

**THE IMPACT OF MONETISATION OF FRINGE BENEFITS ON THE
PRODUCTIVITY OF WORKERS IN FEDERAL POLYTECHNIC IDAH-
KOGI STATE**

BY

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Abstract

This study sought to investigate the impact of monetization of fringe benefits on the productivity of workers in Federal Polytechnic, Idah. Three hypotheses were formulated to guide the investigation. To validate these hypotheses and the principal research questions of the study, data were collected through primary sources (questionnaire and observation) and secondary sources: textbooks, internet materials, journals, newspaper, and magazines. The data from the questionnaires were subjected to statistical analysis. Results revealed that, although the policy is partially implemented, it has boosted the morale of workers and enhanced job performance through positive change in work attitude. However, the investigation shows that increase in salaries through monetised benefits is not sufficient to meet the basic needs of workers in the face of the rising cost of living. The study also discovered that frustration, fear and anxiety in the polytechnic workforce are due to the retrenchment component of the policy and this has adversely affected workers productivity. Based on these findings, the study recommends among others, full implementation of the policy in order to harvest the best from workers; adoption of measures to boost morale of workers since this is necessary to retain able and competent employees; the implementation of reform measures that have human face; the use of more financial rewards which should be tied to performance and regular promotions, job security, regular payment of salaries, good working relationship, better conditions of service to boost job satisfaction among workers and improve their performance.

Introduction

The place of the civil service in strategic and sustainable development of any country is not in doubt. For instance, the crystallisation, formulation and implementation of governmental policies and programmes aimed at the transformation of any country rests on the existence of a virile administrative mechanism in the form of civil service or public service. In the case of Nigeria, the story is different and pathetic.

Since its inception, the Nigerian civil service has continued to “plummet from ... an apogee of grace” to borrow KirT-Greene's expression (Kirk-Greene, 1976:7). Put differently, the civil service has performed abysmally poor in the political and socioeconomic transformation of the country. This, according to Okoli and Onah (2002) made the Nigerian civil service to acquire the image of a sick-baby of the various governments and the nation at large. Its maladies, *inter alia*, range from gross inefficiency and ineffectiveness to bribery and corruption.

The above development informed the setting up of not less than seven public service review commissions by past successive governments. Sad enough, these commissions and their corresponding prescriptions have not ended the search for a more effective and efficient public service that is result-oriented and responsive in meeting the needs and aspirations of Nigerians. Hence, the heart-touching expression “This House must Not Fall” in the Management in Nigeria (April December, 2004) must be taken seriously by all Nigerians.

This research focuses on the monetisation of fringe benefits in the Federal public service with a specific focus on the Federal Polytechnic, Idah. The monetisation policy was a component of the reform agenda of the Obasanjo's administration (1999-2007) aimed at bailing the Nigerian civil service from what Professor C.O. Bassey (1997:136) calls “a state of suspended paralysis.”

Attempt to provide answers to the following fundamental questions constitute the basic research problem of the study: to what extent has the implementation of monetisation policy boosted the morale of workers needed in enhancing their performance?; will the scheme serve as a motivating factor in changing work attitude for better performance among staff of the polytechnic?; is the increase in workers' salaries through monetised benefits enough to meet the basic needs of workers?; to what extent will the implementation of the policy engender job satisfaction among workers of the polytechnic?; and what are the attitude/disposition of workers toward the policy in the Federal Polytechnic Idah?

By unraveling the effects of the scheme on job satisfaction, work attitude and morale of workers, the study promises to contribute to the existing knowledge on workers motivation and productivity in the Nigerian educational industry.

Indeed, investigation into the motivation of worker is vital, because as Moorhead and Griffin (1989:103) put it, very often the difference between highly

effective organisations and less effective ones lies in the motivational profiles of their workers.

Monetisation of fringe benefits is an integral part of the Obasanjo's reform agenda, geared towards repositioning Nigeria for stability, growth and development, and building a basis for a sound future through a result-oriented public service. These reform measures despite their laudable objective are bound to fail, if the human element is ignored and not properly motivated for enhanced productivity and performance.

