



To what extent do workplace perks positively impact employee well-being and psychological health and how does this translate into benefits for the firm?

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Abstract

Perks are additional benefits, beyond the fixed salary, that are provided by the employer to the employees and can be categorized as tangible or intangible. This research paper integrates information and theories from the fields of sociology, psychology, and business management to provide insight into business perks and evaluate how they affect the psyche of employees. The paper then proceeds to analyze how a psychologically happy workforce can benefit an organization. To understand the aforementioned further, the paper conducts an in-depth case study of Google.

Key Words: *Business perks, Intangible perks, Tangible perks, Productivity, Motivation, Employee well-being, Google*

Introduction

Do waterslides in your office increase your profits?

An average person spends around 40 hours at their respective workplace so it's essential to love their job and to feel that their efforts are validated which does not only come through a fair paycheck at the end of the month but also through **business perks** or extra benefits (HiBob, 2021).

Working in a structured organization demands concentration, retention, and dedication which are challenging qualities to keep consistent and hence require immense effort for the best outcome. Company perks are perquisites

employers provide employees to assist them in maintaining high productivity and performance levels. Such perks can be categorized as either tangible or intangible perks whereby the former entails more measurable benefits whilst the latter does not. Some examples of perks are onsite child care, paid time off, flexible working conditions, and health benefits among many others.

When it comes to perks, as mentioned above, the company hiring the employees and providing them perks may benefit in myriad ways including more revenue generation, innovation, and productivity in the workplace. However, the fundamental reason why the company ultimately enjoys these benefits is because of the psychological impact that the provision of workplace perks can have on the well-being and mental health of employees. In light of the aforementioned, this research paper aims to answer the question: ***“To what extent do workplace perks positively impact employee wellbeing and psychological health and how does this translate into benefits for the firm?”***

This research paper aims to integrate theories and knowledge from the fields of psychology, business management, and sociology to thoroughly analyze the impact of business perks on the psyche of employees working in an organization and the consequent benefits created for the business. In order to substantiate the above, the paper also conducts a case study on Google.

An Introduction to Perks

As mentioned in the introduction, when choosing where to work people look for not only the highest salaries and work conditions but also the tangible and intangible benefits that a company has to offer. As per Shillito (2022), tangible benefits are benefits offered by companies and can be described as positive results that can be accurately measured and quantified with standard measurements (iSixSigma, 2022). They are received directly by employees and can be used to recognize good performance, acknowledge length of service, and even promote retention. Some of the tangible benefits are paid time off, insurance costs, salary, and profit sharing. This value is almost always fiduciary and they have a monetary value. In such kinds of benefits, the value of the benefits depends on the person's skill set. For example, doctors receive higher tangible benefits as compared to a fast food worker. Intangible benefits, on the other hand, are much harder to measure as compared to tangible benefits because of their subjectivity - they are derived from how a person views their work and aims to provide job satisfaction to the fullest. They tend to be qualitative and abstract in nature and have a wider effect. For instance, friendly coworkers, flexibility, and a position that matches the worker's skill set are intangible benefits. They are deemed different from tangible benefits; they are not contractual in nature and may even be provided on a one-off basis. Organizations consider them a crucial part of building up the workplace culture.

Overall, tangible benefits provide security but intangible benefits provide fulfillment.

The Psychological Impact of Workplace Perks

When discussing perks, there are strong theories and knowledge from the field of psychology that can be applied to evaluate the psychological impact these may have on the employees receiving them. This section of the paper aims to do the aforementioned.

The Effort-Reward Imbalance

It is human nature to crave validation and social acceptance, we are hardwired to want our fair share, especially in tasks where immense hard work is involved. This can be seen through the findings of an infamous experiment conducted on two capuchin monkeys where they were trained to hand in tokens in exchange for cucumber snacks (Caron, 2023). However, as the experiment progressed and one monkey started receiving frames it was observed that the other monkey would rather have nothing than receive an inferior reward. This behavior is referred to by psychologists as effort imbalance behavior. In further research done on this topic, as per a paper published by Siegrist (2010), the model of *effort-reward imbalance (ERI)* claims that failed reciprocity in terms of high efforts spent on low rewards received in turn is likely to elicit recurrent negative emotions and sustained stress responses in the exposed group. Similarly, positive emotions caused due to deserving social rewards further promote well-being, health, and survival. With regard to a workplace setting, this validation can be seen as fair rewards which can be in the form of compensations, benefits, recognition, money, esteem, and opportunities.

The following are determinants under which the imbalance between high effort and low rewards thrives and is maintained:

- a) Poorly defined work contracts and lack of flexibility in the choice of alternative workplace
- b) Acceptance of this imbalance by employees for strategic reasons
- c) Usually exhibited in people who show signs of cognitive and motivational patterns of coping through excessive work-related commitment also called overcommitment.

