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Fringe Benefits: Carrot Strategy to Employee Commitment in Manufacturing Companies in Souht-South, Nigeria

Dr. Omorogieva A. A.
Department of Business Administration and Management,
School of Management Studies, Federal Polytechnic, Ukana. Akwa Ibom State, Nigeria

Dr. Chinda, C. N.
Department of Human Resource Management,
Faculty of Management Sciences, Rivers State University, Port Harcourt, Nigeria

Esomonu Joy Chidinma
Department of Public Administration, School of Management Studies,
Federal Polytechnic Ukana, Akwa Ibom State, Nigeria

Abstract: This study was focused on reviewing the influence of fringe benefits on employee commitment. For the purpose of this study, the employee commitment measures were task accomplishment and contextual performance. This study investigated the association of fringe benefits and employee commitment in manufacturing companies in South-South, Nigeria. The study objective was mainly to determine the extent to which the fringe benefits, influenced the measures of employee commitment in manufacturing companies in South-South, Nigeria. The research design adopted was a cross-sectional survey design and we utilized a structured questionnaire to collect primary data. The population of the study was 360 which represented the total number of full-time staff in 20 manufacturing companies and the sample size were 189 study elements who are full time employees in the manufacturing companies. However, the final analysis in the study was based on data collected from 185 respondents. The Spearman's rank order correlation served as the test statistics; The test was carried out at a 0.05 significance level. The study found out that fringe benefits, have a significant, positive and negative relationship with employee commitment. Consequently, the result showed that employee gender demography strongly moderates the relationship between fringe benefits and employee commitment in manufacturing companies in South-South, Nigeria. The study concludes that fringe benefits demonstrated different degrees of influences on how the organizations decreases the employee commitment. achieving set corporate goals and acquiring resources. The study suggests the inclusion of a constructed approach to allocating fringe benefits to its employees will drive workers to be more committed in carry out their job in the organization.

Key words: Fringe benefits, employee commitment, task accomplishment, contextual performance.

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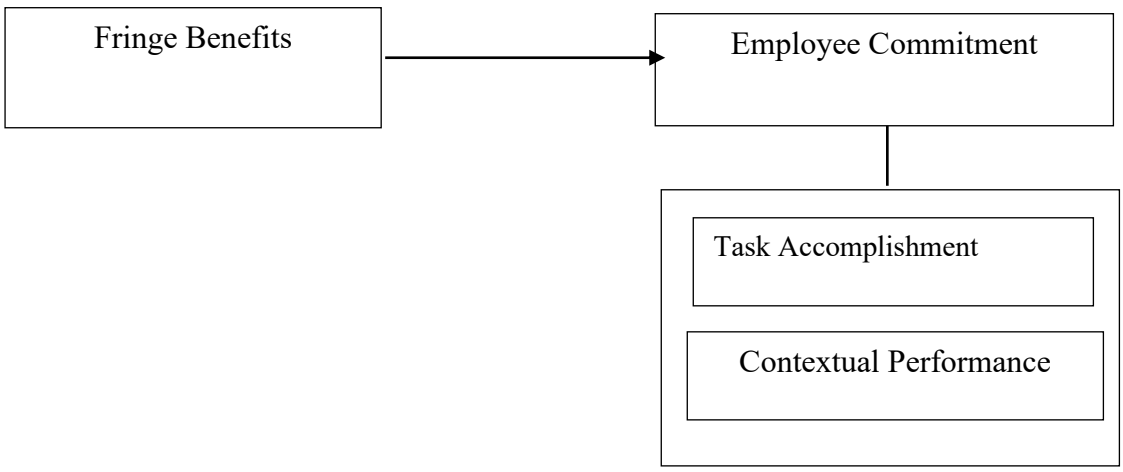
1. INTRODUCTION

