

Staff Welfare Package and Organizational Performance: A Theoretical Discourse

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ABSTRACT

The push towards overcoming low productivity and improving on organizational performance has been in the frontline of organizational objectives as managers make great effort to meet the demands of stakeholders. This struggle has led research into the roles of the employees in making productivity what the shareholders and investors desire. Organisations may differ, but one common objective of every organization is growth and development, which is only possible when the organization is performing well in its environment. This study adopted the equity theory of motivation as framework; this investigation examines the influence of staff welfare package has on organizational performance. The discourse, established from the analysed literatures that staff welfare package increases staff motivation, while staff motivation on the other hand increases and brings about productivity. Also, the paper assumes that there is a sparse volume of literatures on effects of staff welfare package specifically on organizational performance. The study therefore concludes that while more empirical work needs to be done specifically on the effects of staff welfare package on organisational performance, it can be inferred from previous findings as follows: if staff welfare package leads to motivation, and staff motivation leads to higher productivity; it, therefore, follows that staff welfare package impacts organizational performance. Recommendations were made that employers should let go of the entitlement attitude; the staff should be granted a welfare package of value; the employers should follow the tenets of equity and fair welfare; and the staff should strive to know their rights and privileges.

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I. INTRODUCTION

Many professionals believe that various initiatives and programs improve organizational performance. Nonetheless, many of these claims have not been evaluated. Indeed, even the best definitions or measures of performance are debatable. Fortunately, when these assertions are evaluated, the results are frequently positive. That is, practices that enhance employee commitment and attitudes strengthen many financial indicators of organizational performance (Gong, Law, Chang, & Xin, 2009). Staff members are the major success factor of any business operations, and their contentment established the degree of their efficiency. A happy and productive person is a satisfied worker, and a satisfied worker is a motivated employee. The values of a contented employee speak volumes and a plus to her organisation, necessitating the call for leaders to devise methods of encouraging and fulfilling the desires of the organisation employees in order to achieve better performance.

Nonetheless, the question here is whether employee performance equals organizational performance. That is, can organizational performance be measured solely by staff performance? To understand this question and provide

answers, it is important to note that many studies on the relationship between staff welfare and organizational performance have confused organizational performance with staff performance, resulting in the use of only staff performance to measure organizational performance. As a result, it is important to note that organizational performance includes an organization's actual output or results as measured against its intended outputs.

According to Richard *et al.* (2009), organizational performance includes three types of firm outcomes: (a) financial performance (profits, return on assets, return on investment, and so on); (b) product market performance (sales, market share, and so on); and (c) shareholder return (total shareholder return, economic value added, and so on) (Richard *et al.*, 2009). Staff performance, on the other hand, refers to how a member of staff performs their duties, completes required tasks, and behaves in the workplace, as measured by the quality, quantity, and efficiency of work (Upadhaya *et al.*, 2014).

The implication of these definitions is that every employee in an organization is subjected to a different set of expectations. Some have high expectations, while others have average expectations and those expectations are what link staff performance to organizational performance (Akintunde,

2005; Anyadike, 2013).

Therefore, this paper is on the effect of staff welfare package on organizational performance, seeking answers to the research questions; what is the relationship between staff motivation and productivity? What is the relationship between staff welfare and motivation? And what is the effect of staff welfare package on organizational performance? The rest of the paper is divided into review of conceptual literature, theoretical framework, review of empirical literatures, conclusion, and recommendations.

II. CONCEPTUALIZING EMPLOYEES' WELFARE PACKAGE

The employer makes life worthwhile for employees by providing such generous fringe benefits. Employee welfare includes anything done for the comfort and improvement of employees that is not covered by their wages (Makanjuola, Shaibu, and Isijola, 2013). The firmness for better employees' performances is what prompted their hiring in the first place. As a result, it is in any organization's best interest to shape the appropriate methods to increase employees' performances by the thoughtfulness of incentives owing to employees in the structure of welfare packages.

III. THE CONCEPT OF ORGANISATIONAL PERFORMANCE

Some scholars' and researchers, such as Chandler (1962) and Thompson (1967), appear to have fostered a concept of organizational performance. According to these researchers, the ultimate criterion of organizational performance is growth and long-term survival. In other words, continuous improvement of organizational performance is a critical goal. The "effectiveness" or realization of the objective component of organizational performance was shared by all of these definitions.

