SALARY BENEFITS VERSUS SALARY INCREASES. WHO BENEFITS: THE EMPLOYEE OR THE EMPLOYER?

LILIANA BUNESCU, ADELINA DAMARIS DAMIAN *

ABSTRACT: *This research aims to analyse the impact that salary benefits and salary increases have on the employer, employee, and the state. The main objective of the research is to identify the preferences of each party involved. The objective is pursued by answering three main questions: What does an employee prefer: salary benefits or salary increases? What implications do these have for the employer? How is the state budget affected? To find answers to the above questions, both qualitative and quantitative methods are used. The qualitative analysis uses a questionnaire, while the quantitative method involves a case study of a company in the logistics sector. The results of this research show that employers prefer offering salary benefits instead of direct increases due to the fiscal advantages, while employees tend to strongly favour direct salary increases. The salary package must be adapted to the needs of the employee to maintain motivation and loyalty towards the employer. Thus, the study provides a perspective for future research on optimizing the current salary package in a sustainable manner for all parties involved.*

KEY WORDS: *salary benefits, salary increases, salary advantages, salary package*

JEL CLASSIFICATIONS: *E24, J33*

1. INTRODUCTION

Salary benefits or salary increases are a real whirlwind of information. If, some years ago, the salary was a clearly defined concept and salary benefits had a minor impact, the situation has radically changed today. Traditionally, salary benefits included a few standard options: meal vouchers, holiday bonuses. Currently, salary benefits refer to a broad range of products that an employer can integrate into the employee benefits package: private health insurance and private pensions, various bonuses and subscriptions to services, gym memberships, work from home, casual

* *Assoc. Prof., Ph.D., "Lucian Blaga" University of Sibiu, Romania,* liliana.bunescu@ulbsibiu.ro
Master Student, "Lucian Blaga" University of Sibiu, Romania, adelinadamaris.damian@ulbsibiu.ro

dress codes, e-book subscriptions, professional training programs. Salary benefits can divide in monetary benefits (bonuses, incentives) reliably correlate with job satisfaction, motivation, and retention, and non-monetary benefits (health coverage, flexibility, career development, recognition) which can have a stronger effect than pay on overall job satisfaction and engagement. Periodic salary increases also remain in trend, perceived by employees as a sign of appreciation from the employer.

A real challenge for employers is building a motivating salary package for future employees. With the onset of the pandemic, the labour market underwent significant changes, adopting diversified solutions such as hybrid work and digitalization. These changes made employees pay more attention to salary benefits, making the labour market increasingly competitive. The current research aims to explore this aspect and provide clear answers to the following questions: What does an employee prefer: salary benefits or salary increases? What implications do these have for the employer? How is the state government affected? Employee's compensation is a highly current issue, especially today, as the labour market has experienced major transformations across various industries. Financial difficulties faced by employers have led them to place greater importance on the salary benefits offered. There is a lot of talk about salary benefits, but what do the numbers say? Analysing how salary benefits influence employee performance and satisfaction has become essential as more organizations invest in developing flexible work environments and prioritizing employee health and wellbeing.

This paper proposes a multidimensional approach, aiming to explore not just the financial side of salary benefits and increases, but also their effect on the employee experience. In particular, the research will focus on the current labour market reality, where companies have had to increase offered packages to meet different requests and demands. A novelty of this study is the use of a case study within a private company that offers a wide range of salary benefits, to understand how these benefits influence all three involved parties: employee, employer, and the state. The main objective of the research is to analyse these two forms of compensation – salary benefits vs. salary increases – and identify which are more advantageous for the employee in the current labour market, what implications they have for the employer, and how they affect the state.

The next section will present the literature review; section 3 outlines the research methods used to achieve the paper's objectives and the justification for their selection. Section 4 presents the findings of the research, including the analysis of collected data and employee perceptions of benefit packages. Section 5 focuses on interpreting and comparing the results and the final section is dedicated to conclusions and recommendations on the topic.

