



Comparison of Fringe Benefits in Turkey and United Kingdom

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Abstract

The purpose of this study is to reveal the similarities, differences, and factorial structure of fringe benefit applications in banks in Turkey and the United Kingdom. Data was collected based on the banks' information available on the Internet. The present study was designed as a kind of online survey. The findings indicate British banks exhibited more successful applications than Turkish banks in the communication of fringe benefits. When fringe benefit applications are evaluated through dual comparisons, the insurance fringe benefit applications of the two countries are compatible on a large scale. Other fringe benefit applications show significant differences. It is understood that local needs, customs, and judicial regulations may determine the creation of fringe benefit application programs in the two countries. This is the first study to compare the employee fringe benefits applied in banks in the UK and Turkey. In addition, the study has the potential to serve as a reference for Turkish banks.

Keywords: Managing compensation, employee benefits, fringe benefits, benchmarking of employee benefits

Türkiye ve Birleşik Krallık'ta Uygulanan Yan Hakların Karşılaştırılması

Öz

Bu çalışmanın amacı Türkiye ve Birleşik Krallık'ta faaliyet gösteren bankalardaki yan hak uygulamalarının farklılıklarını, benzerliklerini ve faktöriyel yapısını ortaya çıkarmaktır. Çalışmada Bankaların İnternet sitelerinden elde edilen veriler kullanılmıştır. Bulgular Birleşik Krallık bankalarının Türk bankalarına göre yan hakların iletişimi konusunda daha etkin olduğunu göstermektedir. Yan haklar ikili bazda karşılaştırıldığında, sigorta alanındaki yan hakların her iki ülkede de birbiriyle rekabet edebilecek düzeyde olduğu görülmektedir. Diğer alanlardaki yan haklar ise birbirinden oldukça farklıdır. Bunun nedeni yerel gereksinim, gelenek ve yasal düzenlemelerin yan hakların şekillenmesini belirlemesidir. Bu çalışma Birleşik Krallık ve Türkiye'deki bankalarda uygulanan yan hakları karşılaştıran ilk çalışmadır. Bu niteliğiyle Türk bankaları için uygulamada referans değerine sahiptir.

Anahtar Kelimeler: Ücret yönetimi, personel yan hakları, bankalarda personel yan hakları yönetimi, personel yan hakları karşılaştırılması

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1. INTRODUCTION

Companies usually categorize their personnel payments under two types: direct financial payments, such as wages, salaries, incentives, commissions, and bonuses, and indirect financial payments, such as employer-paid insurance and vacations (Werther & Davis, 1989). Direct compensation expenses are determined according to critical business factors and performance. Leaving the difference of payment level aside, no distinctive difference exists between the companies in terms of direct compensation. The fringe benefit applications that comprise one-third of the total payment for employees, irrespective of the content of work and performance, may differ significantly between domestic and foreign companies. In this study, the fringe benefit applications in Turkey and the United Kingdom are examined in the banking sector. Some employee fringe benefits are compulsory, whereas others are voluntary. Paid annual leave and maternity leave for mothers are obligatory. Some benefits, such as paid vacations, private pension plans, and flexible work, are other fringe benefits that companies prefer to provide voluntarily. Voluntary fringe benefit applications are shaped according to the purposes of a company, its policies and culture, and the characteristics of the market in which it competes. With the workforce carrying characteristics that diversify over time, employee expectations cannot be satisfied merely by conventional payment methods. The choice of the banking sector is due to its rich content in terms of fringe benefit applications.

The payment of a certain portion of wages as fringe benefits provides the company with payment flexibility. The irrelevance of fringe benefits to employee performance enhances the company's appeal in the eyes of the employees. The workers' will to work and their commitment to the job increase as the right to choose is provided through flexibility with fringe benefits (Torre-Ruiz, Vidal-Salazar, & Cordon-Pozo, 2015).

Employee fringe benefits are examined in two groups, namely, monetary and non-monetary. Fringe benefits, such as marriage benefits, child benefits, and housing benefits are monetary payments. Health insurance, child care, additional leave given by the employer, and discount agreements with retail firms are indirect monetary fringe benefits. Flexible work, employee support programs, and support for participation in social help programs are applications that cannot be expressed in monetary terms but positively affect people's perception of life; this aspect makes these applications plausible in the eyes of the employees (Hillebrink et al., 2008; Lin et al., 2011).

The purpose of this study is to determine the fringe benefits for employees of Turkish and UK banks according to information on the Internet and to detect the degree to which fringe benefit portfolios correspond through a comparative analysis between the two countries. Within this framework, another target is the categorization and sizing of 66 types of fringe benefits as the by-product of this study. The essence of the study lies in its attempt to demonstrate the extent to which a country with advanced banking applications and a developing one are compatible and to help close the gap between them. In this context, the study will provide bank managers with information to determine their future strategies. Bank company managers can utilize the findings in subject matter such as budget management, incentive applications for employees, and establishing commitments in terms of the creation of policies and procedures.

