

FRINGE BENEFITS AND EMPLOYEES' PERFORMANCE IN SELECTED BREWERY FIRMS IN ANAMBRA STATE

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Abstract: This study was carried out on retirement benefits and employees performance in selected firms in Anambra State. The specific objective was to ascertain the effect of retirement benefits on employees' commitment on their job. The study adopted a survey design, where structured questionnaire to which option were attached was given to the 83 respondents that formed the population of the study. The mean statistics was used to answer the research questions while the null hypothesis which stated that retirement benefits have no significant effect on employees' commitment on the job was tested at 0.5 significant level using person correlation. Finding revealed among others that retirement benefits increase employee's commitment on their job in the two selected firms. They study therefore recommended that human resource managers of firms should review the current retirement package since a good retirement package will attract and retain employees in their firms and also improve their performance.

INTRODUCTION

In the current competitive business environment, the organizations are facing a lot of challenges and among these issues are: getting right employees, retaining them, ensuring their commitment, and productivity. In addition, today the benefit of human resource is measured to be one of the most important advantages of any organization; and in order to acquire the results with the highest efficiency and effectiveness from human resource, motivation of employee is very essential (Gohari, Ali, Seyed and Mahmood, 2013). In fact, employees will do their highest when they feel or hope that their hard work are to be rewarded by their managers. Employee commitment, productivity and retention issues are emerging as the most critical challenge on the management of workforce in the immediate future. This challenge is driven by the concerns of employee loyalty, corporate restructuring efforts and tight competition for key talents (Kresiman, 2002). In this regard, organizations have

recognized employee fringe benefits to be a significant element that influences the success of an organization.

According to Mathis and Jackson (2003), fringe benefits are forms of indirect compensation given to an employee or group of employees as a part of organizational membership. Bratton and Gold (2009) defined fringe benefits as that part of the total reward package provided to employee in addition to base or performance pay. Fringe benefits focus on maintaining (or improving) the quality of life for employees and providing a level of protection and financial security for workers and their family members. Like base pay plans, the major objective for most organizational fringe compensation programs is to attract, retain and motivate qualified, competent employees (Bernardin, 2007). As a matter of fact, Kreitiner and Kinicki (2004) pointed out some common fringe benefit to include retirement or pension plans, medical and dental insurance, education reimbursement, time off, paid vacation and use of company car. The authors stated that fringe benefits increases economic security of employees, motivates employees, and in doing so, improve workers retention across the organization. Kwak (2012) stated that employees value or welcome retirement benefit more than other fringe benefits. Ifediniro (2012) made it clear that retirement benefit is a prime motivator for improved employees' productivity. Lack of retirement benefit makes employees not to be committed to their job which limit their contribution to the organization, and in turn affect organizational performance, produce employees who are dissatisfied, disengaged more than feeling empowered.

STATEMENT OF THE PROBLEM

The rate at which employees' attrition is increasing in business organization has become a thing of concern and it is obvious that the steps taken by the managements and stakeholders of these organizations have not solved this problem. The evolving competition in the business environment in Nigeria evident from the increasing number of new small and medium and large scale enterprises has called for good formulation, administration and implementation of good compensation policies that would allow firms to retain their best hands and ensure better performance from their employees. The productivity of employees in business organization in Nigeria is known to be relatively low compared with that of their counterparts in the developed countries (Iyida, 2015).

The above has been attributed to low fringe benefits (Ifediniru, 2012). This does not augur well for the firms and economy of Nigeria in this economic meltdown. Therefore, employees need implement different benefits to improve the morale, commitment, job satisfaction and performance of their employees. The study stems from insufficient empirical data on the effect of fringe benefits on employees, performance in firms in Anambra State.

OBJECTIVE OF THE STUDY

GENERAL OBJECTIVE

The general objective of the study was to assess fringe benefits effects on employee performance in selected brewery firms in Anambra State.

Specific Objective

The specific objective of the study was to determine whether retirement benefits have an effect on employees' commitment on their job.

RESEARCH QUESTION

What is the effect of retirement benefits on employees' commitment on the job in selected brewery firms in Anambra State?

HYPOTHESES

There is no significant relationship between retirement benefits and employees' commitment on the job.

