

Project of Employee Benefit System Improvement in Shared Service Centre

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I. Teoretická část

- Zpracujte literární rešerši týkající se zaměstnaneckých výhod.

II. Praktická část

- Provedte analýzu současného stavu zaměstnaneckých benefitů ve Středisku sdílených služeb.
- Navrhněte projekt na zlepšení systému zaměstnaneckých benefitů.
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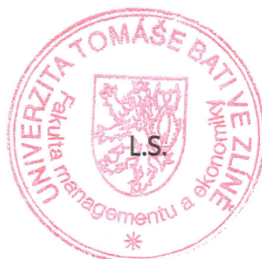
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ABSTRAKT

Cílem této práce bylo navrhnout a realizovat projekt zlepšení systému zaměstnaneckých benefitů ve Středisku sdílených služeb (SSC) pro region EMEA ve firmě PPG Industries. Teoretická část popsala benefity jako součást kompletního systému odměňování v organizaci, představila jejich zařazení, nové trendy a vyhodnotila je z pohledu atraktivity pro zaměstnance a daňové výhodnosti. Praktická část nejprve představila společnost PPG a její Středisko sdílených služeb v Brně a nabídla výsledky průzkumu, který měřil spokojenost zaměstnanců se současným systémem benefitů, jakož i očekávání zaměstnanců pro budoucí zlepšení. Kromě toho byly popsány i nálezy z externích průzkumů k porovnání PPG benefitů s nabídkou na trhu zaměstnavatelů, včetně SSC trhu v České republice. Na základě těchto zjištění byl řádně připraven projekt plánování a realizace navrhované změny včetně časové analýzy, nákladové analýzy a analýzy rizik. Finanční náročnost projektu byla 85 800 Kč a celkové náklady zahrnovaly náklady na projektový tým a režijní náklady. Na základě cílů projektu byl ze čtyř představených možných řešení vybrán poskytovatel, firma Edenerd, a realizován nový systém benefitů, který nabízí moderní řešení ve formě nabíjecích elektronických benefitních karet. V závěru je uvedeno hodnocení projektu po autentické implementaci.

Klíčová slova: řízení lidských zdrojů, odměňování, benefity, zaměstnanecké výhody

ABSTRACT

The aim of the paper was to create and carry out project of employee benefit system improvement in the EMEA Shared Service Centre (SSC) of PPG Industries. The theoretical part described benefits as a component of the complete reward system in an organisation, presented their classification and new trends, and evaluated them from employee attractiveness and tax point of views. Practical part firstly introduced PPG Company, their Shared Service Centre in Brno, and offered results of survey that measured employee satisfaction with the current benefit scheme as well as employee expectations for future improvement. The outcomes of external surveys were also presented to compare PPG benefits to the market, including the SSC market in the Czech Republic. Derived from these findings the project was built to properly plan and implement proposed changes taking into consideration time, costs, and risks. The financial requirements of the project were CZK 85 800. The total costs included the cost of the project team and overhead costs.

Based on the objectives of the project, four possible solutions were presented. Finally a company Edenred was selected as a provider and their solution was implemented. New benefit system offers advanced solution in the form of electronic benefit cards. In the end, evaluation of the project after the authentic implementation was presented.

Keywords: human resource management, reward, compensation, employee benefits

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I hereby declare that the print version of my Master's thesis and the electronic version of my thesis deposited in the IS/STAG system are identical.

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INTRODUCTION

Labour market of today's knowledge based economy is characterised by globalisation while at the same time there is a battle for talents and a shortage of skilled people because employees are a determining factor in the success of employer's business. Many organisations are re-evaluating the way they attract new employees as well as methods of retaining the valued ones.

One of the possibilities of employee attraction and retention is the benefit scheme that the companies are offering. Employers are challenged to offer an attractive package of benefits which will keep employees happy, engaged, productive and loyal. Apart from the so-called standard benefits such as contribution to the pension insurance, meal vouchers or extra days of paid holidays, employees are increasingly asking for more flexibility and some practical solutions to maintain a work-life balance.

The main goal of the master thesis is to design a project on improvement of the employee benefit scheme in the Shared Service Centre of PPG Industries company based on the theoretical findings from several sources on compensation and benefit research as well as the analysis of the current state of the benefits that are offered. The thesis takes into consideration external benchmarking, tax implications and internal employee survey which will reveal the preferences of the staff. The project part analyses mainly the following factors: costs, risk and time required for a successful implementation. The project implementation starts on 1. January 2013 and is evaluated in this paper.

I. THEORY

1 REWARD SYSTEM AS A COMPONENT OF HUMAN RESOURCES MANAGEMENT

The topic of the master thesis falls into an area called Compensation or Reward. Reward management is one of the disciplines of Human resource management (HRM). According to Armstrong (2003, p.3), „HRM is a strategic and coherent approach to the management of people who are organisation’s most valued assets and who contribute to the achievements of its objectives”.

HR (Human Resources) department is responsible for attraction, selection, training, assessment, and rewarding of employees, while also overseeing employee relations, organisational leadership and culture, and ensuring compliance with labour laws. In companies with labour unions, HR department typically serves as the company's primary liaison with the employees' representatives. The function is not anymore dominated by payroll and administrative work and it focuses on partnership with the management and is involved in most strategic decision making. HR drives talent management, succession planning, industrial and labour relations, wellness, corporate social responsibility, diversity and inclusion programs as well as activities related to mergers and acquisitions and organizational and employee development. This is true especially in the larger companies. In small companies HR is seldom present and is represented by Finance, Administration or similar support functions. (Job Descriptions by Title, 2013)

HR has an impact on employee experience from the very first moment of employer-employee interaction to the very last day. HR practitioners participate in employer branding and then lead many activities starting from the selection process, on boarding, training and career development and advisory, employee appraisal systems, reward management, payroll management to employee terminations and outplacements. HR is involved in creating the organisational culture, mobility management, employee health and safety and legal compliance. One of the key disciplines of HRM as mentioned, is a Reward management (also labelled as compensation or remuneration system).

2 REWARD MANAGEMENT

Reward management is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance to their value to the organisation. It deals with the design, implementation and maintenance of reward practices that are geared into the improvement of the organisation, team and individual performance (Armstrong, 2003).

Armstrong (2009) explains that reward management deals with strategies, policies and processes necessary to secure monetary and non-monetary rewards to the people who bring contribution to the organization. Reward management objectives are:

1. reward people according to the value they generate,
2. connect the compensation practices with the company goals and the values and needs of the workers,
3. reward the right achievements and behaviours,
4. help acquire and maintain high-quality staff,
5. motivate people and gain their loyalty and commitment, and
6. create a culture of high performance.

2.1 Reward system

Reward system consists of:

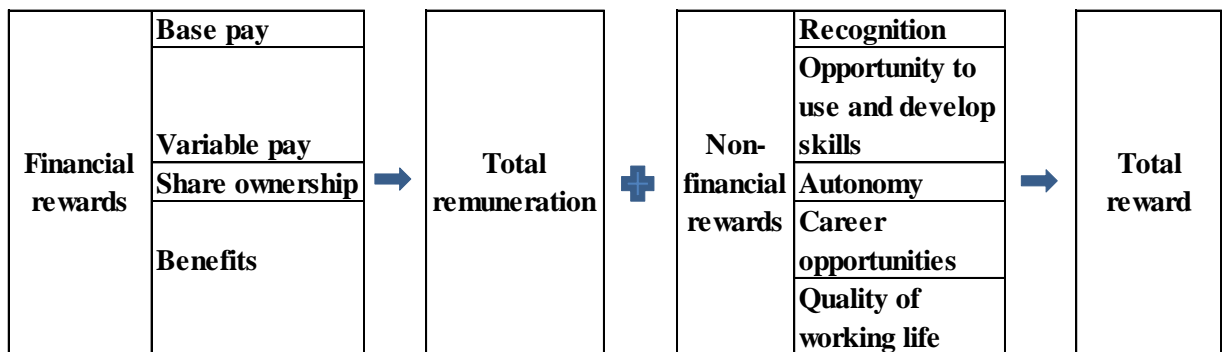
- Reward strategy, which is closely related to the long term business strategy,
- reward policies, which provide a direction for decision making and clearly defined instructions for the salary levels and use of the market reference,
- reward practice, which consists of salary bands and tariffs, appraisal methods and bonus schemes,
- reward processes, which consist of methods of policy implementation and execution of remuneration,
- reward procedures, which are used in order to ensure system sustainability and efficiency (Armstrong, 2009).

The reward strategy will be explained more closely in the next chapter, because it is a starting point for reward system, which then affects the system of employee benefits.

2.2 Reward strategy

Reward strategy includes the employee benefit strategy and is defined by what the organisation wants and is willing to pay for. Rewards system should principally reflect on business and individual needs. People usually work not solely for instrumental reasons (defined as gaining resources for living), but also for emotional, social reasons and personal self fulfilment. Organisations should aim to gain partnership with employees in order to keep them motivated and engaged. Many organisations (including PPG Industries) have adopted the concept of Total reward (Figure 1) and believe that the monetary values are not the only factors of employee reward packages.

Figure 1. Components of total rewards (Armstrong, 2003, p.621)



3 EMPLOYEE BENEFITS AND THEIR EVALUATION

Employee benefits are defined as form of reward provided by the organisation simply for the fact that the employees work for the company (Koubek, 2007). Unlike salary or bonus schemes they are not linked to employee's performance. Due to tax advantages that they carry employee benefits are more cost effective than other forms of reward and can help increasing employee engagement, building employer image and as a result increase competitiveness on the labour market.

Employee benefits occupy a special place not only in the reward policies but also in systems of social protections in many countries (Employee Benefits, 2013). The benefit plans vary from one employer to another; however, within one country, they are mostly dependent on the tax environment and local practices. HR department is typically responsible for defining and administering employee benefits. Larger companies encompass a function of a Compensation and Benefits Specialist. When preparing the "menu" of employee benefits, an HR professional should make sure that the benefits are attractive and take into consideration employee opinions as well as demographics of the company staff since the expectations of e.g. genders or generations may vary.

The benefit's major function is employee motivation. They should serve as instrument for their commitment and loyalty to the organisation. This characteristic differentiates them from other components of the reward system. It was found that for instance the salary itself may be a motivator at the beginning but very quickly loses its motivator's role. In fact, Herzberg (2003) believes that salary itself is a hygienic factor, not a motivator and if it does not reflect employees' needs and expectations, it will cause dissatisfaction. According to a different study on pay satisfaction and organisational outcomes, the pay satisfaction was positively related to performance of the organisation and negatively related to average employee intention to quit (Currall, 2005).

Benefits are very often a subject of collective bargaining and are included in collective labour agreements. In companies that do not have labour unions, benefits are defined by internal policies. These benefits are subject to management discretion and when the business results are not positive, they can be revoked.

3.1 Employee benefit classification

There are several ways to classify and categorise employee benefits such as (Employee Benefits, 2013):

- tangible (e.g. financial assistance, employee housing, insurances, pension schemes, childcare, sick leave contribution, vacation, profit sharing, funding of education, company vehicle and petrol, subsidised meals, mobile phone and internet, clothing allowance, refreshments on the workplace, transportation, discounted shopping, severance packages, gym memberships) and intangible (e.g. training and development, career development, team building, corporate social responsibility, health and wellness programs);
- monetary or non-monetary;
- strategic (long-term) and operational (short-term);
- individual or group;
- targeted (e.g. only for management, executives) or flat (all employees are eligible).

3.2 Popularity of benefits and their tax efficiency

Company benefit scheme practices logically reflect the frame of the social security scheme. The mandatory benefits are dependent on the Czech social security scheme, which has been in place without major systematic changes since 1996 and consists of three main components: pension security, illness insurance and unemployment fund. Besides the social security system, there is also a mandatory system of public health insurance. Substantial reform of the pension system is going to be introduced in 2013. Consequently it is a common practice to contribute to additional pension or life insurance. Demand is rising for extra medical insurance with the aim to reduce the waiting times for specialist or hospital treatment and cover higher standard of care e.g. dental and vision. 3 % of the companies provide business and private travel insurance and 34 % provide sick pay in addition to statutory requirements, typically topping up salary to a certain level. (Mercer, 2010)

However, the most popular benefits are the meal vouchers. 55 % of the meal voucher value is tax effective up to CZK 51 per meal voucher (Jelínková, 2011). Education reimbursement is also popular and is provided to some extent by over 92 % of employers.

Employers also typically make company cars available for private use for key positions (executives, managers) and sales force. According to Mercer (2010), 97 % of employers in general offer company cars with the car values and models varying among different positions. 37 % of companies provide support in transportation to work other than company cars. They usually sponsor public transportation vouchers or cover expenses for a company bus.

Although the representation and the popularity of employee benefits may vary in the time, some benefits tend to constantly win the popularity charts: lunch vouchers, extra holidays, flexible working hours, pension schemes, education (especially language courses), company car and mobile phone for private purposes. The most recent survey on employee benefits conducted by ING Insurance Company in conjunction with the Confederation of Industry of the Czech Republic (Svaz průmyslu a dopravy ČR a ING pojišťovna, 2012) states that the most popular tax-advantaged benefits are education (provided by 82 % of companies), meal vouchers (81 %) and pension insurance (74 %). All three benefits showed a slight increase compared to 2011. In line with the situation in previous year the most growing benefit is education (+ 5 % of companies). The offer of non tax-advantaged benefits copies year 2011. Table 1 lists the benefits by their tax effects on employers as well as employees.