Although, the findings of the study may not be a comprehensive and concrete representation of the impact of the scheme on workers' productivity in all public organisations, no doubt, the findings will permit useful generalisations in most public organisations.

Meaning and Purpose of Fringe Benefits in the Federal Public service

McConnell (1987) defines benefits as the reward other than wages that employees receive from their employers which include: pensions, medical and dental insurance, paid vacation and sick leave. Basically, there are two tests a fringe benefit must meet: it must provide specific benefit to an employee, and must represent a cost to the employer. Fringe benefits are broad and they entail virtually every reward, payment or benefit other than the basic pay or salary of a worker and could vary from country to country.

Ajieh (2005) provides a brief historical background of fringe benefits in the Nigerian public service. According to him, with the advent of colonialism in Nigeria, the colonial administrators felt that the natives were not living in a healthy environment suitable for them in terms of comfort and security. Thus, the colonial government had to provide their expatriate staff with decent accommodation by creating Government Reserved Areas (GRAs) and provision of other benefits like official cars that were chauffeur-driven, cooks, stewards and gardeners. The colonial administrators did not have to pay for these benefits from their salaries.

With their exit in 1960, the indigenous civil servants took over and had to enjoy these benefits, particularly living in the GRAs. The benefits were provided for the civil servants to enable them to be productive and efficient in implementing, to the best of their ability, decisions handed down to them by their minister or the cabinet.

In a way, these benefits were to serve as motivator by meeting partially the physiological needs of workers (food, shelter, clothes, etc), as spelt out in Maslow's Hierarchy of Needs (Cole, 1990).

Writing on the purpose of fringe benefits in organization, Rao and Rao, (1996) cited in Okon (2005:180) noted succinctly that fringe benefits serve important purposes such as motivating employees, boosting their morale, creating

and improving sound industrial relations, satisfying employees' unsatisfied needs, providing security, congenial or qualitative work environment. Thus, fringe benefits positively affect job performance by acting as performance related incentives which, though not visible as salaries and though representing a high percentage of total personnel costs, actually serve as motivators. Generally, fringe benefits provided the needed shelter for senior civil servants whose real salaries have been seriously eroded (Olowu and Adamolekun, 2002).

The Implications of Monetisation on the Productivity of Workers in Nigeria

It is apposite to define monetisation here. A group of laymen were once asked in a regularisation interview to define monetisation. One of them said monetisation is putting or adding money to people's salaries. Although this may sound funny as it did in that interview, the definition contains some cardinal elements of monetisation. First, monetisation revolves around money. Second, it leads to increment in workers' salaries.

Monetisation is the systematic and immediate withdrawal of fringe benefits and paying a cash equivalent of the withdrawn benefit to the beneficiaries *en bloc*. In other words, monetisation implies the conversion of benefits previously made available in kind to public officers into cash payment (Alkali et al, 2005, Ajieh, 2005).

Notwithstanding the complexity of measuring productivity of workers, most especially in the public sector, scholars have attempted to examine the effect of the monetisation policy on productivity of civil servants. Alkali, Sambo, Musa, (2005:34) note that the policy will enhance effective productivity among civil servants as income will increase, thereby reducing the tendency of being corrupt.

Agba (2006) contends that it is doubtful whether increase in salaries as a result of monetisation will serve as a motivator affecting work attitude and perception for better performance. With the prices of goods and services on the increase, salaries are hardly sufficient to meet the basic needs of workers like food, clothing, shelter, school fees of children, etc. The problem is compounded by the non-extension of the scheme to state and local government. Even with the partial implementation of the policy, government has devised subtle means of taking back the increment on salaries of federal workers.

Productivity which deals with effective and efficient attainment of set goals and objectives of an organisation (Obembe, 2005:154) can hardly take place when the salaries of workers do not meet their psychological needs as identified above. According to Lawler (1964), employees attach greater importance to pay and feel that good job performance would lead to a higher pay. All that is given by a worker is his productivity which is determined by his skills, aptitudes, education, the equipment use, age, years of experience on the job and sex (Iheanacho, 2005).

