

Linkage of Employee Welfare Programs with Workforce Retention in Modern Organizational Management Policies

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ABSTRACT

This research explores the relationship between employee welfare initiatives and workforce retention rates in organizations through a literature review approach. The research explores various dimensions of welfare programs, ranging from physical and mental health support, work-life balance, to employee self-development. The results show that management involvement, perceptions of fairness, consistency of implementation, and personalization of the program are factors that determine the success of retention through welfare policies. Workforce retention is not only influenced by material compensation, but is strongly related to the quality of psychological relationships formed through a humanistic approach to Human Resource (HR) management. Continuous evaluation, employee participation, and an organizational culture that supports welfare are three key components in strengthening loyalty and reducing turnover. Drawing on a wide range of credible literature, this research provides a comprehensive overview of the strategic value of investing in employee welfare. This research is expected to contribute to the development of more sustainable organizational management policies.

INTRODUCTION

Employee welfare is now an aspect that cannot be ignored in the dynamics of modern organizations. In an increasingly competitive and stressful world of work, attention to the physical, mental and social conditions of the workforce has increased significantly. Companies must provide living wages and consider all factors affecting employees' quality of life. Many companies have begun to invest resources in welfare programs to improve the quality of work life. This initiative stems from the realization that a workforce that feels valued and prosperous will contribute more to the productivity and stability of the company.

In many countries, employee welfare programs have evolved into various forms. Some companies offer psychological counseling, fitness programs, comprehensive health insurance, and stress management training. There are also work flexibility policies that allow employees to balance their personal and professional lives. These initiatives are not merely a form of corporate social responsibility, but have become part of the organization's strategy in building workforce loyalty and engagement.

The relationship between welfare initiatives and employee retention has attracted much attention. High turnover rates in an organization are often attributed to the absence of an adequate internal support system for employees. When employees feel that the organization fails to understand their basic needs, the risk of resignation becomes greater. Organizations are beginning to review their internal structures to design policies that are not only attractive in terms of compensation, but also in terms of overall welfare.

Over the years, research on the link between employee welfare and retention rates has grown. Further exploration in academic research and business practice shows that organizations that are consistent in managing employee welfare show more stable retention performance. Not all approaches are universally applicable, as each organization has different characteristics and employee needs. This raises important questions about how the model of welfare initiatives implemented in various companies can be a significant factor in encouraging the workforce to stay and thrive in their workplace.

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While many organizations are adopting welfare programs, there are big differences in the success of their implementation. Some companies fail to integrate the program into the overall work culture, resulting in the initiative becoming a mere formality. When programs are not aligned with the organization's values and practices, employees will see them as insincere branding efforts. As a result, employee welfare is not an integral part of the organization's strategy, but rather an administrative appendage that has no real impact on the day-to-day work experience. This is compounded by the lack of systematic measurement to assess the effectiveness of the program on employees' decision to stay with the company (Keller, 2001). Many companies do not have clear performance indicators or evaluation tools to know whether the program actually has an impact on employees' decision to stay with the company. Without a data-driven approach and periodic evaluation, organizations will struggle to identify the strengths and weaknesses of their programs.

Not all welfare initiatives are designed based on the actual needs of employees. Many programs are created from top management assumptions without an adequate consultation process with the workforce. As a result, the programs are irrelevant and even perceived as burdensome to employees. When welfare programs are developed in a top-down manner without consultation or needs surveys, there is a high chance that the initiative will not only be ineffective, but also create resistance from employees. This has been observed by Cascio (1991) who stated that top-down programs tend to experience resistance if they are not tailored to actual expectations and working conditions. They may feel that the program is irrelevant, a formality, or even an administrative and time burden that they do not need.

Meanwhile, several research studies indicate that the link between welfare programs and retention has not been strongly demonstrated in all industry sectors. Based on Lawler (1992), sectors that rely heavily on physical productivity and manual labor often show different responses to welfare programs compared to knowledge-based sectors. The needs of employees in this sector are more practical and immediate, such as job security, fair compensation, and physical health insurance. Welfare programs that overemphasize psychological aspects or individual development are sometimes considered less relevant to the work challenges they face on a daily basis. This variation in response between sectors raises important questions about the validity of generalizing welfare models that are considered effective. Not all initiatives that are successful in one sector can necessarily be applied in other sectors with similar results.

Changing global work structures and the expectations of newer generations of workforce make attention to quality of work life even more important. Today's workforce demands more than just a paycheck, they seek value in their work and clarity that the organization is looking out for their complete welfare. When organizations fail to understand these changes, a retention crisis can occur on a wide scale. Expectations of tangible support from the company, such as personal development programs, work flexibility, and mental health, are fundamental to the decision to stay or change jobs. Failure to respond to the needs of the modern workforce generation can damage a company's reputation as a desirable place to work. This creates new challenges for companies in meeting expectations that are much more complex than previous generations.