Table 1. Employee benefits classified by their tax effects – own elaboration (Janoušková and Kolibová, 2005)

Employee benefits classified by their tax effects	
Tax deductible and exempted from personal income tax and social and health insurance charge	Employee training Meal allowance (55% of meal voucher) Pension insurance - limited amount Life insurance - limited amount
Non tax deductible and exempted from personal income tax and social and health insurance charge	Wellness programs and teambuilding Refreshments on the work place Contribution to sports, cultural events or recreation
Non tax deductible and subject to personal income tax	Company car for private use All other benefits

The economical crisis did not have any major effect on pension and life insurance. Pension plans are currently offered by 74 % of companies, which is 3 % more than in 2011. 72 % will in the following period contribute the same amount as last year. The average amount of the contribution to the pension plan is almost CZK 600 per month. Due to the forthcoming pension reforms, only less than 10 % of companies will somehow change the settings of the pension scheme, because second pillar of pension scheme will probably initially not be very attractive. Three quarters of companies estimate that more than 25 % of employees will be interested in joining second pillar of the reform of the pension savings. Only 8 % of companies estimate interest to be higher than 50 %. Life insurance is currently offered by 43 % of companies who declare maintaining the same level of contribution. The average amount of the contribution is almost CZK 550 per month. (Svaz průmyslu a dopravy ČR a ING pojišťovna, 2012)

According to Hay Group, SSC is one of the most paying sectors in the Czech Republic, especially at lower reference levels. Benefits in SSC are comparable to the overall market, rather lower in pensions and company cars and higher in the work flexibility and people development. The aim is to decrease the employee turnover and increase their loyalty. Employers tend to make more effort to raise awareness of the value of benefits than in the past. In terms of the people development, vast majority of team leaders were promoted started from the entry level positions and advanced their careers in the Shared service centres by training and extension of responsibilities. (Hay Group, 2011)

3.3 Consideration for benefits implementation

Benefits should be seen in context of the overall employee reward system. Benefits cannot be separated from other compensation. The right mix of rewards increases employer's attractiveness and competitiveness in the labour market with the expected effect in the form of satisfied and motivated employees, from which it obtains the desired output.

When choosing the right mix of rewards and other benefits, an employer should consider several aspects which include:

1. The situation on the labour market in basic salary, variable salary components and benefits in the industry or location. This information is available from various HR specialised research companies (e.g. Hay Group, Mercer).

2. Preference of the employees: research on employee benefits reveals that most Czech people appreciate money. From a study by market research company (GfK Czech, 2012) comparing what benefits employees receive and what they would like to receive, a clear leader is the fourteenth salary. GfK states that 41.7 % of people who are currently working full-time would like to receive fourteenth salary.
3. Willingness of the employer to provide benefits and their budget with regard to current internal conditions (number and structure of employees, current conditions specified in employment contracts, collective agreement or other binding internal regulations).
4. Goals that are set for the remuneration system. Total remuneration method helps defining a corporate culture. The objective may be to increase the healthy rivalry between employees, strengthening teamwork, motivation for bringing ideas and innovation, to optimize processes. Wrong setting of the system can cause a feeling of injustice, reluctance to create something new, paralyzing collaboration and information sharing. (Jelínková, 2012)

3.4 Methods of providing employee benefits

The most common method of benefit administration is to use the voucher system. More than 40 % of companies are using this alternative (Kurtinová, 2009). On the top of the chart of most widely used providers are Edenred and Sodexo, who are also known as lunch voucher providers. Description of their products is included in the practical part.

Direct contract with the contractor is used by 35 % of the companies and the administration is thus kept on an internal level. A system of retrospective reimbursement receipts is still used by 11 % of the companies. (Jelínková, 2012)

The trendiest system of administration is Cafeteria - using online portal to manage different types of employee benefits. The portal can contain only certain types of benefits or comprehensively manage the entire system of employee benefits. Price for external administration varies depending on the complexity of the system, but can reach hundreds of thousands per year. When considering costs it is necessary to consider the administrative burden on HR and finance department in all the above systems. (Kurtinová, 2009)

4 MODERN TRENDS CONNECTED WITH EMPLOYEE BENEFITS

Employee benefit schemes, especially company pension schemes, have traditionally been offered by large companies, state enterprises and the civil service, banks and insurance companies (Martin, 2005). The history goes back to the nineteenth century when the aim was often to recruit and retain manual labour in industries which were hazardous or unpleasant to work in such as mining.

Nowadays the companies can build up their own benefit schemes and the only limitation is to respect the local jurisdiction. According to the Czech Total Remuneration survey (Mercer, 2010), 32 % of companies provide flexible benefits to their employees. Such schemes offer individualised budgets to employees, who can spend their flex accounts for benefits of their choice within the predefined offer. The disadvantage is that employees often do not orientate themselves in the offer.

Employers increasingly outsource administration of flex benefits to third parties. According to a survey conducted by the world leader in prepaid benefit systems, employee benefits play an important, but not crucial role in companies (Jelínková, 2012). The same survey revealed that the HR managers are mainly interested in maintaining the lowest possible costs of benefits and their administration, good control over benefits, maximum satisfaction of employees through a wide range of choice, and system, which will be user friendly for all employees.

4.1 Cafeteria

The trend is indisputably a maximization of freedom in the benefit selection while meeting the needs of various employee groups. This trend of online employee benefit programs called Cafeteria has in the last decade reached the Czech Republic. It is a flexible benefit scheme which allows people to choose the benefit they want from a menu up to the certain limit of value. Usually there are some core benefits that are mandatory and other benefits can be selected.

A number of companies offer their staff the flexibility of selling the unspent benefits or increasing the benefit value by sacrificing one's pay. There are the web platforms that allow selection of free online benefits and resemble classic e-shop. They simplify the management and visibility and offer an overview of the use and a variety of reports for the employers, who can freely adjust the structure of benefits and rules for their providing

by popularity and remuneration strategy. Application enables employers to work with different groups of employees (according to hierarchy, branch locations etc.). The system can distinguish employees with long-term absences, maternity/ parental leaves, employees on probation period and notice period. These groups may have different benefit selection or set of rules for their use. Cafeteria thus can fully monitor and support HR policy of the company. (Jelínková, 2011)

Cafeteria systems are still under development and not only provide the range of benefits, but also smart value added solutions such as pre-set packages of benefits that are most advantageous in terms of taxes and costs. Cafeteria can also be used as a recognition tool because besides benefits, employees can receive points to the cafeteria by scoring in internal competitions focused on performance, innovation, process improvement and customer service.

4.2 Prepaid benefit card

As mentioned in chapter 3, another solution that offers flexible benefit plan for employees and is easy to use are benefit vouchers. Moreover, a new product that copies the voucher but is in electronic form is a Benefit prepaid card. Employee can pay with the card like with a standard debit card in the network of establishments. This solution respects the tax advantages because the money value spent on vouchers or loaded on the benefit card, is not a subject to taxes. The card is an interesting modern product with truly minimum administration for the employer. (Ticket Benefits Card, 2010)

4.3 Flexible work arrangements

One of the trendiest benefits of today are without a doubt flexible work arrangements (Robert Half, 2012). These can be defined as work options that permit flexibility in terms of where work is completed referred to as flexplace or scheduling flexibility called flextime. The advocates of workplace flexibility claim that that this tool helps individuals balance their work and family responsibilities. Flexibility initiatives continue to draw attention both at public and private sector. These flex-programs provide employees with discretion over when and where the work is completed, thus enabling them to determine the best way to allocate time, attention and energy into one domain versus the other and allows them to better manage their domestic and dependent care activities. Such activities are not only associated with young children but may also be connected with responsibility

over aging parents or grandparents, ill family members etc. Flexplace allows reducing stress and time spent by commuting to work whereas flextime allows people to not miss out on some events and work during their productive hours (which may differ from one individual to another). On the other hand, flexible work arrangements may result in blurred boundaries and create need to greater self control. People may be tempted to postpone unattractive work tasks and simply may not possess the skills needed to allocate resources in a way that best helps prevent work-family conflict. (Allen et al., 2012)

4.4 Insurance plans

Numerous benefits are aiming to maximise employee productivity. Employers in the USA have implemented voluntary benefits which provide advantages for both sides. One of the example may be a legal-expense insurance plans, which are becoming very popular; nevertheless this trend has not arrived in the Czech Republic. Their logic is that not only illnesses and injuries keep employees off their jobs but also many legal issues such as purchasing home, dealing with traffic violations, divorces, adoptions or enquiries on parental rights. (Bundt and De Ment, 2003)

4.5 Experience gifts

Experience gifts are very popular nowadays. Receivers of such gifts have traditionally been people with anniversaries, but interest is growing from corporate clients who use them as a benefit for their employees or a present to their trading partners. Experience gifts can include anything from parachute jumps, through massage with lava stones to tractor driving. (Přikryl, 2008)

Other trendy benefits that are common in other countries but not in the Czech republic are: housing allowance, domestic help, loans to employees, club memberships, savings plans, dry cleaning, and flexible spending accounts (Employee Benefits, 2013).

5 SUMMARY: THEORETICAL BASIS FOR PRACTICAL PART

Benefits, unlike other forms of rewards, are not implemented in order to reward achievements of the employees. Their main purposes are to attract, motivate and retain employees. Companies have to create a reasonable and attractive benefit system that reflects the market conditions, is affordable, and administratively undemanding.

The researches that are quoted in the theoretical section of this paper correspond that the following benefits are desired by the employees: lunch vouchers, extra holidays, flexible working hours, pension schemes, education (especially language courses), company car and mobile phone for private purposes. Some of them, such as lunch vouchers and extra holidays are seen almost as a norm. In order to remain competitive, companies should incorporate these popular benefits into their benefit schemes.

The sector of Shared Services is fast growing and extremely competitive, especially in Brno. The main ambition of the benefit scheme is therefore to ensure a low employee turnover that is traditionally high in this sector. Because the Shared service centres need to remain cost effective and lean, the benefit system must offer freedom of choice with low administration demand. These characteristics are predominantly guaranteed by an electronic Cafeteria system or benefit voucher system.

One of the trendy benefits that is not included in the Cafeteria but draws a lot of attention by researchers as well as the general public is flexible work arrangement. While maintaining the productivity, employees should be given the possibility to adjust their working hours to their lifestyle and family needs where possible.

The practical part will consist of several analytical and project methods. Firstly, the internal PPG documentation will be analysed. Secondly, a survey questionnaire will be carried out in order to map the current state of benefits and to consider the preferences for the future state. Finally, an implementation project will be proposed and evaluated.

II. PRACTICAL PART

6 INTRODUCTION TO PPG INDUSTRIES AND THE SHARED SERVICE CENTRE IN BRNO

PPG Industries was founded in 1883 and has been growing mainly by acquisitions. In 2008, PPG became the second largest global coatings company when it completed its largest acquisition and greatly expanded PPG's footprint in the Czech Republic by gaining the locally most popular decorative brands Primalex and Balakryl and the retail network Dům Barev.

The Company's vision is to continue to be the world's leading coatings and specialty products company. Through leadership in innovation, sustainability and colour, PPG helps customers in industrial, transportation, consumer products, and construction markets and aftermarkets to enhance surfaces. PPG has global headquarters in Pittsburgh, almost 40 000 employees and today operates in more than 60 countries around the world. Sales in 2011 were \$14.9 billion. PPG is registered on New York Stock Exchange. (PPG Industries, 2012)

PPG Industries Czech Republic s.r.o., based in Brno, is a Shared Service Centre which provides services in accounting, human resources and information technology for PPG group - mainly to businesses that are present in Europe.

6.1 HR organisation in PPG

The HR organization strives to be above all a strong business partner. In support of every leader in the business, HR EMEA (Europe, Middle East and Africa) is committed to:

- helping to develop a more efficient and effective organizations, removing non value-adding activities, improving the way SBUs (Strategic Business Units), departments and people work together with clear accountability and outstanding delivery,
- providing consistent and professional support and coaching for people leaders and all employees,
- recruiting and developing skilled, trained and engaged teams and creating efficient career path management that drives high performance,
- managing a clearly defined, competitive Compensation and Benefits policy that attracts and retains talent,

- strengthening “one PPG” culture whilst respecting individual and collective diversity. (PPG Industries Sarl, 2009)

EMEA HR Organisation is divided into 4 pillars:

1. SBU strategic partners

Accountabilities of the SBU HR Directors include strategic counselling, translating the SBU strategy into HR plans and initiating action plans for business performance improvement. The incumbents overlook talent management and succession planning, reward policy and promotions; they define staffing needs, drive employee engagement efforts and action plans, and assess organisational capability.

