall sample), respondents replied that both a decrease and an increase of employee benefits had occurred during the period examined. To avoid confusion, these observations were removed from subsequent analyses.

Depth of recession

The Greek economy was an economy in recession in 2012-2013. This recession deepened further in 2015. Two separate dummies were generated for years 2013 and 2015..

Dependent variables

Affective and continuance commitment were measured using the Allen and Meyer (1996) questionnaire. This questionnaire uses a 5-point Likert-type scale, with 6 items for each variable. The items and the results of the confirmatory factor analysis for the two dependent variables, together with the internal consistency reliabilities are presented in the appendix (Table A2). For both variables, the final measure used in further analyses was the simple (arithmetic) mean of the 6 questions. The two dependent variables were checked for being consistent with having a normal distribution. Both their skewness and kurtosis values were between -2 and +2, which are acceptable as indicators of a normal distribution (George & Mallery,

2010), and their kernel density plots indicated a distribution quite close to the normal one.

Controls

I included several control variables that previous studies have identified as significant antecedents of organizational commitment, namely, gender, working experience, education, hierarchical level, company type and sector (Macintosh & Krush, 2014). First, to take into account gender differences, I included a dummy variable labeled *Female* (female=1; male=0). Second, I included a variable measuring the age of each respondent in years (*Age*). Third, I included a continuous variable measuring working experience with the current employer (*Working experience with employer*). Further, I controlled for the number of years that individuals spent on their education (*Education*) and for the number of children they had (*Children*). Sixth, I entered a variable labeled *Levels to the bottom*, which expresses the hierarchical level of the respondent in the organization (the more levels from the bottom, the higher the hierarchical level of the respondent). Seventh, to include the effects of organization size, I included a continuous variable using the natural logarithm of the number of employees [*ln (number of employees)*]. To capture differences attributed to whether the organization was a private or public entity, I included a dichotomous variable labeled *Organization type* (private=1; public/mixed=0). Finally, 3 dummy variables were included to account for the effects of the sector of the company. The base category was *Primary sector* and the dummies were *Manufacturing sector*, *Trade and Services* and *Health, education, social services and public sector*.

All variables' means, standard deviations and inter-correlations are depicted in Table 3.

Insert Table 3 around here

Table 4 reports the results of the stepwise linear regression analysis and assesses possible effects of the exogenous variables on affective and continuance organizational commitment. A robust estimation procedure using the “vce(robust)” option in Stata was applied to account for heteroskedasticity (White, 1980).

Insert Table 4 around here.

DISCUSSION

A key proposition of the current analysis is that employee benefits can be grouped in a meaningful way based on employees' perception of their utility. This proposition was adequately confirmed in the current analysis, which identified four types of employee benefits that are perceived similarly by employees. To date, studies of employee benefits have applied non-validated measures or taxonomies of employee benefits that focus on only one type of employee benefit (see for example, Casper & Harris, 2008; Muse & Wadsworth, 2012) or that are largely data-driven (Artz, 2010). Taxonomies of employee benefits have been offered in textbooks, but their classifications have not been based on evidence. The proposition of a utility-based taxonomy of employee benefits, as proposed by early benefits researchers (Driver et al., 1981), could prove useful for a more systematic, evidence-based and comparable study of employee benefits in the future. The taxonomy proposed here accepts that insurance-related benefits differ from family-related or product- and tool-related benefits because employees perceive them as contributing in distinct ways to their

overall utility. This approach agrees conceptually with classic theories on human needs classification, such as Maslow's (1943) hierarchy of needs.

The second main proposition in this paper is that the offer of employee benefits predicts affective and continuance commitment. Hypothesis 1 that predicted a positive relation between the availability of employee benefits and organizational commitment was confirmed. Only the availability of tools as benefits negatively influences continuance commitment. This result may be attributed to the fact that tools are offered based on occupations/tasks performed. Therefore, although positively affecting affective commitment, they are considered to be standard across employers, and organizational mobility in these occupations is possibly common practice. For example, salespeople are provided with tools for their job that are used outside working hours. Salespeople are very mobile across employers, quite employable and expect to receive similar tools in other jobs, therefore continuance commitment is negatively affected by tools' provision.