1.1. Background to the Study

Rewards management has gained increased importance especially in the current dynamic and competitive environment. This is because it enables organizations to recruit and maintain employees as well as to increase organizational productivity (Dalvi & Ibrahim, 2013). Datta (2012) argues that many organizations consider employees as their main factor in creating organizational value and competitive advantage. As a result, it is important to maintain employees, create motivation and increase job productivity through diverse strategies like rewards. Previous studies have done quite a bit to address factors that influence employee performance. A study carried out by Barney (1991) revealed that, the level of performance of employees relies not only on their actual skills but also on the level of motivation each person exhibits. Motivation is an inner drive or an external inducement to behave in some particular way, typically a way that will lead to rewards. Dessler (2003) observed that, over-achieving, talented employees are the driving force of all organizations so it is essential that, organizations strive to motivate and hold on to the best employees. Linz (1990) also revealed that, several studies have found that there was positive relationship between intrinsic motivation and job performance as well as intrinsic motivation and job satisfaction. Deci and Ryan (2000) conducted and replicated an experiment that showed the negative impact of monetary rewards on intrinsic motivation and performance.

Despite these studies, conducted to resolve employee commitment, there seems to pose some problems to which this study, have added knowledge in manufacturing companies in South-South, Nigeria. Through fringe benefits.

Fig: 1 Conceptual Framework



Research Questions

H_1: What is the relationship between fringe benefits and task accomplishment in manufacturing company in South-South, Nigeria?

H_2: What is the relationship between fringe benefits sand contextual performance in manufacturing company in South-South, Nigeria?

Literature Review

Social Exchange Theory

Homan, (1958) outlined that social behaviour is an exchange of goods, material goods but also non-material ones, such as the symbols of approval or prestige. Persons that give much to others try to get much from them, and persons that get much from others are under pressure to give much to them. According to Blau, (1964) social exchange refers to relationships that entail unspecified future obligations. Like economic exchange, social exchange generates an expectation of some future return for contributions; however, unlike economic exchange, the exact nature of that return is unspecified. Blau, (1964) believes that individuals will enter into and maintain a relationship with that as long as they can satisfy their self-interests and at the same time ensure that the benefits outweigh the costs. An individual will seek to maximize his or her profits and minimize losses in interactions with others. In terms of continuing relationships, individuals will try to maintain those exchanges which have proven to be rewarding in the past, and break off those which proved to be more costly than rewarding, and to establish new relations which have a good chance of being more rewarding than costly. This theory basically asserts that people develop attitudes toward other people and things in the context of anticipated personal benefits and costs to be derived from contact with them. Activities that generate net benefits will tend to be perceived positively, while those activities that generate net losses will tend to be perceived negatively (Napier & Napier, 1991).

Fringe Benefits

Fringe benefits are those types of rewards other than salary that constitute an important part of the remuneration package of most employees in Nigeria. Fringe benefit is an addition to other forms of cash payment like wages and salaries that are intended to improve the quality of work life for employees and increase their cooperation and productivity (Amah, Nwuche & Chukwuigwe, 2013). Employee's benefits represent virtually any form of compensation other than direct wages and paid for in whole or in part by the employer, or even provided by a third party (Marsh &Kleiner, 1998). Similarly, Ju, Kong, Hussin and Jusoff (2008) view benefits as any form of compensation provided by an organization other than wages or salaries that is paid for in whole or in part by the employer.

