

Non-Statutory Welfare System and Employee Productivity of Deposit Money Banks in Port Harcourt, Rivers State

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Abstract

This study empirically examined the relationship between non-statutory welfare system and employee productivity of deposit money banks in Port Harcourt, Rivers State. The study adopted the cross-sectional survey design in its methodology. The population of the study was 200 employees of the selected banks while its sample size was 133 as determined using Taro Yaman formula. The Cronbach Alpha value scale threshold of 0.7 was exceeded which indicated the reliability of the scales used in the study. Statistical analysis was carried out at two levels; descriptive statistics and charts were done at the primary level while Spearman Ranked Ordered Correlation was used at the secondary level with the aid of Statistical Packages for Social Science (SPSS) version 23.0. Given the findings drawn from the analysis, it was concluded that the application of non-statutory welfare system in the management of organization's workforce within the context of deposit money banks in Port Harcourt is a critical recipe for sustained employee productivity. Consequently, it was recommended that the management of deposit money banks should regularly review its remuneration policies to match rising costs of living and inflation as focus on statutory welfare alone is no longer enough to drive employees' morale toward sustained.

Key Words: *Non-statutory Welfare System, Productivity, Employee Innovation, Employee Effectiveness, Deposit Money Banks*

Introduction

Deposit money banks are financial institutions in the business of providing financial services to their teaming customers. The bank sector plays a vital role in the development of any nation's industrial economy through its provision of loans and other financial advisory services to individuals, industries and government agencies with a charged interest and other charges accruable for such product. The banking sector is service oriented institution; the nature of services is intangible whereas goods are tangible. Since services are intangible, measurement of service quality can be more complicated hence; quality emphasizes how much the service delivered meets the customers' expectations. In order to evaluate the quality of intangible services, researchers normally adopt the term perceived service quality. Perceived service quality is a result of the comparison of feelings about service delivery pattern and actual outcome of service (Gronroos, 1984; Lovelock & Wirtz, 2011).

However, the ability of the organization to deliver a quality service is largely dependent on the willingness and commitment of the employees to carry out their assigned task effectively and efficiently. Employee performance to an organization is a sign that the workers are satisfied with their employer with regards to their expectations. When an organization meets the expectations of their employees, it spurs them to develop commitment to the organization's objectives. This means that performance is hinged on the organization's ability to provide enabling environment for the workers to maximize their full potential and enables the organization to derive value for its investment on the workers. Chambers (1998) asserts that when the degree of commitment of workers are enhanced, it goes a long way to providing an intrinsic kind of motivation on workers' which enhances the feeling of self-worth and the workers feel valued and develop a psychological attachment to the organization. This psychological attachment by workers' improves the commitment of workers and helps the organization to create a competitive advantage, higher productivity and low worker turnover level (Rodger & Pecond 2005) cited in Subaka (2014). Employee performance is defined as the role of the staff on precise objectives consisting of defined standard job descriptions (Rotundo & Sackett, 2002). This indicates that the realization of organizational objectives is tied to the ability of the employee to perform his assigned responsibility at the appropriate time.