2. LITERATURE REVIEW

In recent years, specialists' focus on wage policy has significantly increased attention to benefits such as private health insurance and contributions to private pension funds mainly addressing health, wellness, income growth, and financial visibility or performance. The concept of "workplace wellbeing" has proven to be more than just a trendy human resources (HR) term, it significantly impacts company productivity. Studies by the University of Warwick in the UK and the iOpener Institute show that employees' physical and mental wellbeing improves productivity (De Neve et al, 2023). According to the 2022 report by the Society for Human Resource Management (SHRM), about 60% of employers want to use salary benefits as a strategic tool to attract and retain staff. HR organization websites highlight the flexibility and ease of personalizing benefit packages as key advantages. A study published by Towers Watson in 2021, based on over 8 million professionals in 8 different industries, also indicates that employees perceive benefits as an extension of the total value provided by employers, especially during economic uncertainty. Salary increases have been primarily analyzed from the economic sustainability perspective. Researchers show that while salary increases can boost employee motivation and productivity, they may also create financial pressure for employers, particularly in lower-margin sectors. The HR Total Rewards Model (AIHR, 2023) integrates direct salary components (base pay and increases) with indirect benefits and non-financial rewards to maximize perceived employee value. This model is popular in multinational companies where employees need to vary widely. For example, in the IT industry, employers provide competitive salaries along with private health insurance, remote work options, and professional training programs boosting employee retention and talent attraction. An additional economic aspect influences the choice between benefits and salary increases. In times of economic growth, employers are more open to raising wages, while during recessions, salary benefits with lower fixed costs are preferred. Hence, reward strategy flexibility becomes a competitive advantage. While salary increases offer direct and visible rewards, salary benefits enhance the overall employee experience by providing long-term support and security.

Researchers have often assumed that the more valuable employees perceive a benefit to be, the greater its impact on their attitudes and behaviours. One major role of salary benefits is that they increase employees' job satisfaction. Traditionally, two methods have been used to assess benefit value: assigning a monetary worth and relying on employees' self-reported importance of the benefit. Weathington B. L. and Jones A. P. (2006) argue that these methods are conceptually different and carry distinct implications. Their findings indicate that each method is useful depending on the type of exchange between employer and employee. The relevance of each approach varies with the specific benefit and the employee's level of satisfaction—some benefits are best evaluated in financial terms, while others are better understood through nonmonetary perspectives.

Dipsweta P. (2024) examinates the impact of salary benefits on employee performance and identifies which types are most effective in motivating and enhancing productivity. Understanding the role of motivation in the workplace is essential before exploring the various rewards and benefits companies offer. Monetary incentives are straightforward, involving measurable financial gains, while non-monetary incentives may include tangible gifts or valuable opportunities. Incentive programs play a crucial role in boosting productivity, with evidence showing they can retain up to 66% of employees and improve performance by 44%. Reward systems are recognized as a powerful tool for shaping employee behavior. A recent study, published by Figueiredo

E. et al (2025) presents a systematic review of 61 articles focused on reward systems within organizational settings, using the PRISMA protocol and data from three academic databases. Their review highlights a notable rise in research output following the pandemic. The findings contribute valuable insights for both academia and industry, revealing how reward systems support intellectual capital management, encourage knowledge sharing, and drive innovation.

Salary benefits have a significant impact on employers and their overall expenses. By offering them the employer increase operational costs, but it may be seen as investments which often lead to long-term advantages. Although salary benefits represent a financial burden initially, they can ultimately improve profitability by fostering a stable, loyal, and efficient workforce that supports the company's strategic goals. An empirical investigation done by Liu X. et al (2025) examined the influence of employee compensation structures on corporate performance and the moderating effects of ownership concentration. They used a sample of Chinese publicly traded companies from 2011 to 2022. Their findings show that employee remuneration exhibited a positive correlation with organizational performance. The effect of employee remuneration on the performance of state-owned and private firms varied. Ownership concentration influenced the correlation between employee remuneration and corporate performance.

When executive compensation and employee conditions improve concurrently, corporate performance enhances. Herr R.M. et al (2022) used matched employer-employee data to investigate the relationship between an employee-friendly workplace and workers' job attitudes (engagement, commitment, turnover intentions, and job satisfaction) and health. They found that the employees of the employee-friendly businesses are healthier, more engaged, and more motivated. Employee-friendliness of companies has been established as a significant factor in determining favorable job attitudes and employee health. It is “mutual gains perspective”.

Salary benefits and salary increases are complementary, each offering distinct advantages and addressing different needs. The optimal choice depends on organizational goals and the economic context. Further research will analyze how these theories apply in a specific company and their impact on both employees and employers.