2. Country HR organization

In country HR teams there are usually the following roles (depending on the country size): HR Country Director, HR Managers, HR Business Partners, and HR Officers. Country HR professionals drive change projects, actively manage talent reviews and ensure a talent pipeline, implement development plans, provide legal and best practice advice and guidance on risks, ensure compliance with labour law and PPG standards, negotiate with labour unions, and support recruitment and restructuring projects.

3. Centre of Excellence

HR specialists assess needs and deliver expertise in areas of functional responsibility – specifically: Training and Development, Staffing, Corporate Communication and Compensation and Benefits. They design, build and implement regional policies, programs and tools that are aligned with the needs of HR corporate group, SBU and Country HR teams.

4. HR Shared Services

HR Shared Services team is based in SSC Brno and their role is to perform more than 60 % of all HR transactional work which includes HR administration (employee contracts and amendments, HR Oracle system maintenance, preparation of letters for employees, recruitment support) and Training and Development coordination (management of training database, training logistics, monitoring training satisfaction, creation of online training). (PPG Industries Sarl, 2009)

Benefit schemes are a shared responsibility of the Compensation and Benefits Managers and Country HR teams. HR Managers or Business Partners (their roles are interchangeable) are responsible for the design and implementation of the benefit schemes; however, they must stay aligned with the Compensation and Benefits policy of EMEA and for that they seek advice from the Compensation and Benefits Managers.

The reward strategy of PPG encourages contribution to the business performance and rewards outstanding performers. In today's competitive and rapidly evolving market, it is necessary to ensure that compensation continues to evolve to meet the needs of employees. The reward principles are global but take into account local legislation. The company aims to:

- provide fair pay opportunities for jobs that require similar knowledge and skills,
- reward performance and provide salary increases based on individual contribution to PPG success,
- provide pay in line with industry competition and based on performance rather than on seniority, status, costs of living or other parameters. (PPG Industries Sarl, 2012)

Base salary and incentive pay are based on: the market value for the job, overall performance in the job, and the particular skills and knowledge the individual possesses and uses to achieve the results.

6.2 Employee information

The project of this thesis and respectively the benefit scheme may have an impact on the factors that are presented in this chapter. All factors relate to year 2012 and they need to be compared to 2013 as part of long term project evaluation.

SSC Brno employs in total 231 employees (as of 31st December 2012). The average age is 30 years old. 75 % of employees have university or college education and only less than 1 % of employees have lower than high school education. Unlike the rest of the PPG businesses, the majority (76 %) of the staff are females. Average headcount in year 2012 was 196 as shown in Table 2. Employees are divided into several groups; more details on the groups will be given in chapter 7. There are 7 members of the management board: SSC Executive Director, Accounts Payable Manager, Accounts Receivable Manager, General Ledger Manager, HR SSC Manager, HR Manager, and Transition Manager. Detailed Organisation chart can be found in Appendix I.

Table 2. Headcount development in 2012 (own elaboration)

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average 2012
Headcount	161	165	172	180	181	190	199	206	217	223	230	231	196,25

PPG SSC Brno filled in total 121 full time positions in 2012. The number includes new hires as well as replacements. The number of internal promotions was 27. The promotion rate in 2012 was therefore 22 %. Turnover rate (1) is 9 % which does not cause any concern because traditionally service centres and call centres have high turnover. Absenteeism rate (3) is no more than 1 %.

$$\text{Turnover rate} = \frac{\text{Total number of exits in the year} * 100}{\text{Average number of employees in the year}} = \frac{18 * 100}{196,25} = 9,17 \% \quad (1)$$

$$\begin{aligned} \text{Stability rate} &= \frac{\text{Total number of employ. employed in the company min. for 2 years} * 100}{\text{Total number of employees employed in the company 1 year ago}} \\ &= \frac{87 * 100}{156} = 55,77 \% \end{aligned} \quad (2)$$

$$\begin{aligned} \text{Absence rate} &= \frac{\text{Total hours of absence} * 100}{\text{Total headcount} * \text{Number of working hours per year}} = \frac{3\,950 * 100}{196,25 * 2016} \\ &= 1 \% \end{aligned} \quad (3)$$

Employee satisfaction is measured by annual global employee satisfaction survey called Your Say. The survey is run annually on a global level by external company called Avatar solutions and each manager receives and access to a tool called Action Pro. In Action Pro, managers are required to complete an action plan based on the survey findings, follow up on the actions and report them to their manager. Among other things the survey is able to measure employee engagement that is key to employee loyalty (see Table 3).

As the SSC is not a profit centre but a cost centre, work productivity in terms of annual earnings and its development is not a useful measure. The KPIs that are used for SSC productivity consist of quality and quantity indicators. These KPI targets are increased year by year and it would be difficult to isolate the change in the benefit system from more the factors that have undoubtedly higher impact on productivity such as new IT tools implementation and automations - e.g. reading software.

Table 3. Number of actively engaged employees versus PPG global (PPG internal sources)

Classification	SSC Brno PPG Employee Survey 2012	PPG Industries Percentage
Actively Engaged	20%	22%
Ambivalent	70%	64%
Disengaged	10%	14%

7 CURRENT STATE OF COMPENSATION AND BENEFITS

PPG's Compensation philosophy is to provide pay levels that are competitive with other large industrial companies, offer equitable pay opportunities for jobs that require similar knowledge and skills, and provide opportunities for salary increases based on individual contributions to the success of the company (Compensation and Benefits, 2013). An employee's level in the organization is defined by a grade: 1. Exempt, 2. Non-exempt, 3. Production and Maintenance. Exempt population is further divided into Broadbands listed from A to H with A being the President and Chairman of the board to H being the first level professional or supervisor. Broadbands are defined as groupings of standard jobs with similar levels of responsibility. Base salary and incentive pay are based on the market value for the job, overall performance in the job and the particular skills, and knowledge the individual needs to possess and use to achieve results.

Performance of an individual is measured once a year by their direct and functional supervisors. Employees are evaluated on 3 elements: achievements of goals that they set with their manager at the beginning of the year, behaviours, and ongoing job responsibilities. The final rating and comments are entered in the online appraisal system and then they are communicated to employees and made available online for them to view their own performance evaluation. Performance rating influences the salary increase and also bonus where applicable. Salary increase is conducted annually and reflects the movements of the market, salary inflation and country inflation. Typical salary increase for the Czech Republic is around 3 %. The actual salary increase is effective 1. March every year and affects all employees except those with unsatisfactory performance rating. The process is set up in a Compensation Workbench tool, which is an extension of the HR Oracle database. The critical role in this process is assigned to the salary planner, who together with the local HR Manager make a proposal of the increase and afterwards the SBU HR Director together with the General Manager gives final approval and sign off. (PPG Industries, 2013)

Total Reward Statements are used in all PPG locations. They reveal to the company and especially to the employee the total value of their income including benefits and incentives for the current year, allowing them to fully appreciate their package. This statement is issued in January on an annual basis for all Exempt employees.

The salary structure consists of base monthly salary and an annual bonus. Bonuses are affected by personal and SSC performance and also performance of all companies in EMEA region. Annual bonuses are thoroughly calculated by the HR Manager and Compensation and Benefits Specialist. For confidentiality reasons, the bonus schemes will not be further described.

Benefit coverage vary country from country and SBU from SBU. Generally, they reflect the local social security scheme and tax environment. From the internal documents, author's experience and PPG career page, SSC Brno offers the following standard benefits for all employees:

Monetary benefits

- 55% contribution to CZK 90 meal vouchers (average value CZK 11 123 per year)
- 5 extra days of paid holidays
- Contribution to pension or life insurance (CZK 8 600 per year)
- 50 % contribution to the language courses (up to CZK 6 000 per year)
- Wellness benefit (CZK 11 600 per year)
- Pocket money for business trips: in line with the legal regulations, employees are entitled to additional 20 % of the daily meal allowance for the foreign travel. (Co nabízíme, 2012)

Non-monetary benefits

- Flexible working hours: employees are required to be in the workplace from 9 – 16:00 and the rest of the work schedule is flexible.
- Discounted PPG products: employees are entitled for purchase of discounted PPG products. The discount varies between 20-30 % depending on whether the item is produced in the Czech Republic or abroad.
- Discount on gym membership: a health club located in the same building offers PPG employees 30 % discount on gym membership.
- Training and development: a wide variety of internal and external training courses are organised by the Training & Development department. All training is subject to manager's approval.
- Team buildings and social events: centre and departmental team building and Christmas party.

- Corporate social responsibility program (CSR): this program focuses on people and animals in need, educational programs and environmentally friendly solutions. Specifically, PPG sponsors children in Africa, animals in Brno Zoo, guide dogs for handicapped and blind people and organises CSR events such as painting of hospitals or “Green week”.
- Wellness program: this program is focused on employees’ health and wellbeing. The program includes on-site massages, sports events during working hours, healthy breakfasts in the workplace and more.
- Flu vaccination
- Free drinks on the workplace (coffee, tea)

In addition, holders of a company car are entitled to use them for private trips. Exempt employees have a designated parking space. Mobile phone and notebook are also a matter of course, but are not listed among employee benefits because they serve primarily as working tools.

7.1 Analysis of current benefits system

Based on the consultation with HR department, accountants and management in November and December 2012, an analysis was prepared in table (Table 4) to illustrate the advantages and disadvantages of the current benefit system.

Table 4. Study of advantages and disadvantages of the current benefit system (own elaboration)

Advantages	Disadvantages
Variety of choice	Volume of administration by HR department
Flexibility	Volume of administration and transactions by Finance department
Selection and monetary value above standard in the region and sector	Compliance with Concur system
More attractive benefits for employees	Personal income tax compliance
Wider selection	Possibility to misuse
More value for the costs	Overspending when leaving the company

According to this study there are 3 main issues that need to be removed. They are:

1. The number of employees has significantly increased (by 100 % in the last 2 years); however, the number of people in the support functions for the SSC remains 4: HR Manager, HR Officer, Chief Accountant, GL Accountant Czech entity. The current system is very demanding in terms of administration and there are not enough resources to support it.
2. The tax advisors have pointed out that there is a realistic tax risk in the Wellness benefit. The Financial office may question which claimed items are and which are not exempted from the personal income tax.
3. Current system of expensing the benefits is now forbidden by mother company due to the implementation of the new online travel and expense management tool Concur. All employee expenses have to be processed and approved via Concur and there are no exceptions allowed.

7.2 Annual costs of current benefit system

The breakdown of the yearly costs of employee benefits in SSC Brno is calculated for the year 2012 in the below table (Table 5). In the interest of maintaining the information confidentiality the data are multiplied by a coefficient, although the proportion remains the same.

Table 5. Breakdown of annual benefit costs (own elaboration)

Item	Annual cost CZK in 2012 (CZK)
Employee training	1 507 708
Additional meal allowance on business trips	333 288
Wellness and CSR programs	250 000
Teambuilding	436 000
Pension and life insurance	158 380
Refreshments on the work place	260 000
Flu vaccination	4 750
Wellness benefit (sports, culture, recreation)	1 639 495
Extra holiday	1 651 872
TOTAL	6 241 493

The following table (Table 6) calculates two important parameters for this study. In the interest of non-disclosure of confidential information the data are multiplied by a coefficient, although the proportion remains the same. Firstly, benefits compared to the total annual mass salary including employer's costs are 5.4 %. Secondly, annual costs for employee benefits are CZK 31 844. These parameters have to be maintained in 2013 as there is no intention to decrease or increase the overall benefit costs.

Table 6. Breakdown of annual benefit costs (own elaboration)

Item	Annual cost in 2012 (CZK)
Total annual mass salary*	115 102 403
Total annual benefits	6 241 493
Average headcount	201
Benefits costs compared to mass salary	5.4%
Benefit costs per employee	31 844

* includes employer's costs

It is estimated that the HR department and Accounting department spend the following amount of hours on the current benefit system administration and maintenance in 2012:

- HR Manager: 12 hours
- HR Officer: 48 hours
- Chief Accountant: 20 hours
- GL Accountant Czech entity: 48 hours

8 EMPLOYEE SURVEY ON BENEFITS IN PPG

Survey questionnaire was prepared by the HR Manager of the SSC Brno after a consultation with the Compensation and Benefits specialist for PPG Czech Republic and Slovakia. The objectives of the questionnaire were to:

1. Discover the level of employees' satisfaction with each benefit that is provided
2. Find out what are the most popular products or services of the Wellness benefit
3. Learn whether the current distribution of the benefits is appreciated and offer alternative solutions for consideration
4. Hear what new benefits would the employees wish
5. See how well informed the employees are about the current benefit offer
6. Determine employees' impression of the benefit scheme in comparison to other local employers
7. Evaluate how much of an impact the benefits have on attracting and retaining employees

The survey questionnaire was bilingual (English, Czech), and consisted of 11 questions. A completion took up to 10 minutes for respondents. A full questionnaire is available in Appendix II. All employees have access to emails and internet, therefore it was only distributed online and no hard copy was required.

