

**FRINGE BENEFITS EFFECTS ON EMPLOYEE PRODUCTIVITY IN THE
PUBLIC SECTOR (A CASE OF STATE DEPARTMENT OF WATER, NAIROBI
COUNTY, KENYA)**

BY

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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN
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DECLARATION

This is to certify that this research project is my original work and has not been presented for examination in any other institution of higher learning.

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DEDICATION

This research project is dedicated to my daughter Michelle, whose love inspires me and whose tuition bills keep me working. I also dedicate it to my sister Lucy and niece Zena, who have given me all the support both morally and spiritually during this demanding time of study and also for the sacrifice and patience they have exhibited towards me while I was writing this project.

ABSTRACT

Fringe benefits focus on maintaining the quality of life for employees and providing a level of protection and financial security for workers and for their family members some common examples are; retirement or pension plans, medical insurance, education reimbursement and time off. Like base pay plans, the major objective for most organizational fringe compensation programs is to attract, retain and motivate qualified, competent employees. Numerous surveys and experiences of HR professionals reveal that the tangible rewards that people receive for working come in the form of pay, incentives and benefits and one key to retention is to have competitive compensation practices. Employers on the other hand would be striving to cut costs so as to post impressive profit at the end of the accounting period. It is clear that there is a research gap in this area of study and that further research needs to be carried out, in order to find out whether fringe benefits really do have any effect on the productivity of employees in the public sector, Kenya. The main purpose of this research project is to find out fringe benefits effects on employee productivity in the public sector, Nairobi County. This study adopted descriptive survey design which is concerned with determining the frequency with which something occurs or the relationship between variables. This study was carried out at the State Department of Water, where the total population is 189. The researcher targeted 30% of the entire population which stands at 58 employees. A simple random sampling of the targeted population was employed. The researcher used questionnaires to collect the data and also consulted secondary sources and literature for comparison. After the collection of the data it was edited to identify inconsistencies and establish uniformity and then compiled to facilitate entry of the responses into the computer. The quantitative data was analyzed using a statistical package for social sciences (SPSS) and excel spreadsheets. Presentation of the quantitative findings was done in form of tables and percentages to enable easy interpretation by the readers accompanied by the requisite explanations and narrations. From the study it was established that security benefits such as meal, transport and house allowances contributed positively to employee productivity, that health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's economy, that retirement benefits strongly influenced workers' behavior, giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a timely basis and finally that, recognizing and rewarding employees for a job well done enhances employee productivity. Since all p-values for all variables were found to be less than 0.05 it can be statistically concluded from the study that fringe benefits have a significant influence on employee productivity in the public sector. From the study it can be recommended that; the government should continue providing security benefits to all civil servants, as they positively influence employee productivity and raise overall performance in the public sector, it should continue providing health protection benefits to its employees since this will help them create a sense of loyalty and encourage their productivity, it should review the current retirement package since a good retirement package will attract and retain employees in the public sector and also improve their productivity and finally that public organizations need to improvise employee recognition programs for jobs well done as this will motivate employees thus enhancing their productivity in the public sector.

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ABBREVIATIONS

HR:	Human Resources
HRM:	Human Resource Management
COR:	Code of Regulations
TAFEP:	Tripartite Alliance for Fair Employment Practices

OPERATIONAL DEFINITION OF TERMS

- Fringe Benefits:** Fringe benefits are forms of indirect compensation given to an employee or group of employees as a part of organizational membership (Mathis and Jackson, 2003).
- Employee Productivity:** Employee productivity is the amount of goods and services that a worker produces in a given amount of time. Employee productivity can be measured for a firm, a process, an industry, or a country. It is often referred to as labor productivity because it was originally studied only with respect to the work of laborers as opposed to managers or professionals (Scarth, 2002).
- Compensation:** Workers' compensation is a form of insurance providing wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for the tort of negligence (Neil, 2000).
- Retirement benefits:** This is the amount paid regularly to a person, typically following retirement from service. There are many different types of retirement benefits, including defined benefit plans, defined contribution plans, as well as several others (Neil, 2000)
- Overtime:** Overtime is the payment over and above the normal salary and wage rates where the premium may be one and a quarter to two times (Tyson, 1999)
- Annual leave:** Annual leave is a period of time off work that an employee is entitled to after every 12 consecutive months of service with an employer (Shellengarger, 2001).

CHAPTER ONE: INTRODUCTION

1.1. Introduction

This chapter discusses the background information on fringe benefits and presents the statement of the problem from which the objectives of the study and research questions are derived. The chapter then explains the significance, scope and limitations of the study.

1.1.1. Background of the study

According to Mathis and Jackson (2003), fringe benefits are forms of indirect compensation given to an employee or group of employees as a part of organizational membership. Bratton and Gold (2009) define them as that part of the total reward package provided to employees in addition to base or performance pay. Fringe benefits focus on maintaining (or improving) the quality of life for employees and providing a level of protection and financial security for workers and for their family members. Like base pay plans, the major objective for most organizational fringe compensation programs is to attract, retain and motivate qualified, competent employees (Bernardin, 2007). Mathis and Jackson (2003) continue to state that an employer that provides a more attractive benefits package often enjoys an advantage over other employers in hiring and retaining qualified employees when the competing firms offered similar base pay. In fact, such benefits may create “golden handcuffs,” making employees more reticent to move to other employers. Some common examples are; retirement or pension plans, medical and dental insurance, education reimbursement, time off, paid vacation and use of company car.

Productivity is a relationship between outputs and inputs. It rises when an increase in output occurs with a less than proportionate increase in inputs, or when the same output is produced with fewer inputs (ILO, 2005). Productivity can also be considered in monetary terms. If the price received for an output rises with no increase in the cost of inputs, this is also seen as an increase in productivity. Productivity improvements can also be understood at different levels. The productivity of individuals may be reflected in employment rates, wage rates, stability of employment, job satisfaction or employability across jobs or industries. Productivity of enterprises, in addition to output per worker, may be measured in terms of market share and export performance. The benefits to societies from higher individual and enterprise productivity may be evident in increased competitiveness and employment or in a shift of employment from low to higher productivity sectors.

According to a study carried out by the US Chamber of Commerce in (2006), fringe benefits in the U.S., were not a significant part of most employees' compensation packages until the mid-twentieth century. For example, in 1929, benefits comprised only about 3 percent of total payroll costs for companies. However, employee benefits in the U.S. now comprise approximately 42 percent of total payroll costs. Several things account for the tremendous increase in the importance of employee benefits in the U.S. In the 1930s, the Wagner Act significantly increased the ability of labor unions to organize workers and bargain for better wages, benefits, and working conditions. Labor unions from the 1930s to 1950s took advantage of the favorable legal climate and negotiated for new employee benefits that have since become common in both unionized and non-union companies.

Federal and state legislation requires companies to offer certain benefits to employees. Finally, employers may find themselves at a disadvantage in the labor market if they do not offer competitive benefit packages (Bergman and Scarpello, 2001).

Fringe benefits have generally constituted a higher proportion of total employee compensation in Europe than in the United States. In Europe, they are most often the result of legislation, whereas in the United States collective bargaining has been more important in gaining such benefits for workers. The prevalence of fringe-benefit programs increased sharply during World War II because controls on this type of compensation were less stringent than controls on wages (Martocchio, 2006).

In Canada, according to Long (2006), Benefits are a form of indirect pay within a compensation system. They are rewards (other than wages, salaries or performance-related payments) that employees receive in return for their continued service to the organization. They are designed to protect employees and their families from loss of income due to health problems or other work-related financial disruptions, and can improve the employees' general quality of life through special programs and services in the workplace. They can include additional health coverage that is not included in the provincial plan (such as medical, prescription, vision and dental plans); Group Disability, Employee Assistance Plans, retirement benefit plans, and so on.

In many organizations in East Africa, the approach towards pay and benefits differentiates between staff at different levels of employment hierarchy. The factors which affect employees' salaries and wages can be categorized into two; those controlled by the

employer and those imposed from external forces such as the government. In both cases, the salaries and wage components are identified among others as; fringe benefits given as a result of being an employee of an organization in the form of hardship allowance in remote area, house rent allowance, medical benefits, provident funds, gratuity funds, pension funds, superannuation benefits in the form of group linked insurance scheme, accident and death compensation while on duty, statutory funds (wage deductions), leave with pay, education allowance, and company cars. Fringe benefits are also called perquisites and are either provided by the employer on his own initiative or they are the result of a collective bargaining agreement or state legislative. They are provided to motivate the workers and retain them for organizational efficiency and effectiveness (Monappa, 1999).

In Kenya, the Public Service is the engine for socio-economic growth of the nation and must, therefore, take a leading role in stimulating such growth (COR, 2006). To this end, the main objective of the Public Service is to effectively support the Government of the Republic of Kenya to lead and propel the country to greater heights of economic growth and prosperity. In accomplishing this objective, public servants will be guided and inspired by a shared vision that the Public Service will be an efficiently performing institution; committed to serving the public with integrity and utmost courtesy and giving value to the tax payers' money. It is in light of this that the Code of Regulations goes on to state that while it may be considered that the salary attached to a post represents appropriate remuneration of its holder for proper and efficient performance of day-to-day duties, there are circumstances in which additional payments are warranted. Such additional payments are made in the form of fringe benefits, either to reimburse an officer

for the expenses incurred directly or indirectly in the execution of his duties, or to compensate him for services rendered over and above the normal job requirements. The objective of these benefits is to attract and retain qualified and competent employees. It works on the premise that people will give their best productivity if their personal non-work needs are taken care of (Andrews, 2009).

1.1.2. Employee Productivity

According to Mathis and John (2003), productivity is a measure of the quantity and quality of work done, considering the cost of the resources used. The more productive an organization, the better its competitive advantage, because the costs to produce its goods and services are lower. Better productivity does not necessarily mean more is produced; perhaps fewer people (or less money or time) was used to produce the same amount. McNamara (2003) further states that, results are usually the final and specific outputs desired from the employee. Results are often expressed as products or services for an internal or external customer, but not always. They may be in terms of financial accomplishments, impact on a community; and so whose results are expressed in terms of cost, quality, quantity or time. He further notes that measuring productivity involves determining the length of time that an average worker needs to generate a given level of production. You can also observe the amount of time that a group of employees spends on certain activities such as production, travel, or idle time spent waiting for materials or replacing broken equipment. The method can determine whether the employees are spending too much time away from production on other aspects of the job that can be controlled by the business. Employee productivity may be hard to measure, but it has a

direct bearing on a company's profits. An employer fills his staff with productivity in mind and can get a handle on a worker's capabilities during the initial job interview. However, there are several factors on the job that help maximize what an employee does on the job (Lake, 2000).

Brady (2000) state that, perhaps none of the resources used for productivity in organizations are so closely scrutinized as the human resources. Many of the activities undertaken in an HR System are designed to affect individual or organizational productivity. Pay, appraisal systems, training, selection, job design and compensation are HR activities directly concerned with productivity. Bernardin, (2007) continues to state that controlling labour costs and increasing productivity through the establishment of clearer linkages between pay and performance are considered to be key human resource management (HRM) component of competitive advantage. In addition, increased concerns over productivity and meeting customer' requirements have prompted renewed interest in methods designed to motivate employees to be more focused on meeting (or exceeding) customer requirements and increasing productivity. What better way to do this than by establishing a closer connection between meeting such requirements and compensation?