Enhancing productivity is not just a matter of each worker working harder, a number of variables such as: managerial leadership, innovation, technology, motivation, etc.

On each pay slip of the Federal Polytechnic, Idah is written this slogan, "Work Harder to Make Federal Polytechnic, Idah Greater". It is good to remind staff to work harder, but in addition, the conditions that make for higher productivity must be put in place by the management. This shows that the responsibility for enhancing productivity rests squarely on management. (Okoh, 2003:1).

Korolo (1991) believes that to enhance productivity, there must be cooperation of management, employees and the public on the basis of the values of each as a participant in the policy making process. In other words, management, employees and the public must be partners in progress.

The Nigerian worker seeks jobs that attract higher pay (Imafidon, 2003:49). Money acts as a powerful motivator not only because of its ability to satisfy physiological needs, but also because of its ability to satisfy higher level needs such as need for status, power, recognition, achievement, etc. (Yalokwu, 2003:360). Ubeku (1975) supports this view when he wrote that:

While one is aware of the social science findings in Europe and America which tends to play down the importance of wages and salaries as a motivating factor, there is no doubt that in the Nigerian context, it has large motivating element in it.

Thus, if a manager wants to maintain the best relationship with his employees, he must be prepared to acknowledge the existence of human needs (Atiomo, 2000:109) and should treat the issue of financial rewards with great care (Obembe, 2005:156).

Method of Study

A survey of Federal Polytechnic Idah where fringe benefits of staff have been monetised was taken. One hundred and ten questionnaires were administered out of which ninety (90) were properly completed. The data were used descriptively on the issues investigated. A sample size of one hundred and ten staff was selected through simple random sampling technique. This sampling technique was chosen because of its unbiased nature.

To ensure validity, the questionnaire construct was scrutinised by an expert in human resource management to ensure that it measured the issues raised in the research. This therefore, beefed-up the construct and face validity of the research instrument. Furthermore, the questionnaire had construct validity because the items in the questionnaire had earlier been operationalised in studies like Obembe (2005); Alkali, Sambo, Musa (2005); Okon (2005). On the basis of this satisfactory validity, the data reflect adequately the issues investigated subject to the minimum distortion by subjective factors. There is, therefore, an acceptable reliability on the instruments.

Data Presentation, Finding and Discussion**Table 1: Socio-Demographic Standing of Respondents**

Variables	No. of Respondents	Percentage (%)
Sex Composition		
Male	71	78.9
Female	19	21.1
Total	90	100
Marital Status		
Married	73	81.1
Single	17	18.9
Total	90	100
Age Composition		
18 – 26	4	4.4
27 – 35	36	40
36 – 44	35	38.9
45 and above	15	16.7
Total	90	100
Highest Edu. Qual		
FSLC	1	1.1
WAEC/NECO	6	6.7
ND/NCE	23	25.6
HND/BA/BSc	44	48.8
MPA/MBA/MSc/PhD	16	17.8
Total	90	100
Position/Rank		
Senior Staff	70	77.8
Junior Staff	18	20
Contract Staff	2	2.2
Total	90	100

Source: Field Work, 2007.

From table 2, it can be deduced that respondents are well informed about the monetisation policy. This high level of awareness may be due to the fact that the monetisation policy directly affects their welfare.

Table 2 further reveals that the monetisation policy is partially implemented in the Federal Polytechnic, Idah. This is because more than half-48(53.3%) of the respondents indicated that the scheme is partially implemented. 37 (41.1%) of the respondents were of the opinion that the policy is fully implemented while 5 (5.6%)

said they do not know whether the policy is fully or partially implemented. **One** may be inclined to agree with the respondents who said that policy is **partially** implemented. First, the two years monetisation arrears are yet to be paid. **Second**, no staff has benefited from the car loan provision of the scheme.