Yousaf, Latif, Aslam, and Saddiqui (2014) simply define fringe benefit as that incentive that is given to employee in addition to pay, and has the ability to motivate employees and enhances their job satisfaction and performance. Recent studies showed that employee benefit packages are important part of total rewards of organizational expenses (Tessema, Ready & Embaye, 2013). Nevertheless, benefits have grown in size, importance and variety according to (Milkovich & Newman, 2008). Furthermore, the U.S. chamber of commerce, maintain that fringe benefit is one of the greatest challenges that businesses face today especially in attracting and retaining qualified employees (U.S. Chamber of Commerce, 2008). This suggests that employees perceive the fringe benefits given them as being a part of the total reward package which is capable of influencing their behaviors at work. A study was conducted by Asiyiqin, Sabri, and Nazir, (2021) which purpose of the research is to investigate the effects of the reward system in an organization on employee performance. The variable tested in this study includes salary, bonuses, appreciation and medical benefits. This study used a quantitative approach where 132 sets of questionnaires were distributed to the employees selected using convenience sampling. Data were analyzed using SPSS software and other analyses were carried out such as correlations analysis and regression analysis. The results show that all variables have a significant impact on employees' performance. The results of this study can be used by the companies to improve its reward system and to ensure it could help in increasing the employees' performance and satisfaction. another study by Chinelo (2017) investigated effects of employee reward and performance in selected small-scale industries in Anambra State, Nigeria. Primary data was collected using questionnaires. A sample of 280

respondents was selected from a population of 12,627 employees using stratified random sampling method. The study revealed that intrinsic rewards have positive but insignificant effect on workers' performance while extrinsic rewards have positive but insignificant influence on workers' performance too. However, intrinsic rewards have stronger relationship than extrinsic rewards. The study also found that performance of employees of the small-scale businesses in Anambra State does not have significant effect on their job satisfaction.

Employee Commitment

According to Putterill and Rohrer (2013), employee commitment is defined as it focuses directly on employee productivity by assessing the number of units of acceptable quality produced by an employee in an organization, within a specific time period. Zaha, Nishatnaz, Vrushabh, Adarsh, Arit (2020), investigated a study of impact of rewards system on employee motivation: a study of a manufacturing firm in Oman. The goal of the study is to depict the effect of reward and recognition on the overall productivity, performance, and motivation. The data collected for the research was through an exploratory research design wherein the questionnaires was distributed to a population of 30 respondents. And a stratified sampling technique was used. Both the qualitative and quantitative data were used while concluding the major finding. The study helped to uncover the fact that the employees did not just require improvement in reward systems but also recognition for their contribution of work which the firm gave less importance. Muchai and Mwanyi (2012) studied the effect of employee rewards and recognition on job performance in Kenya public sector. They found that recognition is one of the leading employee engagement drivers. They also found that engaging employees through total rewards had reduced employee complaints about pay fairness and equity and reduced general employee problems. Sanhari (2014) examined the relationship of health workers' engagement with their work in Tanzania. They study found that health workers perceived support from the immediate supervisors and perceived adequacy of competencies to perform influenced their engagement positively. It was also found that perceived adequacy of inputs (resources) was a potential factor but was not found to influence engagement.

Task Accomplishment

Task accomplishment measures relationship between inputs and outputs or how successfully the inputs have been transformed into outputs in an effective manner (Low, 2000). According to a recent survey, money (compensation) connotes a tool of trade including business (Tang, 2007). Money (recompense) connotes a resource with amazing capacity towards alter the social system, according to Baumeister, (2008), a professor of psychology at Florida state university. Because it is difficult for employers to know what fundamentally satisfies or dissatisfies employees, Fapohunda, (2012b) argues that compensation connotes a challenging phenomenon within human resource management practice. Borman and Motowidlo, (1993) further suggested that in accomplishing a given task there are two aspects to it, which are interpersonal facilitation and job dedication. Interpersonal facilitation includes cooperative and helpful acts that help the effectiveness of co-employee. Johnson & *et. al.,* (2010) outlines the aims of reward system to include: attract, retain and motivate employee, to support the attainment of the organization 's strategic and short-term objectives by helping to ensure that it has the skilled, competent, committed and well-motivated work force it needs, to meet the expectations of employees that they would be treated equitably, fairly and consistently in relation to the work they do and their contribution.

Contextual Performance

Contextual performance is the ability of employees to contribute to the overall well-being of the organization (Borman & Motawidlo, 1993). Some instance includes; volunteering for additional

work, being a good organizational citizen, cooperating with coworkers and additional discretionary behaviors.