1.2. Statement of the Problem

Numerous surveys and experience of HR professionals have shown that while employees are concerned about how to earn more pay and enjoy attractive conditions of service, employers on the other hand would be striving to cut costs so as to post impressive profit at the end of the accounting period (Milkovitch and Newman, 2004). Meanwhile, studies

have shown that provision of motivators has been resulting in employees' increased interest in the job, enthusiasm and increased productivity at work and absence of motivators has been the other way round (Mathis and John, 2003).

Research into employee benefits and organizational commitment is becoming more important because some researchers have examined the relationship between them (Christoph, 1996) and also the relationship between employee benefits, motivation and productivity (Hong, et al., 1995). There is however, still some debate over fringe benefits on whether they facilitate in employee productivity leading to organizational performance and do benefits impact on an organization's ability to attract, retain and motivate employees leading to productivity and improved organizations' performance (Milkovitch and Newman, 2004).

Given the absence of empirical evidence on the relationship between employee benefits and productivity and the escalating cost of benefits, it is clear that there is a research gap and that further research needs to be carried out, in order to find out whether fringe benefits really do have any effect on the productivity of employees in the public sector, Kenya.

1.3. Objectives of the Study

1.3.1. General Objective

The General objective of the research was to assess fringe benefit effects on employee productivity in the Public Sector, a case of State Department of Water, Nairobi County.

1.3.2. Specific Objectives

The specific objectives of the study were:

- i. To determine whether employment security benefits have an effect on employee productivity in the public sector.
- ii. To find out whether health protection benefits have an effect on employee productivity in the public sector.
- iii. To examine whether retirement benefits have an effect on employee productivity in the public sector.
- iv. To assess whether recognition does enhance employee productivity in the public sector.

1.4. Research Questions

- i. Do employment security benefits enhance employee productivity in the public sector?
- ii. To what extent do health protection benefits affect employee productivity in the public sector?
- iii. How do retirement benefits affect employee productivity in the public sector?
- iv. Does recognition enhance employee productivity in the public sector?

1.5. Significance of the Study

There is some debate over fringe benefits on whether they facilitate organizational performance and whether they impact on an organization's ability to attract, retain and motivate employees. Conventional wisdom also says that fringe benefits can affect

recruitment and retention, but there is little research to support this conclusion. This statement indicates that there is a gap which has not been explored and therefore this study was undertaken to seek to establish whether fringe benefits really do have an effect on employee productivity and make appropriate recommendations on how to address the problem.

The researcher benefitted from the study as it added on to the growing body of knowledge on the roles of fringe benefits in organizations. The study will also act as a source of reference for further studies to be done on human resource in most organizations in Kenya.

Employees will also benefit much from this study. Fringe benefits being one of the huge components in determination of organization performance, most of the employees will use the recommendations given to enhance high level of cooperation in their various job groups.

The study will also help the Government and other employers with information which will help them come up with policies and legislations on the administration of fringe benefits. Future researchers will also benefit from this study because it will provide them with relevant information on the topic.

1.6. Scope of the Study

The study was specific to the State Department of Water, under the Ministry of Environment, Water and Natural Resources and which has a total of 189 middle level and

lower level staff of various cadres. The number was reflective of the entire public service ministries located in Nairobi.

1.7. Limitations of the Study

Most libraries are not able to get copies of old and new Acts/Rules, reports and government publications in time and therefore efforts should be made for the regular and speedy supply of all governmental publications to reach these libraries. The researcher helped in informing the libraries on where they can easily get copies of the articles.

Most organizations fear that the material supplied by them to researchers was misused and as such they are often reluctant to supply the needed information to researchers. There was need to first of all generate the confidence that the information obtained from the business unit will not be misused. Some respondents also feared or suspected that the information they gave out will be used against them. This was overcome by the researcher first of all creating a good rapport with the respondents and convincing them that the information will be treated with all the confidentiality it deserves. The researcher also provided an authorization letter from KU to ensure confidentiality.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

The aim of this chapter was to review other studies done in the area of Fringe Benefits effects on employee productivity. A Theoretical Review (with reference to the Expectancy Theory, Need Theory and Total Reward Model), Empirical literature review and a conceptual framework that shows the relationship between the variables was carried out in the chapter.

2.2. Theoretical Review

2.2.1. Expectancy Theory

The Expectancy Theory of Motivation provides an explanation of why individuals choose one behavioral option over others. The basic idea behind the theory is that people will be motivated because they believe that their decision will lead to their desired outcome (Redmond, 2010). Expectancy theory proposes that work motivation is dependent upon the perceived association between performance and outcomes and individuals modify their behavior based on their calculation of anticipated outcomes (Torrington, 2009). This has a practical and positive benefit of improving motivation because it can, and has, helped leaders create motivational programs in the workplace. This theory is built upon the idea that motivation comes from a person believing they will get what they want in the form of performance or rewards. Although the theory is not all inclusive of individual motivation factors, it provides leaders with a foundation on which to build a better understanding of ways to motivate subordinates (AETC, 2008). Expectancy theory is classified as a process

theory of motivation because it emphasizes individual perceptions of the environment and subsequent interactions arising as a consequence of personal expectations.

2.2.2. Need Theory

According to Jones and George (2006), needs-based motivation theory is based on the understanding that motivation stems from an individual's desire to fulfill or achieve a need. Human beings are motivated by unsatisfied needs, and certain lower needs must be satisfied before higher needs can be satisfied. In general terms, motivation can be defined as the desire to achieve a goal, combined with the energy, determination and opportunity to achieve it. The basic premise of the need theory is that people are motivated to obtain outcomes at work that will satisfy their needs. It complements the expectancy theory by exploring the depth at which outcomes motivate people to contribute valuable inputs to a job and perform at high levels. A manager must determine what needs the person is trying to satisfy at work and ensure that the person receives outcomes that help to satisfy those needs when the person performs at a high level and helps the organization achieve its goals. This research will concentrate on the basis of this theory.

The most basic human needs, represented by food, water, shelter and safety, are considered essential for human existence. Higher-order needs are those associated with social activities, esteem building, and self-actualization or constant self-improvement. Elaborating further on this theory, Whittington and Evans (2005) stated that "each of these needs operates at all times, although one deficient set dominates the individual at any one time and circumstance" (p.114). The motivation experienced by humans to fulfill these

needs is either derived from internal or external factors. People who experience internal motivation are influenced by factors that cause a sense of accomplishment and pleasure, while externally motivated people are commonly influenced by factors controlled by others, such as money and praise (Deci, 1985). Maslow's hierarchy of need theory is commonly displayed in a pyramid fashion, with the basic needs at the bottom and the higher needs at the top. The needs were depicted in this way to show the significance of each need on the others, with the most important and broadest category being the physiological needs at the base (Redmond, 2010).

2.2.3. The Total Reward Model

Total reward describes a reward strategy that brings components such as learning and development together with aspects of the work environment, into the benefits package. In the total reward system both tangible and intangible rewards are considered valuable. Tangible rewards arise from transactions between the employer and employee and include rewards such as pay, personal bonuses and other benefits. Intangible rewards have to do with learning, development and work experience. Examples of these types of rewards are opportunity to develop, recognition from the employer and colleagues, personal achievement and social life. The aim of total reward is to maximize the positive impact that a wide range of rewards can have on motivation, job engagement and organizational commitments. The components of the total reward can be described as in the following figure (Armstrong, 2006).

Transactional Rewards	Base Pay	Total Remuneration	Total Rewards
	Contingent Pay		
	Employee Benefits		
Relational Rewards	Learning and Development	Non Financial/Intrinsic Rewards	
	The Work Experience		

Figure 2.1: The components of total reward (Armstrong, 2006)

The purpose of total reward is to create a cluster where all the different reward processes are connected, complementary and mutually reinforcing each other. In order to achieve internal consistency, the total reward strategies are horizontally integrated with human resource activities and vertically integrated with business strategies (Armstrong, 2006).

The benefits of a total reward system are described by Armstrong (2006) as: Greater impact when different types of rewards are combined, they will have a deep and long-lasting effect on the motivation, commitment and engagement of employees. Enhancing the employment relationship, total reward appeals more to employees due to the fact that it makes the maximum use of relational as well as transactional rewards. Enhancing cost-effectiveness because total reward communicates effectively the value of the whole reward package, it minimizes the undervaluing of the true costs of the packages. Flexibility to meet individual needs due to the variety of rewards, the total reward is able to answer the individual needs of the employees and hence bind them more strongly to the organization.

Winning the war for talent because relational reward processes are more difficult to replace than individual pay practices, total reward gives the organization the ability to attract and retain talented employees by differentiating their recruitment process and hence becoming “a great place to work”.

2.3. Empirical Review

2.3.1. Employee Productivity

Millea (2002) reports empirical evidence about the bi-directional relationship between employee’s benefits and productivity, in particular considering the nature of the benefits setting process in different countries. The empirical evidence of this paper as well as that of a more in-depth study for Germany (Millea, 2006) can be interpreted in the light of efficiency wages, i.e. explaining productivity as resulting from particular wage levels, for given characteristics of the labour market e.g. the total level of unemployment. Leaders should try to increase the belief that good performance will result in valued rewards. Ways of doing so include: measure job performance accurately; describe clearly the rewards that will result from successful performance; describe how the employee’s rewards were based on past performance; provide examples of other employees whose good performance has resulted in higher rewards. In essence, leaders should link directly the specific performance they desire to the rewards desired by employees. It is important for employees to see clearly the reward process at work. Concrete acts must accompany statements of intent.

Compensation mechanisms can be a powerful incentive in linking performance to rewards. Compensation systems that reward people directly based on how well they perform their

jobs are known as pay-for-performance plans (Berger, 2009). These may take such forms as “commission plans” used for sales personnel, “piece-rate systems” used for factory workers and field hands, and “incentive stock option (ISO) plans” for executives (Dunn, Mercer, Carpenter, & Wyman, 2010) and other employees (Baker, 2012). However, rewards linked to performance need not be monetary. Symbolic and verbal forms of recognition for good performance can be very effective as well (Markham, Dow, & McKee, 2002).

2.3.2. Employment Security Benefits

Employee remuneration is not just about pay, for example, wages and salaries. It is also concerned with non-pay benefits or ‘benefits in kind’. These non-pay benefits are usually known as employee security benefits; and sometimes as ‘perks’. On balance, the former refers to the more important benefits, such as pensions, and include those which are widely applied in the organization. The latter refer either to less significant benefits such as private health insurance, or to benefits provided primarily as a privilege (Cole, 2002). He continues by saying that the work related benefits are linked closely to the day-to-day operational requirements of the organization in relation to its members. Thus, employees need to be adequately nourished during the working day, properly trained to justify their responsibilities and provided with adequate means of transport when on the organization business.

2.3.2.1. Overtime

Overtime is the payment over and above the normal salary and wage rates where the premium may be one and a quarter to two times. It may be used among others: where the natures of the tasks are seasonally oriented such that some seasons are more heavily loaded with activity than others. Overtime should be carefully planned and controlled in order to ensure that it is not misused by employees and so that it can also be productive (Tyson, 1999).

According to the Code of Regulations (2006), when it is established that an officer is required to work overtime as a matter of urgent necessity and it is not possible to allow him equivalent time off in lieu of overtime allowance, to compensate and motivate him for the time, an allowance may be granted to him with prior approval of the Authorized Officer. Compensatory time off can also be given in lieu of payment for extra time worked. However, unless it is given to non-exempt employees at the rate of one and one-half time for the hours worked over a 40-hour week, comp-time is illegal in the private sector. It can also not be carried over from one pay period to another. The only major exception to those provisions is for public-sector employees, such as fire and police employees and a limited number of other workers (Willing, 2000).