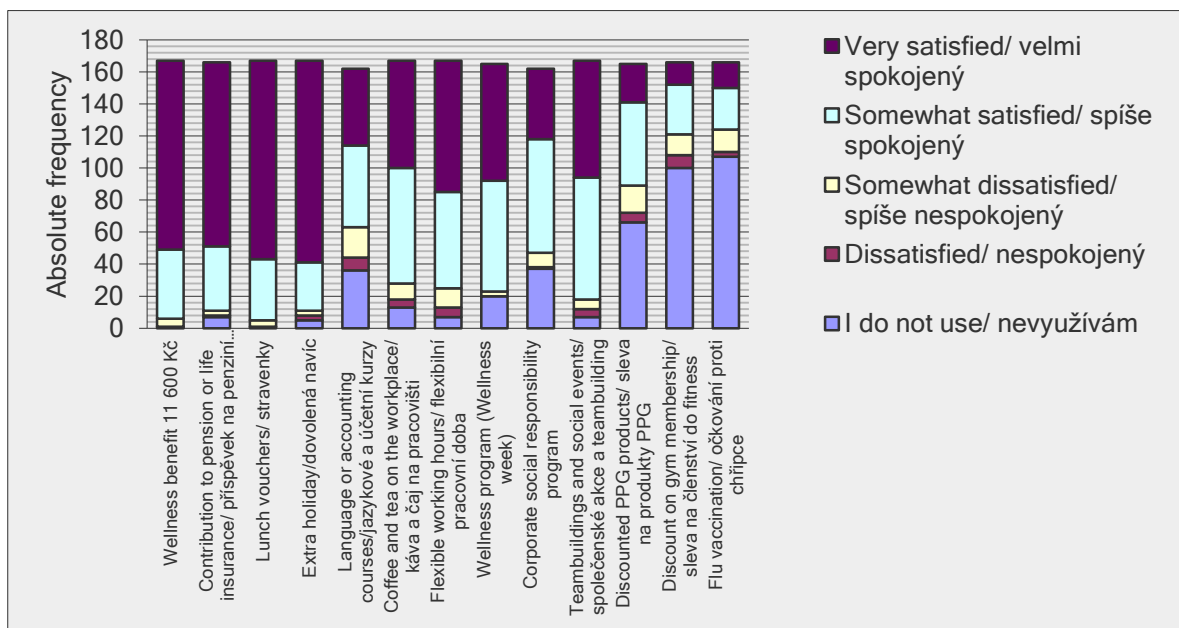
Software called Survey Monkey (available at www.surveymonkey.net) was used for survey distribution, analysis of responses, and preparation of graphs. The survey was anonymous; the only identification questions were on age and gender of the respondents. The link to the survey was distributed via email to all SSC employees in December 2012. Employees had 10 days to respond and the response rate was 73 % which is considered sufficient sample for a medium size company. The reasons for such high response rate are:

1. All employees have access to computer and internet.
2. Corporate culture: survey questionnaires are very common. Each questionnaire is followed by the action plan on which the employees can participate. Employees feel that their opinion will be heard and considered.

There were 72.8 % of female and 27.2 % of male respondents. Majority of respondents (57.4 %) were between 20 - 29 years of age, 36.1 % of them were 30 - 39 and 6.5 % were over 40 years old.

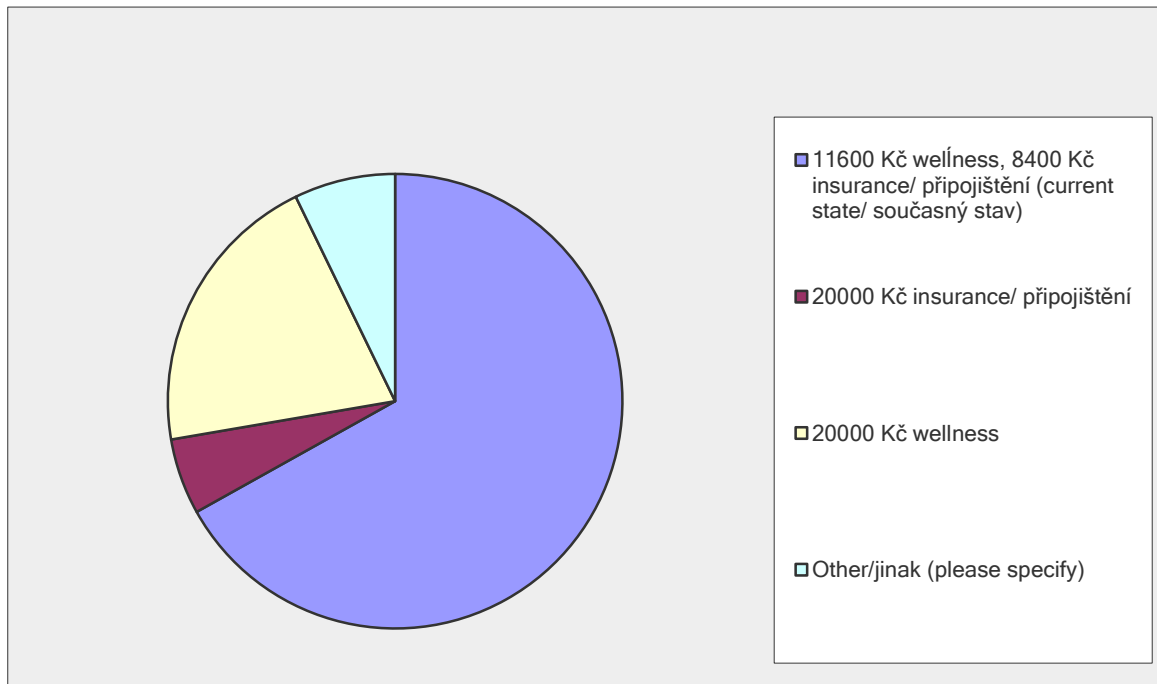
8.1 Analysis and conclusions

The overall satisfaction with the benefits was high. The most popular benefits were: Wellness benefit (94 % satisfied), lunch vouchers (93.4 %) and extra holidays (93.4 %). The least popular benefits were on the other hand: flu vaccination (10.2 % dissatisfied, 64.5 % do not use), discounted PPG products (13.9 % dissatisfied, 40 % do not use), discounts on gym membership (12.6 % dissatisfied, 60.2 % do not use). Expectedly, the most popular benefits are also the most expensive ones and the least popular benefits are free (gym membership discount) or low cost (flu vaccination, discounted PPG products). Logically, the most popular benefits should remain in the offer and the least favourite ones can be considered for elimination. However, because of the fact that the least popular benefits are cost effective, the company will continue to offer them because they are economically justified.



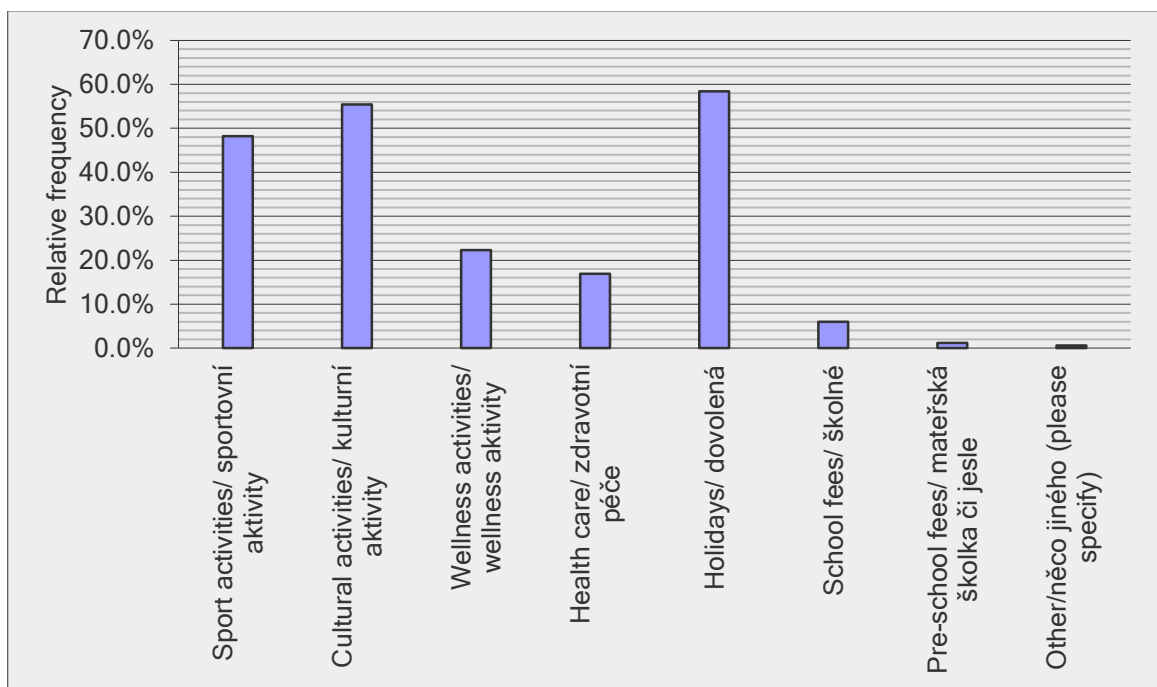
Graph 1. Satisfaction with the current benefit menu (own elaboration)

The following graph (Graph 2) reveals that 66.9 % of the respondents are satisfied with the current distribution of the benefit funds. 20.5 % would vote for receiving a full CZK 20 000 for the Wellness benefit and a complete elimination of the pension and life insurance. Only 5.4 % would appreciate putting the CZK 20 000 towards pension or life insurance.



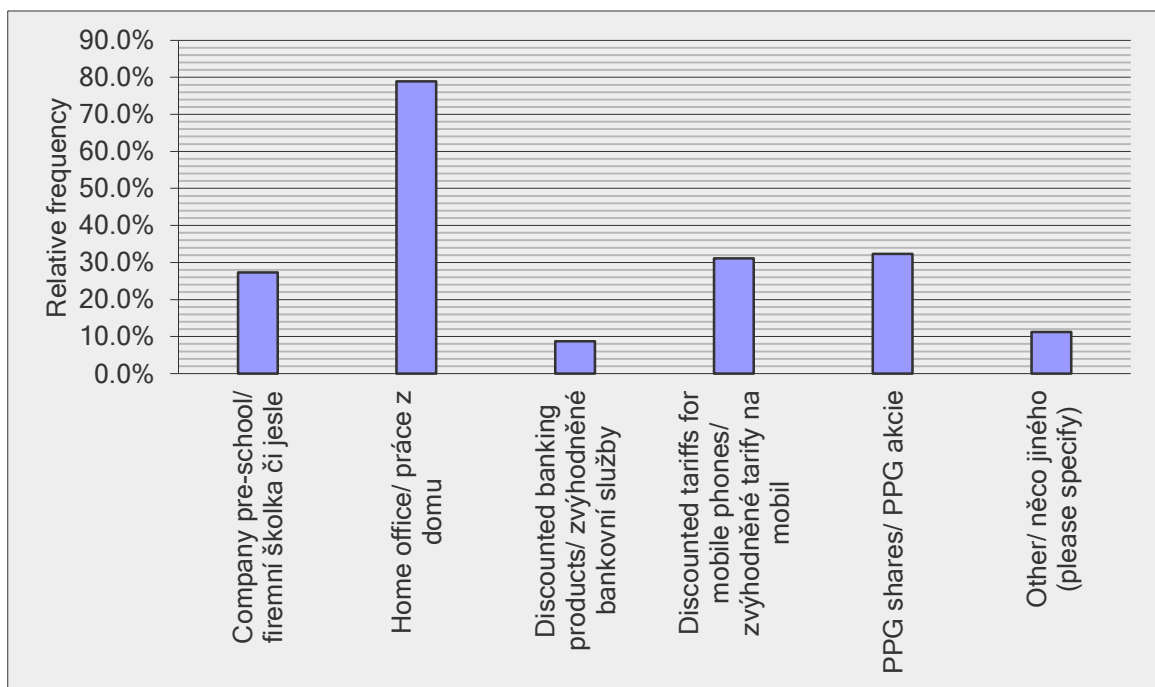
Graph 2. Desired distribution of the benefit funds (own elaboration)

Wellness benefit is the most problematic benefit in terms of administration, compliance with tax and mother company policies. Therefore this benefit will require main focus in the project part of this thesis. Graph 3 demonstrates that people most frequently use this benefit as a contribution to holiday (58.4 %), cultural activities (55.4 %) and sports (48.2 %).



Graph 3. Use of the Wellness benefit (own elaboration)

When the respondents were asked for their “new benefit wish list” (Graph 4), unpredictably 78.9 % of them would appreciate a home office. This is nonetheless not possible to grant to the majority of employees due to the fact that their work is technically not possible from home. They do not have laptops and their primary hardware are the Thin Clients. Managers and Team Leaders technically could work from home, but it would be difficult to manage a team of people from a long distance. Other popular benefits (around 30%) on the wish list are: company shares, discounted tariffs for personal mobile phones and pre-school for children. The responses correspond with the employee structure where a typical SSC employee is a woman of age 30. The feasibility of granting these benefits will be looked into in the project part of this thesis.