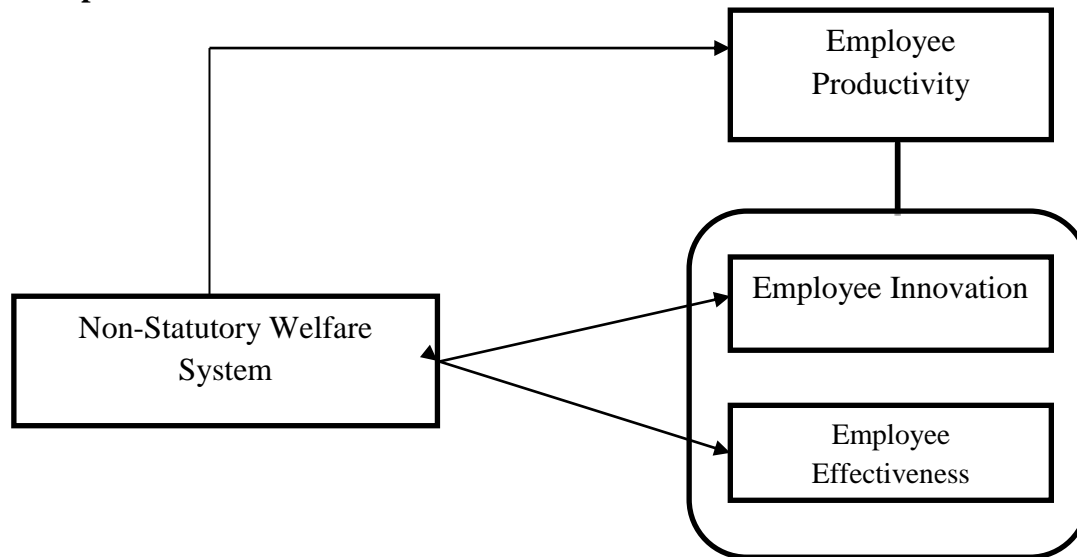
In line with views, Draft as cited in Kinicki and Kreitner, (2007) notes that it is then the major task of management and leaders of organizations to put in place measures and structures that promote greater achievements and high performance levels for the employees and organization. Therefore, the quality of organizational welfare system is considered a viable tool for improved employee performance outcome. This is because an organization is an entity which is made up of people working together to achieve organizational goal and objective and as such must be treated with care (Nwachukwu, 1986). It is on this note that the adoption of employee welfare scheme has grown to become an indispensable phenomenon in every modern organization's comprehensive personnel policy. Nwachukwu, (1986) further confirmed that nowadays, employees prefer enhanced welfare package to increase in wages especially during the period of economic crunch such as recession or inflation (rising prices) because workers get frustrated and dissatisfied when welfare services are inadequate. But when the reverse is the case, workers are usually happy and encouraged and more willing to put in their best for the achievement of the companies objectives.

Performance sustenance is therefore a concern that every organization is looking at addressing through different perspectives so that employees can still remain productive in the long term. Performance management therefore needs to be tested in any particular setting taking into consideration how individuals in a given organization are motivated and the extent to which they are most effective in their particular organization. However, irrespective of the contributory role of organizational welfare system in motivating and sustaining employees' willingness and commitment to achieving the objective of the organization not much of empirical attention has been witnessed in the area of its association with employee performance; though some of the studies undertaking in this direction in the past were focused on the impact of office design on employees' productivity (Hameed, Amina & Amjad, Shela, 2009); the influence of workplace environment on workers' welfare, performance and productivity (Emmanuel, 2012).

The findings of these studies indicate that the physical layout of the workplace along with efficient management processes guarantee the improvement of employee productivity and

organizational performance at large. Adeyinka, Ayeni and Popoola, (2007) in their own study investigated the impact of motivation and job satisfaction on the commitment levels of Library personnel in Academic and Research Libraries in Oyo State. Their major position yet bordered on factors such as compensation and working conditions as precursors of performance outcomes such as task and context performance. Thus this study departs from other studies as it examines the relationship between non-statutory welfare system and employee performance of deposit money banks in Port Harcourt, Nigeria.

Conceptual Framework



Source: Desk Research, 2022

Purpose of the Study

The main purpose of this study was to examine the empirical relationship between non-statutory welfare system and employee productivity of deposit money banks in Port Harcourt. Thus, the objectives of the study are:

- i. To examine the relationship between non-statutory welfare system and innovation of deposit money banks in Port Harcourt.
- ii. To examine the extent of relationship between non-statutory welfare system and efficiency of deposit money banks in Port Harcourt.

Research Questions

The study was guided by the following research questions:

- i) To what extent does non-statutory welfare system relates with employee innovation of deposit money banks in Port Harcourt?
- ii) To what extent does non-statutory welfare system relates with employee effectiveness of deposit money banks in Port Harcourt?

Research Hypothesis

H0₁: There is the significant relationship between non-statutory welfare system and employee innovation in deposit money banks of Port Harcourt?