According to the Employment Act of Kenya (2007), the law specifies normal number of working hours varied by industries. If an employee works in excess of normal hours per week as specified, the additional hours are treated as overtime. Therefore employees can be asked to work a reasonable amount of overtime to complete a job. However, union

contracts often restrict the authority of employers regarding overtime. Also in some profession such as nursing an employee may be required to work overtime to save life.

2.3.2.2. Annual Leave

Annual leave is a period of time off work that an employee is entitled to after every 12 consecutive months of service with an employer. Under section 28 of the Employment Act of Kenya, annual leave is 21 working days during which the employee is entitled to full pay. Also the Regulation of Wages Order (of various industries), subsidiary to the Regulations of Wages and Conditions of Employment Act, specifies that an employee proceeding on annual leave is entitled to payment by his employer. The order specifies various amounts to different industries, though it has been altered and increased with time depending on various industries and factors.

According to the COR (2006), leave is granted for recuperative purposes to enable an officer renew his energies and improve efficiency. Leave is taken without loss of seniority or benefits but is subject to exigencies of service. In addition to normal full pay, an officer who takes a minimum of one-half of his annual leave entitlement will be eligible for leave allowance once a year, the rate of which is determined by the Government from time to time. Officers stationed in any designated hardship area may proceed on leave twice a year and is eligible for payments of leave allowance twice per year. Shellengarger (2001), states that employers give employees paid time off in a variety of circumstances. Paid lunch breaks and rest periods, holidays and vacations are common. But leaves are given for a number of other purposes as well. Time-off benefits represent an estimated 5% to

13% of total compensation. Typical time-off benefits include holiday pay, vacation pay and leaves of absence.

2.3.2.3. Maternity Leave

Section 29 of Employment Act, (2007) provides that a female employee shall be entitled to maternity leave on full pay if she gives not less than seven days written notice in advance, or a shorter period as may be reasonable in the circumstances, of her intention to proceed on maternity leave. A female employee is entitled to three months maternity leave in addition to any period of annual leave she is entitled to, and sick leave if she happens to fall sick during her time of confinement and with the consent of the employer. A female worker on maternity leave is also entitled to be paid her full remuneration and other benefits to which she is otherwise entitled. This is the same for the two weeks paternity leave.

Many employers provide maternity and paternity benefits to employees who give birth to children. In comparison to those giving birth, a relatively small number of employees adopt children, but in the interest of fairness a growing number of organizations provide benefits for employees who also adopt children (Woodward, 2000). Also, as people get older, the benefits of a compensation package assume importance. It is the time when employees establish a family. Those benefits that will serve the family are valued, like maternity benefits, children's education, annual vacation pay, etc (Andrews, 2009).

2.3.2.4. Educational and House Allowances

Employers have found that educational and tuition aid assistance benefits are highly desired by employees. These programs have been found to aid employee retention and recruitment. The program normally covers some or all costs associated with formal education courses and degree programs, including the costs of books and laboratory materials (Mathis, 2003). An organization can also reduce unwanted employee turnover and related recruiting, hiring, and training costs by shifting these costs from developing new employees to keeping experienced employees. You can motivate an employee to increase productivity by providing opportunities for career development (training or schooling). At the same time you have improved the worker's skills and shown recognition of the worker's value and aspiration. A tailored benefit can be worth as much to an employee as a pay raise. Such a benefit is practical because it probably costs no more than worker unrest and diminished productivity and it is probably less costly than a comparable pay increase (Harris, 2000).

Company housing or house rent allowance is offered by organizations who feel obliged to help an individual meet one of the basic needs a roof over one's head and to enable them have access to reasonable accommodation while on official duty. Senior employees are provided with accommodation which may be owned by the organization. However, other organizations reimburse rent payments (Andrews, 2009).

2.3.3. Health Protection Benefits

Baase (2009) states that evidence clearly shows that the health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's economy. It also shows that employers increasingly recognize this link and are interested in improving worker health by expanding workforce health protection and health promotion benefit programs. Also many employers allow employees to miss a limited number of days because of illness without losing pay. Some employers allow employees to accumulate unused sick leave, which may be used in case of catastrophic illnesses. Others pay employees for unused sick leave. Some organizations have shifted emphasis to reward people who do not use sick leave by giving them well-pay – extra pay for not taking sick leave (Mathis, 2003).

Research also shows a much greater connection between employee health and productivity in the workplace than was ever realized in the past. For example, studies have shown that on average for every one dollar spent on worker medical/pharmacy costs, employers absorb two to three dollars of health-related productivity costs (Loeppke, 2009). These costs are manifested largely in the form of presenteeism (a condition in which employees are on the job but not fully productive), absence, and disability. Compounding these issues for employers is the impact of safety issues and health-related environmental-hazard costs. Statistics show that work-related accidents and injuries exert an enormous toll on employers. Accidents, overexertion, or injuries caused by excessive lifting, carrying, or pushing, adds significantly to employer costs with an annual impact in the billions of dollars.

It has been estimated that on-the-job injuries has cost organizations billions of dollars annually. Included in this figure are wage and productivity losses, medical costs and administrative costs. In addition to these safety- and hazard-related injury costs, the effort of administering to the needs of injured workers is also extremely costly (Wright et al, 2002). The national pipeline of healthy, productive workers faces significant health-related challenges. Moreover, the cost of responding to this workplace health and safety issues has the potential to undermine and organizations competitiveness in the global marketplace. More than ever before, the nation needs to take steps to ensure the optimal health of its workforce. It is therefore the responsibility of every employer to ensure the safety, health and welfare of all employees at work working in his/her workplace. The Occupational Safety and Health Act, No. 15 of 2007 and revised in 2010, provides for the safety, health and welfare of workers and all persons lawfully present at workplaces. Section 101 of the Occupational Safety and Health Act, requires that in workplaces where employees are exposed to wet or to any injurious or offensive substances, the employers must provide and maintain clothing and appliances that are adequate, effective and suitably protective, including, where necessary, suitable gloves, footwear, goggles and head coverings.

The Work Injury Benefits Act, No. 15 of 2007, provides for compensation to employees for work related injuries and diseases contracted in the course of their employment and for connected purposes. Under the right to compensation (Part III) of Work Injury Benefits Act, an employee who is involved in an accident resulting in the employee's disablement subject to the provisions of this Act, is entitled to the benefits provided for

under this Act. The liability falls squarely on the employer. To deal with such liabilities an employer is obligated to obtain and maintain an insurance policy, with an insurer approved by the Minister in respect of any liability that the employer may incur under this Act to any of his employees (section 7).

According to Collins et al (2005), research has shown that common chronic conditions, such as cancer, heart disease, and diabetes, are driving up total health-related costs in the workplace. Other health conditions among workers ranging from musculoskeletal/pain and depression are adding to those costs. In addition to a steadily rising medical and pharmaceutical cost burden, employers are now also seeing evidence of significant productivity cost impacts related to poor health. The workers compensation system requires employers to give cash benefits, medical care, and rehabilitation services to employees for injuries or illnesses occurring within the scope of their employment (Atkinson, 2009). In exchange employees give up the right of legal actions and awards. However, it is in the interests of both employers and employees to reduce workers' comp costs through safety and health programs (Pikiell, 2000).

Medical privileges are intended to assist an officer and his family in maintaining good health since a healthy employee is an asset to the Government. The Government has incorporated out-patient medical benefits into personal emoluments thereby making a public servant responsible for his own medical requirement (COR, 2006). Employee health problems are varied – and somewhat inevitable. They can range from minor illnesses such as colds to serious illnesses related to the jobs performed. Some employees

have emotional health problems; others have alcohol or drug problems. Some problems are chronic; others are transitory. But all may affect organizational operations and individual employee productivity (Mathis & John, 2003).

2.3.4. Retirement Benefits

Retirement plans in addition to serving as a tax-advantaged means of accumulating retirement income, can enhance productivity. Pensions strongly influence workers' behavior, giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a timely basis. Empirical evidence indicates that pensions influence the type of worker a firm attracts and can help an employer attract workers who exhibit desirable behavior patterns. While the productivity effects have been associated mostly with defined benefit plans, recent research has shown that 401(k) plans exhibit similar effects in shaping workers' behavior (Ippolito, 1997).

In America, by the end of the 20th century, retirement was a fully institutionalized life stage for most of its workers. Retirement became an earned benefit in reward for years of service to a particular organization, to an industry, or, more generally, to the productive society. Most importantly, in this transition, older workers in the final decades of the 20th century were exposed to models of retirement that offered leisure, freedom, and flexibility for the "final years" of life. While some of these models were structured around a primary component of leisure or recreation, perhaps the majority incorporated significant themes of productive engagement (Neil, 2000).

Among the issues in the retention of older workers, it seems most important to first counter organizations' stereotypical notion that older workers are too costly and less productive than younger workers. Even when such skewed notions have been well countered with research evidence supporting the advantages to retaining older workers (Feinsod, 2006), there remain the challenges of how best to effectively retain/employ, manage, and enhance the productivity of an aging workforce. A study by the Tripartite Alliance for Fair Employment Practices (TAFEP) on generational issues in the Singapore workplaces has shown that a multi-generational workforce has many potential advantages and opportunities both for the individual and for the organization when effectively managed (TAFEP, 2010). When agreeing to retain/employ older workers, employers should be open to the needs of older workers, which may involve improvement in management systems to meet workplace needs and may include the re-packaging of benefits and rewards to include flexible work arrangements, target hiring to focus on skills rather than age, phased retirement to allow for gradual exit from the workforce with re-employment, and the expansion of HR roles to include counseling of older workers to motivate them in continued employment.

According to Perrin. (2005), leading organizations, need to understand the current, and future, workforce composition and offer the right package of rewards and other programs to attract, retain and engage the people an organization needs. The opportunity also exists to align employee and customer demographics and to become a chosen employer for the multiple generations represented in today's workforce. However, whether any organization will be successful in retaining its baby boomer talent will depend on offering

rewards that effectively meet the needs of older workers. Research shows these include competitive health-care and retirement benefits as well as important intangibles like work-schedule and work-location flexibility and respect for employee contributions. Health-care and retirement benefits top the list of what 50-and-older workers at large companies look for in deciding whether to stay with an organization, although intangibles like work-life balance, the opportunity to work with high-caliber colleagues and on-the-job recognition also play significant roles.

Auer and Fortuny (2000), state that while retirement policies constitute a “push” factor for non-employment of old-aged workers, pension systems and policies are a “pull” factor. It is well observed, especially in advanced European welfare countries that more generous pension benefits tend to pull old-aged workers out of employment even before normal retirement age but the availability of retirement funds to older workers contributes to the “pull factor” of retirement. A pessimistic view by Borsch-Supan (2003), an aging workforce driven by low fertility and longer life expectancy has negative effects on economic growth through a set of interrelated mechanisms: decreasing labor input due to low population growth and aging; decreasing rates of savings and capital accumulation due to increasing dependency ratios and the social cost of long-term care; decreasing investment in the human capital of the young generation due to increasing social welfare costs; lower level of innovation and renovation and/or dynamics. But on the other hand, Scarth (2002), for example, asserts that that an aging workforce could lead to productivity growth by motivating “increased” investment in human capital as labor becomes a relatively scarce production factor.

The Pensions Act, Cap 189 Rev. 2009, provides for the grant and regulating of pensions, gratuities and other allowances in respect of the public service officers under the Government of Kenya. The benefits of social security schemes include age benefits, survivor's benefit, invalidity benefit, withdrawal benefit, emigration grant, and such other benefits as may be prescribed by the Minister. The Pensions Act, provides for payment of pension benefits to dependents upon death of the employee in service or on retirement, on condition that the employee has been in productive employment for ten or more years.

