

Employee Welfare Programmes: Panacea Towards Improving Labour Productivity in the Service Sector In Nigeria

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Abstract

This paper shed light on how employee welfare programmes could help to improve labour productivity in the service sector. It reveals that employee welfare benefits and services have positive effects on labour productivity. They are capable of attracting and holding employees, assisting employees in meeting their needs, better helping in lowering unit cost of production, improving morale, increasing employee security and blunting the sharp edges of managerial autocracy. The paper goes further to advance suggestions for mending the loopholes discovered in the administration of welfare programme for workers.

Keywords: Employee welfare, Labour productivity, Low awareness level, Intra-organisation inequity

1. Introduction

Economists, as far back as the time of Plato and Aristotle, and reappearing again in the work of Fisher in the thirties and Colin Clark in the forties, developed the convention of dividing the economy into three, namely. Primary, Secondary and Service Sectors (Aderinto, 1981).

- i) **Primary Sector:** This sector is concerned with the provision of tangible goods in agriculture, forestry and hunting.
- ii) **Secondary Sector:** It consists of industries which cover mines, manufacturing and such institutions as gas, electricity and water supply. All these involve activities with a tangible and product.
- iii) **Service Sector:** This includes business organisations providing services, trade and public services.

The focus of this paper is not easy to define as regards the service sector, for it is not associated with any particular of industries and to some degree it could be claimed that all industries provide services. However Aderinto (1981) views service sector as 'residual sector' which includes such industries as wholesale and retail trade, finance, insurance and real estate, professional, personal and repair services, public administration, health and education. Meanwhile, service sector is conceived in this paper as educational and related institutions where services are produced by employees.

Meanwhile, both labour and management in all the sectors of the economy are conscious of the implications of productivity on the enterprise's investment. Apart from the fact that productivity of labour determines the standard of living in a country, it is one of the weapons that could be employed by the management to reduce workforce, especially in case of low productivity. Realising the importance of productivity to the economic growth of a nation, certain questions need to be asked at this juncture, namely: What is productivity? What is labour productivity? How do we measure labour productivity in relation to service sector?

Productivity, according to Aderinto (1981), Fashoyin (1983), Osundahunsi (1988) and Ibraheem (1989), is the ratio between output and the total input of factors required to achieve it. Input is conceived in terms of men, machines, materials and money; and output is considered as products and services. Thus, productivity is the end result of a complex social process of production.

Defining productivity as the ratio of output to input by industrial groups is considered as economists' view (Udo-Aja, 1983). Therefore, according to Udo-Aka, productivity should be seen as a measure of overall production efficiency, effectiveness, and performance of the individual organisation. He believes that productivity means quality of output, workmanship, adherence to standards, and customer satisfaction. Also, productivity means absence of disruption, trouble and other evidence of difficulty in organisations, as well as such quantitative measurements as units produced or volume of sales. Furthermore, productivity in educational and related institutions could mean effective performance of individual

employees, client satisfaction, and absence of disruption in academic programme.

The term labour productivity is commonly used to refer to the volume of goods and services produced per worker within some specified unit of the year, month, day or hour (Oloko, 1983). The difference between productivity and labour productivity is that while the former stresses relationship between input and output the latter emphasises and result-output. The practice of using labour, especially direct labour inputs and costs can be ascertained and quantified more easily than those of other factors, and partly due to a legacy of classical economic thought which not only tends to regard direct labour as the sole source of value but also tends to regard all forms of indirect labour as 'unproductive' labour.

From the foregoing, it can be deduced that labour needs to be improved first before we could have increased productivity. There are a number of ways by which this can be carried out. These include: improvement in worker's skills, availability of resources, conducive environment, and provision of welfare programmes. Consequently, effort is made in this paper to highlight how welfare programmes can help to increase labour productivity in the service sector of the Nigeria economy. It also states some of the problems hindering the implementation of welfare programmes for workers. In doing so, emphasis is laid on educational setting, a sub-sector of the service sector of the economy.