Graph 4. Benefit wish list (own elaboration)

It is positive that the awareness about the benefits among employees is satisfactory. 93.4 % of new joiners felt properly informed about the benefit scheme. Some of them may have forgotten all details, but overall 69.2 % of today’s employees feel properly informed and 27.4 % partly informed. Only 3 % of employees feel uninformed about the benefit that the company offers. HR department will continue to list all benefits in a brochure for new joiners, SharePoint, common disk, and a notice board.

The objective of the next table (Table 7) is to determine employees’ impression of the benefit scheme in comparison to other local employers. The index 1 to -1 is set up to compare whether the rating is positive, negative or neutral. Positive rating of 0.44 means that the respondents are convinced that the benefits that are offered are above average on the local market.

Table 7. Respondents’ impression of benefit offer compared to market (own elaboration)

What is your impression of our benefit scheme in comparison to other local employers?					
Answer Options	Above average	Average	Below average	Rating Average	Response Count
Responses	76	91	2	0,44	169

When evaluating the impact of benefits on attracting and retaining employees, a scale 0 to 6 was used (0 = no influence, 6 = big influence). It was found that the influence was significant. Influence on a decision to join the company was rated 4.28 and influence on a decision to stay with the company was rated 4.20. The interpretation of this index is that benefits play an important role in a compensation strategy and that they are slightly more important for employee attraction than retention.

According to the survey, PPG employees are rather satisfied with the current benefit system and offer. They are well informed about the benefit offer and consider benefits to be important for them. However, the company policies, size of the company and the legal environment does not allow to continue with the same system.

8.2 Statistical test

The differences between the responses of males and females and different age groups were small; however, one of the questions related to new benefit wish list offered a more diverse response, therefore the Chi-quadrat test was conducted in order to proof statistically significant differences of this particular question. The following table (Table 8) offers a computation of the K criterion. Further, the interpretation of the results of the transformation of empirical data is explained.

Table 8. Chi-Quadrat-Test: New benefit wish list (own elaboration)

Answer Options	What is your gender?		Total Count
	Female	Male	
Company pre-school	38	6	44
	32.042	11.958	
	1.108	2.969	4.077
Home office	98	29	127
	92.484	34.516	
	0.329	0.881	1.210
Discounted banking products	10	4	14
	10.195	3.805	
	0.004	0.010	0.014
Discounted tariffs for mobile phones	37	13	50
	36.411	13.589	
	0.010	0.026	0.035
PPG shares	26	26	52
	37.868	14.132	
	3.719	9.966	13.685
Total count	209	78	287
	5.169	13.851	19.021

The size of expected frequency, which is required to be greater than 1 and at least 80% of which are greater than 5, is associated with the identified marginal frequencies. Therefore, it is appropriate to omit or merge the under-represented character categories of research, if it is logically possible. In this test only two values do not meet this criterion. Percentage of the expected frequency is therefore at 83 %; hence test can be performed without objections. Empirical frequency n_{ij} is in the first three rows in the field. The next two lines contain no data from the survey respondents; however, show the calculation procedure. The second of the three lines give the theoretical frequencies e_{ij} , and the third contents the addends belonging to the tested criterion K .

$$K = 1,108 + 2,969 + 0,329 + 0,881 + 0,004 + 0,010 + 0,010 + 0,026 + 3,719 + 9,966 = 4,077 + 1,210 + 0,014 + 0,035 + 13,685 = 19,021 \quad (4)$$

Table 9. Critical values of the test criteria Chi-square

Degree of freedom	The significance level
	0.01
1	6.635
2	9.210
3	11.341
4	13.277
5	15.086
6	16.812
7	18.475
8	20.090
9	21.666
10	23.209

There are 5 rows and 2 columns in the table (Table 8); the number of degrees of freedom is therefore specified by the following equation:

$$v = (5 - 1) \cdot (2 - 1) = 4 \cdot 1 = 4 \quad (5)$$

The tables (Table 8, 9) show that 99% quantile of the distribution of χ^2 is 4 degrees of freedom equal to 13,277. Since the calculated value of the test criterion exceeds ($19.021 > 13.277$), the null hypothesis of independence of examined characters is rejected and the link between benefits, that the employees desire and their gender at the 1% significance level should be considered to be established.

9 ANALYSIS OF BENEFIT SYSTEM SOLUTIONS

The following restrictions have to be taken into consideration while evaluating available solutions:

1. The overall costs of benefits per employee have to remain equal to the previous year. Headcount is not expected to grow dramatically in 2013, the growth will be rather organic and should not reach more than 5 %.
2. HR and GL departments spent 128 hours on benefit administration today. In order to reach the goal of 30 % decrease of administration in 2013, both departments should spent maximum 85 hours on benefit system administration. Each of the employees involved will maintain a work and time log with the purpose of reporting to the project manager.

There are several companies on the market that offer software for personal management. PPG HR is globally running on HR Oracle. Payroll systems and attendance systems are currently running independently on HR Oracle. The only HR system that is globally connected to HR Oracle is Cornerstone and serves for training and development purposes: training database, online training platform, goal planning tool, annual performance evaluation tool, career development tool, and employee career profile. In future, the company is planning to invest in a bridge that will connect other systems (specifically payroll and attendance systems) but it is a long term project on a global level. Therefore it is impossible to plan a benefit management system that could be in any way connected to the HR Information System. This is certainly a limitation of this project. Therefore only stand-alone benefit system options will be considered.

Outsourcing of benefit administration and management to Payroll provider will also not be considered because the costs associated with the benefit administration would significantly increase which would go against one of restrictions listed above.

There are four providers of benefit system whose offer will be evaluated in the project:

1. Benefitly a.s.
2. Cafeteria Systems
3. Edenred
4. Sodexo

9.1 Cafeteria system Benefit a.s.

Benefity a.s. company has been operating on the Czech market since 2003 and is part of Santé Group. Unique solution and wide coverage resulted in a leading position in providing comprehensive management of non-monetary remuneration and employee motivation. The system is suitable for any company with no restriction in terms of number of employees. The mission of Benefits a.s. is providing complete service to employers in the field of benefits, including consulting, tax optimization and long-term care. (Firemní benefity jako optimalizace daní, 2012)

Application Benefits is designed for thousands of users and is a modern web based software solution that covers the entire process from assigning benefits to shopping. The system is currently used by tens of thousands of users in the Czech Republic for purchasing and authorisation of employee benefits, employee benefits administration, and reporting of transactions to HR. The whole solution has undergone development and testing and is now running on a secure dedicated server in a data centre with 24/7 surveillance and is constantly and intensively developed. It is operated via server housing with automatic offline backup. The system guarantees precise benefit use monitoring and control of resource use according to set rules. Graphic environment of the on-line application adjusted for the company's design. The entire solution is available on-line 24 hours a day, 7 days a week, from anywhere via the Internet. A high degree of security is guaranteed by the use of modern security processes, mechanisms and authorisations. End user administration is very simple and intuitive and offers a coherent presentation of benefits to employees. (Aplikace Benefit, 2011)

9.2 Cafeteria Systems

Cafeteria Systems company is offering a similar solution as Benefit a.s.. The company prepared for its customers a possibility to use internet application, a management system for non-monetary employee rewards. Each client obtains a system tailored to the current needs and their long-term vision. An integral part of cooperation with the customer is ongoing support and care. A client defines a group of employees who will be entitled to the benefits and determines the amount and frequency of crediting funds to an employee benefit account. List of employees and information on the amount of their reward are imported into Cafeteria Systems and the company and its employees will then become active users of the system with access to a range of benefits. The employer benefits from

the possibility to generate statistics about benefit use, possibility of having a complete interface in any foreign language including foreign supplier network, and ability to utilize cafeteria system for those employees who do not have internet access. (Cafeteria Systems: Otázky a odpovědi, 2013)

Registered employee who is interested in ordering the service or product logs in to the web interface Cafeteria Systems. There they can view the number of credits that can be used to purchase benefits and a structured menu. They can filter according to their own criteria and effectively search for items of their interest. Ordering is finished by clicking on its icon and then generating a code that will identify orders at suppliers. Before confirming the order, the employee benefit alerts to important related information (e.g., inability to cancel an order, the need to order to receive services from a supplier in advance, special discount events, maximum number of items to donate non-standard conditions ordering, etc.).

Cafeteria Systems implementation costs CZK 6 000 and maintenance is free with PPG's order volume.

9.3 Ticket Benefits by Edenred

Edenred offers a wide variety of benefit vouchers of which the Ticket Multi is combining the different vouchers in their offer. Advantages of providing this benefit to employees are that CZK 20 000 per employee per year for allowance is exempted from social and health insurance contributions. For employees, the allowance is exempted from personal income tax and social and health insurance contributions. Nominal value varies from CZK 30 to 500. Vouchers are valid for 21 months from 1. April to 31. December of the following year. (Ticket Multi, 2010)

An attractive alternative for the Benefit vouchers is the electronic Ticket Benefits Card. The Card is valid for up to three years and can be continuously recharged. The card is personalised and can be blocked in case of theft or loss. On the other hand, a non-personalised card can be used as a one-off premium for employees. The card offers a simple and elegant way of drawing on benefits provided by the employer. The payment is accepted in online and physical stores but the disadvantage is that it cannot be used at the providers without credit card terminals. The prepaid Ticket Benefits Card provides benefits to the same extent and with the same tax advantages as Ticket Benefits vouchers in the

following areas: sport, the arts, holidays, health care, and education. (Ticket Benefits Card, 2010)

Technical solution resembles the cafeteria systems. Employees can see their actual value on their Benefit card as well as a list of benefit providers; however, the payment for the products and services is completed directly at the merchant.

9.4 Sodexo

Sodexo offers the same product as Ticket Multi from Edenred which is called Flexi Pass. These vouchers cover almost all fields of employee benefits from culture and sport, relaxation, holiday, education, health care, medicine and health aids purchase up to spa programs and vaccination. Nominal values of vouchers are CZK 100 – 1000 and voucher validity is also two years. (Flexi Pass vouchers, 2013)

10 EVALUATION OF THE BENEFIT SOLUTIONS

The four benefit providers were asked to prepare an offer of a benefit system solution. The project team prepared a multi-criteria analysis: spreadsheet with evaluation criteria and weight for each of them (Table 10).

The advantages of Benefity a.s. were the low costs for implementation and maintenance, low administrative demand for HR and Finance departments. On the other had they did not offer a wide network of partners in Brno and their system was not as flexible as the one of Cafeteria systems. They failed to provide a multilingual solution which is a big disadvantage considering that many employees in SSC are foreigners.

Cafeteria systems presented a more flexible tool with the lowest administrative demand for PPG and solid IT system with a very good customer care. Nevertheless, their weakness was mainly the fact that their partner network was not attractive for employees and the solution was more expensive than of the others.

Edenred presented the most attractive solution. They offered their benefit system for free where the only associated costs will be CZK 30 per each benefit card once in three years and quarterly costs for shipping of new cards. Their partner network in Brno is solid and growing. Edenred is a customer focused organisation who is determined to close contracts with any requested providers in order to please the customer. In addition, they offered to supply lunch vouchers free of charge, where with the current 0.8 % fee from Sodexo, it will create an additional saving for PPG of approximately CZK 40 000 per annum. Some administrative demand will still remain on the shoulders of the HR department but will be lower than before and the time savings will reach at minimum 30 % as required. Partner network is not as wide as of Sodexo; nonetheless, the solution of the benefit card is modern and the credit on the benefit card can be anytime exchanged for the paper vouchers. Ticket Benefit card can be blocked in case of loss or misplacement just like any other credit or debit card and is used for the particular amount, whereas the merchants do not return any unused money value from the paper vouchers.

Sodexo, the main competitor of Edenred and the existing provider of PPG lunch vouchers, offered the best partner network but they are behind with the technology and still offer only traditional paper vouchers. The main risk for the employees would be the loss or misplacement of vouchers. The main drawback of the Flexipasses from Sodexo was their

price. Originally, they offered a 2 % fee for each order and after a negotiation with the HR Manager their best offer was 0.8 % which was unacceptable for the company.

Table 10. Provider solutions evaluation (own elaboration)

Criteria	Weight	Benefity a.s.	Cafeteria Systems	Edenred	Sodexo
Partner network	2	2	1	3	4
Fees	3	3	1	4	2
Implementation simplicity and cost	2	2	1	3	4
Administrative demand for PPG	3	3	4	2	1
Employee use and manipulation	2	1	3	4	2
Total		28	25	38	29

From the multi-criteria analysis a solution from Edenred appears to be the best solution for the new benefit system. This solution will only cover the Wellness benefit and lunch vouchers, the remaining portfolio (pension or life insurance and language courses) will be administered by HR department and payroll provider as before.

11 PROJECT GOALS AND KEY ACTIVITIES

The main objectives of the project are to increase employee engagement, avoid compliance risks connected to benefit system and decrease benefit system administration. Project will be judged as successful if the following goals will be reached:

1. In 2013 increase of actively engaged employees by 5% and decrease of actively disengaged employees by 5%.
2. Maintenance of attrition rate below 15%.
3. No tax risk connected with benefit system.
4. Compliance with EMEA travel and expense policy.
5. Decrease of administration work of HR and Accounting department by 30% (measured in number of hours).
6. Continue to offer 3 most popular benefits.
7. Offer a system that is comparably favourable in terms of taxation of employees and the company.