Okosi (2020) examined the study of effect of reward system on employee performance in sachet water companies in Anambra state. The objectives of this study were to assess the effect of wages and salaries on employee performance, to determine the effects of recognition on employee performance, to investigate how staff training and development affect employee performance. The population of the study consist of 525 employees of the selected sachet water companies in Anambra state. A sample size of 150 employees was drawn from the population using purposive sampling. Which 139 copies of questionnaires were completed and returned showing 96% response rate? Research hypotheses were tested using multiple regression analysis (mra) which was carried out with the aid of statistical package for social science (SPSS) version 23. Findings from the study revealed that wages and salaries have a significant impact on employee performance in the selected companies in Anambra state. The study results also showed that staff recognition has a positive effect on employee performance in the selected companies. Staff training and development showed a significant positive effect on employee performance. The study therefore, recommends that employees should be trained according to the present content of the environment.

Methodology

Methodology has to do with the style or pattern a researcher adopted in carrying out his study. For the purpose of this examination, the research designed adopted was cross sectional survey. This is to give the respondents an equal opportunity to be chosen.

The population of the study was three hundred and sixty (360) people operating in twenty (20), manufacturing companies in South-South, Nigeria. As contained in the Corporate Affairs Commission (CAC), 2025. While the sample size was one hundred and eighty-nine (189) full time workers.

The analysis was carried out, using Spearman's Rank Order Correlation Coefficient to test the relationship between the two instruments, used. The reliability and validity test were 0.633 at 0.05 significant level. Which implies that the study is replicable and reliable elsewhere.

Response Rate

One hundred and eighty-nine (189) questionnaires were distributed to the respondents in manufacturing companies in South-South, Nigeria. One hundred and eighty-five (185) were returned representing 97.8%. for all the questionnaires distributed across twenty manufacturing companies. The results showed that male respondents were 156(84.3%), and the female respondents were 29(15.7%), the result indicates that there is a higher proportion of male respondents as compared to female respondents in the manufacturing companies in South-South, Nigeria. This suggest that there are higher demand difficult activities not suitable for the female gender this could suggest that due to the strenuous nature of the kind of job done in manufacturing companies in South-South, Nigeria, the female counter part seem to pick lesser interest in working in the establishment.

Independent Variable – Fringe Benefits

In generating the data on operationalized variables, the study used a 5-point Likert scale instrument. Therefore, in interpreting the mean values, the study is relying on Asawo, (2016), categorization of responses with mean (x) thus: $1<x \leq 2.5$ = low; $2.5 <x \leq 3.5$ = moderate; $3.5 <x \leq 4.5$ = high and $4.5 \geq x$ = very high. In order, to ascertain the responses on fringe benefits, the

study was measured on a set of multi-item instruments, all scaled on five points Likert scale and presented in the following Tables below.

Table 1: Descriptive Statistics Fringe Benefits

Descriptive Statistics for Fringe Benefits					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
When I see an opportunity for something I like, I get excited right away	185	1.00	5.00	4.4703	.78742
When I'm doing well at something, I love to keep at it because of my benefits.	185	2.00	5.00	4.5027	.66858
If I see a chance of something I want, I move on it right away	185	2.00	5.00	4.4324	.72007
My organization ensures that staff are paid for overtime work which encourages me to work extra when required.	185	1.00	5.00	4.4216	.77007
Valid N (listwise)	185				

Source: SPSS Output version 25.0

The data in Table 1, illustrates that there is high affirmation (where x >2.50) as regards the indicators of fringe benefits. The construct, examined the context and manifestations of fringe benefits in manufacturing companies with the indicators targeted at examining the respondents view of fringe benefits through its designed indicators. The results, affirm to all four indicators of fringe benefits within the target industries as also supported by the low disparity in response to (SD <2.00). The implication of these responses is that the respondents in manufacturing companies in South South Nigeria, are strongly of the view that fringe benefits, is an observed process in their organizations though at minimal strength.