2.3.5. Personnel Recognition Benefits

Employee welfare has been defined by Mishra & Bhagat (2007) as a state of well being, health, happiness, prosperity and the development of human resources which involves both the social and economic aspects. The social concept of welfare refers to the welfare of the average worker, his family and his community at large while the economic aspect of the welfare package covers promotion of economic development by increasing production and productivity. If an employee enjoys his time off, gets rest, eats well and takes care of himself, he will have more energy to devote to the job. A happy home life usually translates into a happy work life, and problems at the home front usually clock in when the worker does.

While employee compensation affects productivity, some factors may boost output without costing the company anything. Pay is a part of it, but an employee needs to feel validated if he is to be productive. She needs to feel her work is worth something, and she needs to believe she is justly compensated. While good wages and benefits help, validation doesn't

even have to be monetary. A simple 'thanks' can go a long way in making a worker feel valued. Related to validation, an employee will be more productive when he can see where he fits in the big picture. He doesn't want to just be a cog in the machine. He needs to have a handle on the whole operation, which may be a plus because he may show he can do more than his job. He needs to know the supervisor will listen to his suggestions and ideas (Lake, 2000).

Employee recognition as a form of reward can be both tangible and intangible. Tangible recognition comes in many forms, such as “employee of the month”, perfect attendance, or other special awards. Recognition can also be intangible and psychological in nature. Feedback from managers and supervisors that acknowledges extra effort and performance of individuals provides recognition, even though monetary rewards are not given. Both tangible and intangible recognition can be used as part of employee retention efforts and managers have been trained to make special effort to recognize employee performance and service (Gostick, 2000).

According to Allis (2008), compensation costs - salaries, wages, and benefits - are a large and increasing part of operating expenses; yet, productivity can decline among workers who get more pay and benefits. Workers are productive with fair pay tied to performance. Ironically, not all employee motivation and productivity problems are solved by pay raises and promotions. It isn't necessary to make pay adjustments beyond a fair industry-wide (market place) level. The tailoring of benefits to satisfy specific needs is part of the quality of work life technique. It is a way to maximize the amount of labor costs going to the

employee and to maximize your return on these costs without increasing across-the-board expenses. By making a special effort to satisfy individual employee needs, you reinforce the motivational value of the flexible benefit.

In a survey of individuals of a variety of ages and working in a variety of industries, the most positively cited factor about going to work was the relationship with co-workers. Coupled with co-worker relationships is having supportive supervisory and management relationships. A supervisor builds positive relationships and aids retention by being fair and nondiscriminatory, allowing work flexibility and work/family balancing, giving employee feedback that recognizes employee efforts and performance and supporting career planning and development for employees Bernthal, (2001). Abbasi (2000) continue to state that workers do pay attention to their co-workers, and discontent can spread rapidly among an organization if some employees are negative or don't do their fair share. On the other hand, an enthusiastic work crew that helps one another out can make even a seemingly dead-end job pleasurable. If the work crew has minimal turnover, this lets the worker know his job probably won't disappear overnight. The employee will also be more productive when she knows the job is doable with the tools the company gives her. This may mean office equipment that doesn't conk out during heavy periods, machinery that works well and procedures that are streamlined enough to get the job done without a lot of wasted effort.

A growing number of organizations offer awards to employees for extended service, work-related achievements and suggestions for improving organizational effectiveness. Awards

are often in the form of gifts and travel rather than cash. Suggestion systems offer incentives to employees who submit ideas that result in greater efficiency or profitability for the company (Bernardin, 2007).

2.4. Summary and Gaps to be filled by the Study

From the above literature review it is clear that fringe benefits represent a double edged sword. On one side, employers know that in order to attract, retain and motivate employees with the necessary capabilities and in order to enhance their productivity they must offer appropriate benefits. On the other side, they know the importance of controlling or even cutting costs. Benefits comprise a significant part of the total compensation package offered to employees. Total compensation includes money paid directly (such as wages and salaries) and money paid indirectly (such as benefits). But, given the absence of empirical evidence on the relationship between employee benefits and productivity, and the escalating cost of benefits, it is clear that there is a research gap and that further research needs to be carried out, in order to ascertain this relationship.

2.5. Conceptual Framework

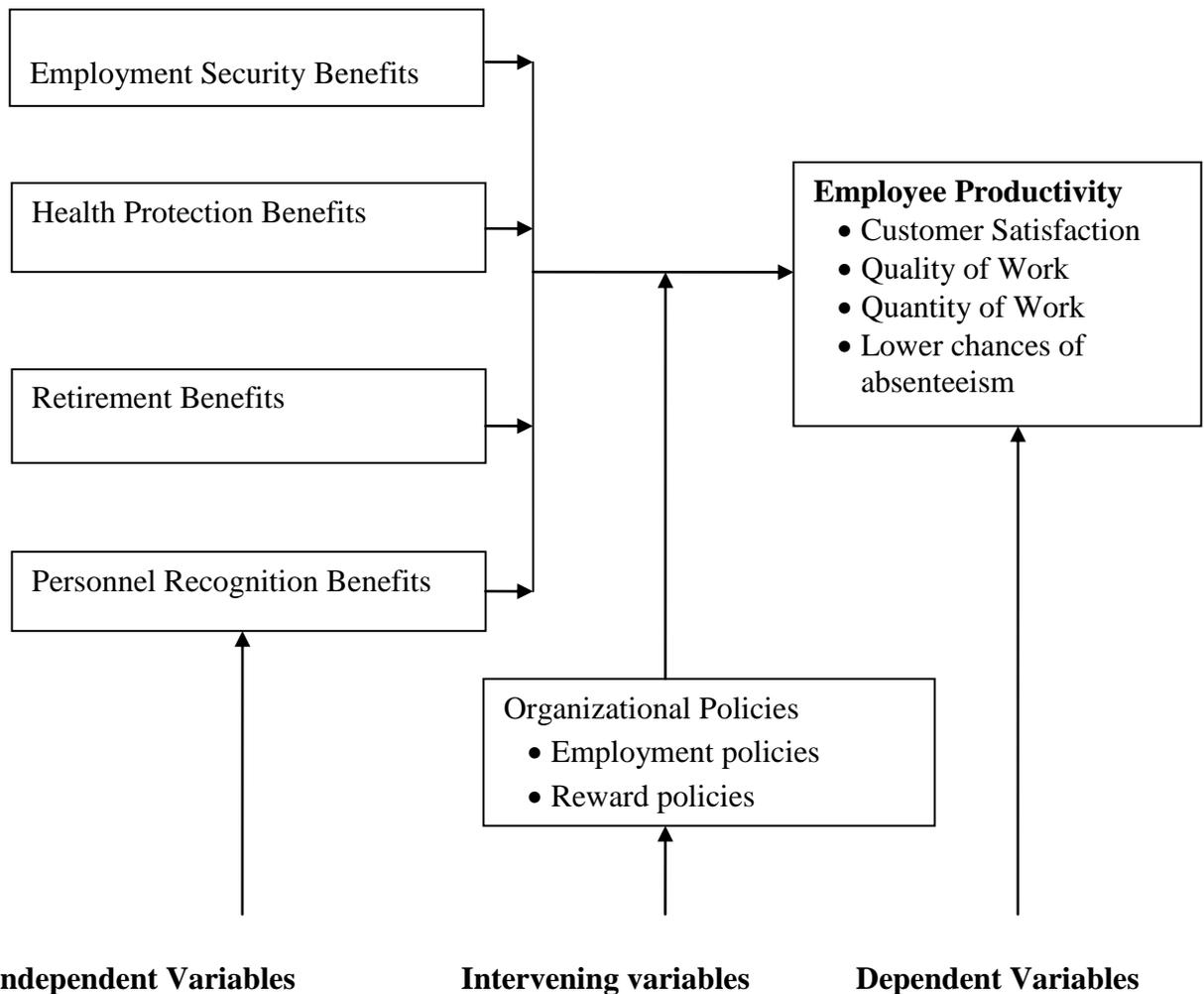


Figure 2.2: Conceptual framework

The above conceptual framework shows the relationship between the independent variables (fringe benefits) and the dependent variable (employee productivity). The figure also suggests an interrelationship between the two groups of variables as identified and explained in the literature review.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter describes the methodology that was used by the researcher to carry out the study. It presents the research design, the study location and target population, the sample size and selection method, data collection and analysis procedures.

3.2. Research Design

The study adopted a descriptive survey design. A descriptive study is concerned with determining the frequency with which something occurs or the relationship between variables Bryman & Bell (2003). Thus, this approach was appropriate for this study, since the researcher intended to collect detailed information through descriptions and was useful for identifying variables and hypothetical constructs. This method provided descriptions of the variables in order to answer the research questions in the study. Survey design also allows comparisons between respondents giving the right perspective on their opinion towards the fringe benefits effects on productivity. The choice of this technique was guided by the fact that the case study aims at generating findings, which would facilitate a general, understanding and interpretation of the problem.

3.3. Target Population

This study was carried out at the State Department of Water, where the total population is 189 (Staff Establishment, 2011). In order to capture a balanced report the research concentrated on the middle level and lower level staff comprising Engineers, Hydrologists, Geologists, and Inspectors Water.

Table 3.1: Population of the study

Category	Population
Engineers	19
Hydrologist	62
Geologists	63
Inspectors Water	45
Total	189

Staff Establishment, (2011)

3.4. Sample and Sample Techniques

Mugenda and Mugenda (2003) defines sampling as the process of selecting a number of individuals for a study in such a way that the individuals selected represent the large group from which they were selected. In regard to this definition and for purposes of this study, a sample was selected from a population of one hundred and eighty nine (189) technical staff from the State Department of Water. The researcher used stratified random sampling method of data collection since it is an unbiased sampling method of grouping heterogeneous populations into homogenous subsets then making a selection within the individual subset to ensure representativeness.

Table 3. 2: Stratified Random Sampling Table

Category	Population	Percentage	Sample Size
Engineers	19	0.3	6
Hydrologist	62	0.3	19
Geologists	63	0.3	19
Inspector Water	45	0.3	14
Total	189	0.3	58

Source Author (2013)

From the above target population of 189, a sample size of 30% was taken from the population. According to Mugenda and Mugenda (2003), a representative sample is one that is at least 10% of the population of interest but for better and more representative results, a higher percentage is better. In addition, this sampling technique should be used when the population of interest is not homogeneous. In this particular case the population of interest is composed of various cadres as depicted in the table above. These groups are mutually exclusive and were expected to give answers that were unique to the topic of study.

3.5. Data Collection Instruments and Procedure

The researcher used questionnaires to collect the data. Besides that, she consulted secondary sources of literature for comparison. Primary data was gathered directly from respondents by use of questionnaires. According to Ngechu (2004), there are many methods of data collection and therefore a choice of a tool and instrument depends mainly

on the attributes of the subjects, research topic, problem question, objectives, design, expected data and results. The research instrument was organized based on the objectives of the study.

The questionnaire consisted of six parts: Part A which sought for personal details from the respondents and the organization and Part B, C, D, E and F, which sought for specific information related to the areas under study as brought out in the conceptual framework. The questionnaires were dropped to respondents and picked at a central point, acceptable and convenient to all parties. The questionnaires had both open-ended questions (where respondents were freely allowed to answer the questions in their own words) and closed-ended questions (where the respondents were provided with a range of alternatives from which to choose).