For each of the goals a verification method is proposed and will be evaluated in chapter 16 of this paper. For more details on verification methods please see Appendix III.

Key activities and/or outputs of the project are:

1. New benefit system is in place: system is launched by 31. January 2013
2. Employees are fully informed and trained to use new benefit system: system is used by 60% of employees by end of 3rd quarter 2013

Key activities are listed as tasks in the first column of the Timeframe of activities (Table 11).

12 PROJECT RESOURCES

In general, a project budget consists of capital costs, personnel costs (effort multiplied by rate), overhead costs, costs for supplies, and reserves. For the purpose of this project it is only required to include personnel costs and overhead costs. There are no capital costs predicted and costs of supplies are already included in the overhead costs, which are CZK 100 000 per person per year in the SSC. The overhead costs also include rent, energy bills, reception costs, office supplies, paper and printing and more. Personnel costs for the project team are calculated in the below table (Table 11) and they are considered opportunity costs, because if this project was not in place, the resources could have been used on different projects or activities. In the interest of non-disclosure of confidential information the data are multiplied by a coefficient.

Table 11. Expected costs for project team (own elaboration)

Project team member	Number of days	Expected daily wage* (CZK)	Overhead cost per day (CZK)	Total costs
HR Manager	9.875	4 900	400	52 400
HR Officer	4.875	1 800	400	10 800
Compensation & Benefits Specialist	2.375	2 000	400	5 700
Chief Accountant	3.625	2 500	400	10 600
End User Support IT Specialist	2.25	2 400	400	6 300
TOTAL	23			85 800

* daily wage includes employer's and employee's costs of health and social insurance, taxes, bonus, and benefits.

The main responsibility and accountability lies on HR manager, who is the project leader and coordinates all activities. HR Manager assembles the project team, is the main contact person with the benefit system providers and is responsible for communication to employees. She will guarantee the contract accuracy and sign off from her power of attorney. Moreover, as a member of the management board she can inform the managers of the project goals and progress and negotiate any needs or modifications that may occur during the project implementation. The role of the project manager's advisor is assigned to a Compensation & Benefits Specialist, who possesses the required expertise. She is based

in Slovakia; however, the distance does not create any problem as the project team communicates via email, communicator, phone, video conferencing, and web meetings. Chief accountant's responsibility lies mainly on advisory with accounting and tax matters. Originally, this project was initiated by her request to solve the tax and compliance issues. She is a main point of contact with auditors and an external tax advisor. As the HR Manager has access to business intelligence tool for cost reporting called QlikView, the Chief Accountant does not need to provide information on budget and actual costs associated with benefits. HR Officer's role will mainly start when the project is implemented as she will be responsible for the benefit database maintenance, administration and regular communication and orders management with the providers. During the project, her main responsibility will be testing of the benefit system. There are minimum requirements from the IT End User Support. He will test the access to the benefit system from the notebooks, desktops and thin clients. In the first phase he will monitor the performance of the web application and make sure it does not create heavy traffic on Citrix servers. All project members will be involved in selection procedure of the provider and will be asked to participate in the project evaluation.

Estimated project costs are CZK 85 800. Reserves are not established directly in the budget but 10 % overspent (CZK 8 580) will be acceptable. Table 12 offers a more detailed project budget which is calculated in MS Project and reveals costs for each of the project task. The costs of the project do not include costs of employee benefits.

Table 12. Project budget (own elaboration)

Resource/task	Work spent (hours)	Costs/hour	Costs
HR Manager	66	662,5	43 800
1.2 Establishment of project team	2		1 325
1.3 Setting goals for new benefit system	4		2 650
1.4 Selection procedure of benefit provider	12		7 950
1.5. Analysis of project cost	5		3 313
1.6. Project proposal	10		6 625
1.8. Contract closing	4		2 650
2.1. Preparation of communication	4		2 650

Table 12. Project budget (own elaboration) continuation

Resource/task	Work spent (hours)	Costs/hour	Costs
2.2. Training documentation preparation (bilingual) for the system	20		13 250
2.3. Communication to employees	5		3 313
HR Officer	26	275	7 200
1.4 Selection procedure of benefit provider	12		3 300
1.10. Testing of benefit system	12		3 300
2.2. Training documentation preparation (bilingual) for the system	2		550
Chief Accountant	16	362,5	5 800
1.3 Setting goals for new benefit system	4		1 450
1.4 Selection procedure of benefit provider	12		4 350
Compensation and Benefits Specialist	6	300	1 800
1.3 Setting goals for new benefit system	4		1 200
1.4 Selection procedure of benefit provider	2		600
End User Support IT Specialist	5	350	1 800
1.9. Access set up of employees to the benefit system	5		1 750
Project team	13	1 950	25 400
2.4. Evaluation of system implementation	8		15 600
2.5. Evaluation of the project and key learnings.	5		9 750
Total costs per project			85 800

13 PROJECT TIMETABLE

Table 13. Timeframe of activities (own elaboration)

Task	Duration (working days)	Work spent (hrs)	Start date	End date	Predecessors
1. New benefit system is in place	86 days	94	3.9.2012	31.12.2012	
1.1. Project launch	1 day	4	3.9.2012	3.9.2012	
1.2 Establishment of project team	3 days	2	4.9.2012	6.9.2012	1.1.
1.3 Setting goals for new benefit system	4 days	12	7.9.2012	12.9.2012	1.2.
1.4 Selection procedure of benefit provider	21 days	38	13.9.2012	11.10.2012	1.3.
1.5. Analysis of project cost	5 days	5	12.10.2012	18.10.2012	1.4.
1.6. Project proposal	10 days	10	19.10.2012	1.11.2012	1.5.
1.7. Gaining management approval	1 day	2	2.11.2012	2.11.2012	1.6.
1.8. Contract closing	1 day	4	5.11.2012	5.11.2012	1.7.
1.9. Access set up of employees to the benefit system	5 days	5	6.11.2012	12.11.2012	1.8.
1.10. Testing of benefit system	35 days	12	13.11.2012	31.12.2012	1.9.
2. Employees are fully informed and trained to use new benefit system	53 days	44	1.1.2013	14.3.2013	
2.1. Preparation of communication messages	2 days	4	1.1.2013	2.1.2013	1.8.
2.2. Training documents preparation for the system	14 days	22	3.1.2013	22.1.2013	2.1.

Table 13. Timeframe of activities (own elaboration) continuation

2.3. Communication to employees	1 days	5	23.1.2013	23.1.2013	2.2.
2.4. Evaluation of system implementation	6 days	8	24.1.2013	31.1.2013	2.3.
2.5. Evaluation of the project and key learnings	30 days	5	1.2.2013	14.3.2013	2.4.

It is forecasted that the project duration will be 139 days with 138 hours of work. It is essential to commence the project on 3. September 2012 and to close it by 14. March 2013. There is a buffer time left for each task so if the project starts on time, there is sufficient time for completion even if slight delays occur. A full Gantt chart is available in Appendix IV and a critical path which consists of activities that require monitoring of time schedule is available in Appendix V. Table 13 shows a scheduled timeframe.

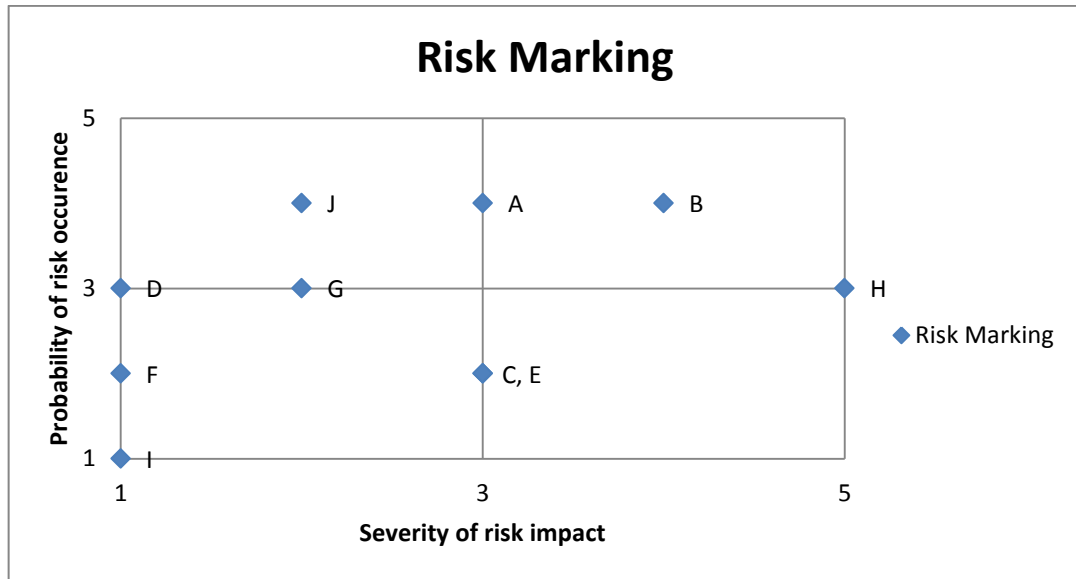
14 RISK ANALYSIS

In this chapter the project risks are analysed and evaluated by the following steps: definition of risks, assessment of the probability of occurrence, and assessment of impact severity of the risk on project.

Table 14. Risk analysis of the project (own elaboration)

Risk	Probability of occurrence	Severity of impact
A. Change of legislation regarding employee benefits	3	4
B. Dissatisfaction of employees with new benefit system	4	4
C. Project delay	3	2
D. Loss of key employee	1	3
E. Technology advance	3	2
F. Late deliveries of proposals by suppliers	1	2
G. Market change	2	3
H. New priorities – time constraints	5	3
I. Equipment breakdown	1	1
J. Change in requirements	2	4

The risk assessment is performed on a scale 1- 5 with 1 = low, 3 = moderate, and 5 = high. Outcomes of the assessment are displayed in a Graph 5, where the axis X presents the probability of risk occurrence and axis Y presents the severity of risk impact. From the matrix can be concluded that the attention should be paid primarily to the following risks that are displayed in the top right quadrant: dissatisfaction of employees with the new benefit scheme, change of legislation regarding employee benefits, and time constraints resulting from new priorities arising for the project team.



Graph 5. Matrix of risk occurrence probability and severity impact

Response to the risk can be mitigation or acceptance. After a careful analysis the project team decided to accept all risks except the 3 risks that are placed in the top right quadrant. The following precautions were taken:

- Dissatisfaction of employees with new benefit system: Any change that is not properly communicated and explained can cause dissatisfaction. Therefore all employees are encouraged to participate in the benefit survey to express their opinions and concerns. They are fully informed about the survey results and progress of the project via several channels: management and team leader meetings, team meetings, notice board, SharePoint, and email.
- Change of legislation regarding employee benefits: Many times before the media informed about the change of the legislation that would have a negative impact on tax advantages of benefits. This risk is difficult to mitigate as the company has no voice in the government decision-making. In order to change that PPG joined forces with other companies in similar businesses and became a founding member of Association of Business Leaders in the Czech Republic. The association aims to support the dynamic growth of the business services sector. It is a platform for exchanging knowledge, experience and best practices between sector players. The objective is to change the Czech law, recommend changes to the educational system, and support solutions which will foster entrepreneurship and advanced business practices. In future, the association would like to cooperate with politicians, municipal representatives, the business community, and business

lobbies. This activity alone will not immediately mitigate this risk but presents a long term strategy of active participation in political decision-making.

- New priorities – time constraints: Project team members listed this project among their goals in the annual Performance and learning plan. The goal will be evaluated and the year end performance evaluation of the team members. Salary increase and bonus amount of the team members will depend (among other criteria) also upon the success of this goal.

The project is planned to the new calendar year in order to decrease the complexity of calculation of benefit entitlement. Timeframe of activities needs to be followed and deadlines met in order to lessen all risks listed in Table 14.

15 PROJECT COMMUNICATION

Communication plays a critical role in managing organisational change. The advantage of this particular project was a cross functional presence of the team members as well as full support from the management. Management board was mainly concerned about the compliance issues - tax and corporate - and therefore put a lot of pressure on deadlines and fully stood behind the project. By doing that they helped to create a sense of urgency and need. The fact that everyone had a voice in the project via the benefit survey for employees helped to shift the change from imposed to participative. Participative change makes everyone a change agent and reduces the burden of resistance.

Main communication transmission to the employees was planned for January 2013. However, before this date a regular communication about the project progress was necessary. The main communication channels were emails, SharePoint and presentations on team meetings.

The main communicator of this project is HR department. It is also their role to introduce the product, distribute the documentation and train users. On the ongoing basis, they will provide support and deal with any question, issues and comments that may occur.