It should be noted, however, that the predictive power of the model is marginal, as the model explains only 12%-15% of the total variance in affective and continuance commitment, which leaves a very large portion of the variance unexplained. It is possible that individual, department, work, supervisor-subordinate and interpersonal traits and dynamics that are not examined in this model are responsible for the unexplained variance. Evidence on the existence of such effects is abundant (for example, look at the discussion over the effects of psychological capital: Avey et al., 2010). Thus, the availability of employee benefits is useful to meet organizational goals, but they need to be coupled with other, more intangible, "soft" provisions. Otherwise, the provision of tangible employee benefits risks becoming an empty letter.

A change in the provision of employee benefits, most notably a reduction, was found to be most influential on the effects of employee benefits, supporting Hypotheses 2 and 2a. Theoretically, this finding verifies the theoretical attestations of the SET (Lucero & Allen, 1994) and of the PT (Rousseau & Greller, 1994), locating the experience of employee benefits at the heart of social exchange relations formulation. Indeed, individuals who are distant from the status quo in their experience with employee benefits showed a large negative effect on their commitment. Those who experienced an improvement in their employee benefits' status quo, in contrast, increased their affective commitment, but only if the improvement was to insurance benefits.

The existence of moderating effects of the utility of employee benefits on the relationship between the availability of employee benefits and positive employee outcomes (Hypothesis 3) was not supported. Subjective utility evaluations appeared to significantly moderate the relationship only between insurance benefits and affective commitment. Interestingly, the positive effect of most employee benefit categories did not diminish in cases in which the subjective utility of the employee benefits was lower. Previous studies also failed to show that benefit desirability is linked to benefit satisfaction (Williams, 1995). This finding supports previous research findings on the effects of perceived organizational support, a key variable in the SET literature (Cropanzano & Mitchell, 2005). Perceived organizational support is related to the offer of employee benefits (Muse, et al., 2008) but is also positively related to organizational commitment (Rhoades & Eisenberger, 2002), irrespective of the subjective utility of the exchanged resources. Casper and Harris (2008) proposed that the self-interest utility model is complemented by the signaling model in explaining how the availability of employee benefits influences positive employee attitudes.

Practically, the present study's findings confirm these assertions and suggest that the outcome of the availability of employee benefits is a combination of self-interest-seeking intentions (the utility of available employee benefits) and perceived organizational support (the aggregate of available employee benefits, regardless of their utility).

The present analysis also makes it clear that the effects of employee benefits on affective and continuance commitment are distinct. Specifically, although continuance commitment is somewhat dependent on the availability of employee benefits, it is not significantly affected by increases or decreases in the status quo, as is the case with affective commitment. This result is related to the distinct characteristics of continuance commitment (Johnson et al., 2010) Affective commitment has been conceptualized to have both personal characteristics and work experiences as antecedents, whereas continuance commitment is conceptualized as having the existing alternatives and the investments incurred in addition to personal characteristics as antecedents (Meyer et al., 2002). More specifically, continuance commitment, although usually treated as a unidimensional concept, presents two quite distinct aspects: concern about alternatives and concern about the cost of not being committed (Allen & Meyer, 1996). The former aspect is largely externally defined, that is, it is mostly dependent on the environment of the employer rather than the employer or the work per se.

LIMITATIONS AND FUTURE RESEARCH

The current research findings indicated that the macro-setting is important for the relationships examined. However, because the study was conducted in a single country, inter-country effects were not examined, nor was the institutional setting.

Recent research on employee rewards reveals that country-level and institutional factors have an important impact on employee rewards (Gooderham, et al., 2015). In the future, cross-national and cross-sectorial research could more effectively reveal the effects of cultural and institutional variations that were not studied here.

Further, even though the paper focuses on the downturn of the economic cycle, the study taking place during the recession and trough, it fails to fully address the impact of poor economic conditions on organizational commitment, as all data were collected during the recession years. It would be most useful for future research to study how perceived benefits or their influence on commitment change as the economic situation improves (for example during an expansion or a peak).