3.6. Reliability

According to Shanghverzy (2003), reliability refers to the consistency of measurement and is frequently assessed using the test–retest reliability method. Reliability is increased by including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures. Reliability is also concerned with the question of whether the results of a study are repeatable. The term is commonly used in relation to the question of whether the measures that are devised for concepts in business are consistent. One factor that might affect the reliability of the study is the respondents' lack of knowledge. It is further suggested that if a respondent at the moment is tired or stressed, or have attitudes toward the questionnaire/interview it can impact negatively on the reliability

of the study (Eriksson & Wiedersheim-Paul, 2001). Moreover reliability is particularly an issue in connection with quantitative research. The quantitative study is likely to be concerned with the question of whether a measure is stable or not.

In order to check reliability of the results, the study used Cronbach's alpha methodology, which is based on internal consistency. Cronbach's alpha measures the average of measurable items and its correlation. Overall scales' of reliability of the present situation and the desirable situation was tested by Cronbach's alpha, which should be above the acceptable level of 0.70 (Hair et al., 1998).

3.7. Validity

Validity refers to the degree to which a study accurately reflects or assesses the specific concept that the researcher is attempting to measure. It is the degree to which results obtained from the analysis of data actually represent the phenomenon under study. To enhance the instrument's validity, the researcher sought expert opinion by consulting the study's supervisor in respect to content validity. After the final confirmation, a pilot test was conducted by distributing the questionnaire among 10 respondents from different sections such as water services, irrigation and water resources management in the State Department of Water, which ensured that the questionnaire is appropriate and the aspects investigated were generally understandable. This is as suggested by Cooper and Schindler (2003) and based on descriptive research design that a pilot group will range from 5 – 10 employees. The data was then collected its validity and relevant results were confirmed.

3.8. Data Analysis and Presentation

After collecting data from the respondents, the researcher started the process of data analysis by editing it and coding it along the main thematic areas to identify inconsistencies and establish uniformity. Data was compiled to facilitate entry of the responses into the computer. The process of analysis then proceeded whereby frequencies, percentages and charts were generated using a statistical package for social sciences (SPSS) and excel spreadsheets for quantitative data.

Quantitative analysis was carried out on those aspects of the study that are quantifiable. This comprised the use of statistics and statistical analysis techniques rather than the use of verbal materials, mainly applied in social sciences. It mainly includes the information obtained from closed-ended questions in the questionnaire. This was followed by a presentation of the quantitative findings in form of tables and percentages to enable easy interpretation by the readers accompanied by the requisite explanations and narrations.

Feedback from the open-ended questions of the study was qualitatively analyzed. The key aim of qualitative analysis is to provide or avail from the study, a complete, detailed description of the variables under study, as perceived by the study subjects. Qualitative data was coded along some common thematic areas, based on the frequency of the responses on issues under investigation. The analysis was mainly based on the commonly recurring themes which were carried out through narrative and descriptive analysis. In addition, the study was conducted by use of multiple regression analysis. The regression equation was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Whereby Y = The dependent variable (Employee Productivity),

X_1 = Employment Security Benefits,

X_2 = Health Protection Benefits,

X_3 = Retirement Benefits and

X_4 = Personnel Recognition Benefits,

while β_1 , β_2 , β_3 and β_4 are coefficients of determination and

ε is the error term.

This generated quantitative reports through tabulations, percentages, and measures of central tendency.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1. Introduction

This chapter presents the analysis and interprets the findings obtained from the field based on the objective of the study which was to find out fringe benefits effects on employee productivity in the public sector. Descriptive and inferential statistics were used to discuss the findings of the study. To this end, the study administered questionnaires to 58 respondents out of which 55 were filled and returned representing a response rate of 94.8%. This response rate was satisfactory to make conclusions for the study. The response rate was representative. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was considered to be excellent.

4.2 Reliability Analysis

Table 4.1: Reliability Coefficients

Scale	Cronbach's Alpha	Number of Items
Employment Security Benefits	0.821	4
Health Protection Benefits	0.797	5
Retirement Benefits	0.848	4
Personnel Recognition Benefits	0.713	5

A pilot study was carried out to determine reliability of the questionnaires. The pilot study involved the sample respondents. Reliability analysis was subsequently done using Cronbach's Alpha which measures the internal consistency by establishing if certain item within a scale measures the same construct.

Reliability of the questionnaire was evaluated through Cronbach's Alpha which measures the internal consistency. Cronbach's alpha was calculated by application of SPSS for reliability analysis. The value of the alpha coefficient ranges from 0-1 and may be used to describe the reliability of factors extracted from dichotomous and or multi-point formatted questionnaires or scales. A higher value shows a more reliable generated scale. Cooper & Schindler (2003) indicated 0.7 to be an acceptable reliability coefficient. Table 4.1 shows that Retirement Benefits had the highest reliability ($\alpha=0.848$) followed by Employment Security Benefits ($\alpha=0.821$), then Health Protection Benefits ($\alpha = 0.797$) and Personnel Recognition Benefits ($\alpha=0.713$). This illustrates that all the four scales were reliable as their reliability values exceeded the prescribed threshold of 0.7 which paved way for data analysis through results of Cronbach's Alpha statistics.

4.3. Demographic/Biodata Analysis

4.3.1. Gender of the Respondents

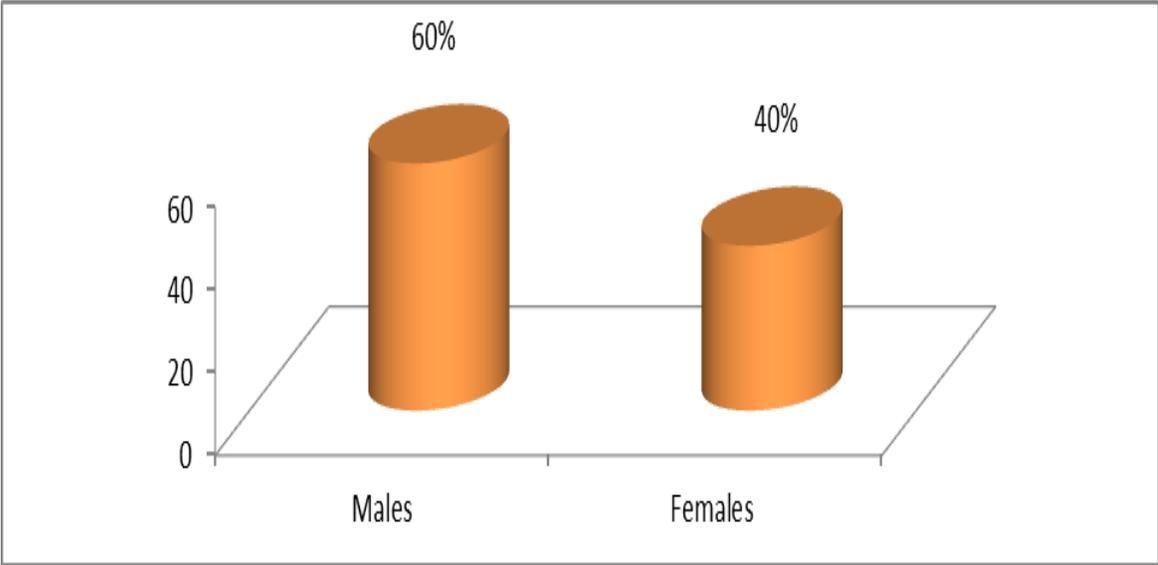


Figure 4.1: Gender distribution

The study sought to determine the gender of the respondent and therefore requested the respondent to indicate their gender. The study found out that majority of the respondent, 60% were males, whereas 40% were females, this is an indication that both genders were involved in this study and thus the finding of the study did not suffer from gender bias.

4.3.2. Age of the Respondents

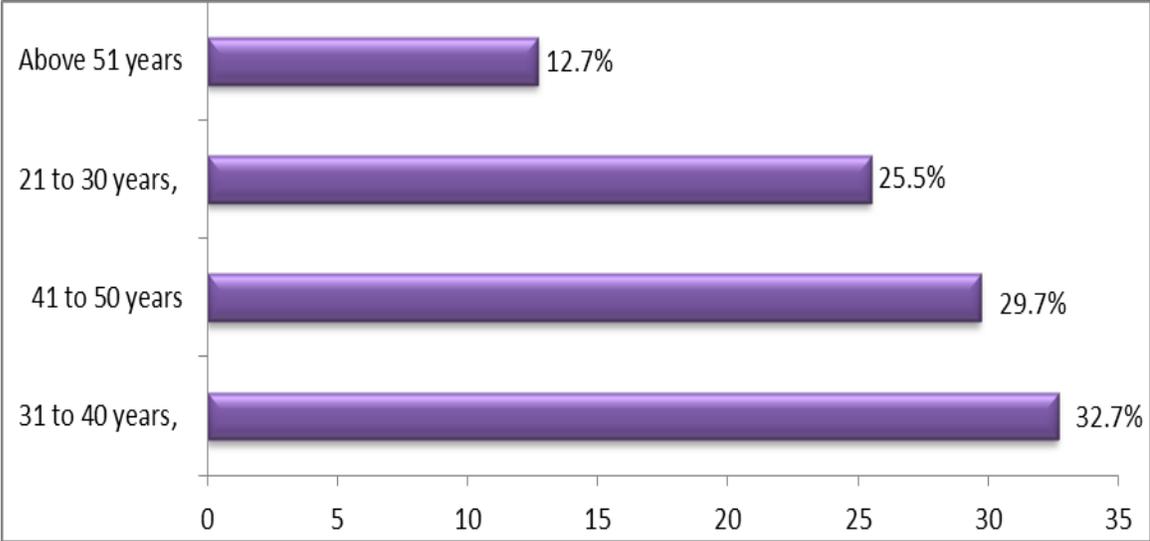


Figure 4.2: Age distribution

The study requested the respondent to indicate their age category, from the findings 32.7% of the respondents indicated that they were aged between 31 to 40 years, 29.7 % of the respondent indicated they were aged between 41 to 50 years, 25.5% of the respondents indicated that they were aged between 21 to 30years, whereas 12.7 % of the respondents indicated that they were aged above 51 years. This is an indication that respondents were well distributed in terms of their age.

4.3.3 Professional Qualifications of Respondents

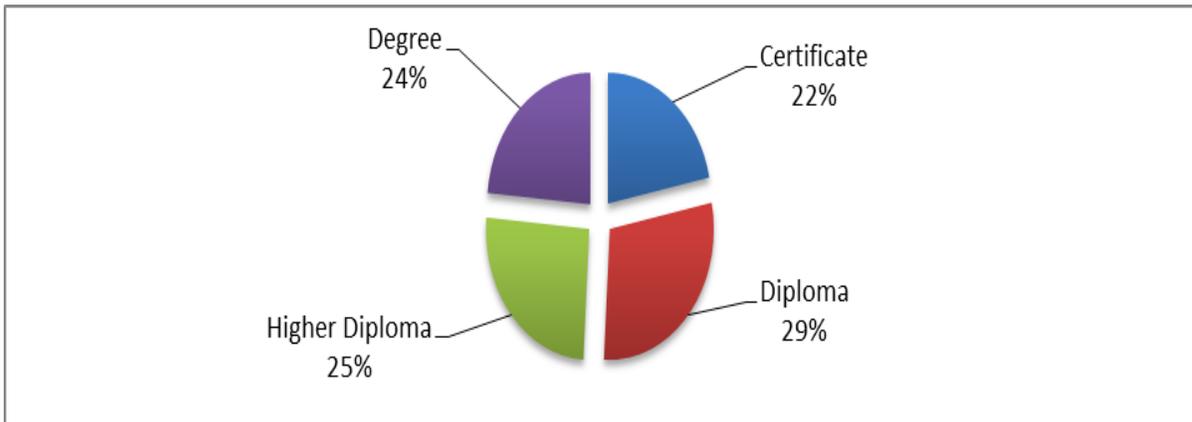


Figure 4.3: Professional Qualifications

The study sought to determine the professional qualifications of the respondents. From the findings the study established that 29.1% of the respondent hold diploma qualifications, 25.5% of the respondent indicated to have attained higher diploma level, 23.8% of the respondent indicated to hold degree qualifications, whereas 21.8 % of the respondents indicated to hold certificate qualifications. This is an indication that most of the respondents engaged in this study had attained diploma level of education thus had enough knowledge to understand and respond to the questions.

