

Staff Benefits and Organizational Performance. A Study of Private Hospitals in Rivers State. Nigeria.

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Abstract: *The prevalence of dissatisfaction among health sector professionals is well documented in literature and leads to reduction in provision of quality care. The job performance in the health sector is largely dependent on the satisfaction level of the people involved. In Nigeria, the public health sector has been well established and settled to some level- remuneration wise, while the private health sector, especially private hospitals and clinics, are having quite some challenge in coping with benefits available in the public sectors. The objective of this study was to determine how benefits affect job satisfaction and performance among staff in the private medical establishments in Port Harcourt, Nigeria. The study examined relevant literature in the area and concluded that the benefits and remuneration in the private medical sector in Port Harcourt, Nigeria is poor and the level of job satisfaction is also low leading to low job performance. The study therefore recommends that there is need for improvement through advocacy and government regulations.*

Key Words: *Staff benefits, Job Satisfaction, Organizational performance,*

I. Introduction

The private sector had 1436 health facilities, contributing 14 percent of the bed spaces (Ekere, 2013). In the 1980s, the private medical sector was more attractive in terms of monthly remunerations when compared to government service then. This scenario has changed over time by the numerous wage reviews of the government. Presently, it is very difficult for private medical practice to match government in remunerations, both in the short and long term periods, except by corporate multinationals like the oil sector and also in the banking sector. But private medical practice has come to stay in NIGERIA and their output in terms of services and employment can only gather more momentum with time.

Employee benefits which is major part of the compensation package is of great importance to both the employer and the employee. Employee benefits play a major role in employee's choice of employment and desire to remain on the job (Amah, 2010). Job satisfaction is derived from a composed mix of benefits received on the job, equity perceived and employee motivations.

Medical practice has evolved a whole deal in Nigeria in the last three or more decades. Even though the standard of care has generally fallen short of expectations, remunerations have been in the rise to try and tidy up with the astronomical rate of inflation in the country. For example in the 1980s private sector monthly pay was better than government, but that has changed since with the numerous wage reviews consequent on advocacies and inflation. Government employment had more short and long term benefits, until the recent forced inclusion of private medical practice in the national pension's scheme. This attraction has resulted in a high turnover rate in the private medical practice industry, except in corporate multinationals and the banking sector among a few others.

Employee benefits are sometimes delayed and ruled out due to cost reduction measures by management of an organization. This has brought about massive corruption, high employee turnover and low morale and productivity. This study might help managers in the private medical sector to be aware of what their employees' demands and expectations are, and might even help government to develop basic guidelines on employees' rights in the private medical sector, and extension the whole medical service industry. It might generate a collaborative stance between politicians and medical services managers on the way forward for Nigeria, as it relates to employees satisfaction in the private medical sector, albeit, the entire medical sector.

Theoretical Framework

The work is based on the expectancy theory of Victor Vroom and the equity theory and fairness by John Stacy Adams and Elaine Hatfield. Vroom's theory stress that behavior (job performance) can be described as a function of the ability and motivation while motivation is a function of expectancy, instrumentality and valence perceptions. People evaluate fairness of their situations by comparing them with those of other people. Where there is perceived inequity, the employees reduce their input, increase their outcome by stealing from the organization or by leaving the organization or refusing to cooperate with other workers perceived to be over rewarded (Oduunlade, 2012).

II. Literature Review

Employee Benefits

These are programs an employer uses to supplement the cash compensation that employees receive, to protect the employee and his or her family from financial risks. Benefits constitute an important part of the remuneration package. They are 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 et al, 2013). Employee benefits is defined as any form of compensation provided by the organization other than wages or salaries that are paid for in whole or in part by the employer. Employee benefits are essential for the development of corporate industrial relations. Examples include retirement plans, child care, elder care, hospitalization programs, social security, vacation and paid holidays (Christoph, 1996). The purpose of employee benefits is to increase the economic security of staff members, and in doing so, improve worker retention across the organization.

According to Amah et al (2013) Employee benefits are provided for a number of reasons which include:

- To reward and promote employee loyalty to the organization
- To discourage unionization
- To make the remuneration package attractive and competitive enough to both attract and retain competent workers.
- To provide for employees personal welfare in line with the paternalistic belief that employees cannot provide for their personal needs.
- To provide employees remuneration that is not heavily taxed (i.e. tax-efficient remuneration package) as most benefits are not taxed.
- To provide employees with accumulated tax free investment returns (e.g. deferred compensation).
- To satisfy legal requirements (e.g. social security retirement system)

Types of Employee Benefits

- Pay for time not worked for (e.g. sick leave, vacation, maternity leave etc).
- Insurance benefits (e.g. job –related accidents and illness benefits).
- Retirement benefits (e.g. pensions, profit sharing plans)
- Employee service benefits (e.g. counseling, subsidized childcare, transport, meals etc).

