International Journal of Multidisciplinary and Current Educational Research (IJMCER)
ISSN: 2581-7027 ||Volume|| 3 ||Issue|| 6 ||Pages 66-71 ||2021||

EMPLOYEE BENEFITS AND EMPLOYEE PERFORMANCE AT SPINNERS AND SPINNERS TEXTILE COMPANY IN KIAMBU COUNTY, KENYA.

Melvin Kemunto Nyakundi[1], Dr. Makhamara Felistus Ph.D[2]
[1] Student, School of Business, Kenyatta University
[2]Lecturer, School of Business, Kenyatta University

ABSTRACT: Companies understand the importance of reward systems on staff performance and overall organizational performance, yet they do not utilize efficient strategies to obtain the same. This study investigated the effect of employee benefits on employee performance at Spinners & Spinners company Kiambu county, Kenya. The research was conducted on the foundation of three theories that guide employee compensation, including Agency theory, Maslow's theory and equity theory. The study's target population was staffs at Spinners & Spinners Textile Company in Ruiru, Kiambu County which has employed approximately 2,000 employees. Systematic simple random sampling was used to arrive at a sample size of 333 respondents. The study adopted the descriptive survey design where respondents including the managers and the sampled employees of the firm answered semi-structured questionnaires while gathering primary data. Content validity was determined by ensuring that the content validity indexes of all items in the research instrument were above 0.78 and through the help of subject matter experts. Cronbach Alpha was utilized to confirm the research instrument's reliability. After data collection, the raw data was tested to eliminate any errors, inconsistency, and inaccuracy. This data was then assigned codes and analyzed using multiple linear regressions which depicted the correlation between employee benefits and employee performance at Spinners and Spinners Textile Company. Study results were presented using figures and tables. After data analysis, conclusions was drawn, recommendations were made as well as provisions for future studies.

KEY WORDS: Employee benefits, Employee performance

I. INTRODUCTION

Employee performance is a fundamental aspect of organizational development. Organizational performance entails the analysis of how a business performed relative to its objectives and goals. According to Aslam, Ghaffar, Tahla & Mustgaq (2015), organizations have measured organizational performance through financial performance, shareholder performance, and market performance. Organizations continually conduct performance assessment to understand the factors that are hindering performance. Over the years, various factors have been found out to impact organizational performance and one such factor is compensation strategies (Njoroge & Kwasira, 2015).

According to Mwangi (2014), the use of inappropriate employee benefits systems has been cited as one of the reasons why manufacturing companies experience performance lapses. Textile industries all over the world struggle to recruit and retain skilled workers in their firms when they could use appropriate benefits packages, promotions, merit pay, bonuses, profit sharing and even stock options to attract and retain talent (Reddy & Karim, 2014). Zeng & Honig (2017) found out that to facilitate employee performance, managers must provide both non-financial and financial compensation. This is the case because financial compensation can only be effective to motivate employees in the low levels or those who are new at the place of work. Long-time employees prefer receiving awards for their good performance. In the African context, another study conducted in Nigeria by Sajuyigbe, Olaoye, & Adeyemi (2013) concluded that to achieve optimum employee performance, organizations must channel the workforce to achieve the best value for the firm including high productivity, low turnover, company reputation, and task performance. To achieve this, the firm must align its performance objectives with benefits strategy to ensure that employees are rewarded according to the value they bring to the firm (Al-Ameryeen, 2015). Makhamara (2016) in their study on strategic human resource management and employee performance in level five public hospitals in Kenya argued that finding the right employee benefits systems is the most important strategy to achieve the desired employee performance. Organizations that do not commence with the right systems which fit the requirements and needs of the firm's human resource are most likely not to succeed in a dynamic market environment. It is thus important for organizations to design the most sensitive and fair employee benefits systems because this way, employees are encouraged to be committed to their work, they become satisfied with their job, and it also boosts company loyalty and team work (Zeng & Honig, 2017).