H0₂: There is the significant relationship between non-statutory welfare system and employee effectiveness in deposit money banks of Port Harcourt?

Theoretical Foundation

This paper adopted the Social Exchange Theory (SET) to as its theoretical underpinning. SET emphasizes that when work environment is conducive enough for the workers to do their job, the organization benefits immensely from that. It is therefore an important management task (particularly, for first level managers - supervisors) to ensure a favorable workplace networks and relationships develop (Graen & Scandura, 1987). The theory proposes that employees exhibit positive or negative behavior as a response to the treatment they receive from their employers. According to Greenberg and Scott (1996) the central aspect of this theory is the norm of reciprocity. A strong social exchange relationship between the employer and employee will help maintain positive working relationships and would elicit positive sentiments such as satisfaction commitment and trust in employees, which in turn will move employees to engage themselves in productive performance. Social exchange theory proposes that the relationships we choose to create and maintain are the ones that maximize our rewards and minimize our costs.

Concept of Non-Statutory Welfare System

This type of welfare scheme differs from organization to organization and from industry to industry. The very logic behind providing welfare schemes such as this is to increase a healthy, loyal and the productive workforce thereby creating and maintaining atmosphere industrial peace. This approach is considered more appropriate because beside salary, there are organizationally introduced elements that can motivate employee to effective performance and these elements are affiliated to job content and employee performance. In congruence with this assertion, Gayle and Brock (2004) added that the main reason why organizations provide welfare facilities to their employees is to keep their motivation levels high and at its peak; while Hassan (2004) sees it as additional incentives given to employees by management to argument their wages.

However, Ejiofor (1986) exemplified these additional incentives to include the establishment of staff clubs, recreation facilities, picnics, dances and festival parties. Base on this we can say that non-statutory welfare scheme is premised the capacity and willingness off an organization to provide those supportive facilities that motivate. This is because an organization can have the financial capability to initiate and these schemes but due to lack moral will may decide to ignore them hence it considered as free gift from the employer. Armstrong (2013) also substantiated on this claim when stated that employee welfare programs rest mainly on the abstract ground of social responsibility on organizations for those who work for them.

Employee Productivity

It is a recognized fact that productivity is a critical factor in economic and social development. In the management of organization the issue of employee productivity is considered as the foundation of organizational performance. This is because when employees' productivity is high, the organizations earn higher revenue and profits and this in the long run compels the organization to pay higher wages. According to Andersson, Löf and Johansson (2008) productivity is an important driver of growth and welfare. Therefore, the study of productivity has been a core topic in economics for a long time. Nwinee (2005) refers productivity to as the judicious use of the factor input to produce goods and services. Nwachukwu (2009) views it as the degree to which an organization's resources are brought together and effectively utilized for attainment of set goal. Furthermore, Onuoha, (2014) affirms that it is the maximization of human and material resources towards the realization of a given set organizational objectives.

Employee Innovation

Innovation is the creation of better or more effective products, processes, services, technologies or ideas that are readily available to markets, governments and society. Wobodo and Asawo (2021) innovation viewed as an action concern with the development of new ideas to enhance the functionality of its existing products or services amid competition or an introduction of something completely novel in relation to its line of products and services. Damanpour and Gopalakrishnan (2008) on the other hand view it as the creation of new ideas and new behavior to the organization. Studies have indicated that employee performance to a large extent depends on how innovative a worker is in delivery of his assigned job (Sadikoglu&Zehir, 2010). Innovation through employee's creation of new ideas for new products and services is considered to result in improved competitiveness job (Sadikoglu & Zehir, 2010) improve administrative process, increase efficiencies and effective work management (Walker et al., 2010). Still on the efficacy of innovative mindset, Chi, Jang and Hyun (2009), assert that there are so many implication of having innovative workforce and one of which is increased organizational fitness , and increase quantity, quality and timeliness of output ,attendance on the job, efficiency and effectiveness of work completed (Tinofirei, 2001).