SIGNIFICANT OF THE STUDY

This research work will help management of selected brewery firms to know the role played by fringe benefits on employees' performance. It will also contribute immensely to the growing body of knowledge on the roles of fringe benefits in organizations. This study will also act as a source of reference for further studies to be done on human resource in most organizations in Nigeria. Employees will also benefit much from this study. Fringe benefits being one of the huge components in determination of organization performance, most of the employees will use the recommendations given to enhance high level of cooperation in their various job groups. The study will also help them come up with policies and legislations on the administration of fringe benefits.

SCOPE OF THE STUDY

The study covered the effect of fringe benefits on employees' performance in Hero lager beer Plc. and Life brewery Onitsha, Anambra State.

LITERATURE REVIEW

Conceptual Review

Fringe Benefit

According to Mathis and Jackson (2003), fringe benefits are forms of indirect compensation given to an employee or group of employees as a part of organizational membership. Bratton and Gold (2009) view fringe benefit as that part of the total reward package provided to employees in addition to base or performance pay. Fringe benefits, which are supplementary in nature, not worked for, and are usually given to all employees of an organization, irrespective of their different performances such as annual leave allowances, salary advance and educational assistance (Adeniji and Osibanjo, 2012). Fringe benefits encompass a broad range of benefit; other than wages and salaries that organizations provide for their employees. Among others, they include worker's compensation in form of social security and unemployment insurance, housing (employer-provided or employer-paid), group insurance (health, dental, life etc.), disability and income protection, retirement benefits, day-care, tuition reimbursement, sick leave, vacation (paid and not paid), profits sharing, fund for education and other specialized benefits. Others include free or subsidized transportation, salary advance, employee stock-ownership scheme, performance awards and prizes, provision of lunchroom, payment of company-picnic, among others. The purpose of fringe benefit is to increase the economic security of staff members and in doing so, improve workers retention.

The General Fringe Benefit Model

Health Protection Benefits: -This is a kind of benefits employees receives for work-related accidents and injuries. Accidents, overexertion, or injuries caused by excessive lifting, carrying, or pushing, adds significantly to employer costs with an annual impact in the billions of dollars. Baase (2009) stated that evidence clearly shows that the health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's economy.

Retirement Benefits:-Retirement plans in addition to serving as a tax-advantaged means of accumulating retirement income can enhance productivity. Pension strongly influence workers' behavior, giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a timely basis.

Personnel Recognition Benefits:-Employee welfare has been stated by Mishra and Bhagat (2007) as a state of well-being, health, happiness, prosperity and development of human resources which involves both the social and economic aspects. The social concept of welfare refers to the welfare of the average worker, his family and his community at large while the economic aspect of the welfare package covers promotion of economic development by increasing production and productivity.

Educational and House Allowances:-Employers have found that educational and tuition aid assistance benefits are highly desired by employees. These programs have been found to aid employee retention and recruitment. The program normally covers some or all costs associated with formal education courses and degree programs, including the costs of books and laboratory materials (Mathis, 2003).

Maternity Leave:- Section 29 of employment Act (2007) provides that a female employee shall be entitled to maternity leave on full pay if she gives not less than seven days written notice in advance, or a shorter period as may be reasonable in the circumstances, of her intention to proceed on maternity leave. A female employee is entitled to three months maternity leave in addition to any period of annual leave she is entitled to, and sick leave if she happens to fall sick during her time of confinement and with the consent of the employer.

Fringe Benefits and Performance

Fringe benefit is critical to organizational improved performance and sustenance. According to Schein (2009), when people are recruited, selected, trained and allocated responsibilities, management must focus on creating enabling environment that facilitates high level performance over a long period of time and also to make it possible for individuals to meet some of their most important needs through the provision of incentives not expressly stated in their appointment letters. This is usually achieved by providing fringe benefits for its members of staff which could ultimately lead to better individual and organizational performance

(Jensen and McMullen, 2007). Many studies in the literature, have examined the impacts of fringe benefits on workers' performance; and by extension on organization's productivity (Al-Nsour, 2012; Scheepers 2009 Pouliakas 2008; Pinar, 2008). According to Lawler (2003), successes and survivals of organizations are determined by the way workers are remunerated and rewarded. Also, Dixit and Bhati (2012) argued that poor compensation packages have been a major factor affecting employees' commitment and productivity. They argued that for any organization to achieve its set objectives in any competitive society, employers must a thorough understanding of what drives employees to perform efficiently and reward them accordingly. In doing this, Spector (1997) stressed that organizations often provide fringe benefits and other "perks" to their employees in order to create a more comfortable workplace, increase overall productivity and facilitate greater level of efficiencies.