It is noteworthy that measuring labour productivity in the service sector such as insurance, health and education is different from those of manufacturing industry. Thus, only general conclusions are possible in area of service sector as not only is the output of services difficult to measure but variations in the quality of the input and the output make any measures of productivity speculative (Aderinto, 1981).

2. Meaning of Employee Welfare Programmes

Employees' welfare programme has been defined in various ways by many authors. Yoder et al (1958) define the term as a wide variety of services provided by companies for employees, and in some cases, for members of employees' families. Shubin (1957) sees it as additional incentives given to employees by management to augment their wages. Moreover, Ejiakor (1986) perceives employee welfare package from monetary and non-monetary perspectives when he defines it as something of value, apart from agreed regular monetary payments of salaries and wages given by an employer to an employee.

A fine distinction is made by Ejiakor between benefits and service. According to him, benefits are when direct monetary reward accrues to the individual worker. For example, pension, leave pay, and salary advance, while services involve no direct and identifiable monetary benefit. Examples of such include the establishment of staff clubs, recreation facilities, picnics, dances and festival parties. It is in line with this the Ekpiken (1983) and Yesufu (1984) describe welfare programme as including the provision of well ventilated offices, drinking water, end-of-year parties, rest rooms, toilet, and first aid facilities by the management to the employees. They also opine that providing employees with such things as canteens, subsidized meals, medical facilities, recreational facilities, subsidized transport facilities, housing or housing allowance are regarded as welfare programmes.

This paper views employee welfare programme as provision of additional monetary and non-monetary incentives to employees by the management. Examples of such will include the ones reviewed above. Besides, in an educational setting, other welfare programme could be provision of ventilated and well furnished classrooms and lecture theatres, laboratories, well equipped library, vacation and holiday practices, giving room for labour union activities, cooperative credit ventures, and establishment of bookshops.

3. Labour Productivity and Employee Welfare Programme

Many scholars argue that there exists somewhat a kind of relationship between labour productivity and employee welfare benefits and services. For instance, Onitiri (1983) opines that poor standards of living, bad health, lack of education, bad housing, poor transportation to and from work, bad conditions in the work place reduce workers' productivity, and low productivity in turn reduces the capacity of the society to improve working conditions, most especially housing, transportation, food and health facilities could substantially improve the workers productivity.

The increased concern for labour productivity on the part of union and management is hinged on three factors. The first, according to Aderinto (1981), is the awareness that labour welfare cannot increase beyond the capacity generated by a given economy. Consequently how much union can increase the welfare of their members depends largely upon the resources generated by the productivity of total work force. Secondly, the age old traditional that productivity issue is an exclusive discretion of management is fast fading out. This is so because of the widespread adoption of the principle of labour participation in management at the enterprise levels. The third reason is the labour increasing awareness of its social responsibility not only to its employer, but also to its consumer – user of labour output.

Furthermore, Yesufu (1984) and Ejiofor (1986) argue that employee welfare benefits and services are capable of attracting and retaining employees, assisting employees in meeting their needs better, helping in lowering unit cost of production, improving morale, increasing employee security and blunting these sharp edges of managerial autocracy. All these, according to these scholars, have a positive effect on labour motivation and productivity.

Relating labour productivity to welfare benefits, in the study carried out by the Kilby (1969) in a study, found out that there was relative efficacy of incentive payment schemes in inducing increased labour productivity. The study shows that Nigerian workers employed in places where the management made use of an incentive based payment system, are as productive as workers elsewhere. Similarly, Ekpiken (1983) believes that a worker will put in more effort and produce more goods and services if he knows that he will be paid more for his efforts. He quickly adds that this is more efficacious among junior workers in the industry. The limitation of this system is that purely financial view of productivity pays off for only a short while after which the effects of the traditional pay wear off and the workers return to their old pace of working.

Consequently, one observes that a combination of welfare benefits and services could likely induce labour productivity. Thus, Oloko (1983), in a study carried out among workers in Muddy Water Company in Nigeria, using rank order correlation, finds out that welfare benefits such as pension scheme, payment of salaries and wages and welfare services like health facilities, working conditions, vacation and holiday practices motivate workers to exert effort to achieve higher productivity.