It has been noted by researchers, scholars, philosophers and practitioner that basically, there are two distinct types of innovation classified in most literature, namely technological innovation, and administrative innovation (Chuang, 2005). While technological innovation concerning products, services, and product looks at the use of radically new technology or a mixture of pre-existing technologies to execute a task (Dasgupta, Gupta & Sahay, 2011); administrative technology is focus on creation of a good or service that is either new or improved on previous goods or services of its kind which should be of value to its consumers.

Employee Effectiveness

Goal oriented companies are concerned with output, sales, quality, creation of value added, innovation, cost reduction. Effectiveness is the evidence that reveals the extent to which workers carry out their task to achieve organizational goals. Normally, effectiveness predicts the policy

objectives of the organization or the degree to which an employee performs his task rightly and timely (Zheng, 2010). Meyer, Allen and Smith (2001) analyzed organizational effectiveness through organizational commitment. Commitment in the workplace may take various forms, such as relationship between leader and staff, staff personal affiliation with the organization, involvement in the decision making process, psychological attachment felt by an individual. Shiva and Suar (2010) agree that superior performance is possible by transforming staff attitudes towards organization from a poor to a much richer standard of maturity, therefore employee motivation should be closely bonded with the concepts of effectiveness.

Peter Cappelli and Anna Travis (2016) Believes that principles such as collaboration, self-organization, self-direction, and regular reflection of employee on how to work more effectively, with the aim of prototyping more quickly and responding in real time to work activities can immensely improve employee effectiveness on the job. They suggested that the notion of constant assessment and feedback into performance management, with frequent check-ins assisting annual appraisals will strengthen the effectiveness of workers as well as their performance in the workplace. Frequent feedbacks that are delivered right after employee engagement on the job helps managers do a better job of coaching and allows employee to process and apply management advice more effectively. They further suggest that frequent, informal check-ins can lead to more meaningful discussions, deeper insights, and greater employee satisfaction. Furthermore, employee training is significantly associated with job satisfaction, therefore creating a work environment that supports employee training and development will have positive impact on workers and in turn increase effectiveness of organization in general (Jalal & Putri,2016).

Non- Statutory Welfare System and Employee Productivity

The adoption of non-statutory welfare scheme is one of the prevalent strategies that any organization desiring to remain competitive in business would not want to take for granted. This is because, every employee wants to be rewarded and cared for beyond the limit of his or her contractual terms as such gesture gives a sense of recognition that they are not just a mere tool for production but also valued asset that needs to be maintained and motivated. Non statutory welfare schemes according to Usha (2014) may include personal health care, flexi-time, employee assistance programs, harassment policy, employee referral scheme, medi-claim insurance scheme. However, this may differ from organization to organization and from industry to industry depending on the organization's policy and financial solvency. Some organization adopt strategies like building recreational centers like staff clubs to give room for some for leisure while at work and empirical studies show that that a pleasant and attractive work environment triggers employee engagement (Sehgal, 2012; Hakanen, Bakker & Schaufeli, 2006), and this relationship accounts for the degree of employee's performance, productivity and satisfaction and also to an extent leads to improved employees' well-being, synergy with colleagues, innovativeness, decrease rate of error, absenteeism and turnover rate (Sehgal, 2012; Hammed & Amjad, 2009).

Methodology

Research Design

Research design according to Kothari (2004) can be described as involving the methods for the collection, measurement and analysis of data related to the research objectives. It demonstrates the avenues and formats through which the empirical activities of the study are to be applied. The methodology adopted in this study is cross-sectional survey which is a type of the quasi-experimental research design; this research method was utilized because the variables under study are social variables and therefore to be examined within their non-contrived social contexts. The population for this study comprised of 200 staff of five (5) selected deposit money banks operating in Port Harcourt. The sample size of this work is 133 as determined using Taro Yamane formula. The study data were sourced through structure questionnaire administration while its analysis was done using Spearman Ranked Ordered Correlation with the help of the Statistical Package for Social Sciences (SPSS), version 23.0.