Taking the above into consideration, workplaces can provide specific perks that make employees feel as though their effort is being met with some form of reward. For example, a firm providing work-life balance through flexible work arrangements or flexible scheduling can further help employees manage stress by providing more control over their schedules (Kratz, 2022). Around 25% of employees with work flexibility are able to have really productive conversations with HR about their struggles. Only 15% without flexible work options feel the same (Courtney, 2020). Hence the perks promoting work-life balance in turn lead to fewer sick days, more stress-free employees and leading to more productive workers.

Social Identity Theory

Further talking about the psychological impacts of workplace perks, we talk about the *social identity theory* which was proposed by Tajfel and Turner (1979) whereby they proposed that the groups that people belonged to were important sources of pride and self-esteem. This can further be translated by saying that social groups provide us with a sense of identity through (McLeod, 2023):

- a) Belonging - in relation to feelings of connection and unity that provide comfort to the individual and make them believe that they are not alone in a particular situation.
- b) Purpose - often groups have common goals and aspirations which at times may be the core basis of the formation of the group, providing a sense of direction and purpose to individuals or guidance.
- c) Self-worth - being a part of a group can boost an individual's self-esteem closely related to belonging and deriving a sense of pride from the achievement of the group and positive group image. For example, in a football team, all the players take immense pride in winning for the team, even if they did not play throughout the match
- d) Identity - groups, through integrating common beliefs, help provide a framework that further helps individuals understand themselves and provide a sense of identity.

Workplace relations are vital. As per an article published in Forbes by Ford (2022), it is found that social banter in the office can be uplifting. It also helps to foster a feeling of connection amongst employees. Such connections are essential for effective teamwork. Casual conversation from time to time can ease stress regarding work such as deadlines as employees feel connected with other people going through a similar situation. This strong bond helps to form the foundations for productive collaboration during difficult meetings and projects. In order to ensure that the employees are able to connect and identify themselves with the workplace, the firm needs to be organized and has to offer balancing perks such as after-work happy hour, weekend barbecues, or family sporting events, to build employee relations resulting in a more trusting and productive workforce (Ford, 2022).

Maslow's Hierarchy of Needs

“Recognition is a short-term need that has to be satisfied on an ongoing basis – weekly, maybe daily,” says Jim Harter (Chen, 2023)

Recognition is an essential human need that helps motivate us humans to achieve our goals more efficiently in both personal and workplace environments, we further understand this through the means of *Maslow's Hierarchy of Needs* (McLeod, 2024) - a psychological motivational theory that comprises a 5 tier model in a pyramid formation, representing various hierarchical levels. Here the lower levels depict basic needs for survival and for humans to live a decently good life. The fulfillment of these needs is necessary before moving on to the set of higher needs, the highest being Self-actualisation. According to Maslow, the higher we move up the hierarchy, the more difficult it is to satisfy the need that is associated with that stage.

Each of these levels can be elaborated within the context of an organization as seen below (Chen, 2023):

- It is evident that when workplaces provide employees with stable incomes, it fulfills the needs at the base level known as psychological needs which are referred to as biological necessities for survival i.e. food, water, shelter, etc. It allows the employee to purchase essential items to live a decently good life.
- Next are safety needs which allow humans to feel safe and secure, an extension to physiological needs as in a workplace safety need is provided through the perk of providing financial security through job security. Inducing a sense of order, financial security, health, and overall well-being.
- Higher in the pyramid Maslow emphasizes the principle need for strong interpersonal relationships that give rise to behaviors including friendship, trust, and acceptance. These are also known as Love and belongingness needs closely integrated with the need to be accepted into a community. In a workplace setting there is a trusting relationship between colleagues and the manager that makes working in that organization increasingly enjoyable for the employees, causing them to put in more effort and concentration into their work.
- One of the higher needs in the pyramid is esteem needs, it is divided into two parts which are: esteem for oneself - the craving for dignity, achievement, and independence - and the desire for respect from others and a good reputation. Organizations can fulfil this need by not micromanaging and providing their employees with much-needed independence
- The top of the pyramid is home to the self-actualization needs - described by Maslow as the “Desire to accomplish everything one can, to become the best that one can be.” Reaching self-actualization needs is extremely rare and different for different people as it can be translated in many ways economically, academically, athletically, or creatively. In a work environment if employees reach even a small degree of self-actualization it provides them with motivation to do more and generates a willingness to go above and beyond for a cause they believe in.

