

# RETHINKING THE C&B PACKAGE FOR EMPLOYEES IN CRISIS TIMES- CASE STUDY DECATHLON ROMANIA COMPANY

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## Abstract:

*To gain a competitive advantage in the marketplace, any organization must understand how to attract, manage and retain its best employees. It has become a reality that organizations strive to come up with a versatile compensation and benefits package that suits employees but at the same time aligns with business objectives. If this is not managed well, the organization will lose its position in the market and over time will face the wear and tear of talent. The costs associated with the loss of employees due to their demotivation may cost more than the motivation as they are related to the recruitment, selection, and training of new employees*

*In addition to these direct financial costs, the loss of employees can also lead to work interruptions, loss of organizational memory, loss of mentors, diminished diversity, and ultimately loss of productivity or customer service.*

*Given the importance of each employee and the situation generated by Covid-19, this paperwork aims to present on the one hand what are the components of a package of compensation and benefits that matter to employees and on the other hand, how organizations in times of crisis rethink compensation and benefits policy, taking as an example good practices implemented by Decathlon Romania.*

**Keywords:** *Compensation, benefits, motivation, productivity, employees, talent*

**JEL Classification:** *M12, M14, M52*

## Introduction

Employees are the most important resources of any organization, but at the same time they are the most difficult resource to manage (Sutton, 2017, pp. 63-72).

To gain a competitive edge in the marketplace, any organization needs to understand how to attract, manage and retain its best employees. It has become a reality that organizations strive to come up with a versatile C&B package that suits employees but at the same time aligns with business objectives. If this is not managed well, the organization will lose its position in the market and over time will face the wear and tear of talent. (Feraro-Banta, Shaikh, 2017, pp. 175–183).

How can managers and human resources specialists effectively and strategically manage employee retention? Talent retention is important for managers in all types of organizations. (Kevin, 2018, p. 1-5).

The costs associated with the loss of employees due to their demotivation may cost more than motivation as they are related to the recruitment, selection, and training of new employees (Miller et al, 2015).

In addition to these direct financial costs, employee loss can also lead to work interruptions, loss of organizational memory (tacit or strategic knowledge), loss of mentors, diminished diversity, and ultimately loss of productivity or customer service (Lake, 2015, pp. 65-72).

Given the importance of each employee in an organization and the situation generated by Covid-19, this paper aims to present on the one hand what are the components of a package of compensation and benefits that matter to employees so that they remain in the organization and on the other hand, how organizations in times of crisis rethink C&B policy to maintain an increased level of involvement for employee performance, taking as an example good practices implemented by Decathlon.

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## 1. Literature review

Rewarding employees is an extremely sensitive issue. It can motivate and also demotivate employees. The salary increase can exceed an employee's expectations and can make him happy until he finds that a colleague has a higher increase even though he has the same rank and level of performance. This shows that the reward system can be successful for the company, but at the same time it can be counterproductive if not managed correctly. Salaries must be paid following the achievement of the company's strategic objectives, vision, and mission. It must not only be related to the employee's achievements, but also must be based on the company's culture that clearly defines the values its values.

The reward system challenges human resources specialists and its efficient implementation will not only help in stabilizing and retaining employees but also help reduce the fluctuation of the workforce within the organization.

As there is no magic formula for satisfying all employees in an organization, the rewarding employee is a process of establishing financial value for employees in exchange for the work they have done.

An effective reward system can encourage employees to work harder, thus increasing productivity at work. The package of compensations and benefits includes financial and non-financial rewards, direct and indirect, intrinsic and extrinsic such as paid holidays, insurance, maternity leave, free travel facilities, retirement benefits, etc. that an organization offers to employees for performance in tasks to be performed and personal contribution to the organization (Khudhair, Adnan, 2020, pp. 65-72).