2. THEORETICAL BACKGROUND

Compensation can be defined as the overall income that employees receive after performing their work (Werther & Davis, 1989). The total compensation of an employee consists of two components. The first component is base compensation, which is the fixed pay an employee receives on a regular basis in the form of a salary. The second component is incentive programs designed to reward the employees for good performance. The proportion of each compensation mix varies highly according to the firm (Mejia et al., 2007). While base compensation and pay incentives can be examined under the category of direct financial payments, benefits are defined as indirect financial payments (Dessler, 2011). The accepted main origins of payment or direct compensation are critical job factors and job performance. By contrast, benefits and services are accepted as indirect compensation because they are examined under the category of an additional employment condition and are unrelated to performance itself (Werther & Davis, 1989).

According to data from the U.S. Bureau of Labor, the share of benefits in compensation is 30.2% in the private sector and 36% in the public sector (Bureau of Labor, 2015). Fringe benefits are increased to attract, retain, and motivate employees. Unions have become increasingly interested in bargaining over benefits, particularly because employers are pushing for more cost sharing by employees. The tax treatment and granting of benefits or bargaining over them confer an impression of social responsibility on employers and indicate that they are taking care of their employees (Cascio, 2013). Another reason for the increasing interest in fringe benefits is the growing diversity in the workforce. Diversity in the workforce means diversity in benefit preferences. Young people who have recently started working are likely to be more concerned with direct payment (e.g., for a house purchase) than with a generous pension program. Older workers desire the opposite (Cascio, 2013). Therefore, the correct combination of benefits may assist an organization in reaching its strategic business objectives by attracting, motivating, and retaining valued employees (Stone, 2008), because employees perceive fringe benefits as the most important factor affecting work satisfaction after work insurance (Cascio, 2013).

According to Mejia et al. (2007), companies consider three components in constituting a fringe benefits package: total payment strategy, organizational purposes, and characteristics of the workforce. For a fringe benefits program to meet utility expectations, it must be compatible with the strategic work aims and culture of the firm. For fringe benefits to succeed in achieving the strategic aims of the company, it must possess characteristics that can attract and retain the needed personnel. Against the diversifying expectations of the employees, a “one-size-fits-all” approach to employee benefits does not work (Cascio, 2013). A fringe benefits program that is incompatible with the strategic aims of the company and does not meet the expectations of employees would neither motivate the workers nor help the realization of an effective cost management strategy in managing the budget (Stone, 2008).

Koo (2011) emphasized four factors that should be considered as significant in designing a fringe benefits strategy: (a) comparison with the competitors in the sector, (b) research on common payment conditions that concern health costs, (c) rewarding employees with low health costs, and (d) removal of services that do not affect their health situation directly, such as a luxury room.

When we consider the competitiveness of a benefits program, we can say that it is more complicated than the salary program. The only focus of discussion in salary competitiveness is

direct payment, which is the fixed salary plus the variable salary. However, in terms of the competitiveness of benefits, the focuses of senior managers and employees are different; the former focus on costs, whereas the latter focus on value. Thus, the employees' perspective regarding this issue can be concluded to have excessive cost, whereas a lack of value may exist from the perspective of the senior manager (Cascio, 2013). Another issue to be addressed when creating a fringe benefits strategy is the application of flexible cafeteria plans. This concept refers to the opportunity to select fringe benefits according to each employee's priorities by changing a certain part or the entire set of fringe benefits and increasing the limit of a benefit (Mercer, 2014). Unlike with flexible plans, a possibility in conventional plans is that employers may alienate employees when they cut benefits even though they may not be considering the coverage cost. However, in the case of flexible plans, some increases are easily reflected to the workers, and the decision to pay for coverage is made by the employees (Cascio, 2013).

2.1. Studies about Benefits

Lin et al. (2013) studied the frontline workers of the tourism sector and found a positive relationship between fringe benefits intended to balance business-life and work satisfaction. The same research suggests that dissatisfaction with fringe rights motivates 37% of the decisions to quit work. This ratio is greater than that of dissatisfaction with the work environment or conflict with managers and co-workers (Lin et al., 2013). Koo (2011) emphasized the issue of flexibility in fringe benefit applications. The demands of workers differ in accordance with their personal circumstances and their ages; therefore, they prefer to utilize different benefits. For instance, people between 25–35 years old demand more cash support, more vacation days, car purchases, and career advancement. People in their 40s care more about life balance and health support. People who are more than 55 years old demand retirement plans and health support. In another study, companies provided the following reasons for allowing their employees to select fringe benefits: (a) the protection of the competitive state of the market, (b) increasing the commitment of the employee, and (c) preventing present workers from quitting their jobs. In this research, 43% of companies reported that flexible fringe benefit applications cost less than the standard application (Mercer, 2014). By providing employees the fringe benefits they demand, companies avoid the risk of wasting their resources.