4.3.4 Job Designations of Respondents

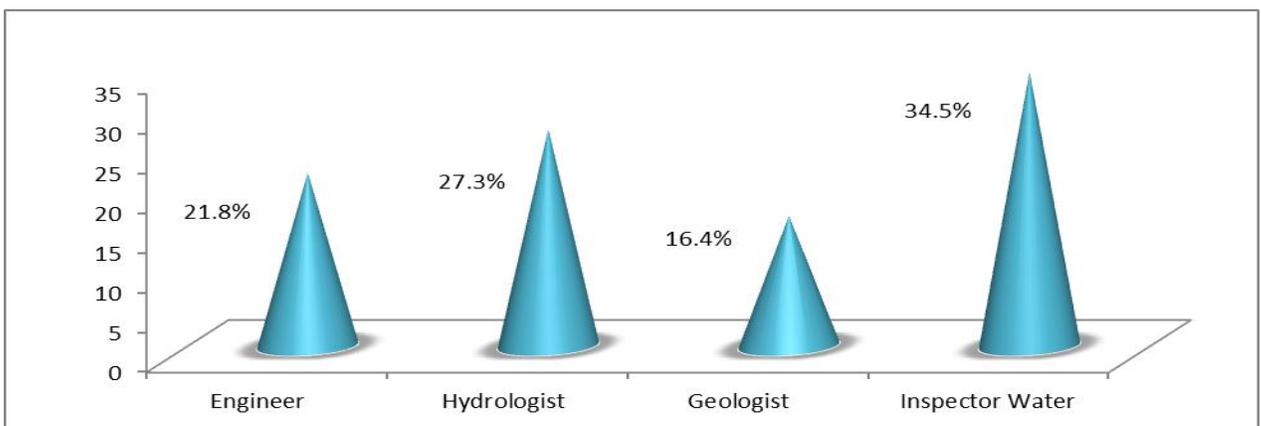


Figure 4.4: Job Designation

The study sought to establish the job designation of the respondents and therefore requested the respondents to indicate their job designations, from the findings, the study established that 34.5% of the respondents were water inspectors, 27.3% of the respondents were hydrologists, 21.8% of the respondents were engineers, whereas 16.4% of the respondents were geologists, this implies that there was a higher response rate from the water inspectors engaged in this study than from the other cadres.

4.3.5. Period of Service

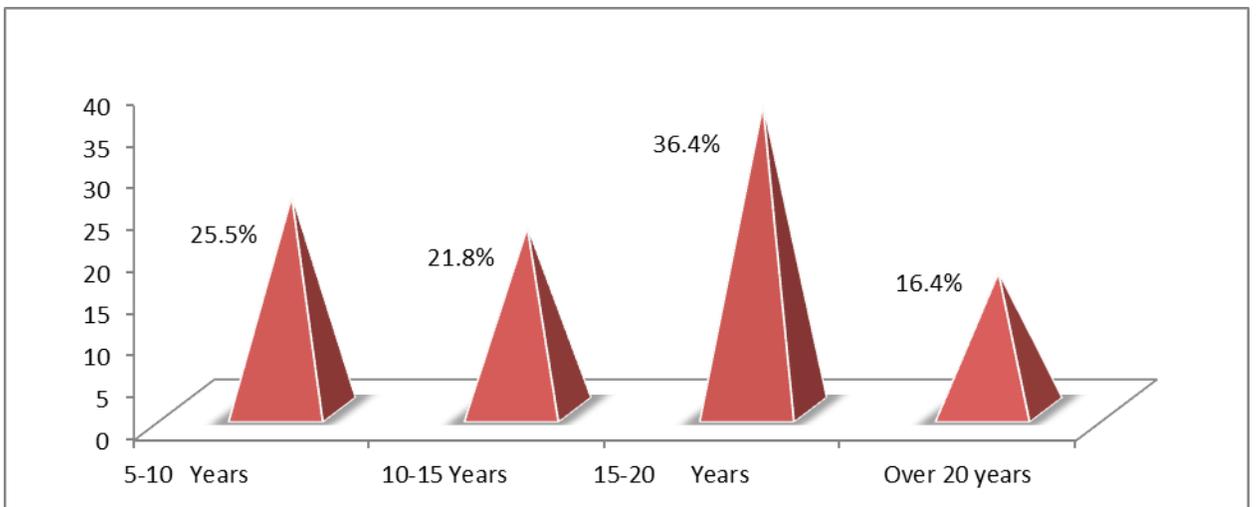


Figure 4.5: Period of service

The study requested respondent to indicate the number of years they had served. From the findings the study established that 25.5 % of the respondents had worked for a period of ranging 5 to 10 years, 21.8% of the respondent indicated that they had worked for a period ranging between 10 to 15 years, 36.4% of the respondents had worked for 15 to 20 years, whereas 16.4% of the respondents indicated to have worked for a period of over 20 years, this implies that majority of the respondents had served for a considerable period which indicates that most of the respondents had vast experience which could be relied upon by this study.

4.4. Descriptive Analysis

4.4.1 Fringe Benefit Effects on Employee Productivity

Table 4.2: Importance of Fringe Benefits

	Frequency	Percentage
Yes	53	96.4
No	2	3.6
Total	55	100

The study sought to determine whether employees considered fringe benefits important to them, from the findings the study established that 96.4% of the respondents were of the opinion that fringe benefits were important whereas only 3.6% of the respondents were of contrary opinion. This implies that majority of the employees considered fringe benefits important.

Table 4.3: Extent to which respondents considered fringe benefits important

	Frequency	Percentage
Very large	33	60.0
Large	15	27.3
Moderate	5	9.1
Low	2	3.6
Total	55	100

The study sought to determine the extent to which respondents considered fringe benefits important. From the findings, the study established that 60% of the respondents indicated to a very large extent, 27.3% of the respondents indicated to a large extent, 9.1% of the

respondents indicated to a moderate extent whereas 3.6% of the respondents indicated to a low extent. This implies that majority of the employees considered fringe benefits largely important.

Table 4.4: Distribution of Fringe Benefits in the Organization

	Frequency	Percentage
Yes	15	27.3
No	40	72.7
Total	55	100

The study sought to determine whether fringe benefits were fairly distributed among all employees, from the findings, the study established that 72.7% of the respondents were of the opinion that fringe benefits were not fairly distributed among employees whereas 27.3% of the respondents were of contrary opinion. This implies that majority of the respondents were dissatisfied with the mechanisms used in distribution of fringe benefits.

Table 4.5: Extent to which Fringe Benefits positively affect Employee Productivity

	Frequency	Percentage
Very high	15	27.3
High	30	54.5
Moderate	7	12.7
Small	3	5.5
Total	55	100

The study sought to determine the extent to which fringe benefits affect employee productivity. From the findings, the study established that 54.5% of the respondents

indicated to a high extent, 27.3 % of the respondents indicated to a very high extent, 12.7% of the respondents indicated to a moderate extent whereas 5.5% of the respondents indicated to a small extent. This implies that majority of the respondents considered fringe benefits largely important.

Table 4.6: Extent to which Fringe Benefits negatively affect Employee Productivity

	Frequency	Percentage
Very high	3	5.5
High	2	3.6
Moderate	6	10.9
Small	44	80.0
Total	55	100

The study sought to determine the extent to which fringe benefits negatively affect employee productivity. From the findings, the study established that 80% of the respondents indicated to a small extent, 10 % of the respondents indicated to a moderate extent, 5.5% of the respondents indicated to a very high extent, whereas 3.6% of the respondents indicated to a high extent. This implies that majority of the respondents were of opinions that fringe benefits had very small negative impact on employee productivity.

The study also found out that among the things looked at when setting the fringe benefits in the organization were job groups, employee performance, employee involvement and organization performance. The study also found that employee benefits such as annual leave, commuter allowance, meal allowance, house allowance among others have an effect of their productivity. The latter refer either to less significant benefits such as private

health insurance, or to benefits provided primarily as a privilege (Cole, 2002). Overtime should be carefully planned and controlled in order to ensure that it is not misused by employees and so that it can also be productive (Tyson, 1999).

4.4.2. Employment Security Benefits and Employee Productivity

Table 4.7: Statement relating to Employment Security Benefits in the Organization

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std deviation
Employees need to be adequately nourished during the working day, properly trained to justify their responsibilities	34	15	2	3	1	1.58	0.26
Overtime should be carefully planned and controlled in order to ensure that it is not misused by employees and so that it can also be productive	19	30	3	2	1	1.84	0.24
A female employee is entitled to three months maternity leave in addition to any period of annual leave she is entitled to, and sick leave if she happens to fall sick during her time of confinement and with the consent of the employer	44	6	2	1	2	1.38	0.34
Employers have found that educational and tuition aid assistance benefits are highly desired by employees.	10	35	7	3	0	2.05	0.25

The study sought to determine the level at which respondents agreed or disagreed with the above statements relating to fringe benefits in the organization. From the findings the study established that majority of the respondents strongly agreed that; A female employee is entitled to three months maternity leave in addition to any period of annual leave she is entitled to, and sick leave if she happens to fall sick during her time of confinement and with the consent of the employer as shown by mean of 1.38, others agreed that; employees need to be adequately nourished during the working day, properly trained to justify their responsibilities as shown by mean of 1.58, that overtime should be carefully planned and controlled in order to ensure that it is not misused by employees and so that it can also be productive as shown by mean of 1.84, and that employers have found that educational and tuition aid assistance benefits are highly desired by employees as shown by a mean of 2.05.

The study further established that the administration did not consult employees on the type of security benefits that were offered to them. Millea (2002) reports empirical evidence about the bi-directional relationship between employee's benefits and productivity, in particular considering the nature of the benefits setting process in different countries. The empirical evidence of this paper as well as that of a more in-depth study for Germany (Millea, 2006) can be interpreted in the light of efficiency wages, i.e. explaining productivity as resulting from particular wage levels, for given characteristics of the labour market e.g. the total level of unemployment.

4.4.3. Health Protection Benefits and Employee Productivity

The study established that health protection benefits such as Occupational Health and Safety and Medical Insurance had a positive influence on employee productivity in the organization

Table 4.8: Extent to which Occupational Health and Safety and Medical Insurance contribute to Employee Productivity

	Frequency	Percentage
Very high	12	21.8
High	32	58.2
Moderate	8	14.5
small	3	5.5
Total	55	100

The study sought to determine the extent to which Occupational Health and Safety and Medical Insurance contribute to employee productivity. From the findings, the study established that 58.2% of the respondents indicated to a high extent, 21.8% of the respondents indicated to a very high extent, 14.5% of the respondents indicated to a moderate extent whereas 5.5% of the respondents indicated to a small extent. This implies that Occupational Health and Safety and Medical Insurance influenced employee productivity to a high extent. Research also shows a much greater connection between employee health and productivity in the workplace than was ever realized in the past. For example, studies have shown that on average for every one dollar spent on worker medical/pharmacy costs, employers absorb two to three dollars of health-related productivity costs (Loeppke, 2009).