Furthermore, some scholars contest that the concept of performance addressed both organizational means and ends (Jasimaah, 2013). Performance is defined as the extent to which a company or firm, as a social system with limited resources, is able to achieve its objectives without depleting its resources and means or putting undue strain on her employees (Ofobruku, S. A. & Iheabunike, 2013; Ofobruku, & Yusuf, 2016). In comparison to other researchers during the same time period, Jenatabadi (2014) treated the concept of organizational performance with the most care and explicitness. According to Lupton, an effective organization has a high productivity rate as well as high levels of satisfaction and motivation among its members, while turnover, costs, and labour unrest are low or absent.

IV. LABOUR PRODUCTIVITY

To grasp the concept of labour productivity, it is necessary to first grasp the concept of productivity. According to studies (Aderinto, 1981; Osundahunsi, 1988; Ibraheem, 1989; and Ejiogu, 2000), productivity is the end result of a complex social production process. According to Francis (2012), productivity should be viewed as a measure of an organization's overall production efficiency, effectiveness, and performance. He believes that productivity entails high

output quality, adherence to standards, and customer satisfaction. Also, productivity refers to the absence of disruption, trouble, and other signs of difficulty in organizations, as well as quantitative measurements such as units produced or sales volume.

The term labour productivity is generally used to refer to the amount of goods and services produced per worker in a given year, month, day, or hour (Chinwoh, 1989; Eze, 2013). The distinction between productivity and labour productivity is that the former emphasizes the relationship between input and output, whereas the latter emphasizes the result of input, implying that labour productivity explains the effort of staff in making output possible. The practice of using labour, particularly direct labour inputs and costs, can be ascertained and quantified more easily than those of other factors, partly due to a legacy of classical economics thought that not only considers direct labour to be the sole source of value, but also considers all forms of indirect labour to be "unproductive labour."

Based on the foregoing, we can conclude that improving labour is necessary before increasing productivity. There are several methods for accomplishing this. These include improving worker skills, making resources available, creating a conducive environment, and providing other general welfare packages (Francis, 2012; Eze, 2013).

V. MOTIVATIONAL THEORY IN ORGANISATIONAL PERFORMANCE

The motivational theories of organizational behaviour began in the 1920s with Elton Mayo's experiment at the Hawthorne plant. While the Hawthorne researchers were interested in the environmental impact on worker behaviour, they discovered that workers were more motivated by social factors such as their managers' interest in their work. Many motivation theories have emerged since then to explain why and how people are motivated to act the way they do in organizations. Nonetheless, the equity theory of motivation is used in this discourse to explain the relationship between the staff welfare package and organizational performance.

Process theories explain 'how' satisfaction occurs rather than 'what' motivates people. According to the equity theory, employees will weigh their input into a job against the output they receive from it – the more the rewards, the more satisfied they will be. This is consistent with Naveed *et al.* (2011)'s definition of job satisfaction as the difference between employee input and job output. According to this theory, employees who believe they get more out of their jobs than what they put into them will be satisfied. Certain aspects of the job shape how an employee perceives it as well. Clarified tasks result in higher job satisfaction because a clear role breeds a work force that is happy, committed, and shows a high level of involvement in the work that is done. The authors identified five major job characteristics that impact an employee's psychological state and influence motivation, job satisfaction, and absenteeism, namely the variety of skills involved in a task, the identity and significance of the task, autonomy, and feedback. Employees compare their input-output ratio to that of other employees, and if they believe it is fair, they will be satisfied (Robbins, 2007). Employees become dissatisfied and less motivated if they perceive an

inequity in their input-outcome ratio in comparison to other employees.

So, in bid to remedy the challenges confronting management regarding how to motivate workers to perform assigned tasks in order to meet or exceed established standards, management must understand that the workforce weighs the rewards for jobs and expects equity. Armstrong (2001) asserts that human behaviour is motivated, goal-directed, and difficult to motivate; and that the success of any motivated act is dependent on the extent to which the motivator meets the needs of the individual employees for whom it is intended.

