

The Effect of Reducing Allowances on Employee Productivity in Prince Sultan Medical City, Riyadh

أثر تخفيض البدلات على إنتاجية الموظفين في مدينة الأمير سلطان الطبية بالرياض

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Introduction

In recent years, many organizations have been looking for ways to cut costs and increase efficiency. One of the most common ways to achieve this is by reducing employee allowances. However, the impact of such a decision on employee productivity is not always clear. This research aims to investigate the effect of reducing allowances on employee productivity in Prince Sultan Medical City (PSMC), Riyadh. Reducing allowances is a common practice in many industries, including healthcare. However, the effect of reducing allowances on employee productivity in hospitals is a topic of much debate. Some argue that reducing allowances can lead to increased productivity, while others believe that it can have the opposite effect (Clark, et al, 1996). Firstly, it is important to understand what allowances are and why they are given to employees. Allowances are additional payments given to employees on top of their regular salary. These payments may be given for a variety of reasons, such as working overtime or working in hazardous conditions (Muguongo et al 2015).

One argument for reducing allowances is that it can lead to increased productivity among employees. This argument is based on the idea that when employees are paid less, they will work harder in order to maintain their standard of living. This theory is supported by research conducted by the University of Warwick (2010) which found that workers who were paid less were more productive than those who were paid more.

However, there are also arguments against reducing allowances. One argument is that reducing allowances can lead to decreased morale among employees. When employees feel undervalued and underpaid, they may become demotivated and less productive. This argument is supported by research conducted by the University of California (2017) which found that when employees feel undervalued, they are more likely to experience burnout and decreased job satisfaction.

Another argument against reducing allowances is that it can lead to increased turnover rates among employees. When employees feel undervalued and underpaid, they may look for employment elsewhere where they feel their skills and contributions are better appreciated. This argument is supported by research conducted by the Society for Human Resource Management (2018) which found that turnover rates were higher among companies with lower pay scales.

Therefore, the effect of reducing allowances on employee productivity in hospitals is a complex issue with arguments both for and against this practice. While some argue that reducing allowances can lead to increased productivity among employees, others believe that it can have negative effects such as decreased morale and increased turnover rates. Ultimately, any decision regarding the reduction of employee allowances should take into account both theoretical arguments as well as practical considerations such as staffing needs and employee retention rates.

PSMC is one of the largest medical facilities in Saudi Arabia, providing healthcare services to thousands of patients every year. The hospital employs a large number of staff members who are entitled to various allowances, including housing, transportation, and food. In recent years, PSMC has been facing financial challenges due to budget cuts and increased competition from other healthcare providers in the region.

To address these challenges, PSMC management has decided to reduce employee allowances as a cost-cutting measure. However, there are concerns that this decision may have negative consequences on employee morale and productivity. This research seeks to investigate whether reducing allowances will indeed lead to a decrease in employee productivity or if there are other factors at play.

Definition of terms

There is need to define the two terms (allowance & Productivity) before talking about the Effect of Reducing Allowances on Employee Productivity in Prince Sultan Medical City, Riyadh

Allowance

Financial remuneration paid in addition to the basic salary, which may also include expenses for travel, rent, and subsistence, or for the performance of higher or dangerous duties, special functions or the attainment of qualifications. Allowances do not count for pension purposes, unless otherwise stipulated

According to Armstrong (2006), employee allowances include pensions, sick pay, insurance cover, company cars and a number of other 'perks'. Perks are used to recognize exceptional contribution, performance, commitment to culture and values. Perks include additional time off, tickets to events, trips, dinners and public recognition. They comprise elements of remuneration additional to the various forms of cash pay and also include provisions for employees that are not strictly remunerated, such as

annual holidays. Some benefits are mandated by law, for example social security, unemployment compensation and worker compensation.