Statement of the Problem : Appropriate employee benefits systems are used by firms to motivate employees to intensify their willingness and desires to work. Effective employee benefits systems are those that encourage employees to work hard to accomplish the set goals of an organization Ontita (2016). According to Ontita (2016), the employees at Spinners & Spinners Textile Company play a vital role in the performance of the company. Despite their importance, the company's management and other stakeholders have not ensured that fair and efficient compensation systems are put in place Osome (2018). The performance of employees has also been questioned by the management due to the low production rates recorded and the high rates at which the company is manufacturing rejected products Osome (2018). The poor performance levels recorded, and constant public complaints points out that the company is facing challenges that will have to be addressed to reinstate the performance of the firm. Sajuyigbe, Olaoye & Adeyemi (2013) conducted a research on how employee benefits systems affect workers in the attorney general's office and found that employee benefits and performance-based systems of remuneration were effective in boosting employee morale and performance. Odunlade (2015) studied employee benefits strategies and how they would affect company performance and found out that effective performance was determined by fair and transparent employee benefits systems. Previous studies on employee benefits have not studied the effect of employee benefits on employee performance in textile industries and specifically in developing countries like Kenya. Since compensation is an important topic in the textile industry worldwide, various studies have been conducted in various developed nations including the UK, Singapore, Pakistan, South Arica, and Nigeria. Considering this study in the Kenyan context is important for generalizing findings that would assist both employers and employees alike in the textile sector within the country. This study therefore sought to investigate employee benefits on employee performance at Spinners and Spinners textile industry in Kiambu County.

Objective of the Study : To find out the influence of employee benefits on employee performance at Spinners and Spinners textile company in Kiambu County, Kenya.

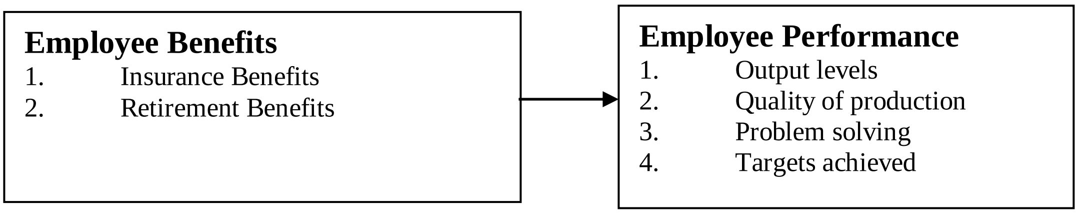
Theoretical Review : The agency model by Stephen Ross in the 1970s (Mitnick, 2015), states that employers and their subordinates are significant stakeholders of an organization. In the model, the agency cost refers to the compensation that is given to these employees and subordinates. Organizations are organized in such a way that employees try to maximize their agency costs while employers try to minimize it. For efficient production and work performance, remuneration strategies should be designed in such a way that they satisfy the interests of both parties (Mitnick, 2015). Agency theory is an effective management theory as it depicts the relationship between the principal who is the employer and the agent who is the employee. According to the theory, agents will act in ways that maximize their interests if they are not closely supervised which may cause conflicts with the principal. Therefore, principals always put in place monitoring structures which would deter any opportunistic behavior. The theory suggests that separation of management and ownership is essential when it comes to work delegation. This is because delegation adequately delineates work expectations to employees (Mitnick, 2015). Agency problems occur when the agents start to take advantage of the lack of supervision by the principals and the authority bestowed on them. This theory helps in guiding the principal to derive the most appropriate compensation strategy to satisfy the need of the agents to avoid a revolution or work-related problems.

The agency theory is applicable to the study because the agents represent the managers of Spinners and Spinners Textile Company in Kiambu County. They are entrusted to produce fair benefits which would lead to overall optimum employee performance. Therefore, managers are charged with the responsibility of maximizing wealth through quartile distributions which are deemed to be fair and through benefits which motivate workers to give their bets in terms of performance (Mitnick, 2015).