Cooke (2012) listed the following factors that popularize flexible work: (a) some tasks have become too complicated for only one person to handle because of technological developments, (b) the emergence of new social values, that is, the desire of workers to shape their jobs according to how it makes sense to them and to take on more responsibilities, (c) the situation of three generations working together because of prolonged lifespans and increased retirement ages, and (d) the obligation of companies to manage various customer expectations and demands because of rapid globalization. Flexible fringe benefit applications are prevalent mostly in the United States (92%) and partially in the United Kingdom (35%); they are less common in continental Europe (Xavier, 2014). Flexible work is out-of-routine work hours with certain applications, such as part-time work, home-based work, and the arbitrary selection of the start and end of work hours. According to Lin et al. (2013), a flexible work program reduces the work-family conflicts of employees and has a positive effect on work-related outputs, such as work satisfaction, the workforce turnover rate, stress, and absenteeism.

In a study conducted in Australia, a positive correlation was observed among well-being applications, lower stress, and higher efficiency (McCarthy et al., 2011). Jamison and Kleiner (2015) studied how wellness programs were carried out in certain companies in the USA and

the resulting findings. According to the researchers, wellness programs provide numerous benefits for employees and employers. From the perspective of employees, efficiency and productivity increase as a result of the creation of happiness among them. Companies that are aware of these positive outputs aim to motivate their employees and encourage them to make major lifestyle changes. Through such motivational changes, employees tend to request less time off because of their healthy lives. Having healthy employees corresponds to lower overall health care costs (Jamison & Kleiner, 2015). A study on members of the Illinois Public Park Recreation Association was not able to verify a hypothesis suggesting that flexible work arrangements increase job self-efficacy; however, this study found that the organizational commitment of employees was greater in agencies with flexible work conditions than in those that do not provide these conditions (Mulvaney, 2011).

Fringe benefit applications can vary with respect to the ownership of companies. A study carried out in Vietnam found that women-owned small and medium-sized enterprises provide more benefits to employees than those owned by their male counterparts (Rand & Tarp, 2011).

2.2. Communication of Fringe Benefits

Communication is a critical element of employee fringe benefits programs. According to Mejia et al. (2007), employees who work in companies with a good fringe benefits program cannot quite grasp the value of fringe benefits if they are not fully informed about the value of these programs. Certain obstacles prevent efficient communication regarding fringe benefits. For example, fringe benefits programs become more complicated over time, and the resources that employers can use to explain the complicated programs to employees are allocated inadequately. Evidently, companies do not care much about communicating about their fringe benefits programs to employees.

The EMEA Benefits Communication Survey 2015 by Aon Consultancy reported that 81% of companies in Turkey communicate fringe benefits and payments successfully (AON, 2015). The fundamental communication channels preferred for employee fringe benefits communication are e-mail, Internet verification, and employee handbooks. Only 33% of the companies involved in the survey stated that they have a separate budget for communications. Ninety-six percent of the companies declared that they communicate through inter-corporate channels. The main purpose of the communication of fringe benefits is to ensure that talented people continue to work for the company. The communication channels used in Turkey are similar to those of EMEA countries.

The same research suggests that 73% of companies in the United Kingdom communicate about fringe benefits; 66% of UK companies have a separate budget for this purpose. These benefits are communicated primarily through e-mail, employee handbooks, and banners. Eighty-six percent of the companies stated that they communicate about fringe benefits via inter-corporate channels. UK companies communicate about fringe benefits primarily to increase the commitment of employees and to retain talent. Research based on self-notice demonstrates that fringe benefits are communicated on a large scale, but as stated by Mejia et al. (2007), whether such efforts are adequate is difficult to determine.

3. METHOD

In this chapter, the population and sample for the research, the selection criteria of the sample,

and the preferred method of specifying fringe benefits are elaborated.

3.1. Population and Sample Space

The population of the study is banks in Turkey and the United Kingdom, and the websites on which they announce their fringe benefit applications. The sample space was decided based on a selection of banks that have certain characteristics. The Turkish and UK banks included in the sample space were selected through the following processes.