Table 4.9: Statement about Occupational Health and Safety in the organization

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std deviation
Health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's economy	17	29	5	2	2	1.96	0.21
Work-related accidents and injuries exert an enormous toll on employers	18	28	3	5	1	1.96	0.21
Accidents, overexertion, or injuries caused by excessive lifting, carrying, or pushing, adds significantly to employer costs with an annual impact in the billions of dollars.	20	30	4	1	0	1.75	0.24
Cost of responding to these workplace health and safety issues has the potential to undermine an organizations competitiveness in the global marketplace	16	26	9	2	2	2.05	0.19

The study sought to determine the level at which respondents agreed or disagreed with the above statements relating to Occupational Health and Safety in the organization. From the findings the study established that majority of the respondents agreed that Accidents, overexertion, or injuries caused by excessive lifting, carrying, or pushing, adds significantly to employer costs with an annual impact in the billions of dollars, as shown by a mean of 1.75. That the health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's economy and work-related accidents and injuries exert an enormous toll on employers as shown by a mean of 1.96 in

each case. Cost of responding to these workplace health and safety issues has the potential to undermine and organizations competitiveness in the global marketplace as shown by a mean of 2.05. Baase (2009) states that evidence clearly shows that the health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's economy. Some organizations have shifted emphasis to reward people who do not use sick leave by giving them well-pay – extra pay for not taking sick leave (Mathis, 2003).

4.4.4. Retirement Benefits and Employee Productivity

The study established that majority of the respondents were of the opinion that retirement benefits influenced employee productivity.

Table 4.10: Extent to Which Retirement Benefits Positively Enhance Employee Productivity

	Frequency	Percentage
Very high	11	20.0
High	34	61.8
Moderate	7	12.7
small	3	5.5
Total	55	100

The study sought to determine the extent to which retirement benefits positively enhance employee productivity, from the findings, the study established that 61.8% of the respondents indicated to a high extent, 20.0% of the respondents indicated to a very high extent, 12.7% of the respondents indicated to a moderate extent whereas 5.5% of the respondents indicated to a small extent. This implies that retirement benefits enhance

employee productivity to a high extent. The study also established that employees would leave if their organization did not provide them with retirement benefits.

Table 4. 11: Statement about Retirement Benefits in the Organization

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	Std deviation
Pensions strongly influence workers' behavior, giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a timely basis	12	33	5	4	1	2.07	0.24
Pensions influence the type of worker a firm attracts and can help an employer attract workers who exhibit desirable behavior patterns.	15	35	2	2	1	1.89	0.27
Retirement became an earned benefit in reward for years of service to a particular organization, to an industry, or, more generally, to the productive society.	19	29	3	2	2	1.89	0.23
Organizations, need to understand the current, and future, workforce composition and offer the right package of rewards and other programs to attract, retain and engage the people an organization needs	10	38	2	3	2	2.07	0.28

The study sought to determine the level at which respondents agreed or disagreed with the above statements relating to retirement benefits in the organization. From the findings the study established that majority of the respondents agreed that; Retirement became an earned benefit in reward for years of service to a particular organization, an industry, or,

more generally, to the productive society and that Pensions influence the type of workers a firm attracts and can help an employer attract workers who exhibit desirable behavior patterns as shown by mean of 1.89 in each case. Also, organizations need to understand the current, and future, workforce composition and offer the right package of rewards and other programs to attract, retain and engage the people an organization needs and pensions strongly influence workers' behavior, giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a timely basis as shown by mean of 2.07. All the cases were supported by a low standard mean of deviation which implies that respondents were of similar opinion. While the productivity effects have been associated mostly with defined benefit plans, recent research has shown that 401(k) plans exhibit similar effects in shaping workers' behavior (Ippolito, 1997). Even when such skewed notions have been well countered with research there is evidence supporting their advantages to retaining older workers (Feinsod, 2006).

4.4.5. Employee Recognition Benefits and Employee Productivity

The study further established that majority of the employees were of opinion that if they would be recognized and rewarded for a job well done this would highly enhance their productivity.

Table 4.12: Extent to which Employee Recognition and Reward for job well done could enhance Employee Productivity

	Frequency	Percentage
Very high	11	20.0
High	35	63.6

Moderate	7	12.7
small	2	3.6
Total	55	100

The study sought to determine the extent to which employee recognition and reward for a job well done would enhance employee productivity. From the findings, the study established that 63.6% of the respondents indicated to a high extent, 20.0% of the respondents indicated to a very high extent, 12.7% of the respondents indicated to a moderate extent, whereas 3.6% of the respondents indicated to a small extent. This implies that employee recognition and reward for a job well done could enhance employee productivity to a high extent. The study further revealed that employees indicated that fringe benefits were awarded in the organization through nepotism and friendship and only to the senior employees and their friends in the organization.

4.5. Regression Analysis

Table 4.13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.928 ^a	.861	.836	.70617

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable, from the findings in the above table the value of adjusted R squared was 0.836 an indication that there was variation of 83.6% on employee productivity due to changes in employment security benefits, health protection benefits, retirement benefits and personnel recognition benefits

at 95% confidence interval . This shows that 83.6% changes in employee productivity could be accounted for by employment security benefits, health protection benefits, retirement benefits and personnel recognition benefits. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the table above there was a strong positive relationship between the study variables as shown by 0.928.

Table 4.14: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.232	6	0.372	3.131	.048 ^b
	Residual	28.294	48	0.329		
	Total	30.526	54			

From the ANOVA statistics in the table above, the processed data, which is the population parameters, had a significance level of 4.8 % which shows that the data is ideal for making a conclusion on the population's parameter as the value of significance (p-value) is less than 5%. The calculated was greater than the critical value ($3.131 > 2.0049$) an indication that there were significant difference between employee productivity and employment security benefits, health protection benefits, retirement benefits and personnel recognition benefits. The significance value was less than 0.05 an indication that the model was significant.

4.6. Objective Test and Analysis

This inferential statistics in this section show the relationship that exists between the dependent and independent variables.

4.6.1. Multiple Regressions

The regression analysis is to determine the effect of employment security benefits, health protection benefits, retirement benefits and personnel recognition benefits on employee productivity.

The regression equation was:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Whereby Y = The dependent variable (Employee Productivity), X_1 = Employment Security Benefits, X_2 = Health Protection Benefits, X_3 = Retirement Benefits and X_4 = Personnel recognition Benefits, while β_1 , β_2 , β_3 and β_4 are regression coefficients of determination and ε is the regression model error term which indicates its significance.

4.6.1.1. Employment Security Benefits and Employee Productivity

Table 4.15: Employment Security Benefits

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.270	.271		.940	.000
Employment Security Benefits	.350	.107	.327	3.276	.002

Dependent Variable: Employee Productivity

The significance level of employment security benefits in relation to employee productivity is at 0.002 thus denoting that a unit increase in employment security benefits would lead to an increase in the employee productivity by a factor of 0.350. This confirms Tyson (1999) who states that overtime should be carefully planned and controlled in order to ensure that it is not misused by employees and so that it can also be productive and the COR (2006) which states that leave is granted for recuperative purposes to enable an officer renew his energies and improve efficiency.

4.6.1.2. Health Protection Benefits and Employee Productivity

Table 4.16: Health Protection Benefits

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.270	.271		.940	.000
Health Protection Benefits	.093	.154	.075	2.603	.548

Dependent Variable: Employee Productivity

A significance level of health protection benefits in relation to employee productivity at 0.548 denotes that a unit increase in health protection benefits would lead to an increase in employee productivity by a factor of 0.093. This confirms The Occupational Safety and Health Act, (2007) which states that more than ever before, the nation needs to take steps to ensure the optimal health of its workforce and the COR (2006) which states that medical privileges are intended to assist an officer and his family in maintaining good health since a healthy employee is an asset to the Government..

4.6.1.3. Retirement Benefits and Employee Productivity

Table 4.17: Retirement Benefits

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.270	.271		.940	.000
Retirement Benefits	.192	.108	.218	3.788	.077

Dependent Variable: Employee Productivity

At a significance level of 0.077 retirement benefits on employee productivity, a unit increase in retirement benefits would lead to an increase in employee productivity by a factor of 0.192. This confirms Neil (2000) who states that retirement became an earned benefit in reward for years of service to a particular organization, to an industry, or, more generally, to the productive society.

4.6.1.4. Personnel Recognition Benefits and Employee Productivity

Table 4.18: Personnel Recognition

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.270	.271		.940	.000
Personnel Recognition Benefits	.116	.094	.132	2.228	.223

Dependent Variable: Employee Productivity

A unit increase in personnel recognition benefits would lead to increase in employee productivity by a factor of 0.116. This confirms Mishra & Bhagat (2007) who state that

the social concept of welfare refers to the welfare of the average worker, his family and his community at large while the economic aspect of the welfare package covers promotion of economic development by increasing production and productivity.

4.7. Independent T Test

Levene's Test for Equality of Variances tells if the two groups (low productivity and high productivity) have approximately equal variance on the dependent variable. If the Levene's Test is significant (the value under "Sig." is less than .05), the two variances are significantly different. If it is not significant (Sig. is greater than .05), the two variances are not significantly different; that is, the two variances are approximately equal.

4.7.1. Employment Security Benefits and Employee Productivity

Table 4.19: Employment Security Benefits

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Demographic Factors	Equal variances assumed	3.083	.011	2.698	54	.025
	Equal variances not assumed			3.276	54	.018

The critical value established from the distribution table at 5% significance level and 54 degrees of freedom was 2.0049. On comparing the critical value and the calculated value ($3.276 < 2.0049$) the calculated value is greater than the critical value, this leads to the rejection of null hypothesis that the Employment Security Benefits do not influence

employee productivity, thus accepting the alternate hypothesis that employment Security Benefits influence employee productivity. This confirms Cole (2002) who states that work related benefits are linked closely to the day-to-day operational requirements of the organization in relation to its members. Thus, employees need to be adequately nourished during the working day, properly trained to justify their responsibilities and provided with adequate means of transport when on the organization business.

4.7.2 Health Protection Benefits and Employee Productivity

Table 4.20: Health Protection Benefits

		Levene's Test for Equality of Variances		t-test for Equality of Means		
Cultural Factors	Equal variances assumed	3.657	.000	2.468	54	.047
	Equal variances not assumed			2.603	4.267	.001

On comparing the critical value and the calculated value ($2.603 < 2.0049$) the calculated value is greater than the critical value, this leads to the rejection of null hypothesis that the Health Protection Benefits do not influence employee productivity, thus accepting the alternate hypothesis that Health Protection Benefits influence employee productivity. This therefore confirms Mathis (2003) statement that “health problems may affect an organization’s operations and individual employee productivity”.

4.7.3 Retirement Benefits and Employee Productivity

Table 4.21: Retirement Benefits

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Demographic Factors	Equal variances assumed	4.011	.028	3.109	54	.021
	Equal variances not assumed			3.788	54	.012

On comparing the critical value and the calculated value ($3.788 < 2.0049$) the calculated value is greater than the critical value, this leads to the rejection of null hypothesis that the Retirement Benefits do not influence employee productivity, thus accepting the alternate hypothesis that Retirement Benefits influence employee productivity. This confirms Scarth (2002) who states that an aging workforce could lead to productivity growth by motivating “increased” investment in human capital as labour becomes a relatively scarce production factor.