16 PROPOSAL FOR FUTURE STATE OF BENEFIT STRUCTURE

In chapter 10, the benefit solution was selected based on the selection procedure with multi criteria analysis that the solution for Wellness benefit will be Ticket benefit card from Edenred. It was also decided that due to the predicted savings, the lunch voucher provider will change from Sodexo to Edenred. PPG will continue to offer 5 extra days of holidays but due to the recent change of Labour code that resulted in employer's responsibility of full consumption of the holiday entitlement during one calendar year, PPG has decided that employees need to firstly consume the mandatory 20 days of holidays and then the additional 5 days. Whoever will not consume the 5 extra days of holiday by 31. December will not be able to transfer them to the following year and will automatically lose the entitlement. This will create a better discipline in holiday consumption but will require a change to the current internal guideline.

Contribution to pension and life insurance will remain in hands of payroll provider. Employees will still be able to claim the contribution to the language courses as in past. Pocket money for business trips will remain and is incorporated in the travel and expense tool Concur automatically.

All non-monetary benefits will continue to be offered: flexible working hours, discounted PPG products, discounted gym membership, training and development, team buildings and social events, CSR and Wellness programs, flu vaccination, and free drinks in the workplace.

When the respondents were asked for their "new benefit wish list" (see Graph 4), the most desired benefits were: home office, company shares, discounted tariffs for personal mobile phones, and pre-school for children. The feasibility of granting these benefits was looked at by the project team. A proposal was made to the management board who finally accepted that:

1. Employees who can technically work from home (individual contributors with laptops) will be offered a permanent home office. As a bonus, it will create savings for the company in overhead costs. HR manager sought advice regarding legal and EHS regulations and informed all managers about this opportunity. Three employees are already testing the permanent home office setting and the project will continue further.

2. PPG share program for employees will not be offered. HR Manager contacted Compensation and Benefits Manager EMEA and found out that the company is unfortunately not yet prepared to offer the program of discounted PPG shares in Europe.
3. Discounted T- Mobile tariffs for personal mobile phones of employees will be offered from 2014. HR Manager studied the conditions and found out that the liability for the unpaid phone bills lies on the employer and PPG is not willing to accept it yet. Therefore more negotiation needs to take place with the provider and legal advice needs to be sought regarding the formulation of Agreement of wage deduction and employee debt collection practices.
4. Places in preschools and kindergartens will be offered to PPG employees. HR manager contacted 2 private pre-school for children and presented their offer to employees. Unfortunately, the costs are still too high to be attractive, but the company believes that over time the demand will rise.

The project team committed to continue to offer the most popular benefits and succeeded. The least popular benefits were free (gym membership discount) or low cost (flu vaccination, discounted PPG products) therefore the project team decided not to eliminate them from the benefit offer.

17 PROJECT EVALUATION

Project evaluation is the last step of project closing. Projects are finite and they must end to be successful. The closing of a project occurs when either the key decision makers cancel the project or when project objectives have been met and formally accepted. Human resources are redeployed, important data are archived for future projects and for the ongoing operation and support, contracts are closed and finally, project is evaluated. Often, it is desirable to plan and budget first enhancement project or project revisit because change is inevitable, hence needs to be foreseen and managed. (International Institute for Learning, 2006)

After the project closing the project team is going to be also responsible for project transition which practically means that 2 members of the project team will remain involved in the benefit system: HR Officer and Chief Accountant. This simplifies the transition and ensures that the new product will be stabilised in its operational environment and that the users are not only familiar with the product but that they also participated in the decision making. Therefore, they should be well prepared and equipped to face potential complaints from the employees.

Evaluation of new benefit system – just like of any other product - is performed after a product has been in use long enough to obtain measurable results. For the purpose of this thesis, the evaluation was completed earlier than usual. Some of the goals cannot therefore yet be evaluated as the project is still in the implementation phase and only one month operational. In addition, indicators that are measured annually will require more time to pass.

Table 15. Verification of the project indicators (own elaboration)

Objectively verifiable indicators	Verification method	Result
In 2013 increase of actively engaged employees by 5% and decrease of actively disengaged employees by 5%.	Your Say employee satisfaction survey	Too early to say - survey will be launched in September 2013
Maintenance of attrition rate below 15%.	Attrition rate computation	So far achieved - attrition rate in Q1 2013 was 11 %
No tax risk connected with benefit system.	Interview with external tax advisor	Achieved - no tax risk confirmed
Compliance with EMEA travel and expense policy.	Confirmation from the Concur team	Achieved – 100% compliance confirmed
Decrease the administration work of HR and Accounting department by 30% (measured in number of hours).	Measured in number of hours	Achieved - decrease to 51 hours monthly = by 60 % in Q1 2013
Continue to offer 3 most popular benefits.	Analysis of data from internal and external surveys	Achieved
Offer a system that is comparably favourable in terms of taxation of employees and the company.	No extra costs associated with benefit administration, no tax increase for employees	Achieved

From the above table (Table 15) it is evident that most of the project KPIs were achieved. The contract with a new provider was signed at the beginning of January and next evaluation and potential enhancement of the system is planned for the last quarter of 2013.

CONCLUSION

The main goal of the master thesis is to design a project on improvement of the employee benefit system in the Shared Service Centre.

The theoretical part described the basic concepts of human resource management with a main focus on reward management. This part closely looked at the methods of providing benefits, modern trends, popularity of benefits, and their tax advantages.

The practical part was very comprehensive. Firstly the PPG organisation was introduced and information about the HR organisation and facts about the employee structure were given.

Secondly, current state of compensation and benefits was described, advantages and disadvantages were defined and 3 main issues were outlined: 1. current system is very demanding for administration and there are not enough resources to support it; 2. a material tax risk in the Wellness benefit was found by a statutory audit; and 3. the current system of expensing benefits has been forbidden by mother company. A thorough analysis of annual costs for benefits revealed that the cost of benefits in 2012 was 5.4 % compared to a yearly mass salary and the average benefit cost per employee is CZK 31 844.

Thirdly, an internal employee survey was carried out and revealed positive results on employee satisfaction with the current benefit scheme. In addition, employees rated the popularity of the existing benefits and their future preferences. 4 providers of benefit system were evaluated. According to a multi-criteria analysis, the winner was Edenred who offered a comprehensive and modern solution for the Wellness benefit in a form of the Ticket Benefit card.

The project part defined project goals, resources, and presented the project costs which are CZK 85 800. Risk analysis defined possible risks, assessed the probability of their occurrence and severity if impact, and more closely analysed mitigation of the three most probable and severe risks.

The time estimated for a successful implementation was 139 days with 138 hours of work. The proposal for future state of benefit structure was presented. The project implementation started on 1. January 2013 and the verification of the objective indicators reveals that all KPIs were achieved except for one long-term indicator which is measuring employee engagement and requires more time for verification.

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LIST OF ABBREVIATIONS

AP	Accounts Payable
AR	Accounts Receivable
CSR	Corporate Social Responsibility
EMEA	Europe, Middle East, Africa
GL	General Ledger
HR	Human Resources
HRM	Human Resource Management
KPI	Key Performance Indicator
PPG	PPG Corporation
SSC	Shared Service Centre

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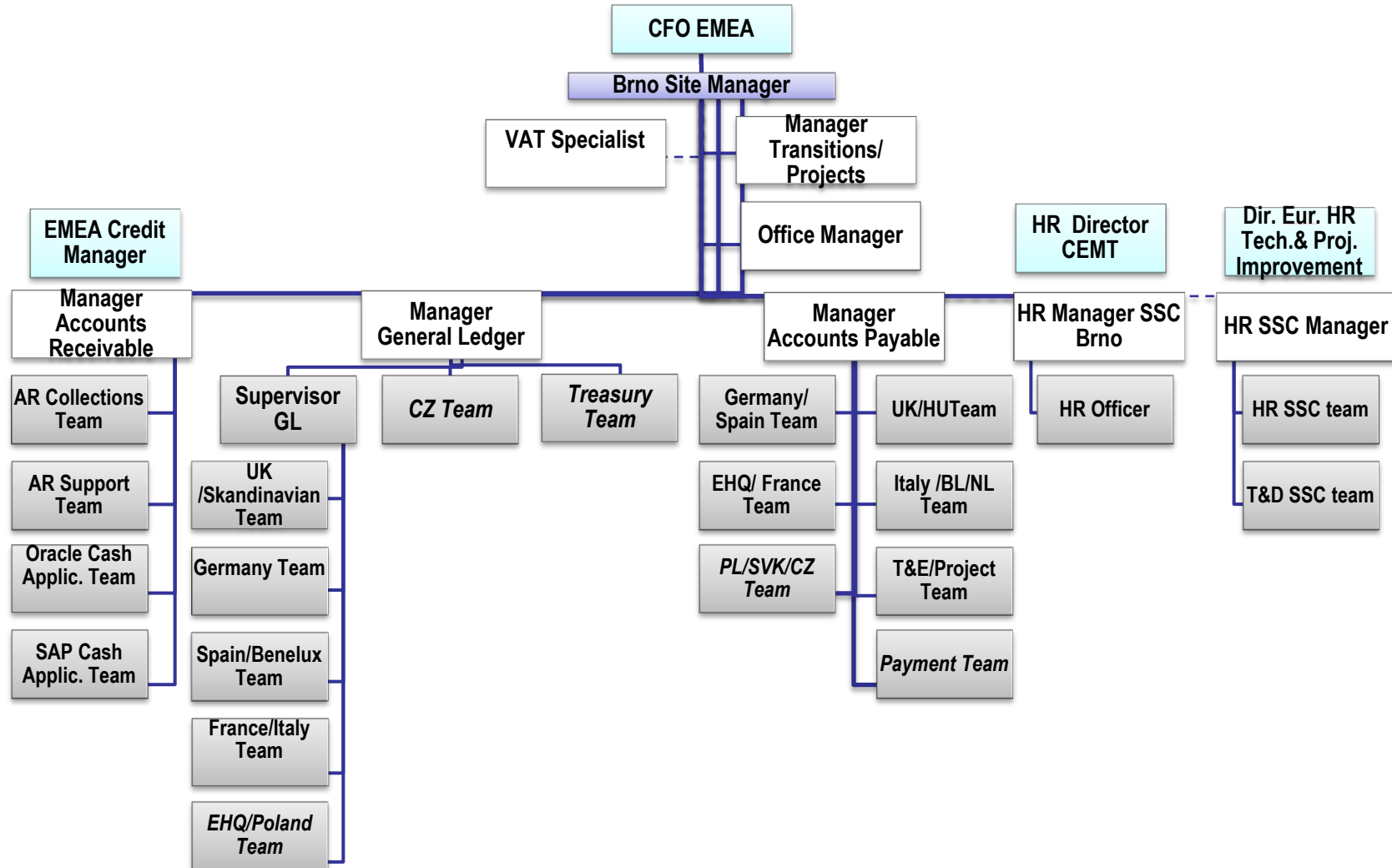
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- II. Survey questionnaire
- III. Project Logical Framework
- IV. Gantt Chart
- V. Critical Path

APENDIX I.: ORGANISATIONAL CHART OF PPG SSC BRNO



APENDIX II.: SURVEY QUESTIONNAIRE

Benefits SSC Brno

Dear colleagues,

I would like to kindly ask you to take a few moments to complete this survey and help us with our benefits review process. Your input is important to us and thank you very much in advance for your opinion.

Milí kolegyně,

Touto cestou bych Vás chtěla poprosit o vyplnění průzkumu spokojenosti se systémem benefitů v SSC Brno. Výsledky nám pomohou při přehodnocení aktuálně nabízených benefitů. Děkujeme za váš názor, který je pro nás důležitý.

1. How would you describe your level of satisfaction with the benefits provided by SSC? Do jaké míry jste spokojeni se současnými benefity?

	Very satisfied/ velmi spokojený	Somewhat satisfied/ spíše spokojený	Somewhat dissatisfied/ spíše nespokojený	Dissatisfied/ nespokojený	I do not use/ nevyžívám
Wellness benefit 11 600 Kč	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contribution to pension or life insurance/ příspěvek na penzijní nebo životní pojištění	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lunch vouchers/ stravenky	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Extra holiday/dovolená navíc	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Language or accounting courses/jazykové a úč etní kurzy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Coffee and tea on the workplace/ káva a čaj na pracovišti	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Flexible working hours/ flexibilní pracovní doba	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wellness program (Wellness week)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate social responsibility program	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Teambuildings and social events/ společ enské akce a teambuilding	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Discounted PPG products/ sleva na produkty PPG	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Discount on gym membership/ sleva na členství do fitness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Flu vaccination/ oč kování proti chř ípce	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Benefits SSC Brno

2. For what kind of activities do you use the Wellness benefit the most? Pro které benefity využíváte Wellness benefit nejčastěji? (max 2 answers please, maximálně 2 odpovědi prosím)

- Sport activities/ sportovní aktivity
- Cultural activities/ kulturní aktivity
- Wellness activities/ wellness aktivity
- Health care/ zdravotní péče
- Holidays/ dovolená
- School fees/ školné
- Pre-school fees/ mateřská školka či jesle
- Other/něco jiného (please specify)

3. What distribution of the benefit funds would be best for you? Jaké přerozdělení částek na benefity by vám nejvíce vyhovovalo?

- 11600 Kč wellness, 8400 Kč insurance/ připojištění (current state/ současný stav)
- 20000 Kč insurance/ připojištění
- 20000 Kč wellness
- Other/jinak (please specify)

4. Please state benefits that you wish they could be introduced by the company. Uved'te prosím benefity, které byste si přáli zavést v SSC.