The main arguments in favor of a compensation and benefits policy are:

- *Creates internal equity*

Internal equity means similar pay for similar positions as an impact on the organization. Why do we need internal equity? Because the salaries are not as confidential as companies would like. Therefore, employees come to know or intuit the salaries of colleagues. A situation that in companies without a real C&B policy becomes a demotivating factor, because, of course, colleagues earn better. A problem with immediate effect. In a company with an efficient and well-implemented C&B policy, this is not a problem. Employees also understand the reason why there are salary differences. There is a whole theory about creating and communicating reward policy and strategy.

- *It creates competitiveness versus the market*

A compensation and benefits policy will make a comparison between the salaries paid by the company and those paid for similar positions by competing organizations. In the absence of this comparison, the only thing you have is an opinion. It is important to say that paying in the middle of the market does not mean being competitive.

- *Create clarity for employees*

Clarity is a very important element when it comes to involvement and motivation. To create a C&B policy you have to go through a job evaluation process. It aims to determine the value of one position in relation to another. The result of the evaluation process creates clarity versus expectations, responsibilities, competencies, career trajectories.

- *Stimulates motivation and performance*

A reward policy will create a culture of fairness. In a culture of fairness, fairness and competitiveness, successful employees will continue to strive for the company. What I would mention is that a salary increase of identical merit for all employees is not a recommended one and does not go in the direction of fairness.

- *Eliminate subjectivism*

Job evaluation is an objective exercise that, as the name implies, refers to positions and not to the people who hold those positions. The discussion about people is a very important one and should be had as soon as the positions are evaluated. Why? Because to

answer the question: "Do we have the right people in the right positions?" it means defining what "right positions" mean.

- *Improve retention rate*

Paying competitively means lowering the chances of an employee receiving a better job offer than the current package. It is a fact: there will always be someone who pays better, so an effective compensation policy will add the dimension of total reward.

- *Attract the right profiles in the company*

The pay mix you offer is an important element in attracting and retaining different talent profiles. The reward policy should align these two elements.

- *Provides predictability and efficiency of the salary budget*

A policy of compensation and benefits will help you identify hidden costs and identify risks of attrition. In this way, the risks can be diminished and / or assumed.

### **The relationship between compensation and employee performance**

Managers know that a package of compensation and benefits is not just a form of money; it can be given in different forms. It includes flexible benefits, medical care, work-life balance, etc.

Employee performance refers to the successful performance of tasks by a particular person or persons, as established and measured by the manager or organization at predefined acceptable standards using efficiently and effectively the resources available in a changing environment (Feraro -Banta, Shaikh, 2017, pp. 65-72). The compensation and benefits package is one of the forces that motivate employees. Rewarded for performance, employees are encouraged, more confident and have a positive sense of work, and are more satisfied with their work. The greater the employee's sense of satisfaction, the more motivated they will be to perform (Hendra, Rezki, 2015, pp. 11-20)

A study conducted by Nzyoka and Orwa identified the relationship between the level of reward and employee performance (Nyaribo, Nyakundi, 2016, pp.20).

The research showed that between the level of reward and employee performance there is a positive correlation in different ways, different factors that make up the reward system have different direct relationships with employee performance.

### **The relationship between basic salary and employee performance**

The basic salary refers to the value of the salary established for the position and may vary depending on the position or level of qualification and organization. He finds himself in monetary form and his absence it demotivates employees although its presence may not necessarily motivate employees because they expect to get it by taking the job.

### **The relationship between bonuses/benefits and employee performance**

Bonuses / benefits are other forms of rewarding employees for their good performance and motivating them to perform better (Nzyoka, Orwa, 2016, pp. 20). In addition to the monetary payment offered by the organization, bonuses and benefits complement the salary and are part of the strategy to motivate employees, they have a significant link with achieving higher performance (Gohari et all, 2013, pp. 543–570).

### **The relationship between job promotion and employee performance**

According to Saharuddin and Sulaiman promotion is a sign of recognition of employee performance (Saharuddin, Sulaiman, 2016, pp. 33–40).