People are motivated when they anticipate that a cause of action will result in the achievement of a goal and a valued reward that meets their needs (Armstrong, 2001); motivated people are those who have clearly defined goals and who engage in actions that they anticipate will result in the achievement of those goals. It has also been argued that it has become critical for organizations to provide a context in which high levels of motivation can be achieved by providing incentives and rewards for satisfying work as well as opportunities for learning and growth (Akintunde, 2005).

VI. STAFF WELFARE PACKAGE AND ORGANISATIONAL PERFORMANCE

From the foregoing sections, the paper has reviewed concepts as they relate with staff welfare packages and organizational performance. Taking a stand with the equity theory of motivation, this paper believes that an improved organizational performance is a result of fair and just treatment of staff. Therefore, the following section will consider critical sections below:

A. *The Relationship between Staff Welfare and Motivation*

According to Okumbe (2010), an organization that genuinely cared about its employees' well-being was concerned with creating a positive work environment in which individuals recognized that they were valued, which in turn boosted their performance. Their findings show that one of the welfare services that improved employee performance was medical insurance coverage.

Relatedly, Mitchell (2011) conducted a study on medical services and discovered that reduced absenteeism is highly related to good health. According to Mitchell's research, due to the high cost of hospitalization, surgical, and maternity care, it has been determined that employees must be protected against these costs by implementing a Medical Insurance plan. This is a significant benefit that greatly aids in the retention of employees in a company. General medical care, optical care, drug abuse, alcoholism, and mental illness are all covered under Medical Coverage. Employers who provide health insurance are advantageous for a variety of reasons. As a result, employees who have medical insurance are more likely to be satisfied at work.

Furthermore, Osterman (2010) focuses on the production sector, where he examines the relationship between staff productivity and staff welfare using Coca-Cola as a case in point, where secondary data were collected and analysed using the SPSS package to run the multiple regression, and the result shows a positive relationship between the variables

under study, and it was concluded based on the finding that staff productivity is a function of staff welfare.

Finally, Abu (2016) carried a research on the role of staff overall output per day and the remuneration system, using Berger Construction Company Abuja as a case study. The chi-square statistical tool was used to test the hypotheses, which revealed a strong relationship between the variable, stating that employee output increases as their daily pay increases.

B. *The Relationship Between Staff Motivation and Productivity*

Stephen and Muathe (2014) met to discuss a critical review of literature on employee welfare programs in Kenya. According to the study, employee welfare is very expensive and may not have a significant impact on employee and organizational performance. It has a greater potential for capturing broader influences related to an individual's individual characteristics and behaviours, as well as the social, physical, and economic environment.

Similarly, Kuria (2012) investigated the effects of employee welfare programs on job satisfaction in Kenya's flower industry. The study agrees with the equity theory of motivation established in this study because they established how equitable rewards, involving employees in decision making, career development opportunities, health and safety, and good HR policies and practices contributed to job satisfaction. In this regard, when employees are satisfied with the equity of their benefits packages, they are motivated to work harder in their assigned roles.

VII. THE EFFECT OF STAFF WELFARE PACKAGE ON ORGANIZATIONAL PERFORMANCE

Some scholars and researchers have confused employees' performance with organizational performance. This has led to little or no empirical work on the effect of staff welfare on organizational performance, as all available literature concentrated on staff welfare and staff performance or productivity. Therefore, the two studies that specifically dealt on organizational performance are reviewed as follows.

The findings of Ireferin and Mechanic's (2014) empirical research revealed, among other things, that when employees' well-being is taken care of, they are motivated, resulting in their commitment and high productivity, which has a positive impact on organizational performance.

Similarly, Mensah *et al.* (2017) discovered that showing concern for employees' well-being increases employee commitment and, as a result, their performance and, ultimately, the organization's growth. From the understanding in the relationship between staff welfare and motivation as well as that of staff motivation and productivity, the effect of staff welfare on organizational performance can be inferred. The findings on staff welfare and motivation shows that when the staff needs are met through staff welfare packages, it leads to job satisfaction, and staff commitment (motivation), which consequently leads to higher productivity. When productivity increases, profit increase, market share increases and dividends for share also increase. By the reason of all these, organizational performance will increase.