According to Bankers Almanac (2016), 212 United Kingdom institutions can be considered banks. Among these institutions, 56 are commercial banks, 23 are investment banks, and 133 are institutions that operate as private and mortgage banks. Other financial institutions, apart from investment and commercial banks, are usually single-branch organizations. Thus, they were excluded from this study. The websites of 56 commercial banks were scanned; 32 of these websites provided no information about fringe benefits. Thus, the evaluation was conducted with the data collected from 24 banks' websites.

According to The Turkey Union of Banks' records, 50 banks were operating at the end of 2015, among which 32 are deposit banks, 13 are development and investment banks, and five are interest-free participation banks (TBB, 2015). Investment banks are generally single-branch institutions. Thus, they were excluded from this study. The multiple-branch office structure of interest-free participation banks is similar to that of commercial banks. According to the classification of Bankers Almanac (2016), these banks are classified as commercial banks. After the selection, 37 banks were included in this study. Thirteen of these banks did not provide information about fringe benefits. Thus, the evaluation was conducted with the data collected from the websites of 24 banks.

3.2. Selection Criteria

In selecting the banks, the legal status of the bank in the country where it operates was taken into consideration; no distinction was made between domestic and foreign capital because all banks, including those with foreign capital investment, operate under the regulations of that country. With this perception, certain banks were counted twice as Turkish and UK. This approach is justified by the variance of payment and fringe benefits management with regard to the conditions of the country in which the banks are located. For instance, while the organization of a bank that operates in the United Kingdom offers stock options and flexible work as fringe benefits, these benefits are absent in its organization in Turkey.

3.3. Measures

A 180-item dichotomous scale comprising four dimensions was used in the present study. The items of this scale were compiled from the lists of fringe benefits that are found on the banks' webpages on human resources. The items were marked as "Yes" or "No", and comparisons were made according to the double marking in the case of the absence of direct access to fringe benefits on the website, and the key concepts of "employee benefits," "prerequisites," "perks," and "social benefits" were utilized. The Internet research was conducted from September 2016 to December 2016 for 48 banks from the two countries.

3.4. Statistical analyses

Correspondence and multiple-scale analyses were used in the data analysis. First, the frequency distributions of 180 fringe benefit variables and contingency tables were constructed for the two countries. Thereafter, correspondence and multiple-scale analyses were conducted on the data using SPSS 21 software.

4. FINDINGS

The similarities and differences of fringe benefit applications between Turkish and UK banks were analyzed under four group titles. The collected data were first evaluated by a frequency analysis, and then a two-stage analysis was carried out. Correspondence analyses were conducted in the first stage, and second-level multiple scale analysis techniques were applied in the second stage.

4.1. Fringe Benefits According to Countries

The fringe benefit applications in two countries were collected under 66 titles. Fifty-two fringe benefit applications exist in Turkish banks, and 56 fringe benefit applications exist in UK banks. A total of 66 fringe benefit applications are observed considering the different applications. The 66 fringe benefit applications were examined under four titles: insurance benefits, allowances, services, and other benefits. The fringe benefit applications of Turkish and UK banks were first grouped under each of these four titles, and then their total was given.

Table 1: Insurance Fringe Benefit Applications

Insurance Type	UK		Turkey	
	<i>F</i>	%	<i>f</i>	%
Life	11	31	7	24
Accident	2	06	3	10
Health	14	40	18	62
Dental	4	11	0	00
Eye	3	09	1	03
Travel	1	03	0	00
TOTAL	35	100	29	100

As seen in Table 1, the 24 UK banks provided 35 insurance fringe benefits, with the greatest proportion occupied by health insurance and the smallest proportion occupied by travel insurance. The 24 Turkish banks provided 29 fringe benefits. Parallel to the applications in the United Kingdom, the greatest ratio is occupied by health insurance, and travel and dental insurance are absent.

As seen in Table 2, the 24 UK banks provided 39 allowances as fringe benefits. The childcare

voucher item occupies the greatest proportion, whereas rent allowance, clothing allowance, transportation, transfer costs, education assistance, and child allowances are absent. The 24 Turkish banks provided 80 allowances as fringe benefits, of which transportation occupies the greatest proportion. Long-term disability, computer, gym membership, travel vouchers, childcare vouchers, employee learning and development, and friend recruitment scheme items are absent from all the lists.

Fringe benefits in the allowance group are items whose prices can be calculated and paid easily. Lunch, transportation, rental allowance, and mobile phones are regular payments, whereas transfer vouchers, baby gifts, and wedding allowances, among others, are items that are paid only once when a specific case occurs.