Perks such as recognition programs can be integrated into the workplace to start meeting the higher needs of the pyramid. For instance, recognition helps create stronger bonds of trust due to the Oxytocin being released following receiving recognition (Dameron, 2022). This strengthened bond of trust leads to better working conditions. Moreover, a small part of the brain often referred to as the amygdala is known to be the emotional center, responsible for helping us process strong emotions. Generally, less activity in the amygdala indicates lower stress levels which is ideal. Recognition reduces amygdala activity in the brain by providing a feeling of peace, safety, and security - all fulfilling safety needs, love, and belongingness needs well as esteem needs (Dameron, 2022). Even perks such as hosting skill training sessions and events can help employees learn necessary workplace skills but beyond that, it makes them more confident in their work and knowledge which may once again satisfy their esteem needs as they feel that they have achieved more but also help them achieve self-actualization needs, particularly if they are driven by professional competency.

Endorphin Release

The perk of company-sponsored gym membership entails subsidized gym membership for employees, providing easier access to the facility. It also depicts a commitment to employee health by the firm. Usually, these gym memberships provide more than just gym facilities and also include access to saunas, massages, and other amenities that provide relaxation. Since this perk makes it easier for employees to go to the gym, it facilitates the incorporation of exercise into their daily routine. Exercise has many benefits for the physical and psychological health of employees. For instance, exercise can help reduce the risk of chronic diseases like heart disease, diabetes, and high blood pressure. This is because by being more engaged in physical activity the heart remains in good health, which also reduces medical costs for the employees. One extremely important aspect of regular exercise is the *release of feel-good hormones* also known as endorphins which alleviate symptoms of stress, anxiety, and depression (*BetterYou, 2024*). This further helps with stress management hence promoting positivity in the workplace.

The Importance of Having a Psychologically Happy Workforce

Providing special perks to employees is a huge financial commitment for any business big or small alike. However, as analyzed in the previous section, the offering of business perks has many psychological benefits for employees. So, what are the benefits for businesses that have psychologically happy employees? Most importantly employee benefits provide satisfaction. Workers are more likely to feel content and engaged in their role in the organization if they feel that their employers care about their health and well-being (Iqbal, 2021). The aforementioned is also more likely to create a sense of loyalty whereby employees are more likely to invest their future in a firm and by relation care more about the company's success (Gannes, 2023). For instance, research shows dissatisfied employees are four times more likely to leave their jobs than their satisfied peers (Schooley, 2023). Also, a happy workplace and happy employees will help with attracting top talent. This is a key requirement in a competitive job market.

Coming back to the point of “huge financial commitment” in many countries, businesses providing perks to their employees enjoy tax advantages from the government. They help save money while providing valuable benefits. It may also be argued that businesses indirectly save money as perks often lead to increased productivity and a positive workspace (Iqbal, 2021). For instance, The University of Warwick found that workplace bliss leads to a 12 percent increase in productivity (Schooley, 2023). Furthermore, other research confirms the same finding that happy employees are up to 13% more productive (Eletive, 2022). Therefore, when employees feel their physical and emotional needs are supported, they are better equipped to perform at their best. These needs are taken care of by gym memberships, flexibility in work schedules, wellness programs, etc. Moreover, unhappy employees tend

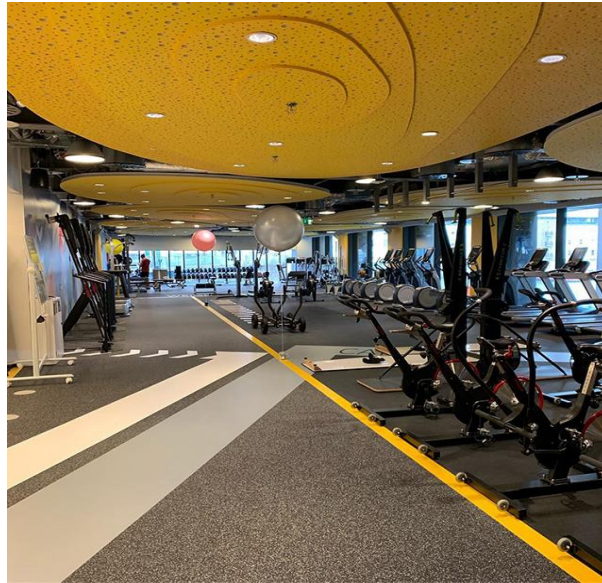
to have an increased absenteeism rate (Schooley, 2023). On the other hand, happy employees are excited to work and will likely show up to work consistently.

A Case Study of Google

“Our mission is to **organize** the world’s **information** and make it **universally accessible** and **useful**”.

Google, founded in 1998 by Sergey Brin and Larry Page, is an American search engine. It is one of the world’s most prominent brands and 70 percent of the worldwide search requests are directed through Google (Hall, 2024). In the year 2020, Google employed around 135301 people (Bosze, 2024). In the same year according to Google, the Google employee satisfaction score was around 85 percent (Murambinda, 2023) - one can assume this high score is primarily because of the perks offered by Google that are considered to be some of the best in the world.