3. RESEARCH METHODOLOGY

In this study, a quantitative method was chosen for data collection because it provides the possibility of obtaining objective, measurable, and comparable information that can be analyzed using specific statistical techniques. At the same time, the questionnaire also allowed for the collection of qualitative data, as the responses provided by company employees were interpreted based on their individual perceptions and experiences. To ensure the relevance and validity of the results, the research targeted a sample of approximately 65 randomly selected employees at different career stages, of various ages, and occupying various positions within the company. The sample was selected to reflect the workforce's diversity in terms of education level, job roles, and types of employment contracts. The questionnaires were distributed in physical format to employees, and were later centralized and processed in Excel. The case study is conducted within a logistics company employing approximately 75 people. The company was chosen because it offers its employees a wide range of salary benefits, such as private health insurance, voluntary pensions, professional training courses, occasion-based bonuses, referral bonuses for recommending new candidates, financial incentives for consistent attendance, and additional leave days. The data analyzed was collected from the company's accounting documents, including financial reports, tax statements, and payroll records. The case study was conducted only after obtaining management's approval, and access to essential internal data was granted under strict confidentiality. The database analyzed includes information on salary trends, benefit structures, financial reports, and more.

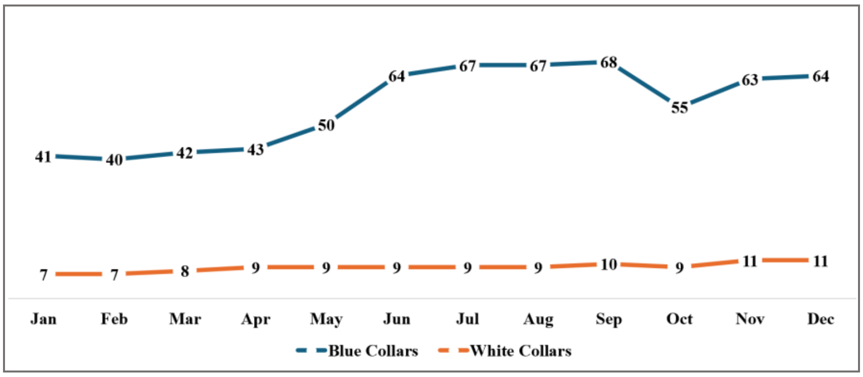
The study analyzed whether employees with higher incomes are more inclined to choose salary benefits over salary increases, or whether the type of reward received significantly influences job satisfaction. Furthermore, the study aimed to gain insights into measures employers could adopt to improve team retention and performance by exploring the link between compensation strategies and loyalty levels.

4. RESULTS

To address the questions formulated in the first part of this paper, a case study was conducted within S.C. CLC S.R.L., a company operating in the logistics sector, whose main activity according to CAEN code 5210 is warehousing. The company is headquartered in Maramureș County and has a share capital of 2,000 RON divided into 2,000 shares. Currently, the entire capital is owned by S.C. LGC.R.L. based in Bucharest. Initially, in 2013 when it was founded, the company was owned by the German company HTM GmbH. As of February 2024, LGC Bucharest took over full ownership under the management of sole administrator. This case study allows for a detailed analysis of the company's economic and financial evolution in 2024 to provide clear answers to the three key questions.

Regarding the company's structure, employees are divided into two categories: "white collars" (TESA employees such as the general manager, deputy director, economist, IT specialist, logistics department head, logistics coordinator, and warehouse manager) and "blue collars" (all employees in the operational department, such as shift supervisors, manual packers, forklift drivers, labeling machine operators, goods handlers, and cleaning staff).

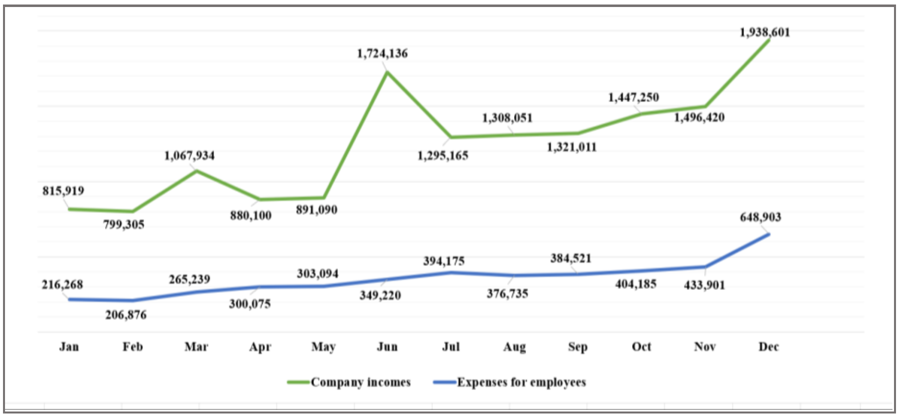
Figure 1 illustrates the changes in these two employee categories from January 2024 to December 2024. A significant increase in staff numbers is noticeable after the company's acquisition by the new ownership. While the company started 2024 with 48 employees, the number fluctuated between 65 and 75 from June onward. The number of white-collar staff remained relatively stable throughout the period, while major fluctuations occurred among blue-collar workers, as depicted in the graph.