Table 2: Allowance Fringe Benefit Applications

Fringe Benefits Type	UK		Turkey	
	<i>F</i>	%	<i>f</i>	%
Long-term disability	1	03	0	00
Rental allowance	0	00	4	05
Mobile phones	1	03	2	03
Computer	1	03	0	00
Meal vouchers	1	03	17	21
Club subscription	1	03	1	01
Gym membership	6	15	0	00
Clothing	0	00	5	06
Transfer vouchers	0	00	5	06
Travel vouchers	1	03	0	00
Transportation	0	00	18	23
Childcare vouchers	10	26	0	00
Company car	3	08	2	03
Colleague cars	1	03	0	00
Employee training	2	05	0	00
Healthcare (e.g., medical)	3	08	3	04
Educational assistance	3	08	2	03

Educational all. for family	0	00	1	01
Child assistance	0	00	4	05
Baby gift	1	03	5	06
Death assistance	2	05	4	05
Wedding allowance	1	03	7	09
Friend recruitment scheme	1	03	0	00
TOTAL	39	100	80	100

A deduction from the tax coupon of childcare payments is a savings plan practiced in the United Kingdom for children under 15. The monthly £243 childcare support income and social security bonus paid by the employer to low-income groups is exempt from wage cuts. The employer saves £373 in taxes by paying a childcare support allowance (Devon, 2014). Childcare support coupons can be used for babysitters, after-school child-minder clubs, and registered daycare centers (Osborne, 2014). No such support is given in Turkish regulations. Transportation allowances are applied as shuttle vehicles in head office units and as the payment of travel expenses in branches. Food is served in cafeterias in head office units, whereas the price of food in branches is paid in cash.

As seen in Table 3, the 24 UK banks have 32 services in their fringe benefit application portfolio. The greatest proportion is occupied by retail discount items; rental help, clothing help, transfer voucher transportation, education assistance, childcare vouchers, and social support help, among others, are absent from the lists. The 24 Turkish banks have 15 services in their fringe benefit application portfolio. The greatest proportion is occupied by social support help, whereas travel discounts, cycles to work, and laser eye treatments are absent from the lists.

Table 3: Service Fringe Benefit Applications

Fringe Benefits Type	UK		Turkey	
	<i>f</i>	%	<i>f</i>	%
Well-being	11	34	1	07
Loans	8	25	2	13
Retail discounts	16	50	1	07
Travel discounts	1	03	0	00
Cycle to work	3	09	0	00
Laser eye treatment	1	03	0	00
Annual health screen	2	06	1	07

Social support help	0	00	4	27
Occupational health	1	03	1	07
Natural disaster aid	0	00	2	13
TOTAL	32	1,00	15	1,00

The employee utilizes the services provided by the company directly or indirectly in the service fringe benefit applications shown in Table 3. Companies do not reserve a separate budget for some of these services. Instead, they provide employees with discounts on certain products and services as part of an agreement with other firms. The cycle to work scheme is an application particular to the United Kingdom, and it aims to encourage employees to ride bicycles to work. Support applications that are optional for employees are called voluntary utilities (Mercer, 2014)

Personal support programs are referred to as “the state of well-being” by some banks and as “employee support programs” by other banks. Well-being refers to personal happiness, life standards, life satisfaction, and a person’s positive thoughts (Mercer, 2014). Well-being promotes self-appreciation, the formation of positive relationships with others, the feeling of independence, target orientedness, and focus on self-improvement (Ryff, 1989). Employee support programs promote a more comprehensive concept that includes well-being. Such a program provides services, such as psychological support to employees, covering the education costs of their children, and legal assistance for personal problems. Therefore, the evaluations were conducted together with the concept of well-being.

Table 4: Other Benefit Applications

Fringe Benefits Type	UK		Turkey	
	<i>f</i>	%	<i>f</i>	%
Annual leave	8	11	5	12
Maternity leave	2	03	3	07
Birthday off	1	01	0	00
Wedding day off	1	01	0	00
Marriage leave	0	00	2	05
Sick leave/payment	1	01	5	12
Death leave	0	00	6	14
Mover leave	0	00	2	05
Pension saving plans	18	24	11	27
Employee savings plans	6	08	0	00

Holiday buy/sell	7	10	0	00
Share plans	8	11	1	03
Charitable donations	6	09	1	03
Flexible work	11	15	2	05
Annual sporting and social	1	01	2	05
Recognition program	2	03	0	00
Diversity	2	03	1	03
Holiday camp	0	00	1	03
TOTAL	74	1,00	42	1,00

The items in the “other benefits” table clearly demonstrate the differences between the understanding and regulations of the two countries (Table 4). The 24 UK banks offer portfolios, the greatest proportion of which is occupied by pension/retirement savings plans; marriage leave, death leave, transfer leave, and holiday camp are absent from the lists. Under this group, the 24 Turkish banks present 42 portfolios. Birthday off, wedding day off, employee savings plans, and holiday buy/sell items are absent from all the lists.