Dependent Variable-Employee Commitment

In generating the data on operationized variables, the study used a 5-point Likert scale instrument. Therefore, in interpreting the mean values, the study is relying on Asawo, (2016), categorization of responses with mean (x) thus: $1<x \leq 2.5$ = low; $2.5 <x \leq 3.5$ = moderate; $3.5 <x \leq 4.5$ = high and $4.5 \geq x$ = very high. In order, to ascertain the responses on employee commitment and its indicants namely; task accomplishment and contextual performance. measured on a set of multi-item instruments, all scaled on five points Likert scale and presented in the following Tables below.

Table 2 Descriptive Statistics for Task Accomplishment

Descriptive Statistics for Task Accomplishment					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
I am able to plan my work so that I finish it on time.	185	2.00	5.00	4.4541	.76563
I keep in mind the work results I need to achieve.	185	1.00	5.00	4.3351	.93023
I set priorities on my task.	185	2.00	5.00	4.5135	.78787
I carry out my work efficiently.	185	1.00	5.00	4.4432	.87742
I do manage my time well	185	2.00	5.00	4.5459	.73669
Valid N (listwise)	185				

Source: SPSS Output Version 25.0

The data in Table 2, confirms that there is high agreement (where x >2.50) as regards the indicators of task accomplishment which is measure of employee commitment. The construct, examined the context and manifestations of task accomplishment within the target organizations with the indicators targeted at examining the respondents view of task accomplishment through its designed indicators. The results, affirms to all five indicators of task accomplishment within the target organizations as also supported by the low disparity in response to (SD <2.00). The implication of these responses is that the respondents in the manufacturing companies in South South Nigeria, are strongly and in perfect of the view that task accomplishment, is an experienced challenge in their organizations and hence is largely on the agreement range of the scale.

Table 3 Descriptive Statistics for Contextual Performance

Descriptive Statistics for Contextual Performance					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
I take on challenging task when they are available.	185	1.00	5.00	4.4216	.86324
I work on keeping my work skills up-to-date.	185	2.00	5.00	4.5459	.74403
I actively participate in meeting and/ or consultations.	185	1.00	5.00	4.5514	.66660
I work on keeping my job-related knowledge up-to-date.	185	2.00	5.00	4.5081	.74541
On my own initiative I start a new task when my old task is finished.	185	1.00	5.00	4.4649	.80089
Valid N (listwise)	185				

Source: SPSS Output Version 25.0

The data in Table 3, confirms that there is high agreement (where x >2.50) as regards the indicators of contextual performance which is measure of employee commitment. The construct, examined the context and manifestations of contextual performance within the target organizations with the indicators targeted at examining the respondents view of contextual performance through its designed indicators. The results, conforms, to all five indicators of contextual performance within the target organizations as also supported by the low disparity in response to (SD <2.00). The implication of these responses is that the respondents in the manufacturing companies in South South Nigeria, are strongly and in perfect of the view that contextual performance, is an experienced challenge in their organizations and hence is largely on the agreement range of the scale.

Results and analysis

Table 1. was used to answer research question 1. It shows a Spearman Rank Order Correlation Coefficient (rho) as $r = -0.108$ at $p < 0.05$ on the relationship between fringe be and task accomplishment, $r = 0.530$ at $p < 0.05$ on the relationship between fringe benefit and contextual performance, this value implies that there is a weak/very weak relationship that exist between the variables. The direction of the relationship, indicates that the correlations is both negative and positive, also implying that a very low decrease in task accomplishment and contextual performance, was as result of the adoption of fringe benefits. Therefore, there is a weak positive and negative correlation between fringe benefits, task accomplishment and contextual performance of manufacturing workers in South-South, Nigeria.