It almost always comes with increases in liability, salary, and other benefits. Studies show that employees who believe that promotion decisions are correct are more committed to the organization, show more satisfaction in their work, and have better and more loyal

performance to organizations. However, salary indeed has a significant influence on job satisfaction, and promotion has only a smaller and partially significant influence on job satisfaction (Muhammad et al, 2012, pp.6-9).

### **The relationship between work delegation and employee performance**

Delegation of authority is a process that includes the assignment by the manager of some of his duties to subordinates, giving them the right to decide to solve problems, and he remains responsible for performing those tasks. Delegation is widely recognized as an essential element of efficient management (Drescher, 2017, pp. 2-15).

Delegation allows subordinates to seek new experiences and knowledge, as they are responsible for the tasks previously held by their manager.

There are many benefits generated by delegation such as: improving employee learning, developing employees' skills and knowledge in addition the manager's work can move to other priorities with authority delegation (Lyons, 2016, pp.1-3).

Another study conducted by Drescher found that delegation positively influences employee performance and satisfaction, the conclusion being that delegation can lead to higher levels of capacity and performance of employees (Drescher, 2017, pp. 2-15).

### **The relationship between appreciation-recognition and employee performance**

Appreciation and recognition are important in the lives of employees (Nyaribo, Nyakundi, 2016, pp.12). Employees respond to the appreciation and recognition of their work by the organization, therefore it is a real challenge for managers in organizations to find new ways to appreciate and recognize the performance of each employee.

When their work is appreciated, employees show a positive behavior manifested by increasing the degree of involvement at work, and consequently, they increase their performance and productivity (Bhagat, 2014, pp. 47–50).

It is important to understand that recognition is not the same as appreciation. Recognition, increasingly seen as part of the employee motivation strategy, focuses on external behavior and, in particular, on employee performance, while appreciation has the greatest positive effect on employees when managers and colleagues offer it. When the employee feels appreciated by the manager and colleagues, his job satisfaction increases (White, 2014).

Therefore, the correct reward of employees shows the value that the company gives to them as human beings.

When people feel appreciated, they happily come to work and do a good job. In addition, when employees know that there are bonuses or commissions, they are increasingly motivated to achieve excellent results for the organization. Managers should know and understand the needs of their employees because when employees are rewarded according to their needs, they are happy and are likely to stay in the company. Adequate compensation is a strong factor for employees to stay with employers.

## **2. Decathlon Production Romania- Case Study**

Our case study presents how Decathlon Company understood to create a correct C&B plan that even in crisis conditions led to employees strongly involved and satisfied at work.

Decathlon Production Romania was opened in 2010 in Romania and is currently fully managing fifteen Finish Good suppliers and many components suppliers from around the world. Currently, the company has 48 employees, organized in teams that are handling one process: bikes, footwear, metal, textile, and one support team.

The core values of Decathlon are Business, Environment, and Human.

“Business: We enable sports by proposing the best value products in Europe

Environment: We reduce our environmental impact to protect the planet and the people  
Human: I'm at the right place to grow: I dare, I learn, I share"

Other important values are transparency, system and process mastery, and continuous improvement logic.

However, the reasons why a coherent system of compensation and benefits was put in place are more comprehensive and, at the same time, fundamental. It can help achieve many goals. Of these, the most important are:

- recruitment and retention of valuable employees;
- encouraging performance;
- stimulating and maintaining satisfaction and motivation;
- aligning the internal salary offer to the market, in a more economical way;
- gaining, in the medium and long term, the loyalty of the employees.

That is why we can say that the very performance and life of the company depends on the ability of design a compensation and benefits system.

Decathlon value their team, their people. So the company put together a compensation package that includes a competitive salary, generous benefits, and even the occasional rooftop happy hour. Among more key elements, they created a compensation and benefits strategy that helps the employees to connect emotionally with the company, they managed to keep the team motivated, and also to attract the right candidates.