Source: Own contribution based on internal company data

Figure 1. Employee fluctuation

A key part of this case study is the cost associated with personnel. Since the workforce nearly doubled from early 2024 to mid-year, personnel costs increased significantly. At the same time, the rise in staff numbers resulted from increased business activity and, consequently, higher monthly revenues. As shown in Figure 2, changes in monthly revenue during 2024 are highlighted. Personnel costs rose proportionally with revenue, maintaining a relatively constant share of 30-35% of total revenues throughout the period. The only month where personnel costs accounted for less than 30% of total revenue, specifically 20%, was June, due to a significant revenue increase that outpaced personnel cost growth. This trend did not continue in subsequent months, returning to the usual percentage.



Source: Own contribution based on internal company data

Figure 2. Revenue and personnel cost fluctuations

A detailed analysis of personnel costs during 2024, shown in Table 1, indicates that from March onward, the company began focusing on offering extra-salary benefits such as private medical insurance and third-pillar private pensions. Also, after surpassing the 50-employee threshold, the company became obligated to pay additional tax contributions from legal entities for supporting people with disabilities. The benefit of meal vouchers was maintained, and from February, a new cost type appeared: employee education expenses offered as a benefit by the company. These benefits were introduced after the company's acquisition by the new management to reduce staff turnover and recruitment costs.

Table 1. Personnel expenses

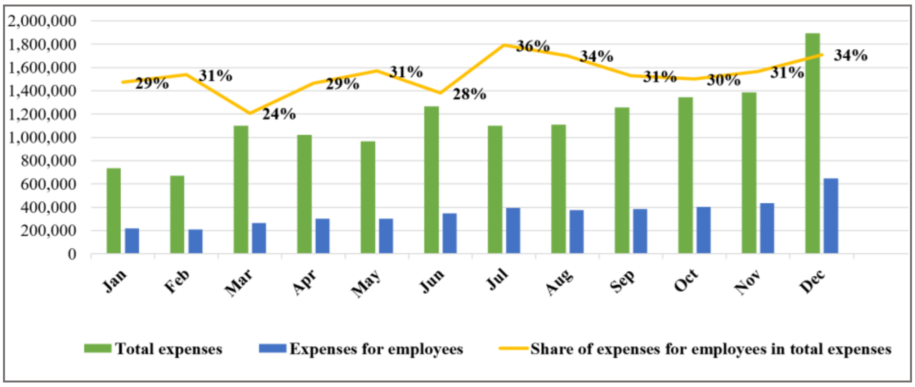
Period	Expenses for employee salaries	Expenses for employee training	Expenses for employee vouchers	Expenses for labor insurance contributions	Expenses related to insurance and social protection and expenses for tax obligations
Jan-24	216,268	0	27,720	4,807	3
Feb-24	206,876	350	25,515	4,602	151
Mar-24	265,239	4,184	28,630	5,890	5,640
Apr-24	300,075	66	32,270	6,640	18,140
May-24	303,094	350	32,725	6,596	13,975
Jun-24	349,220	6,100	39,830	7,587	10,427
Jul-24	394,175	3,000	50,540	8,644	9,185
Aug-24	376,735	3,200	44,730	8,369	9,036
Sep-24	406,019	1,200	46,795	8,858	13,696
Oct-24	404,185	4,686	52,640	8,784	17,240
Nov-24	433,901	200	49,315	9,644	19,001
Dec-24	648,903	600	40,530	14,434	50,867

Source: Own contribution based on internal company data

Given the specific nature of the company's activities, it records a series of operating expenses each month, with a significant portion represented by packaging costs. These expenses are essential for the company's operations; packaging consumption not only affects operational costs but can also be a key factor in its commercial strategy. At the same time, personnel expenses account for a major share of total costs. These include salaries, bonuses, social contributions, and other employee-related benefits and represent a significant percentage of monthly expenses. To retain qualified and motivated staff, the company maintains stable salary costs, occasionally increasing them as the business expands.