A recognition program promotes the awareness of successful employees and rewards and appreciates them. There is a wide array of methods to use in “rewarding” employees in connection with a recognition program. For example, employers may offer a cash reward or a gift certificate to a local department store or restaurant, or they may use a point system to assign value to an employee’s successful participation in the program, tailoring the employee’s reward accordingly (Aberdeen, 2013; Whitney, 2017).

Private pension plans are funds created with the contributions of employers and employees, and used after retirement. Certain banks in Turkey, as an acquired right, collect the bonuses of the employees in the retirement funds that they have created. These institutions provide better retirement opportunities than social security institutions do. Therefore, the aforementioned application of the banks is evaluated in the scope of private pensions. In Turkey, banks that do not possess their own retirement funds provide the option of an institution-contributed private pension. After the government declared that 25% of contributions – although limited for the minimum wage – will be provided to those who participate in the governmental private pension plan and the accompanying tax advantages, private pensions became attractive for both companies and employees.

Companies also attempt to facilitate and improve their employees’ donorship and charitable acts. Some employees opt for a wage cut, in which the deducted amount goes to the institution they support, and some employers allow employees to go on paid leave to work at charities.

The concept of flexible work, along with the ability of employees to arrange work hours and places according to their preferences, involves a break for a certain amount of time and then a return to the job. In the United Kingdom, 43% of the banks state that they provide flexible work

options.

Employee savings plans, buying/selling of the right to leave, stock options, support for charitable acts, and flexible work are applications specific to UK banks. Buying/selling of the right to leave is absent from the regulations of Turkish banks. The availability of stock options is related to companies' free float rates. The differences between the two countries in supporting acts of charity and flexible work items can be explained by social understanding and business culture.

The differences in fringe benefit choices according to the country can be seen generally in Table 5. When we look at the group view of fringe benefit applications, the fringe benefit groups preferred by UK banks are other (41%), financial support (22%), insurance (22%), and services (18%). The Turkish banks prefer financial support (48%), other (25%), insurance (18%), and services (0.09%). A close (18% and 19%) parallelism can be seen between the two countries' applications in the insurance sub-group.

Table 5: Fringe Right Applications in Groups

Fringe Benefits in Groups	UK		Turkey	
	<i>f</i>	%	<i>f</i>	%
Insurance	35	19	29	18
Financial support	39	22	80	48
Service	32	18	15	09
Other	74	41	42	26
TOTAL	180	100	166	100

4.2. Correspondence of Fringe Benefits

The correspondence analysis aimed to detect the extent to which the fringe benefits profiles applied by Turkish and UK banks explain each other. The correspondence analysis reveals an index that can be perceived as a reciprocal representation value; this value indicates the differences and similarities of the applications around the index. An examination of the correspondence in terms of the insurance applications of Turkish and UK banks indicates an inertia index of 0.625. This value shows that they have a similarity variance of 0.62 in terms of insurance applications (see Table 6).

Table 6: Similarities of Insurance Fringe Benefits

Singular Value	Inertia	Chi Square	Sig.	Proportion of Inertia		Confidence
				Accounted	Cumulative	

for						
.791	.625	11.3	.004 ^a	1.00	1.00	.13
	.625			1.00	1.00	

^a. 2 degrees of freedom

For support fringe benefits, the similarity between the applications of the banks in the two countries is low at a ratio of 0.06 (Table 7).

Table 7: Similarities of Support Fringe Benefits

Singular Value	Inertia	Chi Square	Sig.	Proportion of Inertia		Confidence
				Accounted	Cumulative	
.249	.62		.628 ^a	1.00	1.00	.169
	.62	1,741		1.00	1.00	

^a. 3 degrees of freedom

In the comparison among service fringe benefits, the similarity ratio is 0.17 (Table 8).

Table 8: Similarities of Service Fringe Benefits

Singular Value	Inertia	Chi Square	Sig.	Proportion of Inertia		Confidence
				Accounted	Cumulative	
.408	.17		.435 ^a	1.00	1.00	.161
	.17	1.66		1.00	1.00	

^a. 2 degrees of freedom

The similarity of the fringe benefit applications of the banks under the domain “other” is 0.12 (Table 9). This value indicates that benefit applications between the two countries resemble each other most in the insurance group and least in services.

A correspondence analysis performs binary comparisons. By contrast, given that all parameters are used in the model, multiple-scale analysis can be conducted with an optimal scaling module. With the use of SPSS, the data were normalized with the variable principle method in the calculation performed by the optimal scaling method. The data could be collected under two dimensions.