Google offers all its employees medical insurance which is customisable in nature to cover medical costs for employees, their spouses, or any dependents that they may have. Other than herbal healthcare, basic vision, and dental care are also taken care of by the company. One of the most impeccable points to note regarding this perk is the on-site medical staff ensuring well-being at the workplace at all times. Other than the provision of healthcare, Google also caters to the health of the employees by providing additional perks such as access to gyms or gym memberships. According to a study by the University of California, Berkeley, employees using the onsite gyms provided as a perk were more likely to report being in good health than those who did not use the amenities and those exercising were reportedly less prone to stress and burnout (Murambinda, 2023). So Google, through this perk, has been able to provide a physically and mentally healthy workplace that can deliver results. Elaborating on mental well-being further, Google also provides employee assistance programs focused on mental health support. Even the free access to mental health apps highlights the genuine dedication of the company to fostering a supportive and caring environment (Infoskilled, 2023).



*Image of the gym opened at Google's Dublin office
(Schwartz, 2019)*

Other than healthcare, Google's dedication to work-life balance is evident through several policies implemented. For instance, the company encourages their employees to concentrate 20 percent of their work time on personal projects. Moreover, they provide options for flexible working such as up to three months of unpaid leave allowing the employee to turn their dreams into reality and pursue their personal interest. Additionally, up to 12,000 dollars in tuition support and educational assistance programs allow employees to take that first step into their journey of learning (Infoskilled, 2023). Other than the generous unpaid leave and financial support for educational endeavors, on a day-to-day basis, the company also offers flexibility. For example, in recent years Google has introduced a hybrid mode where physical presence at the office is only mandatory for 2-3 days (Murambinda, 2023). Additionally, Google greatly values family time and so offers both parents leave. As part of this, the paternal leave is 6 weeks long whilst maternal leave is 18 weeks long (Infoskilled, 2023). Along with this they also have quality on-site daycare facilities ensuring a smoother transaction back to work.

Other than the basic perks, the company also provides additional and exciting perks to their employees including the availability of a never-ending supply of gourmet food and snacks stocked at the office premises. The employees are extremely well-fed and provided with a variety of healthy options across all three meals, breakfast, lunch, and dinner. As per an employee, such a perk “saves them time and money and helps them build relationships with their colleagues” (D'onfro and England, 2015).

Looking at many reviews given directly by “Googlers” it is evident that Google's perks, stated above, are definitely successful in maintaining the standard of employee happiness worldwide in all offices (Bhola, 2021). Overall,

there is a consensus that all the perks are well appreciated, evident in the reviews obtained such as “Food, Company Perks and Insurance were the best” as well as “Flexibility and good environment for steady growth”.

Conclusion

Beyond the basic pay that an employee receives after working certain hours a week, there remains a growing desire to achieve more satisfaction. Fulfilling this satisfaction can also be seen as receiving extra benefits or perks from the employers. The main aim of this research paper was to analyze business perks and how they affect the psyche of employees as well as evaluate the benefits to organizations of a psychologically happy workforce.

When we talk about the psychological impact of perks on employees, in-depth research on various different psychological and sociological theories was conducted providing clarity on how different perks have different psychological impacts on employees. Primarily, the effort-reward imbalance theory explains how employees may tend to feel an imbalance between their input of work and the rewards they receive in exchange, leading to unhappy and discouraged employees - this makes it essential for companies to provide business perks, such as flexible schedules, to ensure that employees feel valued and eliminate the issue of effort-reward imbalance. Social identity theory helps explain how events held for employees and after-work happy hours allow employees to form an identity through the group of people they can socialize with - an important source of pride and self-esteem. This aforementioned results in a more trusting workforce leading to higher results of productivity. Moreover, Maslow's hierarchy of needs demonstrates a complex pyramid of needs from basic to self-actualization needs. Organizations can often help their employees reach higher levels of needs by providing recognition programs which can cause the release of oxytocin, fulfilling esteem needs and love and belongingness needs as well. Lastly, health-related perks help keep employees healthy and energetic, for instance, exercising results in the release of endorphins also known as happy hormones translating to happier and more satisfied employees. So, it can be said that workplace perks positively impact employee well-being and psychological health to a great extent.

Additionally, a psychologically happy workforce, translating to a psychologically happy workplace, ensures loyalty from employees and also attracts top talent. Moreover, it can also lead to a heightened sense of creativity while working which can enable some impressive innovations. Overall, the provision of perks does not only benefit employees but instead the employers as well. This may be evidenced using the case study of Google whereby it is clear that Google's provision of myriad perks, catering to different requirements of employees, allows the company to maintain a happier and more efficient workplace which translates to a positive company reputation and a desire for talent to work with the company.

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