Organizations need to understand that investing in welfare is not a burden, but a form of long-term strategic investment. In a world of disruption, stable workforce retention is one of the most important assets an organization has. Employees who feel valued, supported and cared for tend to be more loyal, more motivated and more productive in the long-term. Analyzing the relationship between welfare and retention is an important foundation for designing sustainable HR policies. By understanding the factors that influence an employee's decision to stay, organizations can devise welfare strategies that are not only reactive, but also proactive and adaptive to future dynamics.

This research aims to systematically examine the relationship between employee welfare programs and workforce retention rates in organizations, by analyzing how various welfare initiatives influence employees' decisions to stay or leave the company. The results of this research are expected to contribute to the development of HR policies based on a comprehensive understanding of workforce welfare.

RESEARCH METHOD

This research uses a literature review approach as the main method to explore the relationship between employee welfare initiatives and workforce retention rates in organizations. The literature study was chosen because this approach allows the researcher to collect, sort, and examine various empirical findings and theories that have been built by previous researchers. With this method, the research is able to present a synthesis of available knowledge and identify gaps or inconsistencies in existing findings. As explained by Machi and McEvoy (2009), literature review is not just a summary of the content of previous sources, but also an analytical process that constructs new understanding from existing knowledge.

The collection of sources was done through searching for relevant scientific articles, books, and research reports from various academic databases such as JSTOR, ScienceDirect, and ProQuest. All sources were selected based on their credibility and suitability to the focus of the study, especially those that discuss human resource management, employee welfare, and workforce retention. The analysis process was conducted using a thematic approach, which allows researchers to identify recurring patterns and categories in the literature. As described by Hart (1998), this technique is useful in structuring the discussion systematically and thoroughly, so as to draw valid conclusions from the various literatures analyzed. This research adopted the principles of traceability and transparency throughout the literature review process.

RESULT AND DISCUSSION

Attention to the quality of work life is undergoing a fundamental change in the dynamics of modern organizations. Whereas previously this aspect was often considered a complement or bonus, it is now an important part of the organization's core strategy. In the midst of intensifying competition and increasing productivity demands, attention to the daily conditions of employees is beginning to be seen as the foundation of operational sustainability. Meeting the basic emotional and social needs of employees is an important indicator of the success of human resource management in creating a healthy work environment. Companies that are able to foster a sense of security, comfort, and value among their workforce, indirectly build significant internal resilience against various risks of talent loss. The quality of work life is now a strategic foundation in building resilient and adaptive organizations amidst the challenges of the times.

Awareness of the importance of a supportive work environment is no longer just an ethical discourse, but a strategic instrument in maintaining competent human resources. In the midst of competition to attract and retain the best talent, companies are required to provide a workplace that is not only physically safe, but also mentally and emotionally healthy. When workforce members have their health and life balance taken care of, they tend to show higher loyalty and stronger emotional attachment to their workplace. Organizations that ignore these needs generally have difficulty retaining their workforce, especially from younger generations who tend to be selective about personal and professional values. Building a supportive work environment is a strategic decision that determines the competitiveness and sustainability of organizations in the modern era.

Previous research has shown that interventions through welfare programs not only increase job satisfaction, but also significantly reduce potential turnover (Patro, 2019). Employee welfare not only impacts day-to-day psychological conditions, but is also an important factor in long-term decisions regarding employment relationships. Understanding exactly how such programs impact employees' decision to stay is becoming increasingly crucial for management. Within this framework, the fundamental question of the link between welfare and retention initiatives cannot be ignored in today's managerial research agenda (Njeru et al., 2017). It is important for organizational leaders and researchers to not only rely on assumptions, but also explore data and empirical evidence that shows the causal relationship between these two aspects. By strengthening this understanding, organizations can make evidence-based strategic decisions that support workforce growth and stability, while strengthening competitiveness in an increasingly dynamic job market.

Employee welfare has become a fast-growing topic in the HR management literature, mainly due to its impact on organizational stability through employee retention. Welfare programs, whether in the form of physical and mental health support or work-life balance, are increasingly considered as indicators of organizational excellence. Organizations that manage employee welfare well will gain a competitive advantage because employees feel valued and have their needs met, which has a direct impact on retention and long-term stability. Cascio (1998) states that organizations that invest in employee welfare will experience reduced turnover because employees feel valued and have their needs met. Companies that neglect welfare tend to face higher resignation rates, especially among the new generation of workers who place welfare as a work priority.