Regarding the distribution of expenses, Figure 3 shows that the company maintains a constant percentage of personnel-related expenses out of total expenses. This reflects effective human resources management, indicating that regardless of variations in other operational expenses, the company maintains a balance in salary-related costs. This suggests that the management has a well-defined strategy and plans the budget in advance to optimize resources and ensure sustainable development.

July 2024 percentages result from the increase in the gross minimum wage, while the high percentage in December stems from extra-salary benefits offered during the month. In addition to regular meal vouchers, health insurance, and private pensions, December includes Saint Nicholas bonuses for parents, Christmas bonuses for all employees, and the 13th salary. Throughout the year, the percentage remains stable, between 25% and 35%. Although 2025 brought new regulations regarding the national minimum wage, requiring the company to raise wages for employees earning the minimum, it still maintained an optimal personnel expense ratio of 36%.



Source: Own contribution based on internal company data

Figure 3. Analysis of Personnel Expenses in Total Expenses

The following analysis breaks down monthly salary costs and compares direct salary increases versus the provision of extra-salary benefits. At the beginning of 2024, the gross minimum wage in Romania was 3,300 RON/month. It should be noted that with the entry into force of Government Emergency Ordinance No. 92/2020 in 2021, employers are required to raise the salaries of employees with less than two years of experience above the minimum wage. This measure was introduced to support employees and reduce excessive reliance on the minimum wage (Government of Romania, 2020). As of July 1, 2024, the gross minimum wage increased from 3,300 RON to 3,700 RON, a 12.12% raise that created additional costs for employers. Although this increase benefits employees in the current economic climate, it poses financial challenges for the company.

As illustrated in Table 2 and previously mentioned, meal vouchers are exempt from CAS contributions (pension contribution). For these amounts, only CASS (healthcare contribution) and income tax are paid, both at a flat rate of 10%. The remaining payment includes net salaries and the value of vouchers. If we simulate a scenario where the gross value of meal vouchers is added to the total gross salary, it will increase CAS contributions, resulting in a lower net income for the employee or higher salary expenses for the company if it wants to maintain net income levels. If the gross value of meal vouchers is added to total salary expenses, then CASS amount remains unchanged since it is calculated on the same gross total as before (salary expenses plus gross voucher value). The difference is mainly in CAS, which increases by 6% to 13%. While meal vouchers are normally exempt from CAS, including them in salary triggers CAS on this added amount. The income tax, in turn, decreases by the same percentage as the CAS increase, as the tax base is reduced by the additional CAS amount. In conclusion, adding the value of meal vouchers to gross salaries reduces employees' net income by approximately 3-4%.

Table 2. Analysis of salary contributions

Month	Total gross salaries	Of which Health-care Budget	Expenses for vouchers	Personal deduction	CASS	CAS	Tax on salaries	CAM	Net salaries
Jan-24	216,268	2,640	27,720	15,367	54,067	24,399	15,016	4,807	150,507
Feb-24	206,876	2,357	25,515	11,873	51,719	23,239	14,556	4,602	142,877
Mar-24	265,239	3,921	28,630	13,017	66,310	29,387	18,516	5,880	179,657
Apr-24	300,075	4,961	32,270	12,368	75,019	33,235	21,172	6,640	202,919
May-24	303,094	9,920	32,725	14,248	75,774	33,582	21,222	6,596	205,242
Jun-24	349,220	12,000	39,830	16,513	87,305	38,905	24,633	7,587	238,207
Jul-24	394,175	9,037	50,540	24,099	98,544	44,472	27,760	8,666	273,940
Aug-24	376,735	3,044	44,730	29,908	94,184	42,147	25,523	8,408	259,612
Sep-24	406,019	10,749	46,795	26,073	101,505	45,281	27,995	8,894	278,032
Oct-24	404,185	12,446	52,640	26,359	101,046	45,683	28,374	8,814	281,723
Nov-24	433,901	4,802	49,315	18,424	108,475	48,322	30,800	9,655	295,620
Dec-24	648,903	7,352	40,530	5,815	162,226	68,943	45,245	14,435	413,019