Empirical Review : Ekere (2013) conducted a literature review that was aimed at determining the relationship between employee performance and staff benefits on Rivers State's private hospitals. It was deduced that employee benefits increase the profits of a business, employee responsibility and overall employee performance. Employee benefits have been found to be the bonding factor of employees to their place of work. Muchai, Makokha & Namusonge (2018) suggest that employee benefits are a source of employee motivation which ultimately leads to high employee performance. Ekere's study did not do careful sampling, nor did it conduct primary studies, therefore the current study was designed to meet these limitations to derive more generalizable findings on the topic. Odunlade (2014) researched on employee benefits and its effect on employee productivity at First Bank, Nigeria. The study found out that the effect of benefits on the performance of employees depends on the performance management strategies and the existing compensation strategies in the organization. The study also revealed that employees at First Bank Nigeria PLC respond to increase in payment as well as benefits with a productive and positive attitude. This study examined important employee benefits that determine employee performance; however, no other factors were used in the study. The present study eliminated this limitation because it also included three other variables that affect employee performance. The findings of Calvin (2017), suggest that both fringe and mandatory employee benefits have a positive and significant relationship with employee commitment and performance. Fringe employee benefits possess a high relationship compared to mandatory benefits. In relation to this finding, employees should be awarded more fringe compensation benefits to increase their performance.

Conceptual Framework

Fig 2.1: Conceptual Framework



In the conceptual framework above, the dependent variable is employee performance which is influenced by employee benefits which is the independent variable. The indicators of the independent variable include insurance benefits and retirement benefits which affect the dependent variable, employee performance.

Research Design : The descriptive survey research design was used. This design uses questionnaires and interviews to collect information from a selected sample of participants Mugenda & Mugenda, (2014). These were also the methods of data collection for the current research.

Target Population : The study's target population were staffs at Spinners & Spinners Company. This population formed part of the respondents or the unit of observation who filled the research questionnaire. The total number of employees at Spinners & Spinners is 2000 employees. The following study used systematic random sampling of both employees and managers at Spinners & Spinners.

Table 3.1Target Population

Levels of Management	Population	Percentage
Top management/Executives	100	5
Supervisors	270	13.5
Employees	1630	81.5
Total	2000	100

Source: (Spinners and Spinners Database, 2021)

Sampling Techniques : Sampling techniques are approaches used to help minimize the amount of data obtained by only taking data from a section of the intended population (Mugenda & Mugenda, 2014). Systematic random sampling was utilized to find a representative sample size for this study. The respondents were provided with the questionnaires 3 times for two weeks to determine the required sample size of the study. The Stattrek (2015), formula was employed to decide on the required sample size to find a sample size of 333 respondents.

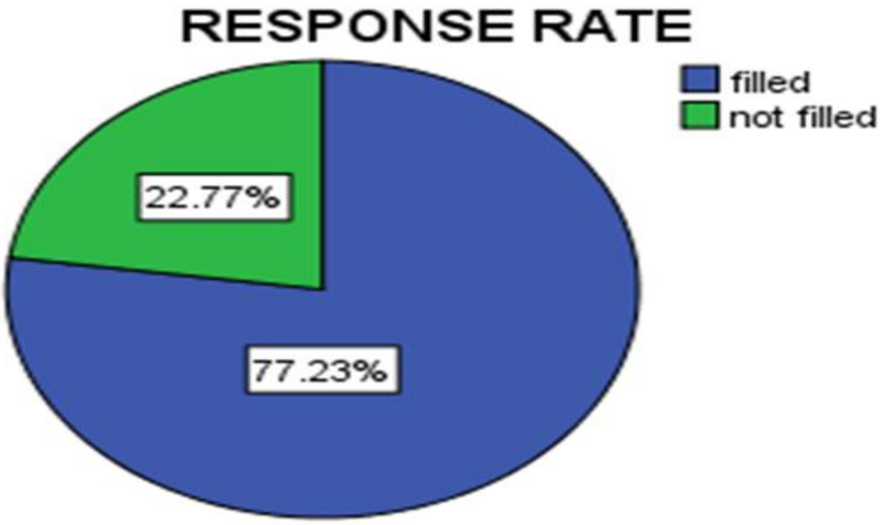
Data Collection Instruments : The data collection instrument that was used for this study was semi-structured questionnaires. These questionnaires asked both open and closed-ended questions. The closed-ended questions were restrictive because they only allowed answers of 'yes' or 'No'. The questionnaires also had a provision for the Likert scale for easier analysis as well.