4. Employee Welfare Programmes: Some Problems Facing Its Implementation

Labour productivity vis-à-vis employee welfare programme is of great importance not only to the work force and management, but also to the society. There is also an obvious positive relationship between welfare benefits and services labour productivity. In spite of this, management in some industrial organisations exploit the ignorance of workers about welfare programmes in their work place and so refuse to implement such welfare programmes. There is no wonder, then; why Ejiofor (1986) identifies some problems inhibiting the implementation of welfare programmes for workers. Some of these are presently discussed.

4.1 False Paternalistic Assumptions

One of the notions which colours management attitude to employee welfare programmes is that workers should see fringe benefits as kind gestures from employers which they should reciprocate. Looking at the various letters of appointment and promotion emanating from our tertiary institutions, for example, one word used to permeate such letters: 'The Governing Council has graciously...' whereas many employees believe that the employer returns to them much less than they contribute to the organisation.

4.2 Low Awareness Level by Beneficiaries

Partly because employees see the benefits as their right, and partly because of communication barriers between management and workers, many employees are not even aware of the existence of welfare programmes. A worker cannot be motivated by a benefit he is not aware of.

4.3 Doubtful Valence

For any reward to motivate employees, it has to be attractive to the prospective recipients. Intrinsic value of reward is not critical. Different people value different things at different stages of their lives and working careers. As a result of differences in valence, while some employees are enthusiastic about some to the benefits, other employees are, at best, indifferent or even hostile, to some of the welfare programmes.

4.4 Intra-Organisation Inequity

Many employee programmes turn out to be morale depressants, instead of stimulants, because they fail the internal alignment test. They are inequitably dispensed between the senior and the junior staff and between the academic and non-academic staff in tertiary institutions.

4.5 Bad Management of Good Benefits

Benefits not properly administered can cause frustration. Such mismanagement may arise out of questionable integrity of the dispensing officer. Also, many desirable employee benefits get mismanaged because what should accrue to the workers as rights is, at times treated as privileges. This is particularly true in the allocation of official vehicles to academic and non-academic staff. While many senior members of the academic staff are denied official vehicles, their counterparts in the non-academic staff have many to themselves.

5. Recommendations

In view of the scenario stated in this paper, there is the for certain remedies. Thus, it is suggested that there should be increased flow of communication between union members, on one hand, and the management on the other. Related to this is that union members in our institutions of learning should take it upon themselves to familiarize themselves with various employee benefits and services available in their places of work and how they can obtain them. It behooves the management in our tertiary institutions to device functional approach to welfare benefit and services distribution so as not to favour one side to the detriment of the other. Finally, in order to derive maximum output from the workers, it is advisable that management should concentrate on the provision of welfare benefits and services.

6. Policy Implications

In this paper, it is reviewed that there is a positive relationship between employee welfare programmes and labour productivity. Many employees are ignorant of welfare programmes in their places of work. These no doubt have far reaching implications for employers of labour and management in various industries in service sector in general and tertiary institutions in particular. The bane of industrial peace in our tertiary institutions in Nigeria has been the refusal of governments and various authorities to implement agreed employee welfare benefits and services. Thus, we have witnessed industrial strikes among the university lecturers, in recent years, over debilitating state and non-availability of teaching and research materials. Strikes have also taken place among trade unions in tertiary institutions in Nigeria over non-implementation of welfare programmes and non implementation of 2009 agreement reached with the Academic Staff Union of Universities (ASUU) for their members.

The dichotomy between academic and non-academic staff in our Universities, Polytechnics and College of Education over welfare programmes has led to industrial actions in the past. In some cases, this contentious issue is yet to be resolved. Besides, shortly after the presentation of 1998 budget by a Military Administrator in the South West of Nigeria, his Commissioner of Finance disclosed government intention to tax employee welfare benefits –housing and transport allowances. In the end, the government was unable to implement its proposal.

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