The implementation of policies that support welfare is not always linear in generating retention. Many companies provide health and recreation programs, but not all of them succeed in reducing turnover. This suggests that the success of such programs depends not only on the existence of facilities, but also the direct link between the program and the psychosocial needs of employees. Greenberg and Baron (2000) explain that employee perceptions of organizational justice also influence the effectiveness of welfare programs. The perception of the organization's sincerity and consistency in implementing welfare policies is an important element in building employee trust. If the policies are perceived as merely symbolic efforts, then trust in the company will decline, even if the program is widely available.

Workforce retention is strongly influenced by emotional attachment formed through organizational concern for employee conditions. This emotional attachment creates a deeper bond between the employee and the organization, which in turn can increase employee loyalty and commitment to stay. In the long-term, this creates loyalty that is not only based on employment contracts, but also a deep psychological bond. Based on Herzberg (1968), factors that contribute to work satisfaction, such as recognition, achievement, and personal growth, have a more significant impact on retaining employees than material incentives alone. When employees feel valued and recognized for their contributions, they tend to feel more emotionally attached to the organization, leading to a decision to stay. Employees who feel developed and recognized will be more likely to stay and contribute their best to the organization. Organizations that are able to build and nurture emotional connections through policies that value employee contributions and support personal growth will be more successful in maintaining a stable workforce.

Welfare initiatives designed to provide room for self-development and recognition of employees' individual needs are essential in creating a positive work environment. Programs that support skills development, training, and opportunities for personal achievement not only increase work satisfaction, but also give employees a sense of purpose and meaning in their work. When organizations show concern for employee growth and welfare, it can strengthen a sense of emotional attachment and increase long-term loyalty. This approach creates a work environment that values potential, not just performance, so employees feel more fully valued. Employees who feel that the organization is invested in their development tend to be more motivated to make greater contributions. Welfare initiatives that emphasize personal growth and meaning are not only morally relevant, but also strategic in driving retention and long-term performance.

To improve workforce retention, organizations need to focus on creating welfare initiatives that are not only oriented towards material incentives, but also on personal development and recognition. This includes creating a supportive work culture, where employees feel heard and valued. Such an environment not only increases job satisfaction, but also strengthens employees' emotional ties to the place where they work. This approach fosters stronger employee relations, leading to higher retention and a more productive, harmonious workplace. Employees who feel developed and valued tend to be more motivated, more productive, and more loyal to the company.

Welfare programs are also associated with reduced work stress and improved life balance. Based on Quick et al. (1997), excessive work pressure without psychological support can be a main cause of burnout and resignation. Without adequate support, job stress can develop into burnout, leading to a decline in performance and even a decision to resign. Organizations that provide counseling, time flexibility, and a supportive work environment are more likely to retain their workforce. This suggests that stress management is an important part of retention through a holistic welfare approach. A holistic approach to welfare, covering physical, mental and social aspects, has proven to be more effective in creating a healthy and supportive work environment. By paying attention to employees' life balance and psychological state, companies not only strengthen relationships with their workforce, but also build a more resilient and sustainable organizational foundation.

Variations in individual needs complicate the design of effective welfare programs. Employees from different age backgrounds, family status and work experience have non-uniform expectations of welfare benefits. For example, young employees may be more interested in career development programs or time flexibility, while employees with families are likely to need family health support or more flexible leave. These differences show that no one form of welfare program can meet the needs of all employees equally. Research by Ivancevich and Matteson (1996) shows that uniform programs tend to fail to meet the expectations of all employees. The mismatch between employee expectations and the benefits provided by the company can lead to dissatisfaction, even creating the perception that the organization does not understand or care about their needs. A flexible approach and personalized programs are important elements in maintaining a diverse workforce.

In terms of organizational culture, welfare initiatives embedded in company values demonstrate consistency between vision and practice. This creates a more cohesive work environment, where employees not only understand, but also feel that their welfare is the company's priority. The integration of welfare values into the work culture also helps to establish consistent standards of organizational behavior, creating clarity and trust in the relationship between management and employees. Based on Schein (1992), a culture that prioritizes welfare can create loyalty and strong emotional attachments. Such a culture strengthens employees' sense of security, encourages engagement, and ultimately lowers the intention to leave the organization.

Effective communication about the benefits and procedures of the welfare program determines the success of the initiative. No matter how good the program design is, if it is not accompanied by clear, transparent, and easy-to-understand delivery, the benefits will not be optimally felt by employees. Greenberg (1990) states that organizational transparency about the program's intentions and mechanisms can build trust, which has a direct impact on satisfaction and retention decisions. Confusion or ambiguity about the benefits of the program can lead to skepticism and reduce its effectiveness in curbing employee departures.