Data collection Procedures : Before data collection took place, letters of authorization were collected from NACOSTI and Kenyatta University. After authorization, the researcher administered the questionnaires to the respondents. Most questionnaires were collected the same day they were administered and the rest were given a period of two weeks to complete and return them**.**

Data Analysis and Data Presentation : Quantitative Data analysis was done both qualitatively and quantitatively. Quantitative data was tallied from the responses provided in the closed-ended questions. This data was then coded and analyzed using the statistical package for social sciences (SPSS) (Bazeley, 2007). Inferential, descriptive, and correlational analysis were used for this information. Evaluation of qualitative data was ensured through both Content and Manual analysis which classified the unstructured items along major themes and concepts. After analysis, data presentation was done through descriptive statistics in the form of figures and tables. Data was analyzed using multiple regression. analysis. The model of the analysis was;

II. RESEARCH FINDINGS AND DISCUSSION

Response Rate : 77.23% of the questionnaires were filled by the respondent's while 22.77 were not filled. This was quite impressive because a 50% response rate is good enough and adequate for data analysis while 70% is said to be very appropriate for a valid research (Mugenda and Mugenda, 1999). Therefore, from the response of the respondents the data was adequate for data analysis.



Descriptive Analysis
Employee Benefits and Employee Performance
Table 4.5 Employee Benefits
The study investigated the effect of employee benefits at the Spinners and Spinners Textile Company. The table below presents the results;

EMPLOYEE BENEFITS	Mean	Standard deviation
Benefits are paid in our organization	4.05	0.714
Benefits are paid depending on the time one has worked in the firm	2.43	0.958
Benefits are paid depending job groups	3.78	0.920
Benefits paid depending on time worked affect employee performance	3.00	0.934
Benefits paid depending on job groups affect employee performance	4.00	0.716

Source: (Research Data, 2021) : The table above indicate the findings of the research study where the responses with the highest mean showed that the respondents were in agreement with the question asked while a low mean showed they were not in agreement whilst a high standard deviation showed a variation in the responses of the respondents and a low standard deviation meant there was minimal variation in the responses. The benefits are paid in our organization had a mean of 4.05 with a standard deviation of 0.714, benefits paid depending on job groups affect employee performance had a mean of 4.00 and a standard deviation of 0.716, Benefits are paid depending job groups had a mean of 3.78 with a standard deviation of 0.920, lastly benefits are paid depending on the time one has worked in the firm had the least mean of 2.43 with a standard deviation of 0.958. The findings of the study were that the company pays benefits which translates to improved performance and benefits tend to vary in accordance to the employee's job groups. These findings are in accordance with Calvin (2017), where both fringe and mandatory employee benefits have a positive and significant relationship with employee performance.

Table 4.7 Employee Benefits and Employee Performance

	Value	Df	Asymptotic significance (2-sided)
Pearson Chi-Square	637.671[a]	49	0.00
Likelihood Ratio	611.583	49	0.00
Linear-by-Linear association	2.445	1	0.118
N of valid cases	333		
a. 42 cells (65.6%) have expected count less than 5. The minimum expected count is .48.			

Source: Survey Data (2021)

The research study results above showed that the Pearson Chi-square tests of 637.671 at 49 degrees of freedom there was a positive significant correlation between employee benefits and employee performance with a p-value of 0.00 which was less than 0.05 at 95 percent level of confidence. The research study findings were in agreement with Calvin, (2017) where the findings of this study were that mandatory employee benefits have a positive and significant relation with the performance of employees.

III. CORRELATION ANALYSIS

Correlation analysis was used for the research study to evaluate the association between the independent variables and the dependent variables. The Chi-square test was used to test the correlation between the variables as illustrated below.

Table 4.7 Employee Benefits and Employee performance

	Value	Df	Asymptotic significance (2-sided)
Pearson Chi-Square	637.671[a]	49	0.00
Likelihood Ratio	611.583	49	0.00
Linear-by-Linear association	2.445	1	0.118
N of valid cases	333		
a. 42 cells (65.6%) have expected count less than 5. The minimum expected count is .48.			