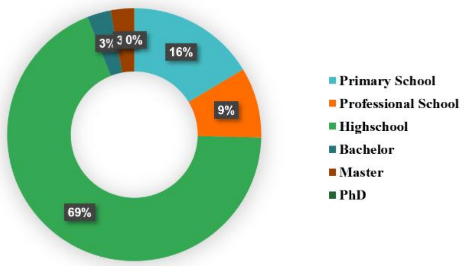
Note: CAS (pension social contribution) = Gross salaries × 25%, CASS (healthcare social contribution) = (Gross salaries + Meal voucher expenses) × 10%, Income Tax = (Gross salaries + Meal voucher expenses – CAS – CASS – Personal deductions) × 10%, CAM (employer's insurance for work = (Gross salaries – Medical leave from FNUASS) × 2.25%
Source: Own contribution based on internal company data

Regarding the provision of other extra-salary benefits such as bonuses for various events, private health insurance, third-pillar pensions, and reimbursement of professional training expenses—these are not subject to taxation and are not included in the calculation base for CAS and CASS contributions, in accordance with the Romanian Fiscal Code (Law no. 227/2015). Bonuses given to employees for specific events are exempt from income tax and social contributions (Fiscal Code, 2015) and are 100% deductible for the employer if granted within the limit of 300 RON per employee or per employee's child. All employees received 300 RON bonuses during the Easter and Christmas holidays. Parents also received additional bonuses on June 1st and at the start of the school year. Female employees received a similar bonus on March 8th. Private health insurance covered by the employer is also regulated by the Fiscal Code, with a maximum deductible amount of 400 euros per employee annually. These insurances are tax-exempt and excluded from the calculation base for social contributions. The company pays 100 RON/month per employee to Allianz Țiriac for private health insurance, staying within the annual limit. Third-pillar pensions, like private health insurance, are deductible up to 400 euros annually per employee. Amounts exceeding this cap are taxable and included in the social contribution base. The company pays 160 RON/month for some employees under this pension plan.

The Fiscal Code does not cap training expense values, and such expenses are fully deductible and non-taxable, provided they are justified and related to the company's activity. Thus, offering these extra-salary benefits helps the company avoid additional tax and contribution costs. These savings benefit both the employer and the employee. Additionally, by offering these benefits, employees enjoy a more attractive salary package, enhancing their motivation. Salary benefits are an efficient solution for employers, both in terms of fiscal optimization and employee attraction and retention. Considering the above, salary benefits reduce the state's tax revenue, as these amounts are not taxed and excluded from the social contribution base. This indicates a decrease in collected amounts. However, the state supports these benefits because of the long-term advantages they offer to employees and the economy. Therefore, even if the state temporarily forgoes some tax revenue, it invests in a more prosperous future.

With answers already obtained for the latter two questions posed at the beginning of this study, attention now turns to the first and main question: What does an employee prefer: salary benefits or salary increases? This question represents the core objective, making employee opinion crucial. To reach a conclusion, a printed questionnaire was distributed to employees. The responses were anonymous to ensure confidentiality and honesty key elements for obtaining relevant data. The questionnaire was designed to gather relevant insights into employees' perceptions of their current salary packages and their preferences between salary benefits and salary increases. The survey shows the company employs people of all age groups, most between 25 and 35 years old. Most respondents were male (67.2%).

Regarding the education level of the employees, Figure 4 shows that the majority percentage is held by staff with high school education 68.7%, followed by staff with middle school education 16.4%. Considering the field in which the company operates, this justifies the level of education of the employees, as a higher level is not necessary. Additionally, considering the high percentage of staff without higher education, it can be considered that offering professional training programs could be attractive to them.

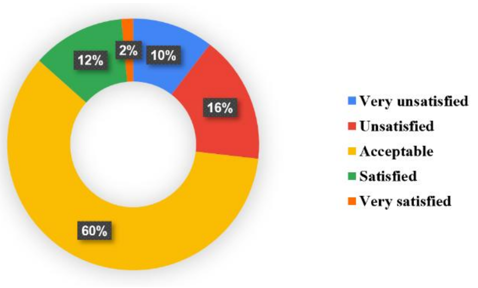


Source: Author's own contribution

Figure 4. Graph on the education level of employees

The company is facing a high turnover rate, as can be seen in Figure 5, where 58.2% of its employees have less than 1 year of service. We can say that this fluctuation is due to the level of employee satisfaction, which according to the obtained data is mainly *Acceptable* (59.7%). In this chart, it is also noted that a percentage of 10.4% is *Very dissatisfied* with the current salary level and 16.4% *Dissatisfied*. These percentages are relatively high and generate staff turnover for the company. This discontent can also be generated by the fact that sometimes employees end up overestimating themselves, ending up with unrealistic expectations. Additionally, they can also stem from the fact that most of the time they compare their results with those of their colleagues or with those of other people outside the company.