Table 9: Similarities in Other Fringe Benefits

Singular	Inertia	Chi Square	Sig.	Proportion of Inertia	Confidence
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Value			Accounted	Cumulative		
			for			
.353	.124		.434 ^a	1.00	1.00	.122
	.124	2.739		1.00	1.00	

a. 3 degrees of freedom

The alpha reliability coefficients for the first and the second dimensions are 0,80 and 0,72, respectively. The inertia coefficients for the first and the second dimensions are 0,63 and 0,55, respectively. These data indicate that all additional benefit applications that the banks provide (regardless of whether they are Turkish or UK banks) can be collected under two dimensions. The naming of these two dimensions and the issue of deciding which types of additional benefits would be gathered under these headings were regarded as separate subject matter for study, and a separate examination was not conducted at this level (Table 10).

The difference values of the data under a two-dimensional scale are presented in Table 11. For the first dimension, the greatest difference was for the support group, whereas the smallest was for the insurance group, thereby verifying the results of the correspondence analysis at the binary level. At the second dimension, the greatest difference was observed in the other benefits group.

Table 10: Model Summary for Analysis

Dimension	Cronbach's Alpha	Variance Accounted For	
		Total (Eigenvalue)	Inertia
1	.803	2.513	.628
2	.727	2.199	.550
Total Mean	.767 ^a	4.711	1.178
		2.356	.589

^a Mean Cronbach's Alpha is based on the mean Eigenvalue

Table 11: Difference Values of Additional Benefits

	Dimension		Mean
	1	2	
Insurance	.554	.505	.529
Allowances	.954	.561	.758
Service	.456	.335	.395

Other	.549	.798	.674
Active Total	2.513	2.199	2.356

The correlation analysis of the transformed data determined that the highest correlation was that of service support groups, whereas the lowest was between the service insurance groups (Table 12).

Table 12: Correlation Values for Additional Benefit Groups

	Insurance	Allowances	Services	Other
Insurance ^a	1.000	.283	.139	.368
Allowances ^a	.283	1.000	.548	.396
Service ^a	.139	.548	1.000	.315
Other ^a	.368	.396	.315	1.000
Dimension	1	2	3	4
Eigenvalue	2.044	.933	.593	.430

Figure 1 demonstrates the differences and similarities between the methods of additional benefit applications under four groups of Turkish and UK organizations.

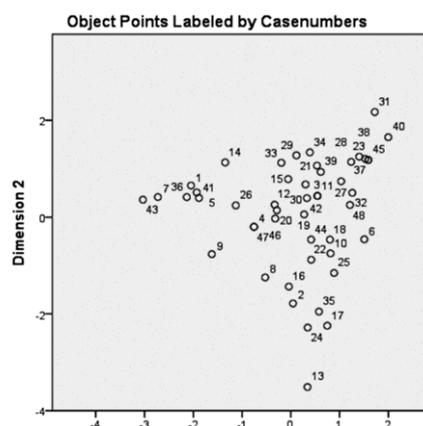


Figure 1: Proximities to organization groups (1–24 are Turkish and 25–48 are UK banks).

4.3. Factorial Structure of Fringe Benefits

In the second stage, a multidimensional analysis was applied to determine how and under how many dimensions the additional benefits collected under four groups at the non-metric level

were grouped. A hierarchical cluster analysis was performed to create a distance/similarities matrix. The data were composed of counted values. Thus, the chi-square method was used for the calculation, and the data were standardized between -1 and 1. At the end of the calculation proximities, the matrix was constructed. The proximity matrix revealed a 48 x 48 table over the standardized data, and a multiple-scale analysis was conducted over this table.

The analysis performed according to Kruskal's method revealed a stress value of 0.183 and an R^2 value of 0.836. The R^2 value represents the ratio of the variance of the rescaled values. The lower limit that can be accepted for the R^2 value is greater than 0.60. The calculated stress value is between 0.10 and 0.20. Thus, some consistency exists considering the totality of the data. Although we cannot determine a similarity or concordance among the declared additional benefit applications with regard to the entire data, when examined as groups, a strong similarity is observed in the insurance additional benefits group.

In Figure 2, the indicators coded as T represent Turkish banks, and the letter I represents UK banks. Turkish organizations are mostly clustered on the right of the graph, whereas UK banks are mostly present on the left. The distances between the banks are significant. The number of banks that are proximate to each other is low and limited.