VIII. THE CHALLENGES OF STAFF WELFARE PACKAGE

Organizational performance in relation to employee welfare packages is critical not only to the workforce and management, but also to society. In addition, there is a clear positive relationship between welfare benefits and labour productivity. Despite this, management in some industrial registrations take advantage of workers' ignorance about welfare packages in the workplace and refuse to implement such welfare programs. It's no surprise that Ejiofor (2018) identifies some issues impeding the implementation of a workers' welfare package, some of which are briefly discussed below.

A. Entitlement Attitude

One of the notions that colours management's attitude toward employee welfare programs is that workers should view fringe benefits as a kind gesture from employers that they should reciprocate; for example, in the various letters of appointment and promotion emanating from our tertiary institutions, one will see sentences like "the Governing council has graciously"... Statements like this and others are usually part of an employer's concerted effort to give employees the impression that they owe the employer money and that hard work is one way to pay it back. As a result, employees must be aware of and comprehend the benefits to which they are entitled in order to bargain for them with their labour. Also, for employers to understand the role of employees in organizational performance, understanding the effects of motivation on productivity is essential.

B. Misconstrued Value

Any reward must be appealing to prospective recipients in order to motivate employees; the intrinsic value of the reward is unimportant. This implies that employers should examine their welfare package and compare it to the age and status of their employees, and even involve the employees in the planning of their welfare package. This will assist the organization in developing a welfare package that will be beneficial to the employees while also achieving the goals of improved organizational performance.

C. Intra-organization Inequality

They are distributed inequitably between the senior and junior staff, the superior and the subordinates. This fails the test of the equity theory of motivation, which expects welfare packages to be given to employees based on their level of input, motivating them to strive for more input. Nonetheless, seniority and occupational level do not imply higher input, implying that if the welfare package is delivered along the line of seniority, the principle of equity must have been defeated, and employees will continue to be dissatisfied with their jobs.

D. Bad Management of Resources

Benefits that are not properly administered can cause frustration, and such mismanagement may result from the dispensing officer's questionable integrity. Furthermore, in order to achieve the equity and fairness that this study believes consolidates motivation through welfare packages, such packages should be delivered by a well-trusted agent. Even better, let the employees choose who will be the agent in charge of distributing their benefits.

IX. CONCLUSION AND RECOMMENDATION

The effect of staff welfare package on organizational performance as discussed in this study is immense and cannot be overlooked. The issue of low productivity and minimal organizational performance has been and is still inimical to organizational growth in particular and societal development at large. So, any effort towards boosting productivity and organizational performance is at the frontline of organizational objectives. This has led many research endeavours into the relationship between staff welfare and organizational performance. Howbeit, most of those researches have ended up misinterpreting staff productivity/performance as organizational productivity/performance.

This paper, in its exploratory approach has used the equity theory of motivation to examine the relationship between staff welfare package and motivation, the relationship between staff motivation and productivity, and the effect of staff welfare package on organizational performance. Reviewing empirical literatures along the line of the study's research questions, the study finds that many research reports agrees that a significant relationship exist between staff welfare package and motivation, as well as between staff motivation and production. Yet very few related staff welfare packages specifically to organizational performance.

Nevertheless, this paper from its findings, took an inferential stand, drawing from the tenets of equity theory of motivation, and the established relationship between staff welfare package and motivation as well as motivation and productivity, to conclude that there is a significant relationship between staff welfare package and organizational performance, and therefore, the following recommendations are proffered:

1. Employers should let go of the entitlement attitude. This can come when they understand the place of the staff in the production process and therefore their importance in achieving organizational objectives.
2. Grant the staff a welfare package of value. This will go a long way in motivating the staff to get committed, because it is found that it is not just about welfare package, but a package that means something to the prospective recipient.
3. Let the employers follow the tenets of equity and fair welfare. If the welfare package is transparently structured in such a way that your level of output determines how bumper your package will be, it will go a long way in motivating the staff to put more effort in their work.
4. Finally, it is also necessary for the staff to know that they deserve their welfare. When the staff are aware of what is due to them as welfare package, they can press for it and peacefully get it without necessarily begging for it.

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