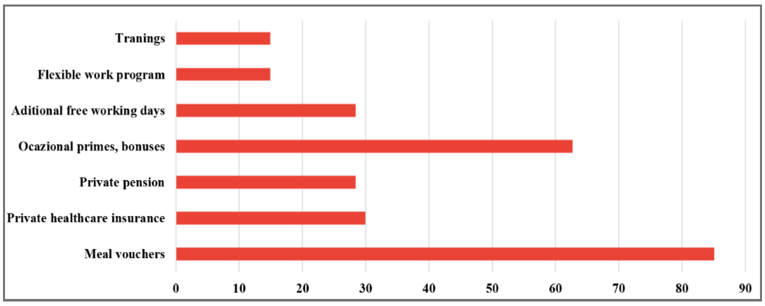
There is a preference among the staff for meal vouchers and occasional bonuses and incentives. There is a noticeable preference among the staff for meal vouchers and occasional bonuses and rewards.



Source: Author's own contribution

Figure 5. Employee satisfaction level related to salaries

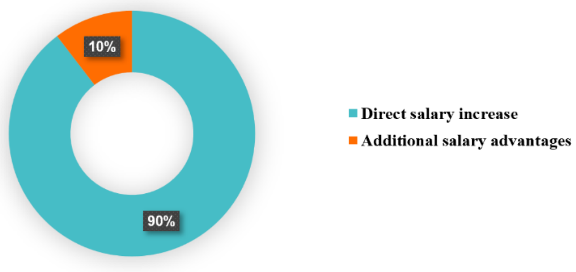
In Figure 6, it can be observed that employees who prefer professional training courses are at a relatively low percentage (14.9%), even though their level of education is not high. Thus, a lack of interest, a low perception of the importance of continuous education, or a low motivation towards personal and professional development can be observed. An explanation for this lack of interest could also be that they consider these courses to be irrelevant to their positions within the company.



Source: Author's own contribution

Figure 6. Graph on employee preferences regarding salary benefits

In the perception of employees, salary benefits do not play as important a role as salary increases. They find a direct salary increase much more motivating and satisfying compared to offering other salary benefits (89.6% of employees in Figure 7).



Source: Author's own contribution

Figure 7. Employee preference between salary increases and salary benefits

Despite this, only 32.8% of employees stated that a salary increase would influence their decision to stay with the company. This shows that although salary is an important motivational factor, it is not the decisive element in employee retention. Employees may be more influenced by the work atmosphere, collaboration with employers, respect, and appreciation. This insight is also reflected in open-ended responses. When asked how to improve the salary package or the company environment, employees gave answers like *everyone should work equally, implying dissatisfaction with inconsistent effort among colleagues*. Another comment was *the efficiency bonus (speed)*. Many employees lose at least an hour per day of *chatting, smoking, or using phones* and suggestions concerning fairness and productivity. These conclusions indicate that the employer should reassess the current salary package, as direct salary increases do not significantly drive retention. Closer engagement with employees through regular discussions and consistent feedback could improve motivation. This approach may lead to more effective retention and improved satisfaction for both parties.

The primary goal of this study was to analyze employee preferences at CLC in Maramureș concerning salary benefits versus direct salary increases. The study also aimed to understand the implications of these compensation forms for both the company and the state. The results are likely disappointing for the company's leadership: a significant proportion of employees are dissatisfied with their current salary package. Although the new administrator introduced benefits like private medical insurance, private pensions, and reimbursed professional training, employees still show greater interest in direct salary increases. These increases offer higher satisfaction and strongly influence motivation and retention.

Research shows employers often prefer salary benefits to maintain fixed salary costs over time. On the other hand, direct increases raise personnel costs but are perceived as more direct and desirable by employees. Becker and Huselid (2006) highlighted that investing in salary benefits can reduce employee turnover and increase satisfaction. Another important study by Kuvaas (2006, pp. 975–985) emphasizes the need to balance salary benefits with salary increases. This balance fosters more loyal and motivated staff.

This study's originality lies in applying its results to the logistics sector, where flexible work hours are rare but seasonal bonuses and attendance rewards are common. Sector-specific differences contribute meaningfully to literature. Another unique finding is that employees are not fully aware of the real value of their salary benefits. These are often underestimated, with focus remaining on salary increases. This suggests a need for improved financial literacy so employees can better understand their compensation packages. Lastly, given the fast-paced and physically demanding nature of logistics work, the employer should not only reward performance but also recognize the physical effort of dedicated employees.