4.7.4 Personnel Recognition Benefits and Employee Productivity

Table 4.22: Personnel Recognition Benefits

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Cultural Factors	Equal variances assumed	2.988	.001	4.012	54	.018
	Equal variances not assumed			2.228	54	.011

On comparing the critical value and the calculated value ($2.228 < 2.0049$) the calculated value is greater than the critical value, this leads to the rejection of null hypothesis that the Personnel Recognition Benefits do not influence employee productivity, thus accepting the alternate hypothesis that Personnel Recognition Benefits influence employee productivity, thus confirming Bernardin (2007) statement that suggestion systems offer incentives to employees to submit ideas that result in greater efficiency or profitability for the company.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

From the analysis and data collected, the researcher was able to make conclusions and recommendations. The responses were based on the objectives of the study which sought to determine whether employment security benefits, health protection benefits, retirement benefits and employee recognition benefits have an effect on employee productivity in the public sector.

5.2. Summary of Findings

5.2.1. Employment Security Benefits

From the analysis of the study, it was revealed that respondents strongly agreed (mean of 1.38) that a female employee should be entitled to three months maternity leave in addition to any period of annual leave she is entitled to, and sick leave if she happens to fall sick during her time of confinement and with the consent of the employer. At a mean of 1.58 respondents strongly agreed that employees need to be adequately nourished during the working day and properly trained to justify their responsibilities. Respondents also agreed (mean of 1.84) with the statement that overtime should be carefully planned and controlled in order to ensure that it is not misused by employees and so that it can also be productive. Finally at a mean of 2.05, employers have found that educational and tuition aid assistance benefits are highly desired by employees. This according to Mathis (2003), you can motivate an employee to increase productivity by providing opportunities for career

development (training or schooling). However, the study established that employees were not consulted by the administration on the type of benefits to be offered to them.

5.2.2. Employee Health Protection Benefits

In the study it was established that health protection benefits such as Occupational Health and Safety and Medical Insurance had a positive influence on employee productivity in the organization. It was also revealed that; Occupational Health and Safety and Medical Insurance influenced employee productivity to a high extent (58.2%). Further it was revealed that the organization had formulated policies and procedures which ensured that both occupational health and safety and the medical insurance were guaranteed to employees. At a mean of 1.75 it was established that accidents, overexertion, injuries caused by excessive lifting, carrying, or pushing, added significantly to employer costs with an annual impact in the billions of dollars. At a mean of 1.96 it was established that the health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's economy and that work-related accidents and injuries exert an enormous toll on employers. Finally, at a mean of 2.05 it was found out that the cost of responding to workplace health and safety issues has the potential to undermine an organizations' competitiveness in the global marketplace. Research shows there is a greater connection between employee health and productivity in the workplace e.g. on average for every dollar spent on worker medical/pharmacy costs, employers absorb 2 to 3 dollars of health-related productivity costs (Loeppke, 2009).

5.2.3. Employee Retirement Benefits

On retirement benefits the study established that retirement benefits enhance employee productivity to a high extent (61.8%). Further the study revealed that retirement became an earned benefit in reward for years of service to a particular organization, to an industry, or, more generally, to the productive society, and that pensions influence the type of worker a firm attracts and can help an employer attract workers who exhibit desirable behavior patterns. At a mean of 2.07 respondents agreed that organizations, need to understand the current and future, workforce composition and offer the right package of rewards and other programs to attract, retain and engage the people an organization needs and pensions strongly influence workers' behavior, giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a timely basis. Scarth, (2002) asserts that an aging workforce could lead to productivity growth by motivating "increased" investment in human capital as labour becomes a relatively scarce production factor.

5.2.4. Personnel Recognition Benefits

The study established that majority of the respondents (63.6%) were of the opinion that if they would be recognized and rewarded for a job well done it would highly enhance their productivity. While employee compensation affects productivity, some factors may boost output without costing the company anything. Employee recognition as a form of reward can be both tangible and intangible. Tangible recognition comes in many forms, such as "employee of the month", perfect attendance, or other special awards. Recognition can also be intangible and psychological in nature (Gostick, 2000).

The established regression equation was:

$$Y = 0.274 + 0.350 X_1 + 0.093 X_2 + 0.192 X_3 + 0.116 X_4$$

5.3. Conclusion

The general objective of the study was to assess fringe benefits effects on employee productivity in the public sector and from the research findings and analysis, it was found out that all the p-values for all the variables were found to be less than 0.05, an indication that fringe benefits were statistically significant to influence employee productivity as follows:

The study established that security benefits contributed to employee self-development thus concluding that employment security benefits have a positive effect on employee productivity in the public sector.

The study also revealed that health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's economy, thus concluding that health protection benefits had a positive effect on employee's productivity.

The study further established that Pension strongly influenced workers' behavior, giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a timely basis, thus concluding that retirement benefits positively affect employee productivity.

Finally the study established that, recognizing and rewarding employees for a job well done enhances employee productivity. It can therefore be concluded that employee recognition has a positive influence on employee productivity in the public sector.

5.4. Recommendation

From the summary and conclusion, the study recommends the government should continue providing security benefits to all civil servants, as it will positively influence employee productivity and raise overall performance in the public sector.

The study also recommends that the government should continue providing health protection benefits to its employees since it will help them create a sense of loyalty and encourage their productivity in the public sector.

The study continues to recommend that the government should review the current retirement package since a good retirement package will attract and retain employees in the public sector and also improve their productivity.

Finally the study recommends that public organizations need to improvise employee recognition programs for jobs well done, this will motivate employees thus enhancing employee productivity in the public sector.

5.5. Suggestions for Further Research

From the general objective of the study and the research findings, the researcher suggests further studies be done on the very same topic but to cover a wider scope such as the private sector in order to confirm if the research findings of this study will be the same.

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APPENDICES

Appendix I: Introductory Letter

Helen N. Kamau
D53/CTY/PT/23327/2011
P O Box 12535-00100
GPO NAIROBI

November, 2013

The Principal Secretary
State Department of Water
Ministry of Environment, Water and Natural Resources
P. O. Box 49720 – 00100
GPO NAIROBI

Dear Sir,

LETTER OF APPROVAL

I am a student at the Kenyatta University, undertaking a Post Graduate Degree in Masters of Business Administration – Human Resource Management. Part of this course requires me as the researcher to carry out a research project in partial fulfillment of the award of Masters in Business Administration and I am thus humbly requesting for your approval to carry out a Research on the **Fringe Benefits Effects on Employee Productivity** in your organization. The purpose of this research is purely for learning purposes.

A questionnaire has been attached to this letter and I kindly request for assistance in getting them filled. The answers should be as honest and accurate as possible. The information obtained through this exercise will be treated with all the confidentiality and trust it deserves.

I look forward to a positive reply.

Yours sincerely,

HELEN N. KAMAU
0721817450

Appendix II: Questionnaire

PART A: PERSONAL DETAILS

Please (**tick**) the correct answers.

1. Gender Male Female

2. Age
21 –30
31-40
41-50
51 and above

3. Level of Education?
O' level
College
University

4. Professional qualifications?
Certificate
Diploma
Higher Diploma
Degree

5. What is your job designation?
Engineer
Hydrologist
Geologist
Inspector Water

6. How long have you worked with the organization?

5-10

10-15

15-20

Over 20 years

PART B: FRINGE BENEFIT EFFECTS ON EMPLOYEE PRODUCTIVITY

Please **tick** where appropriate and also fill out your answer in the spaces provided.

7. In your opinion do you consider fringe benefits important?

.....
.....

8. To what extent are they important to you?

Very large

Large

Moderate

Low

Very Low

9. Are the fringe benefits distributed fairly to all employees?

.....
.....
.....

10. To what extent do they positively affect your productivity?

Very highly

Highly

Moderately

Small

Very small

11. To what extent do they negatively affect your productivity?

- Very highly
- Highly
- Moderately
- Small
- Very small

12. Which are among the things looked at when setting the fringe benefits in the organization?

.....

.....

PART C: EMPLOYEE SECURITY BENEFITS

Please **tick** where appropriate and also fill out your answer in the spaces provided.

13. Please indicate the extent to which you agree with the following statement about employee security benefits in your organisation where 1=strongly disagree, 2= disagree 3= Neutral, 4= Agree, 5= strongly agree

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Employees need to be adequately nourished during the working day, properly trained to justify their responsibilities					
Overtime should be carefully planned and controlled in order to ensure that it is not misused by employees and so that it can also be productive					
A female employee is entitled to three months maternity leave in addition to any period of annual leave she is entitled to, and sick leave if she happens to fall sick during her time of confinement and with the consent of the employer					

Employers have found that educational and tuition aid assistance benefits are highly desired by employees.					
--	--	--	--	--	--

14. Do employee benefits such as annual leave, commuter allowance, meal allowance, house allowance among others have an effect of your productivity.

.....

15. Are you consulted on the type of employee security benefits to be offered?

.....

PART D: HEALTH PROTECTION BENEFITS

Please **tick** where appropriate and also fill out your answer in the spaces provided.

16. Do health protection benefits such as Occupational Health and Safety and Medical Insurance contribute to your productivity in the organization?

.....

17. To what extent do they contribute to your productivity?

- Very large
- Large
- Moderate
- Low
- Very Low

18. Are there policies and procedures in place to ensure that both occupational health and safety and the medical insurance in your organization is guaranteed?

.....

19. Please indicate the extent to which you agree with the following statement about Occupational Health and Safety in your organisation where 1=strongly disagree, 2=disagree 3= Neutral, 4= Agree, 5= strongly agree

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Health of the workforce is inextricably linked to the productivity of the workforce and the health of the nation's economy					
Work-related accidents and injuries exert an enormous toll on employers					
Accidents, overexertion, or injuries caused by excessive lifting, carrying, or pushing, adds significantly to employer costs with an annual impact in the billions of dollars.					
Cost of responding to these workplace health and safety issues has the potential to undermine and organizations competitiveness in the global marketplace					

PART E: EMPLOYEE RETIREMENT BENEFITS

Please **tick** where appropriate and also fill out your answer in the spaces provided.

20. Do retirement benefits have an effect on your productivity?

.....

21. To what extent do they positively enhance your productivity?

Very large

Large

Moderate

Low

Very Low

22. If the organization did not provide retirement benefits would you leave it for another job?

.....

.....

23. Please indicate the extent to which you agree with the following statement about retirement benefits in your organisation where 1=strongly disagree, 2= disagree 3= Neutral, 4= Agree, 5= strongly agree

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Pensions strongly influence workers' behavior, giving younger workers a compelling reason to continue working for their employer and encouraging older workers to retire on a timely basis					
Pensions influence the type of worker a firm attracts and can help an employer attract workers who exhibit desirable behavior patterns.					
Retirement became an earned benefit in reward for years of service to a particular organization, to an industry, or, more generally, to the productive society.					
Organizations, need to understand the current, and future, workforce composition and offer the right package of rewards and other programs to attract, retain and engage the people an organization needs					

PART F: EMPLOYEE RECOGNITION BENEFITS

Please **tick** where appropriate and also fill out your answer in the spaces provided.

24. If recognized and awarded for a job well done would it enhance your productivity?

.....

.....

25. To what extent would it enhance your productivity?

Very highly

Highly

Moderately

Small

Very small

26. What is your general opinion in regard to how fringe benefits are awarded in your organisation?

.....
.....