ORGANIZATIONAL PERFORMANCE

Whether a company has good or bad performance depends on how competitive it is in the market (Hall, 2001). The performance is derived from a comparison of results/output, or a comparison between the actual output achieved and the initial projection/target. Meanwhile it provides a criterion for measuring how an organization reaches goals, both effectively and efficiently by using resources and meeting customers' needs. Any marketing event launched by a corporate group is expected to eventually lower the costs while improving profits. When that marketing event has been carried out for a given period of time, its marketing performance must be evaluated to determine its appropriateness.

THEORETICAL FRAMEWORK

Expectancy Theory

The expectancy theory of motivation was propounded by Vroom in 1964. The theory provides an explanation of why individuals choose one behavioural option over others. The basic idea behind the theory is that people will be motivated because they believe that their decision will lead to their desired outcome. Expectancy theory processes that work motivation is dependent upon the perceived association between performance and outcomes and individuals modify their behaviour based on their calculation of anticipated outcomes. This has a practical and positive benefit of improving motivation because it can, and has helped

leaders create motivational programs in the workplace. This theory is built upon the idea that motivation comes from a person believing he will get what he wants in the form of performance or rewards. Although the theory is not all inclusive of individual motivational factors, it provides managers with a foundation on which to build a better understanding of ways to implementing fringe benefits to motivate employees.

RESEARCH METHODS

Research Design

This study employed the descriptive survey design. It involves the use of questionnaire for workers for the purpose of obtaining relevant information to ascertain the relationship between fringe benefit and employee performance in the selected firms.

Area of the Study

The study is carried out in Anambra State, Nigeria.

Population of the Study

The study is limited to two (2) Brewery firms in Anambra State. The brewery firms are Hero Lager Beer Plc. and Life Brewery Plc. Onitsha. The population of the study consist of sixty (60) employees of Hero Lager Beer Plc. and forty five (45) employees of Life Brewery Plc. Onitsha, totaling one hundred and firm (105) employees.

Sample Size and Sampling Technique

Convenience sampling was used and sample size was determined using Taro Yamane Formula (1967). Yamane Formula to calculate sample size is as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where: n = sample size, N = Population size, e = 0.05 level of significance.

$$n = \frac{105}{1 + 105(0.05)^2}$$

$$n = \frac{105}{1 + 105(0.0025)}$$

$$n = \frac{105}{1 + 0.2625}$$

$$n = \frac{105}{1.263}$$

$n = 83$. Therefore, the sample size is 83. To determine the sample size for each firm, the Bowley's formula is applied thus:

$$NQ \frac{nh}{NH} X \frac{n}{1} \text{ where}$$

nh = Number of population of each case

NH = Total population of the study

n = Sample size of the study

NQ = Number of the respondents that get distribution

$$n1 = \frac{\text{No.ofemployees of Hero Lager Beer}}{\text{Total no of Population}} X \text{ sample size}$$

$$= \frac{60}{105} X 83$$

$$= \frac{3735}{105}$$

Sample size of life brewery Plc. = 36

Sample Table

FIRM	POPULATION	NUMBER SAMPLED
Hero Lager Beer Plc.	60	47
Life Brewery Plc. Onitsha	45	36
TOTAL	105	83

Measuring Instrument

Data for the research was collected from primary sources. The primary data used was questionnaire. The questionnaire was structured; the respondents were placed on a five point likert scale. The response scoring weights were Strongly Agreed - 5 points, Agreed - 4 points, Undecided - 3 points, Disagreed - 2 points, and Strongly Disagree - 1 point.

Validity of the Instrument

The study adopted face and content validity to validate the research instrument.

Reliability of the Instrument

This was done using Cronbach Alpha. 20 copies of the instrument were administered on employees of Brewery firms in Onitsha, AnambraState.