This partial implementation may have hampered the full impact of the scheme on work attitude, job satisfaction and the satisfaction of basic needs of workers. The partial implementation of the policy may not be a surprise to most observers of governance in developing countries. Governmental policies and programmes scarcely leave their blueprints level. In Egonmwan's words the problem of implementation gap continues to haunt the developing nations (Egonmwan, 2000: 143).

Items 9, 10, 11, 12 in the research instrument were used to validate the hypothesis that proper implementation of the monetization policy will lead to positive change in work attitude, thus enhancing productivity of workers. The data on table 2 reveal that of the 90 respondents 54 (60%) are of the opinion that workers are prompt and regular to work since their fringe benefits were monetised. However, 31 (34.4%) of the respondents have a contrary view by ticking the 'No' option. Only 5(5.6%) of the respondents remained undecided.

We can infer from the percentage of those who ticked "Yes" that there is a positive change in work attitude in the polytechnic following the monetisation of fringe benefits. This conclusion agrees with the findings of such studies like Umbuzi (2000), Jalongo (1985), Crase (1987). In other words, the use of financial reward enhances positive attitude to work and can serve as a means of motivating workers towards greater job performance.

The responses from table 2 implied that majority of the respondents are favourably disposed to the view that the implementation of the monetisation scheme by the polytechnic management has led to more commitment to work, duties, and obedience of regulations by workers. Monetised benefits in the public service have motivated workers by influencing their job performance.

Respondents were asked to indicate whether monetisation has caused a positive change in work attitude. Their response depict that the scheme has actually led to a positive change in work attitude thus enhancing the productivity of workers. This is shown by the 48 (53.33%) respondents who ticked "Yes", 22 (24.44%) respondents said "No" while 20 (22.22%) respondents said they don't know whether the policy has caused a positive change in work attitude or not.

In item 13 of questionnaire used, respondents readily agreed that variegated factors apart from monetised benefits accounted for the positive change in work attitude in the polytechnic. These factors are summarised as follows:

- the introduction of SERVICOM charter aimed at better service delivery;
- anticipation that any change in work attitude will be rewarded;

- better condition of service, promotion and granting of study leave;
- regular payment of salaries and encouragement from the management of the polytechnic;
- training of workers and good working relationship among workers;
- individual attitude and conviction such as personal commitment, dedication and self-discipline;
- close supervision of management on punctuality of workers;
- free flow of information between management and staff;
- scarcity of job and fear of losing one's job due to improper conduct at work;
- leadership style of the present Chief Executive and recognition of staff effort; and
- easy access to mobility which ease prompt resumption to office. That the monetisation scheme has afforded staff cars and motorcycles, thus enhancing their prompt response to duties.

The responses on table 2, indicate that out of 90 respondents, 40 (44.44%) supported the view that the monetisation policy has brought about job satisfaction among workers, thereby improvising their productivity and growth of the polytechnic. 28 (31.11%) respondents said "No" while 22 (24.44%) are undecided.

From the above analysis, we therefore accept the hypothesis that there is a relationship between monetisation of fringe benefits and job satisfaction among workers in the Federal Polytechnic, Idah.

In order to probe the role of other factors in promoting job satisfaction in the polytechnic, question 19 was raised. Responses show that respondents attach much value to good working relationship among workers and better condition of service. Alani (1995) appreciated these factors by recommending that employees can be motivated through improved working conditions, creation of good working and social environment. Indeed, the existence of these factors will increase organisational output and job performance.

Based on the responses of the workers it is glaring that increase in salaries of workers through monetised benefits is not sufficient to meet or satisfy the basic needs of workers. This is reflected by the 61 (67.8%) respondents who ticked the "No" option of the question posed. The understanding here is that in order to harvest the best from workers among other things, increment in salaries must satisfy their basic needs. Unfortunately, this has not been the case in Nigeria.

The data also show that the monetisation of fringe benefits in the polytechnic has influenced positively the morale of workers. This is demonstrated by the 54 (60%) respondents who agreed that the scheme has boosted the morale of workers as against 36(40%) respondents who held contrary view. This analysis adumbrates the point that money is a factor in boosting the morale of workers.