Productivity

Productivity is commonly defined as a ratio between the output volume and the volume of inputs. In other words, it measures how efficiently production inputs, such as labor and capital, are being used in an economy to produce a given level of output. Productivity is considered a key source of economic growth and competitiveness and, as such, is basic statistical information for many international comparisons and country performance assessments (Krugman, P. 1994)

Statement of the Problem

The purpose of this research paper is to investigate the effect of reducing allowances on employee productivity in Prince Sultan Medical City (PSMC), Riyadh. The problem addressed in this study is the potential negative impact that reducing allowances may have on employee productivity. PSMC has recently implemented cost-cutting measures, including reducing employee allowances, in an effort to improve financial performance. However, it is unclear how these changes will affect employee productivity.

Previous research has shown that financial incentives, such as allowances, can have a positive impact on employee motivation and productivity (Haider, et al 2014). Therefore, it is important to understand how reducing these incentives may affect employees' willingness to work and their overall job satisfaction.

Importance of the Study

Studying The Effect of Reducing Allowances on Employee Productivity in Prince Sultan Medical City, Riyadh is a significant research paper that explores the impact of reducing allowances on employee productivity in a healthcare setting. This study is important because it addresses a critical issue that affects both employees and employers in the healthcare industry.

According to Van et al. (2011), employee productivity is a crucial factor that determines the success of any organization, including healthcare institutions. However, reducing allowances can negatively affect employee morale and motivation, leading to decreased productivity levels. Therefore, this study aims to investigate the relationship

between reducing allowances and employee productivity in Prince Sultan Medical City, Riyadh.

Moreover, the findings of this study can be used by healthcare institutions to make informed decisions regarding their compensation policies. For instance, if reducing allowances has a significant negative impact on employee productivity, then employers may need to reconsider their compensation policies to ensure that they are fair and equitable. The findings of this study will also provide valuable insights into the relationship between reducing allowances and employee productivity in healthcare settings and can be used by employers to make informed decisions regarding their compensation policies.

Objectives of the Study

The present study aims to achieve the following objectives

1. To investigate the relationship between reducing allowances and the productivity of employee in Prince Sultan Medical City, Riyadh
2. To study the impact of reducing allowance on the productivity of employee in PSMC
3. To compare the productivity levels of employees who experienced allowance reductions to those who did not, in order to determine whether there is a significant difference between the two groups.
4. To explore the perceptions and attitudes of employees towards allowance reductions and their impact on motivation, engagement, and job performance.
5. To provide recommendations for organizations considering similar cost-cutting measures in order to minimize negative impacts on employee productivity and well-being.

Questions of the Study

The present study aims to answer the following questions:

1. How do employees in Prince Sultan Medical City perceive the reduction of allowances, and how does this perception affect their motivation and productivity?
2. What specific allowances were reduced, and how did this reduction impact employee satisfaction and performance?

3. Are there any demographic or job-related factors that influence the relationship between allowance reduction and productivity?

Research Methodology

Introduction

This section discusses the research methodology. It consists of research design, research population and sampling, instrument of data collection, procedures of data collection, and data analysis.

The study will use a quantitative data collection method. The quantitative data will be collected through a well-designed questionnaire administered to employees in PSMC. The questionnaire will measure various aspects of employee productivity such as job satisfaction, motivation, and absenteeism rates.

Research Design

The researcher has utilized a descriptive and an analytical design to explore the impact of reducing allowance on the productivity of employee in PSMC. It is suitable to achieve the objectives of the current study, based on the research objectives and questions. The researcher believes that this study will obtain deeper and more detailed understandings about a relationship of autism with smart devices and to measure and raise the level of awareness in community.

Research Population and Sampling

The research sample will consist of a cross-sectional survey, and data will be collected through a field questionnaire in PSMC. and a questionnaire will be distributed among the employee of the medical city.

Instruments of Data Collection

In this study, the data will be collected by questionnaires to investigate the effect of reducing allowances on employee productivity in prince sultan medical city, Riyadh. The researcher will use a questionnaire as a significant instrument in order to answer the research questions. The researcher will use Likert Scales and SPSS software application to analyze the data.

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