The research study results above depict that the Pearson Chi-square tests of 637.671 at 49 degrees of freedom there was a positive significant correlation between employee benefits and employee performance with a p-value of 0.00 which was less than 0.05 at 95 percent level of confidence. The research study findings were in agreement with Calvin, (2017) where the findings of this study were that mandatory employee benefits have a positive and significant relation with the performance of employees.

Table 4.5 Model Summary

Model	R	R square	Adjusted R Square	Std. Error of the estimate
1	0.788[a]	0.615	0.512	0.4366

The results above illustrate the model summary of the study. The findings of the study model were; R was 0.788. R square was 0.615 and the adjusted R square was 0.512. An R of 0.788 shows there is a strong relation between employee benefits and employee performance, An R square of 0.615 is an indication that 61.5 percent of the changes in employee performance are due variations in employee benefits.

IV. CONCLUSIONS AND RECOMMENDATIONS

Conclusions : The study findings were when benefits are paid in the organization employee performance tends to improve also where the company pays it employees benefits based on the staff job groups their performance tends to improve at the workplace.The research study concluded that companies that pay their staffs employee benefits, experience a boost in their performance because these employees become more motivated. Also when employee benefits are paid based on their jobs their performance improves also.

Recommendations : The study recommends that employers should pay their employees' salaries and benefits based on their performance and occasionally review them since this tends to motivate them by making them feel more appreciated by their bosses at the workplace. The study also recommends that employers should consider paying their employees based on their output or the number of units produced by each employee as it motivates them to work better to make more output because there is more reward.

REFERENCES

[1] Department of Transport. Junction Layout for Control by Traffic Signals. Highway, Safety and Traffic Advice Note TA 18/81. Department of Transport. 1992.

[2] Fouracre, P. R. and Gardner,G. Traffic Signals in Developing Cities, Overseas Unit Working Paper. Transport and Road Research Laboratory. 1990.

[3] Willumsen, L.G. and Coeymans, J.E. Research into the Value of Area Traffic Control Techniques in a Developing Contry. TRRL Contractor Report 99. Transport and Road Research Laboratory. 1988.

[4] TRL. Urban Road Trafic Surveys. Overseas Road Note 11. Overseas Centre, Transport Research Laboratory. 1993.

[5] Jourdain, S. Urban Intersection Control. The Book Guild Ltd. Lewes, Sussex. 1992.

[6] Institution of Highways and Transportation/ Department of Transport. Roads and Traffic in Urban Areas. HMSO, London. 1987.

[7] Highway Engineering- S. K. Khanna & C. E. G Justo, Nemchand & Bros., 7th Edition. [8] Traffic Engineering & Transportation Planning- L.K Kadiyali- Khanna Publications.

[9] Dowling, R. Gv D. B. Reinke, A. Flannery, P. Ryus, M.Vandehey, T. A. Petritsch, B. W. Landis, N.M.Rouphail, and J. A. Bonneson. NCHRP Report 616: Multimodal Level of Service Analysis for Urban Streets. Transportation ResearchBoard of the National Academies, Washington, D.C., 2008.

[10] Adil A. M. Elhassan1 and Ahmed Abdelhafiz. Development of Downtown Traffic System of Taif City, Journal of Transportation Systems, Volume 4 Issue 3 Page 1-8 © MAT Journals 2019.

[11] Fang, F., and K. K. Pecheux. Analysis of User Perception of Level of Service UsingFuzzy Data MiningTechnique. Presented at 86th Annual Meeting of the Transportation Research Board, Washington, D.C., 2007.

[12] Manual on Uniform Traffic Control Devicesfor Streets and Highways. Federal Highway Administration, Washington, D.C., 2009. http://mutcd.fhwa.dot.gov. Accessed Feb. 1, 2010. [13] HetalB.Patel and Bhasker Vijaykumar Bhatt. A critical study of road intersections in the south east part of Surat city, Volume 5, Issue 4 www.jetir.org (ISSN-2349-5162)., 2018.