The composition of the last set of data in table 2 indicates a workforce that is tensed up with frustration, fear, and anxiety. This unpleasant development is due to the retrenchment component of the monetisation policy. Through observation, it is discovered that the frustration, fear and anxiety is mostly among cleaners, messengers, security men, gardeners, cooks and drivers who are likely to be disengaged from the service of the polytechnic in the rationalisation exercise. The rationalisation exercise has since been done with 486 staff affected.

A good manager is one who takes measures to circumvent the development of detrimental emotional factors. Emotional factors like fear, anxiety, and depression can take their toll on workers concentration and commitment; thus, reduce their productive capacity (Peack and parson, 1956; Steiner, 1953).

The study revealed that promotion, job security, good working relationship and staff development are variables which are very valuable to the staff and should not be treated with levity by the polytechnic management. Stressing the importance of promotion earlier, Ubeku (1975) observed that promotion puts new life in the individual and activates his knowledge, skills, etc, and he in consequence strives harder to be effective in his new position. Job security is pertinent in harvesting the best of workers. Strauss and Sayless (1980):7 supported this view when they wrote that: "Job security is a fundamental human need; for many people, it is more important than either pay or advancement ... people want to make sure their needs will continue to be satisfied in the future."

We cannot but conclude from the foregoing analyses that motivation is a complex issue which demands serious and careful attention from management.

Recommendations

The study recommends the following in order to strength the confidence of workers.

- All arrears of monetised benefits should be fully paid to workers in order to harvest the best from them. This can be achieved by emphasising prudence in the use of public resources in order to have enough to meet personnel cost.
- Only reforms which put the human element into serious consideration should be implemental by government. This will help to prevent the growth of frustration, fear, depression and anxiety in government workforce. Government can achieve this by carrying out impact assessment of policies before they are announced and implemented.
- Although high morale is not a guarantor for high productivity, management of polytechnics and public agencies can still adopt measures to boost the morale of their workers since this is imperative in retaining able and competent workers.
- Reward system should be tied to performance in order to boost productivity in the public sector.

- Since productivity and service delivery affect state and local governments, the monetisation scheme should be extended to these tiers of government. By so doing, the struggle and urge to join the Federal Public service by state and local government employees will be reduced, thus ensuring high quality personnel profiles at these levels.
- Management of public institutions should endeavour to use financial reward since this motivates workers. In increasing salaries, government should avoid the use of subtle means like exorbitant taxes, the controversial contributory schemes that end up in getting back the increment. Some of these arrangements that involve financial contribution should be made optional.

Conclusion

Over the years, the cost of governance has continued to rise, partly of the benefit-in-kind that the various tiers of government had to provide to civil servants. These benefits-in-kind, largely a carry over from the colonial era include highly subsidised residential accommodation, transport facilities, chauffeur-driven motor vehicles, free medical services and highly subsidised utilities such as electricity, potable water and telephone. The cost of providing these amenities to public servants has become so huge vis-à-vis other provisions in the annual appropriations that little was left for funding capital projects. The problem was compounded by the fact that these benefits were largely not provided in the most cost-effective manner.

In order to check the spiraling cost of providing these benefits, for just public sector employees which were gulping enormous resources that could have been available for the funding of social capital projects for the wider population, the Federal Government decided to adopt the policy of monetising fringe benefits for all categories of its public servants. The policy of monetisation of fringe benefits is therefore, designed to stem the ever-rising annual expenditure outlay on the benefits provided for public servants, thus reducing waste and also stemming corrupt practices.

Monetisation policy and its implementation have had differing influence on the workers just like any other phenomenon. For some, especially those whose jobs are on the line, it is frustrating. For other people it means more money in their pockets. But can monetisation be linked to productivity. This study does not feel so, rather, it concludes that even though the morale of the workers and work was accelerated, monetisation policy has no potency of sustaining high productivity. A systematic reward system based on performance is preferred.

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