Employee benefits can be mandatory and non-mandatory. Mandatory benefits are those required by law – e.g. pensions, workers' compensation unemployment insurance. Non-mandatory benefits include tuition refund, various discounts etc.

Managing Employee Benefits

Employees want to be convinced that their employers are interested and committed to their welfare before they can bring out their all in the service of the employers and ensure the organization's success. Every employee wants a caring organization; benefits can be source of competitive advantage. Organizations need to have a clear benefit plan in line with achieving its strategies for success. Such a plan will include the organization's specific objective for providing employee benefits. The objective should take into consideration how to satisfy employees' needs as well as satisfy organizations objectives. The organization's objectives generally include attracting competent employees, motivating, retaining, improving their morale, providing for their health and security needs, increasing their satisfaction, improving their quality of work life, to be competitive and improve the organization's image.

To achieve the stated objective management need to carefully consider what benefits might best suit the organization, the acceptance of such benefits by the employees, the total cost involved, the amount available for the provision of benefits and how the results will be evaluated. The benefit program or plan so developed must be subject to modification to suit changing circumstances in the society. Effective communication is necessary to inform the employee about the available benefits and how they can access them. The information should be very clear; multiple channels of communication need to be used. The value of the benefits should be communicated in a way the employees will appreciate them. Some organizations use a computerized benefits statement to keep employees informed about their benefits. The data is also used by management for accurate record keeping and cost- effectiveness.

To have a competitive benefit package an organization need to carry out a survey to know what is available in other organizations, so that they use it as a basis and add or modify theirs to have an edge. The survey could be done through the use of interviews, questionnaires or information from consultants. The nature of an organization's work force affects its choice of benefits package. An organization with many single employees may not have the same benefit package with another whose employees are mostly married people. Single people will prefer more money while married people will want health care and disability leave, pension and life insurance. The benefits adopted by an organization need to be acceptable to its employees for it to be

effective in achieving its desired goals. To achieve these individual employees could be interviewed or the union executive could be consulted before the introduction of new benefit package.

Benefits Cost Control.

Several steps are taken to curb excess expenditure on benefits. These include:

- The use of time-banks in terms of vacation. This ensures employees use only time they are entitled to use. Proper arrangement is also made by employees for their absence so that the employers do not spend extra in recruiting and even paying benefits to the temporary staff.
- Insurance benefit costs can be reduced by screening out accident-prone candidates during selection, maintaining an accident-free incentives (i.e. keeping aside an amount as bonus for employees doing risky jobs who do not have accidents at the end of the year), complying with government standards on safety and health, and rehabilitation of injured employees.
- Health benefit cost can be reduced by changing the benefit plan, reducing the medical cost payments, reimbursing less than 100% health expenses incurred by employees, increasing employee deductions, pegging medical expenses the organization can pay annually, use of employee assistance programmes, direct employees attention towards health promotion and preventive health care programmes and requiring health/medical contributions from employees. Providing healthcare coverage through a local maintenance organization. Providing 'fitness' and 'wellness' programmes.
- Pension costs can be reduced by the use of contributory funding in which both the employer and employee are expected to contribute to the fund.
- Employee service benefit costs can be reduced by the use of the flexible or cafeteria plan in which the employer sets the maximum amount available for each employee and the employee chooses benefits within the amount.
- Some organizations increase their use of part-time employment as such employees often receive fewer benefits.
- Carrying out detailed analysis of each benefit expense annually to ascertain their usage.

Employee benefits represent virtually any form of compensation other than direct wages and paid for in whole or in part by the employer, even if provided by a third party (Marsh and Kleiner, 1998). Benefits vary and serve different social and economic needs. Several benefits are required by law. Some of the benefits include employer contributions to Social Security, Medicare, unemployment insurance and worker's compensation insurance (Marsh and Kleiner, 1998). Mondy and Noe (2002) agree that, 9% from the amount of the benefits are legally required by the law. Benefits that are to be given to the employees as provided for by law are for the security of the employees in their future life when they are no longer in the employment.