Decathlon's core values are very well impregnated in their C&B policy and this is noticeable due to the seniority of some employees who have between seven to eleven years of experience in the company.

## **2.1 Compensation and benefits policy at Decathlon Production Romania**

Regarding how the compensation and benefits are build-up, the company takes into consideration particular characteristics of the employees. For example, age, marital status, number of children, and other particular needs.

The base salary is established based on a salary grid that was built taking into consideration the other competitors' position on the market but also in alignment with the sole purpose of the company: "To sustainably make the sport accessible to the many".

Besides the base salary, other compensation and benefits are the following:

✓ *Bonus from the sales*

The bonus can reach up to 10% from the salary depending on the target reached each month on Decathlon Production. Taking into consideration what was forecasted as a sale vs what was realized at the Decathlon Europe level, a bonus is granted. The bonus is 5% turnover growth and 5% turnover shipped vs budgeted part of the bonus.

✓ *Bonus for Easter and Christmas*

The company offers, twice per year, bonuses for Easter and Christmas, 150 lei net for each employee, and 150 lei net for each minor child that the employee has.

✓ *Meal tickets*

The company offers one meal ticket per day in order to be sure that the employee has one warm meal per day.

✓ *Daytime amount for business trips*

As the majority of the employers need to travel from one supplier to another, the company offers an amount per day spent on business trips, to cover the expenses for food and drinks.

✓ *25% corporate discount on all Decathlon products*

As soon as you reach 3 months in the company you benefit of 25% discount for all Decathlon brand products.

✓ *Profit sharing*

Decathlon chooses to share its profit with its teammates. This is a benefit offered by Decathlon to make its teammates feel like co-owners of the company. It is calculated every year based on the previous year's financial result and it can go up to 8.33% of the previous year gross salary. Each eligible employee can choose to receive the profit-sharing cash or in shares. Basically is about one extra salary.

✓ *Shares acquisition*

The company gave you the possibility, as an employee, to buy shares. For everyone who buys shares for the first time, they have a program called *Abundance*. The abundance is a complementary amount that the company is offering to encourage you to save money and invest them in the Decathlon Group. How abundance works? If you buy at least 5 shares Decathlon is offering 20 free shares (a benefit offered only once to the new shareholders).

✓ *Wellness Programs*

In order to encourage an active life, but also more human interactions between its employees, the company offers multiple possibilities to participate to different sport classes: swimming, football, climbing, squash, TRX sessions and many other sports classes but also gym subscriptions. If minimum of five employees gather to practice the same sport (class), the cost of the class is supported but the company.

✓ *Medical and life insurance*

Each employee benefits of life insurance. This insurance covers 50k lei for death, 3k lei for any medical expenses, covers surgery cost up to 6k lei, all of these if they come up as an emergency. In addition, each employee has a medical package covered at a private clinic, and the possibility to insert up to five more persons, relatives until 3<sup>rd</sup> degree, in the corporate subscription for a small tax per month. You benefit from usual medical bloodwork, tests, specialty consultations, RMNs, X-rays, all supported by the company. Moreover, if someone is included in the subscription they will have the same benefits as the employees.

✓ *Empowerment of employees and recognition*

Everyone is responsible for his or her actions. Employees are like an administrator of their perimeter, so they take responsibility for what it is happening in their area of work.

✓ *Transparency*

Every aspect of the business is treated transparently with the employees. All the economical performances of the production office and at Decathlon United level are presented once per month, for everybody to know what its impact is in the business.

✓ *Personal/Professional growth development plan*

Within the company, every employee has a mission to fulfill. This mission is not fully related to day-by-day tasks. The individual mission has the same three parts as Decathlon United mission: People, Profit, Planet. Each employee needs to take responsibility and actions to contribute to all three axes. For example, you need to have good KPIs in order to fulfill the Profit ax, you need to take some actions in day-by-day tasks that have an environmental impact, and you need to do some human-related project in DP Romania, Decathlon Romania or even at Decathlon Europe level.