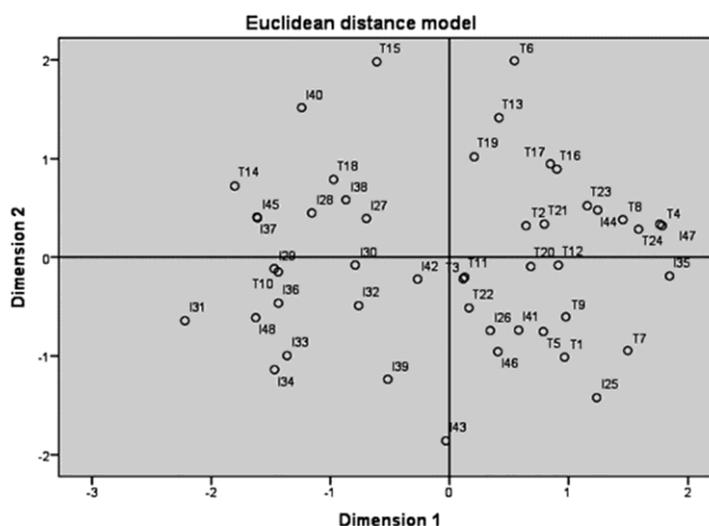


Figure 2: Euclidean distance graph between Turkish and UK banks.

5. RESULTS AND DISCUSSIONS

The main purpose of this study is to compare the fringe benefit applications of commercial banks between a developing country and a developed one. The following implications were derived from the data on the banks' websites:

In both countries, short- and long-term monetary and non-monetary fringe benefits are applied together. The legal system, local needs, and customs are factors that affect the shaping of the fringe benefits. For instance, the right to buy and sell annual leave, which is prevalent in UK banks, does not correspond to any legal basis in Turkey. According to Turkish regulations, employees cannot waive their annual leave rights (İş Kanunu, 2003). The prevalent application of lunch and transportation in Turkish banks is part of the UK fringe benefits portfolio. The health insurance of UK banks includes homosexual couples and unmarried couples who live together, whereas the coverage of health insurance of Turkish banks is limited to wife/husband

and children.

Private health insurance (United Kingdom: 40%, Turkey: 62%) and private pension plans (United Kingdom: 24%, Turkey: 27%) constitute the intersection area between the two countries. Providing employees with the right to acquire stocks is essentially related to the free float rate of companies. Such an application is currently nonexistent in publicly held corporations in Turkey.

Figure 2 indicates a significant Euclidean distance between Turkish and UK banks. A possible inference that can be made from this graph is that banks develop fringe benefits programs according to their own strategies and priorities. A fringe benefits program that is inconsistent with the purposes of the company and does not meet employees' expectations would neither increase the motivation of the employees nor realize an effective cost management strategy concerning payments (Stone, 2008). Whether or not the dispersion observed in Figure 3 represents consistency with the strategic differences of the banks cannot be determined.

The application of flexibility in fringe benefits is significant in meeting the expectations of employees and ensuring effective management of payment budgets (Koo, 2011). The ratio of the application of the flexible work program in UK banks is 15%; this ratio is 5% for Turkish banks. Despite the absence of a legal obstacle, a low ratio of flexible work in Turkey may be due to the routine of business in the country. This option is expected to become more widespread in Turkey in the following years.

The communication of employee fringe benefits is significant to the understanding of employees' expectations, the design of relevant programs, and good comprehension of the fringe benefits by the employees. Explaining the fringe benefits on websites as part of payment management is needed to increase the attractiveness of the organization. Despite several good examples, most Turkish banks fail to notice the significance of the communication of fringe benefits. In constructing employee fringe benefits, organizations must fully understand the expectations of employees and design the fringe benefits program accordingly. The essential condition to attract, retain, and increase the commitment of talented employees is the application of fringe benefits in a strategically constructed method (Koo, 2011). Employee fringe benefits are a significant tool to attract candidates to the organization. Organizations must develop holistic communication strategies, not only for employees but also job applicants. Organizations must prioritize flexibility in the application of fringe benefits with regard to the expectations of the employees and the long-term priorities of the organization. While preparing a fringe benefits program, the budget should also include communication cost per capita, and the support of professional business corporations should be sought if necessary.

5.1. Implications of practice

An essential reason for the increased attention toward fringe benefits is the increasing diversification of the workforce (Cascio, 2013). Such demand cannot be met in institutions with constant fringe benefits. Flexibility in the application of fringe benefits is introduced in response to this issue. The second important point is that fringe benefits help companies attract, motivate, and retain professional employees, thereby serving the ultimate strategic purposes of the organization (Stone, 2008). To elaborate on the effectiveness of the fringe benefit applications applied in organizations, studies need to be conducted on the relationship of fringe benefits programs and organizations' strategic tendencies. Another possible research subject is

determining the effectiveness of communication in applying for fringe benefits.

5.2. Limitations of Future Directions

The most important limitation of the research is that the analyzed data were collected from the Internet. In future studies, more accurate data should be collected by directly contacting banks' human resources departments. Nevertheless, the present study is valuable in terms of the public information practices.

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