The reliability coefficient obtained was 0.87 meaning that the instrument is reliable. The Cronbach Alpha is the most common measure of internal consistency of the instrument.

Method of Data Analysis

Data were analyzed using descriptive mean and correlation analysis

DATA ANALYSIS

This Paper presents and analyses data collected based on the questionnaire administered on the respondents. Table 1 schedule of questionnaire Administered and returned.

Number of questionnaire Administered	83	100%
Number of questionnaire returned	71	88%
Number not returned	12	12%

Source: Field survey (2018)

Information on Administered Questionnaires

A total of 83 questionnaires were administered on the respondents. 71 were correctly filled and returned while 12 were not return.

Research Question

What is the effect of retirement benefit on employees' commitment on the job in selected brewery firms in Anambra state?

Descriptive Statistics of Questionnaire

S/N	Statement	SA	A	U	D	SD	Mean	REMARK
1	Pensions strongly influence workers' behavior, giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a time bases	36	30	5	-	-	4.41	Accepted
2	Pension influence the type of worker a firm attracts and can help an employer attract workers who exhibit desirable behaviour patterns.	45	16	6	3	1	4.3	Accepted
3	Retirement became an earned benefit in reward for years of service to a particular organization, to an industry, or, more generally, to the productive society.	34	28	5	4	-	4.3	Accepted
4.	Organization need to understand the current, and future, workforce composition and offer the right package of rewards and engage the people an organization needs	29	36	-	2	-	3.62	Accepted
5.	Employees need to be adequately nourished during the working day, properly trained to justify their responsibilities	52	15	4	-	-	4.00	Accepted
Grand Mean							4.22	accepted

Source: Field Survey (2018)

Data on the above table shows that employees agreed that retirement benefits have an effect on the commitment of employees on the job. All the respondents agreed with the items number 1 to 5 with mean scores of 4.41, 4.31, 4.03, 4.00 and 3.62 respectively. The mean of means of 4.2 indicates that the respondents agreed that retirement benefits have an effect on the commitment of employees as regards to carrying out their duties.

Hypothesis Testing

Ho. There is no significant relationship between retirement benefits and employees' commitment on the job.

Correlations

Descriptive Statistics

	Mean	Std Deviation	N
Hero Lager Beer Plc.	32.40	9.63	100
Life Brewery Plc.	31.80	7.43	100

Correlations

	Hero Lager Beer Plc	Life Brewery Plc.
Personal Correlation Hero Lager Beer Plc Sig. (2-tailed) N	1 71	.532* .356* 71
Pearson correlation Life Brewery Plc. Sign (2-tailed) N	.532* .356* 71	1 71

- Is significant at 0.05

Decision

Reject the null hypothesis if the calculated value is greater than or equal to the critical value and accept otherwise. Since the calculated values 0.532 and 0.356 is greater than 0.532, 0.356, > 0.196) the null hypothesis is rejected. Therefore there is a significant relationship between retirement benefits and commitment of employees of the selected firms under study.

RESULTS

Discussion of Results

From the analysis carried out, it was found that welfare benefit contributes to the commitment of employees in their job. It was evident from the study that fringe benefit motivated, engaged, get employees committed and satisfied with their job which in turn impact on their performance to the organization. It is therefore important for an organization to understand the current and future, workforce composition and offer the right package of rewards and other programmes to attract, retain and engage the people. An organization needs and pensions strongly influence workers' behaviour, giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a timely basis. Scarth, (2002) asserted that an aging workforce could lead to productivity growth by motivating "increased" investment in human capital as labour becomes a relatively scarce production factor.

CONCLUSION

The study established that retirement benefit strongly influenced workers' commitment giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a timely basis, thus concluding that retirement benefits positively affect employee performance.

RECOMMENDATIONS

From the discussion of findings and conclusion reached, the following are recommended:

1. Management of business organizations should continue providing fringe benefits to its employees since it will help them create a sense of loyalty and encourage their productivity in the private sector.
2. Managers of firms should review the current retirement package since a good retirement package will attract and retain employees in their firm and also improve their performance.
3. Managers of firms need to improvise employee recognition programs for jobs well done; this will motivate employees thus enhancing employee performance.

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