✓ *Trainings and certifications*

Decathlon offers a lot of internal trainings because the network is worldwide and the company has many international trainers in all specialties, but also external trainings, that are held by different partners if the internal ones are not what the employee needs.

✓ *International Assignments*

Decathlon offers the possibility to their employees to go and work abroad, in other production offices, or even in stores or warehouses. All you need to do is to wish to have an international experience.

✓ *Relocation packages*

If you decide to work abroad in Decathlon, the company pays for accommodation and a supplementary amount is given for the wellbeing of the employee. Of course, you can travel together with your family if it is the case.

✓ *Offering diversity and multicultural mindset*

As Decathlon encourages international job exchanges, you permanently are in contact with foreign colleagues that are working in Romania. But, also, you work in a well-defined international network, so you encounter people from all around the world.

✓ *Job rotation*

The company gives you the opportunity also to change the job within Decathlon Romania.

✓ *Flexible schedule*

Employees are free to work with the manager and find the best working hours for each one.

✓ *Work from home*

Decathlon gave the possibility of working from home.

✓ *Recommendation bonuses for successful candidates*

If you recommend someone and this person accomplishes over 6 months within the company, you will receive the bonus of recommendation.

✓ *CSR campaigns*

The company, globally speaking, sustain and finance multiple CSR campaigns and help multiple NGOs in their mission.

✓ *Recreational space in the office*

The office has a recreational area, free water, coffee and tea.

✓ *Social gatherings hosted by the company*

Once per month all employees gather for sharing a good laugh, some finger food, but also news and opportunities, lessons learned and all sorts of experiences.

## **2.2. Readjusted C&B policy in the current pandemic context- a challenge for Decathlon Production Romania**

Decathlon positions itself as a people-oriented company, from the employer's point of view. Therefore, in order for the company to be close to their employees, they came with several modifications to their C&B policy. The changes were done due to the economical context that the market is facing, but also to reassure the employees that the company is near them, that they are valued and cherished.

- *Base salary*

One of the most important things that happened is the fact that the company increased the base salary. In order for Decathlon to see how they are positioned on the market, taking into consideration some benchmark companies, they reach out to one external company to evaluate how Decathlon employees are paid based on their job tasks. This study was just finalized in August 2021. After this research, the company considered that wants to be well placed on the market so it decided to give 10% raise for the operational department immediately after the study was done, and another increase on March 2022 besides the annual increase based on performances.

- *Salary adjustment due to high inflation*

In order for the company to come up to the needs of the employees, they offer a 4% salary increase for all employees in order to cover up the inflation that is happening now on the market due to all price raises because of the pandemic context

- *Meal tickets were also adjusted*

In order to come and fulfill the needs of their employees the company raised the amount given from 15 lei/day to 20 lei/day

- *Daytime amount for business trips was increased*

The daytime for business trips in Romania was raised by 60% in order to cover up the basic needs due to price increase in all areas caused mostly by the pandemic.

- *Recommendation bonuses for successful candidates was increased from 700 lei to 1000 lei*
- *Flexible schedule and work from home*

Work from home before the pandemic was about 3-5 days per month. Now the company offers a full-time remote option in order to keep the employees safe. Also, the working schedule was set from 10 a.m to 4 p.m (this was the interval set in which the employees need to be available if some conferences, training, or video calls need to be done).

When the quarantine was active-working from home was one of the highest subjects of interest. Because not all employees were comfortable working from home for very long periods a survey was done in order to see how the employees feel overall and to see what needs to be done post-pandemic.

How the employees are feeling with the new set-up was captured on the three questions.

How do you feel about your productivity when working from home compared to the office working?