Data Analysis

Table 1 Correlation Result for Non-statutory Welfare System and Employee Innovation

			Non-Statutory Welfare System	Employee Innovation
Spearman's Rho	Non-Statutory Welfare	Correlation Coefficient	1.000	.747**
		Sig. (2-tailed)	.000	.000
		N	109	109
	Employee Innovation	Correlation Coefficient	.747**	1.000
		Sig. (2-tailed)	.000	.
		N	109	109

****.** Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data 2022, (SPSS output version 23.0)

The result of correlation matrix obtained between non-statutory welfare system and employee innovation was presented shown in Table 1. The correlation coefficient of 0.747 indicates the direction and strength of this relationship. The coefficient represents a positive strong relationship between the variables. The tests of significance proves that this relationship is significant at $p\ 0.000 < 0.01$. Therefore, in view of this finding, the null hypothesis earlier stated was rejected and the alternate accepted. Thus, there is a significant relationship between non-statutory welfare system and employee innovation in the context of deposit money banks in Port Harcourt, Rivers State.

Table 2 Correlation Result for Non-statutory Welfare System and Employee Effectiveness

			Non-Statutory Welfare System	Employee Effectiveness
Spearman's Rho	Non-Statutory Welfare	Correlation Coefficient	1.000	.887**
		Sig. (2-tailed)	.000	.000
		N	109	109
	Employee Innovation	Correlation Coefficient	.887**	1.000
		Sig. (2-tailed)	.000	.
		N	109	109

****.** *Correlation is significant at the 0.01 level (2-tailed).*

Source: *Research Data 2022, (SPSS output version 23.0)*

From the correlation result between non-statutory welfare system and employee effectiveness as presented in Table 1, it showed that an r-value of 0.887. The coefficient represents a very strong positive relationship between the variables. The tests of significance proves that this relationship is significant at $p\ 0.000 < 0.01$. Therefore, the null hypothesis earlier stated was rejected and the alternate accepted. Hence, it was affirmed that there is relationship between non-statutory welfare system and employee effectiveness in deposit money banks in Port Harcourt, Rivers State.

Discussion of Findings

According to Tamunomiebi and Wobodo (2018), the employees amongst all other organization's resources remain the life-blood of the organization. Hence, every future driven organization ensures that the welfare of its employees is taken seriously. This thus explains the alignment between our findings and that of other studies that effective welfare system contributes positively to employee productivity and performance. For instance, our finding reinforces the findings of Ankita (2010) who stated that the idea behind the adoption of effective welfare system is to increase a healthy, loyal and productive workforce thereby creating and maintaining an atmosphere of industrial peace. This approach is considered more appropriate because beside salary, there are organizationally introduced elements that can motivate employee to effective performance and these elements are affiliated to job content and employee performance. Gayle and Brock (2004) added that the main reason why organizations provide welfare facilities to their employees is to keep their motivation levels high and at its peak; while Hassan (2004) sees it as additional incentives given to employees by management to argument their wages.

However, Ejiofor (1986) exemplified these additional incentives to include the establishment of staff clubs, recreation facilities, picnics, dances and festival parties. Base on this we can say that non-statutory welfare scheme is premised the capacity and willingness off an organization to provide those supportive facilities that motivate. This is because an organization can have the financial capability to initiate and these schemes but due to lack moral will may decide to ignore them hence it considered as free gift from the employer. Similarly, Armstrong (2004) also

substantiated on this claim when he stated that employee welfare programs rest mainly on the abstract ground of social responsibility on organizations for those who work for them.

Conclusion

In line with the findings of this paper which affirms that non-statutory welfare system relates positively with employee productivity, it was therefore concluded that the application of non-statutory welfare system in the management of organization's workforce within the context of deposit money banks in Port Harcourt is a critical recipe for sustained employee productivity. Consequently,

Recommendations

It was recommended that the management of deposit money banks should regularly review its remuneration policies to match rising costs of living and inflation as focus on statutory welfare alone is no longer enough to drive employees' morale toward sustained productivity.

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