Table 1. Fringe Benefit and Measures of Employee Commitment

Correlations					
			FRINGEBENEFIT	TASKACCOMPLISHMENT	CONTEXTUALPERFORMANCE
Spearman's rho	FRINGEBE-NEFIT	Correlation Coefficient	1.000	-.108	.530**
		Sig. (2-tailed)	.	.142	.000
		N	185	185	185
	TASKACCOM-PLISHMENT	Correlation Coefficient	-.108	1.000	-.069
		Sig. (2-tailed)	.142	.	.354
		N	185	185	185
	CONTEXTUA-LPERFORMANCE	Correlation Coefficient	.530**	-.069	1.000
		Sig. (2-tailed)	.000	.354	.
		N	185	185	185
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: SPSS Version, 25.0

Therefore, to enable us accept or reject hypotheses 1 and 2 as well as generalize our findings to the study population, the p-value was used as shown below:

Ho_1: There is no significant relationship between fringe benefits and task accomplishment of manufacturing companies in South South, Nigeria**.**

Similarly displayed in the Table 4, is the statistical test of significance (p-value) which makes possible, the generalization of our findings to the study population. From the result obtained from Table 4, the sig-calculated is less than significant level ($p = -0.108 < 0.05$). therefore, based on this finding, the null hypothesis earlier stated, is hereby rejected and the alternate upheld. Hence, there is a significant relationship between fringe benefits and task accomplishment in manufacturing companies in South-South, Nigeria.

Ho_2: There is no significant relationship between fringe benefits and contextual performance in manufacturing companies in South South, Nigeria.

Also displayed in the Table 4.20 is the statistical test of significance (p-value) which makes possible the generalization of our findings to the study population. From the result obtained from Table 4.16, the sig-calculated is less than significant level ($p = 0.530 < 0.05$). therefore, based on this finding, the null hypothesis earlier stated, is hereby rejected and the alternate upheld. Hence, there is a significant relationship between fringe benefits and contextual performance in manufacturing companies in South South, Nigeria.

Discussion of findings

Fringe Benefits and Employee Commitment in manufacturing Companies in South-South, Nigeria

The findings revealed that there is a significant relationship between Fringe Benefits and Employee Commitment in manufacturing Companies in South-South, Nigeria. The findings support the earlier result of Hameed, Muhammad, Hafiz, Ghazanfar, and Muhammad (2014) who examined the impact of compensation on employee performance at banks in Pakistan. A questionnaire was designed to collect data on factors related to compensation like salary, rewards, indirect compensation, and employee performance. Findings from correlation and regression analyses showed that compensation has a positive impact on employee performance. Research

conducted by Randall, Fedor and Longenecker (1990) reveals that affective commitment contributes significantly to the prediction of items related to the quality, readiness to sacrifice, and a willingness to share the knowledge. Normative commitment contributes only to the assumption about the readiness to sacrifice; a continuous commitment did not provide any significant predictions regarding this organizational behavior. The new findings therefore support the proposal that the three components of commitment have different implications for the behavior at work other than turnover.

This statement, corresponds with the result gotten which stated that there is a weak and negative relationship between fringe benefits and employee commitment in manufacturing companies in South South, Nigeria.

Conclusion

This study concluded that fringe benefits, decreases the gravity of employee commitment in the manufacturing companies in South-South, Nigeria. Fringe benefits is one of the trophies employees' hungers and look forward to in every organization. Thus, for fringe benefits to manifest in decreased result suggests that management are not really paying attention to the workers take home. This would make staff loose interest and focus on their job. And this occurs, the next that follows is high-rate turnover. Finally, the outcome of events in the establishment, is evident in evident in the correlational result between the variables.

Recommendations

Based on the findings and conclusion, the study recommends thus:

1. Management should adjust his criteria for allocating fringe benefits in the manufacturing firms.
2. Management should management should provide other medium through which its workers can totally benefit from the establishment. Such as paying higher or take home to the employee who is able to manufacture more things.
3. Management should lead by example by ensuring that the retiring staff get all their entitlements and on time. This will send a message of care and concerned to old staff and newly recruited ones.

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