The level of employee participation in welfare programs is one of the key indicators that reflect the success of workforce retention in an organization. When employees are actively involved in welfare programs, it shows that they feel the program is relevant and beneficial to them. Based on Robbins (2001), active participation not only reflects employee satisfaction with the program, but also creates a stronger sense of belonging and attachment to the organization. Employees who feel cared for and valued through welfare programs tend to be more loyal and committed to staying in the organization, thereby reducing turnover rates. Conversely, low levels of participation in welfare programs can signal that there is a mismatch between the programs offered and the real needs of employees.

This can be caused by a variety of factors, such as a lack of communication about the benefits of the program, unclear implementation, or even employee dissatisfaction with the type of program provided. When employees feel that the welfare program is irrelevant or does not meet their expectations, they are less likely to participate, which can ultimately reduce the effectiveness of the program. In this context, it is important for management to evaluate and adjust the welfare program to make it more in line with employees' needs and expectations.

Integration between welfare programs and employee needs is essential to create a significant impact on the decision to stay in the organization. To achieve this, organizations need to involve employees in the process of designing and evaluating welfare programs, so that they feel they have a voice in determining what they need. Effective communication of the benefits and objectives of the program should also be improved, so that employees understand the added value they can gain. A welfare program designed with employee participation and needs in mind will not only increase participation rates, but also contribute to better workforce retention and create a more positive and productive work environment.

One aspect that is often overlooked is the sustainability of welfare programs. Many organizations launch welfare programs in response to specific crisis conditions or external pressures, such as a pandemic or a sudden increase in turnover. Programs that are seasonal or reactive to a particular crisis have no long-term effect on retention. Huselid (1995) mentions that programs that are strategically designed and continuously updated according to changes in organizational conditions will be more effective in maintaining workforce stability. Consistency is the key to building trust and loyalty.

Evaluation of the effectiveness of welfare programs needs to be done regularly through quantitative and qualitative indicators. Mathis and Jackson (2000) suggest using resignation data, work satisfaction levels, and exit interviews as measuring tools to assess the direct relationship between welfare and retention. The combination of these two types of data allows organizations to understand not only what is happening, but also why it is happening. Only through accurate measurement can organizations determine the success or failure of their welfare investments.

In the context of an increasingly competitive labor market, welfare programs have become attractive. Welfare is no longer seen as an add-on or bonus, but as an important indicator of the company's concern for the balance of life and career sustainability of employees. Based on Pfeffer (1998), organizations that are known to have excellent welfare programs are better able to attract and retain top talent. This proves that welfare not only impacts individuals within the company, but also shapes the image of the organization externally.

There is also a close relationship between top management involvement and the success of welfare programs. Without top management support, programs tend to lose legitimacy and do not receive serious attention from employees. Based on Kanter (1983), managerial commitment to welfare fosters a climate of trust and collaboration that results in a noticeable reduction in turnover. Management that is caring and open to the needs of employees will build a more egalitarian and healthy relationship in the workplace.

The integration between the welfare program and the performance appraisal system is another determinant. When welfare is valued as part of productivity, the perceived importance of the program increases. Lawler (1986) emphasized that the synergy between performance rewards and welfare creates both emotional and professional ties to the organization. Recognizing efforts to maintain personal well-being as part of work contributions can strengthen intrinsic motivation, while building higher loyalty.

CONCLUSION

The relationship between employee welfare initiatives and workforce retention rates in organizations shows a significant link. Welfare programs that are strategically designed, adapted to the real needs of the workforce, and consistently implemented can strengthen loyalty and reduce employees' intention to leave the organization. Employees who feel psychologically and professionally cared for tend to form stronger bonds with their workplace. Classic and contemporary research underlines that retention is not just a matter of compensation, but the result of a series of treatments that demonstrate the organization's commitment to the lives and balance of the individuals within it.

This finding confirms that human resource policies need to expand the scope of their functions beyond administrative management to include comprehensive welfare empowerment. Organizations that ignore the importance of employee welfare risk high turnover, loss of potential talent, and a decline in overall productivity. Organizational leaders need to integrate welfare values as an inherent part of the work culture and managerial system to ensure long-term performance sustainability.

Future research is expected to expand the focus on the relationship between specific dimensions of welfare programs and different working age groups, in order to gain a more accurate understanding of their effectiveness. Periodic evaluations of employee perceptions and program impact should be conducted systematically to ensure the program is relevant. HR management practitioners should use a data-driven approach to design welfare policies that are adaptive to the social and economic dynamics of the modern workforce.

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