It should also be acknowledged that direct remuneration effects were not controlled for. During the Greek crisis, the average gross salary diminished by 17.85% in comparison to 2008 and during this study's period (2012 to 2015) by a 16.78% (own calculation based on the European Commission Annual Macroeconomic Database: AMECO, 2019: "Gross wages and salaries" over "number of persons employed"). Previous research has revealed that employee benefits' utility has a negative correlation with direct monetary remuneration and wealth (Weathington, 2008). Therefore, the present study's findings, notably in relation to fringe benefits' utility may be affected by the decline in direct remuneration. It is advised that future research tests the present findings, controlling for gains and losses at the direct remuneration level.

In this study, the change in benefits' allocation was based on employees' perceptions that an increase or decrease had occurred over the last years. This is obviously a subjective measure that future research should attempt to couple with

objective or organizational- level measurement. For example, individual perceptions of changes in benefits could be compared with HRM or accounting departments' reports of change in benefits allocation.

In the micro-environment, the business setting is expected to interact with both HRM and HRM outcomes. Theories such as contingency and the resource-based view of the firm are grounded on this assumption. However, this study did not control for organization-level effects. Future research should be conducted within organizations because employees' perceptions and outcomes in diverse corporate settings warrant further study.

CONCLUSIONS AND IMPLICATIONS

Employee benefits have been a complex topic in management literature and practice over the last 50 years. Supporters hold that employee benefits are an effective tool to foster a caring climate and indirectly achieve organizational goals. Opponents insist that employee benefits should be decreased in favor of direct employee rewards. Employee benefits have increased impressively in the US and other countries since 1950, although their adoption has lagged in economic systems where social welfare has been the main responsibility of the state. Most European countries, including ex-communist states, have followed the second pattern of social welfare policy. However, during the 1980s and 1990s, the practice of voluntary, employer-provided benefits increased in European countries too (reference omitted for blind review).

This paper's findings underline the importance of offering multiple types of benefits to employees. The model established is a linear model in which the availability of one type of benefit is added to the availability of all other types to influence affective and continuance commitment. Unreported analyses of the effects

of offering multiple alternatives for each type of benefit, such as family-related benefits that include scholarships plus extended parental leave plus childcare during working hours (as a formative measure), did not appear to have a significant effect on commitment. A practical implication for human resource and compensation managers is to promote the availability of more types of benefits instead of providing more aspects of the same employee benefit category (ample versus deep offers of each type of benefit).

With regard to the issue of tailoring the provision of employee benefits to subjective individual utility evaluations, which is a key question in the employee benefits literature (Xavier, 2014), the present analysis is inconclusive. Clear subjective utility evaluations exist that allow us to propose a taxonomy of employee benefits. However, subjective utility did not moderate the effects of the provision of all employee benefits. This goes against previous findings on the importance of employee needs for the outcomes of employee benefits (Day, et al., 2014). Consequently, the usefulness of flexible (cafeteria) benefit plans that allow employees to choose employee benefits according to their preferences is not directly supported. Given the high cost that this practice entails (Zhaohong et al., 2011), the introduction of flexible benefit plans should be handled with caution.

In addition to the level of employee benefits allocation, it seems that the way in which employee benefits are provided is also crucial for their outcomes. A consistent long-term rewards strategy is crucial for the risk- absorptive role that employers can play (Cobb, 2015) through signaling effects of a caring employer image. This study was conducted in a largely uncertain economic environment, where several changes occurred in employment conditions and the allocation of employee benefits in particular. Therefore, the study setting allowed for more occurrences of either

decreases or increases in employee benefits allocation because of the turbulent economic environment. Decreases in employee benefits were a common outcome of the recession as a result of employers' cost cutting efforts. However, increases also occurred in companies that wished to take on a risk-absorbing role, a key characteristic of employee benefits (Cobb, 2015) that could prove most attractive during times of high uncertainty. Results show that deteriorations from the reference point (past) are strong predictors of affective commitment. The positive effects of increases were insignificant even during the difficult years in which the research was conducted. This finding underlines the importance of a comprehensive long-term strategy for benefit provision that allows for consistency and coherence in employee perceptions and the resulting positive attitudes. Employers are encouraged to carefully draft their benefit strategies and to abstain from altering these strategies as much as possible.

Insert Appendix here (Tables A1 & A2)

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