43 responses

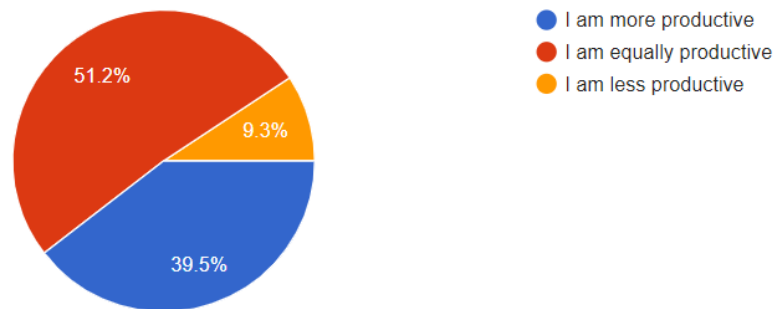


Fig. no. 1-Productivity of the employees on remote work

How do you generally feel about working from home?

43 responses

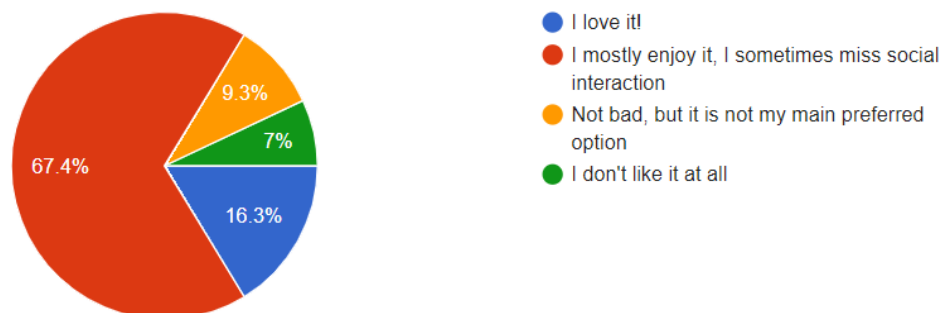


Fig. no. 2- When employees working from home



After the pandemic situation will be over, how would you prefer to work?

43 responses

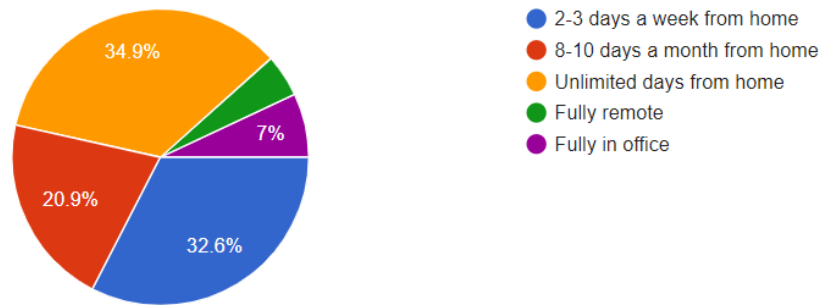


Fig. no. 3- The preference for remote work after pandemic time

The survey conducted by the HR department revealed the opinions which expressed that each team wanted to organize itself.

One other interesting thing is about how they organize social gatherings in pandemics. Once per month the company offers breakfast snacks and the employees talk about personal/professional things and they share good practices, and news within the company, financial situations, and so on. But in the pandemic context, they send packages to each employee's home and they do these gatherings online.

In addition, the company provided free psychological counseling because more and more employees felt excluded, alienated because the authorities recommended working from home.

### 3. Conclusions

Based on the analysis done at the Decathlon level, the results show that the compensation and benefits policy is well adapted to the Decathlon employee needs, and also the company is open to adjusting the benefits according to the new context that we all facing nowadays.

Overall Decathlon Production Romania employees feel much more confident about the company's stability and even though the context is unfavorable for many companies, Decathlon remains strong and cares for its employees.

Decathlon knows that compensation and benefits policies are vital for prosperous and healthy organizations.

And more than that, Decathlon proves that taking into account how the employees are feeling and coming up to anticipate their needs, is one of the ways for growing the employees' loyalty and respect, empathy, and achieving their motivation for performance.

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