- Company pre-school/ firemní školka či jesle
- Home office/ práce z domu
- Discounted banking products/ zvýhodněné bankovní služby
- Discounted tariffs for mobile phones/ zvýhodněné tarify na mobil
- PPG shares/ PPG akcie
- Other/ něco jiného (please specify)

5. Was the portfolio of benefits important for you in your choice of current employment? Bylo pro vás portfolio benefitů důležité při rozhodování o zaměstnavateli?

- Yes/ ano
- No/ ne
- Do not remember/ nepamatuji se

6. When you joined PPG, were you informed about the employee benefits? Když jste nastoupili do PPG, byli jste informováni o nabídce benefitů?

- Yes/ ano
- No/ ne
- Dont know/ nevím

Benefits SSC Brno

7. Do you feel properly informed about your benefits that PPG offers? Jste dostatečně informováni o benefitech, které PPG nabízí?

Yes/ ano

Partly yes/ částečně

No/ ne

8. What is your impression of our benefit scheme in comparison to other local employers? Jaký je váš dojem z našeho schéma benefitů s porovnáním s ostatními lokálními zaměstnavateli?

Above average/ nadprůměrné

Average/ průměrné

Below average/ podprůměrné

9. On a scale evaluate how much of an impact do benefits have on:

Na škále ohodnoťte, jaký mají vliv benefity na:

Big
influence/
velký vliv

No
influence/
žádný vliv

Your decision to join the company/ rozhodnutí zaměstnat se v dané společnosti?

Your decision to stay with the company/ rozhodnutí zůstat v dané společnosti?

10. How old are you? Kolik je Vám let?

< 20

20-29

30-39

> 40

11. What is your gender? Jaké je Vaše pohlaví?

Female/ žena

Male/ muž

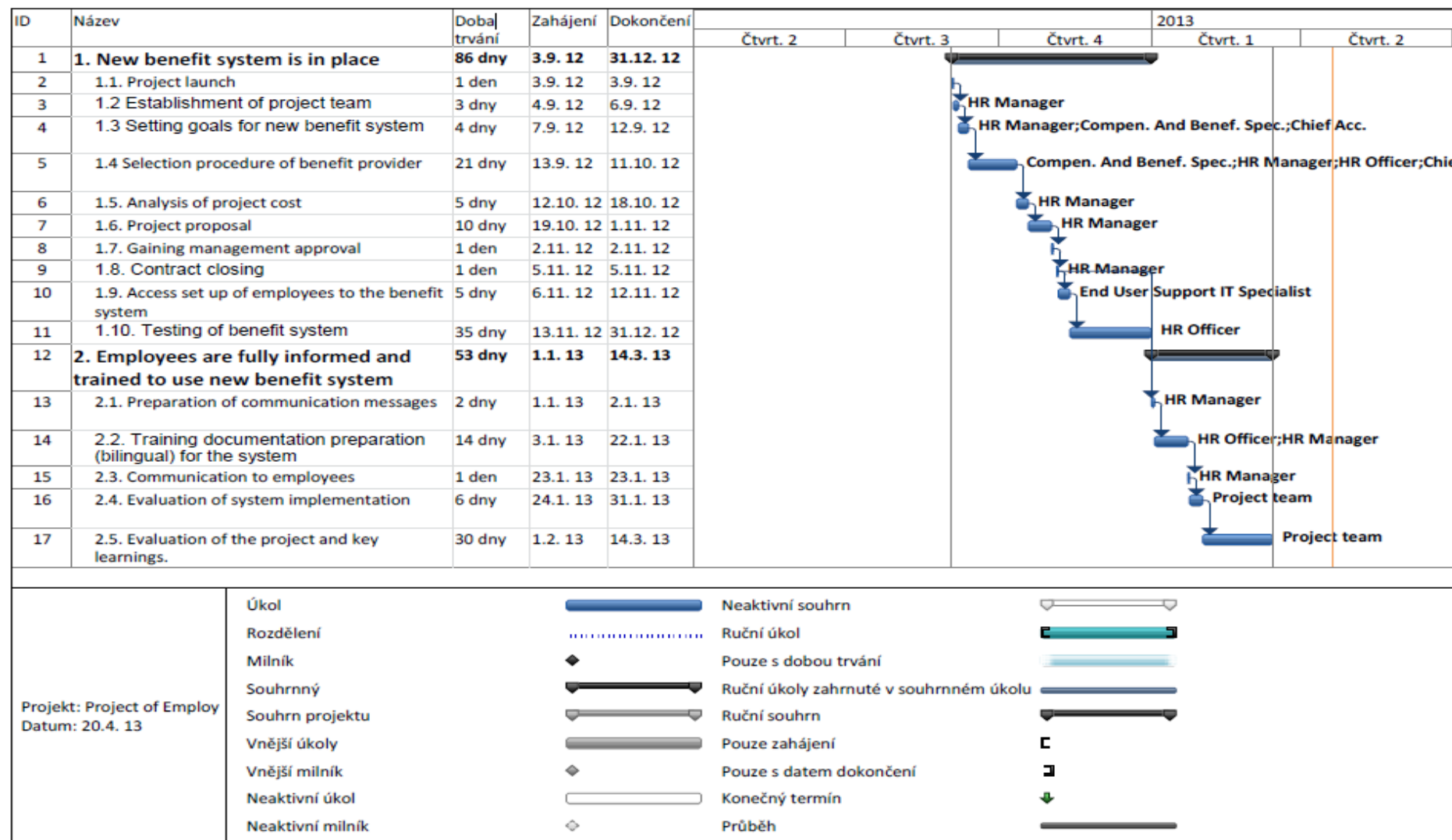
Thank you! Děkujeme!

APENDIX III.: PROJECT LOGICAL FRAMEWORK

UTB in Zlín, FaME	Project of Employee Benefit System Improvement in Shared Service Centre	PPG Industries		
Eva Baťa	Logical framework		01/2013	
	Goal hierarchy	Objectively verifiable indicators	Sources of information for verification/ verification method	Assumptions and risks
Main goal (benefits, broader objective)	Increase employee engagement, avoid compliance risks connected to benefit system and decrease benefit system administration.	<ul style="list-style-type: none"> In 2013 increase of actively engaged employees by 5% and decrease of actively disengaged employees by 5%. Maintenance of attrition rate below 15%. No tax risk connected with benefit system. Compliance with EMEA travel and expense policy. Decrease the administration work of HR and Accounting department by 30% (measured in number of hours). Continue to offer 3 most popular benefits. Offer a system that is comparably favourable in terms of taxation of employees and the company. 	<ul style="list-style-type: none"> Your Say employee satisfaction survey Attrition rate computation Interview with external tax advisor Confirmation from the Concur team Measured in number of hours Analysis of data from internal and external surveys No extra costs associated with benefit administration, no tax increase for employees 	<ol style="list-style-type: none"> Support from management Budget for implementation Interest of employees Selection of appropriate provider and software solution Change of legislation regarding employee benefits Dissatisfaction of employees with new benefit system Project delay Loss of key employee Technology advance Late deliveries of proposals by suppliers Market change New priorities – time constraints Equipment breakdown Change in requirements
Project goal / (purpose, specific goal)	Improvement of employee benefit system in SSC Brno	<ul style="list-style-type: none"> Contract with benefit provider is closed by 31. January 2013 	Contract	
Outputs	New benefit system is in place	<ul style="list-style-type: none"> System is launched by 31. January 2013 		
	Employees are fully informed and trained to use new benefit system	<ul style="list-style-type: none"> System is used by 60% of employees by end Q3 2013 		

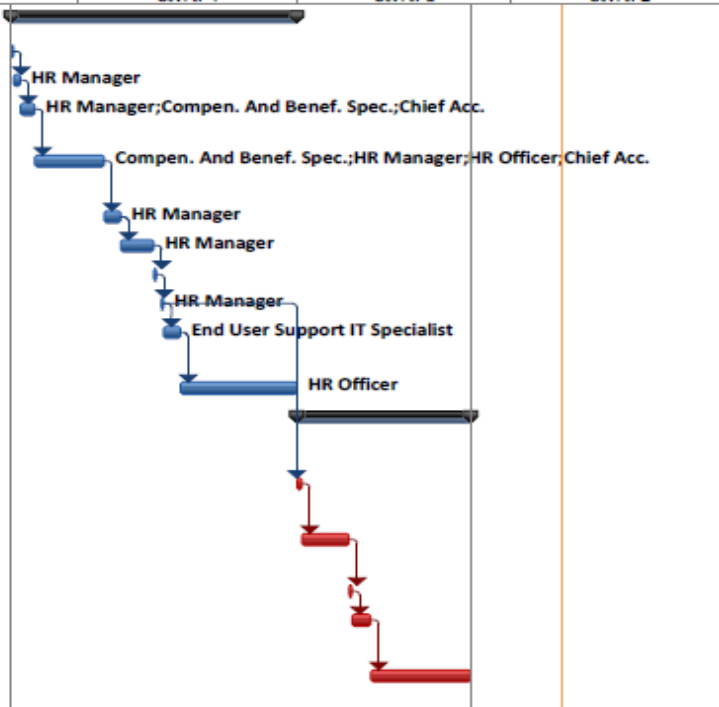
Activities		Resources	Timeframe of activities	
	<ol style="list-style-type: none"> 1. New benefit system is in place <ol style="list-style-type: none"> 1.1. Project launch 1.2. Establishment of project team 1.3. Setting goals for new benefit system 1.4. Selection procedure of benefit provider 1.5. Analysis of project cost 1.6. Project proposal 1.7. Gaining management approval 1.8. Contract closing 1.9. Set up of accesses of employees to the benefit system 1.10. Testing of benefit system 2. Employees are fully informed and trained to use new benefit system <ol style="list-style-type: none"> 2.1. Preparation of communication messages 2.2. Training documentation preparation (bilingual) for the system 2.3. Communication to employees 2.4. Evaluation of system implementation 2.5. Evaluation of the project and key learnings. 	<p>Project team: HR Manager HR Officer Compensation & Benefits Specialist Chief Accountant End User Support IT Specialist</p> <p>HR Oracle (IS) Payroll provider Qlikview Business intelligence tool Accounting books Oracle Survey Monkey online tool Tax advisor Providers' proposals Budget Literature Office space & supplies Contracts</p>	<p>September 2012- project launch October 2012- approval from management team January 2013– system is launched February 2013- benefit system is communicated to employees March 2013 – project implementation is evaluated</p>	
				<p>Preliminary conditions</p> <ul style="list-style-type: none"> • Approval from management to launch the project • Approval from management to set up project time and dedicate time for project • Confirmation from SSC Director that the budget for benefits will be maintained in the next 2 years

APENDIX IV.: GANTT CHART



APENDIX IV.: CRITICAL PATH

ID	Název	Doba trvání	Zahájení	Dokončení	2013				
					Čtvrt. 2	Čtvrt. 3	Čtvrt. 4	Čtvrt. 1	Čtvrt. 2
1	1. New benefit system is in place	86 dny	3.9. 12	31.12. 12					
2	1.1. Project launch	1 den	3.9. 12	3.9. 12					
3	1.2 Establishment of project team	3 dny	4.9. 12	6.9. 12					
4	1.3 Setting goals for new benefit system	4 dny	7.9. 12	12.9. 12					
5	1.4 Selection procedure of benefit provider	21 dny	13.9. 12	11.10. 12					
6	1.5. Analysis of project cost	5 dny	12.10. 12	18.10. 12					
7	1.6. Project proposal	10 dny	19.10. 12	1.11. 12					
8	1.7. Gaining management approval	1 den	2.11. 12	2.11. 12					
9	1.8. Contract closing	1 den	5.11. 12	5.11. 12					
10	1.9. Access set up of employees to the benefit system	5 dny	6.11. 12	12.11. 12					
11	1.10. Testing of benefit system	35 dny	13.11. 12	31.12. 12					
12	2. Employees are fully informed and trained to use new benefit system	53 dny	1.1. 13	14.3. 13					
13	2.1. Preparation of communication messages	2 dny	1.1. 13	2.1. 13					
14	2.2. Training documentation preparation (bilingual) for the system	14 dny	3.1. 13	22.1. 13					
15	2.3. Communication to employees	1 den	23.1. 13	23.1. 13					
16	2.4. Evaluation of system implementation	6 dny	24.1. 13	31.1. 13					
17	2.5. Evaluation of the project and key learnings.	30 dny	1.2. 13	14.3. 13					



Projekt: Project of Employee Benefit System Improvement Datum: 22.4. 13	Úkol		Ruční úkol	
	Rozdělení		Pouze s dobou trvání	
	Milník		Ruční úkoly zahrnuté v souhrnném úkolu	
	Souhrnný		Ruční souhrn	
	Souhrn projektu		Pouze zahájení	
	Vnější úkoly		Pouze s datem dokončení	
	Vnější milník		Konečný termín	
	Neaktivní úkol		Kritický	
	Neaktivní milník		Kritické rozdělení	
	Neaktivní souhrn		Průběh	