5. CONCLUSIONS

This study on employee and employer preferences between salary benefits and salary increases highlights clear differences in perspective between the two parties. The results show that employers prefer offering salary benefits due to fiscal advantages and cost predictability. In contrast, employees favour traditional salary increases, believing they provide greater stability and motivation. While the state doesn't benefit directly from the provision of benefits, it still encourages them because they can stimulate consumption and contribute to economic growth. These findings provide valuable insights into CLC in optimizing their salary packages. The employer must balance the advantages offered with real employee needs to reduce turnover and recruitment costs. Ultimately, the choice should not be between benefits and increases but rather how these can coexist to support both employee and employer needs.

Moreover, this research supports the idea that motivation and loyalty depend not just on financial factors but also on non-financial aspects such as job stability, employer respect, work-life balance, and a stress-free environment. A well-structured salary package contributes to employee retention but cannot replace the need for regular salary increases. The study highlights a significant gap between employer and employee preferences and underscores the need for balance between the two types of compensation. Over the long term, adapting compensation strategies to economic and legislative trends will be crucial for maintaining a sustainable and motivating work environment. Employers must identify the optimal mix of benefits and salary increases to enhance retention and remain competitive.

Like any research, this one has its limitations, and those pertaining to this work concern the fact that the analysis was conducted at the level of a single company, a single sector of activity, and a limited number of employees. In the future, the research can be expanded either by including more companies from the logistics sector in the analysis or by extending the approach to other sectors.

REFERENCES:

[1]. **AIHR** (2023) *Total Rewards Strategy: What It Is and How to Build One*, https://www.aihr.com/blog/total-rewards-strategy/ Accessed on 15.03.2025

[2]. **Becker, B., Huselid** (2006) *The HR Scorecard: Linking People, Strategy, and Performance*, Harvard Business Press

[3]. **De Neve, J-E., Kaats, M., Ward, G.** (2023) *Wellbeing and Firm Performance*. University of Oxford Wellbeing Research Centre Working Paper, 2304, doi.org/10.5287/ora-bpkbjayvk

[4]. **Dipsweta, P.** (2024) *Effects of Monetary and Non-Monetary Incentives on Employee's Performance.* Management Journal for Advanced Research, 4(1), 68–72. https://doi.org/10.5281/zenodo.10691486

[5]. **Figueiredo, E. et al** (2025) *The Contribution of Reward Systems in the Work Context: A Systematic Review of the Literature and Directions for Future Research*, Journal of Knowledge Economy, https://doi.org/10.1007/s13132-024-02492-w

[6]. **Government of Romania** (2020) *Emergency Ordinance No. 92/2020 Regarding the Amendment and Completion of Certain Legislative Acts in the Labor Field*, Bucharest: Official Gazette of Romania, Part I

[7]. **Herr, R. M. et al** (2022) *The Benefits of an Employee-Friendly Company on Job Attitudes and Health of Employees: Findings from Matched Employer–Employee* Data, International Journal of Environmental Research and Public Health, 19(15), 9046, https://doi.org/10.3390/ijerph19159046

[8]. Kuvaas, B. (2006) *Work performance, affective commitment, and work motivation: the roles of pay administration and pay level,* Journal of Organizational Behavior, 27, pp. 365-385, https://doi.org/10.1002/job.377, Maslow, A., 1943. A Theory of Human Motivation. Psychological Review, pp. 370–396

[9]. Law No. 227/2015 *Regarding the Romanian Fiscal Code*, Bucharest: Official Gazette of Romania, Part I, No. 688

[10]. Liu X. et al (2025) Im*pact of employee compensation structure on company performance: Moderating effects of ownership concentration*, Finance Research Letters, 74, https://doi.org/10.1016/j.frl.2024.106702

[11]. Messersmith, J.G., Patel, P.C., Crawford, C. (2017) *Bang for the buck: Understanding employee benefit allocations and new venture survival*, International Small Business Journal, 36(1), pp. 104-125, https://doi.org/10.1177/0266242617717595

[12]. Society for Human Resource Management (SHRM) (2022) *Annual Report 2022*

[13]. Weathington, B.L., Jones, A.P. (2006) *Measuring the value of nonwage employee benefits: building a model of the relation between benefit satisfaction and value*. Genetic, social, and general psychology monographs, 132(4), pp. 292–328, https://doi.org/10.3200/mono.132.4.292-328