Jackson and Mathis (2004) mentioned that employee benefits such as health insurance, vacation pay or retirement pension are the important indirect financial rewards. The benefits given by the employer are not only a mechanism to improve the employees' performance, but it also helps to attract applicants in the recruitment process. Amah et al., (2013) mentioned in their benefit research that piece rates, commissions, tips, bonuses, stock options and others, offered by employers, including health, life and dental insurance, retirement plans, maternity leave or child care provision could give a big impact towards the performance and commitment of the employees. They also add that offering fringe benefits may promote greater work effort from the employees.

Benefits have always been seen as an employee reward and it can create a sense of ongoing employer appreciation. Benefits, however, are not just to serve the employee but also benefit the management in a long term (Amah, 2010). Few individual employers see the need to address issues related to employee benefits. Positive feelings created by good benefits may help to change workers to be more hard working. This will eventually result in low turnover, and increase the employees' performance.

According to Amah et al., (2013), there are three objectives of benefit programmes. The first is to meet the lowest physical and psychological demands of employees so that they could fully engage themselves in work. The second is to compete with other corporations at an equal level. When similar employee benefits are adopted by competitors, it is necessary to offer the same level of benefit programme in order to maintain competitiveness. The third objective is to provide social and welfare services. Amah (2010) agreed that employees want to receive more than just a salary from their job. Other than the pay received, employees expect other rewards for coming to work. The extra rewards given could motivate and encourage them to perform their best. Amah (2010) believes that loyalty of the employees can be sustained when they get more than just a salary.

Everyone works with an expectation of some rewards. Employee benefits are essential for the development of corporate industrial relations. According to Amah et al., (2013), the hygiene factor (salary, working condition etc) will affect the employees' work-motivation and thus productivity and their organization performance.

Benefits and Employee Performance

The impact of benefits on employee performance depends on the existing compensation and performance management package in the organization. Employees respond to increase in pay and benefits with a positive and productive attitude. Several studies have indicated that employee benefits are related to organizational performance. Soon Yew et al., (2008) findings suggested that both mandatory and fringe benefits were having significant and positive relationship with employee commitment and organizational performance. Fringe benefits had higher relationship as compared to mandatory benefits. This finding proposed that when employees received more fringe benefits, their commitment to the organization tend to be higher.

Committed employees tend to be more productive and contribute to the organizational performance (Cascio, 2003). Benefits improve business profits, increase employee responsibility, results in equitable treatment of employees and enhance their quality of work life. Compensation and benefits have been identified as the glue that holds many employees in place in their organizations (Odunlade, 2012). Sahoo and Mishra, (2012) suggest that employee benefits can be a source of competitive advantage. Employee benefits motivate their important decision when it comes to job delivery and performance (Cascio, 2003). High employee performance followed by high monetary reward will make future high performance more likely (Odunlade, 2012).

In a study conducted by Ekere, (2013) he reported that the monthly take home package for private health sector workers in Port Harcourt, Nigeria appears very poor and the availability of benefits was outrageously low. A very high number of workers in this section, including health care professionals earn less than an equivalent of a thousand United States Dollars monthly, which is insulting and not a survival income in the very expensive economic, in lieu of the city.

Although jobs were challenging, providing learning opportunities, stress level was high and majority of the employees were not too satisfied with their jobs. He also found that there appear to be a high turnover employment wise, in the city as most of the workers have been in employment for 5 years and below. Employee friendly benefits help employees to be committed to their organizations and also put in their best which leads to better organizational performance. In the health sector, patients are better off when attended to by satisfied and happy staffs that are happy with their jobs. Money motivates behavior when it rewards people in relation to their performance and when it is perceived to be fair, equitable and providing rewards that the employee truly value (Bernadine 2007)

III. Conclusion

From the available materials reviewed one can conclude that a lot need to be done in terms providing the needed benefit that can make employees in the private health sector to be satisfied and put in their best for organization to perform well and be at their best. Pay is low, benefits are scares and there is high level of stress in the sector.

Recommendations

There is the need for the management of private health establishments to increase salaries of medical/ allied professionals in the sector. There is need to introduce benefits were they are not existing and to review the benefits available where they are found to make them more appealing to motivate the employee to improve on their performance. Employees' opinion should be sought when reviewing the benefits so that only what is valuable to the employees are introduced. There is also need to communicate the available benefits to the employees so that they can be aware and appreciate the organization by working harder to make the organization perform better.

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