

**THE EFFECTS OF FRINGE BENEFITS ON THE LEVEL OF
PERFORMANCE OF EMPLOYEES IN ORGANISATIONS
(CASE STUDY: CHEZ JOHNSON HOTEL, KAMPALA)**

BY

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**A RESEARCH REPORT PRESENTED TO KAMPALA INTERNATIONAL
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DECLARATION

I **Komuhangi Macquiline** do hereby declare that the contents of this research report is my original work and have never been submitted in any institution or university for the award of a degree or diploma.

Signed.....

Komuhangi Macquiline

Student

Date.....

APPROVAL

This is to certify that this research proposal presented by Komuhangi Macquiline was carried out under my supervision.

Signed.....

Date.....

Approved by : BALIRUNO JOHN BAPTIST

Signed.....

Date.....

DEDICATION

This report is dedicated to my father and mother, Mr Ahimbisibwe Steven, Mr Alex Kabalenga, Mr Kizza Dick and Mr Charles Katwaza with out whose support; I could not have reached this level of education. Dedication also goes to my friends for the support and love extended to me throughout my study.

God bless you all.

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CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Organisation has different reward system in effort to motivate their workers' performance. These include monetary and non – monetary rewards. The non – monetary rewards are popularly known as fridge benefits. According to Cole G.A personal management, Fourth edition (1991) Pg 2 edition, the term fringe benefits are such benefits that are not at all central to total remuneration, that indeed employees and employees see them as 'optional extras' to total remuneration, that indeed employees and employees see them as 'optional extras' alike.

Nothing could be further form the truth at the present time.

Davar Rustoms personal management and industrial Relations, 10th Edition (1996) pg 10 defines fringe benefits as extra benefits in addition to normal wage or salary compensation paid to employees. Fringe benefits can be conveniently grouped into broad categories as; payments, without work, retirement benefits, safety and health provisions and recreation benefits.

In addition to the above benefits, employees can be provided with counselling and advice services, housing working relationship, transport, pension and funds or leaving grants.

Payments without work is intended to secure productivity for the employees; a fact often over looked by most employers. These include paid holidays and off – working hours. Retirement benefits are intended to benefit the employees so that they may not become organisations, which do not provide for workers' survival means after retirement register less performance especially among the ageing workers.

Safety and health provisions aim t protecting a worker while at work. Dale personal management 3rd Edition (1996), Pg 4-5.

These include health provisions, safety provisions and welfare provisions, recreation and other benefits provided legally to workers and employees such as canteens, restrooms, drama shows, indoor games, picnics and football tournaments help to relieve emotional tension and fatigue while generating morale worker's. Talk of such facilities in organisation like Hotel industries greatly affect worker's morale given the tiresome work which they are subject.

Indeed Cole. G.A personal management 5th edition (1997), argued fringe benefits vary in importance to the individual. An older employee will have a pension scheme much higher than young employee subsidized meals appeal more to some employees than others, who would perhaps prefer luncheon voucher. All employees would preferably welcome the opportunity of having a company car.

Fringe benefits instil confidence with in the employees, create food relations among employees and employers, bring a sort of loyalty and respect of the employers, as stated by Horgren A managerial emphasize 5th edition (1982) pg 5.

Fringe benefits minimize individual tax burden, enhance organisation reputation encourage relations among employees and the employers instil confidence among the workers as argued by Cole personal management 4th edition (1991), pg 20.

1.2 PURPOSE OF THE STUDY

The purpose of the study was to establish fringe benefits on the level of performance of employees in an organisation.

1.3 STATEMENT OF THE STUDY

Fringe benefits had an effect on the level of performance of employees in an organisation. But what was not clear was to establish the extent to which fringe benefits affected the performance of employees in an organisation.

1.4 OBJECTIVES OF THE STUDY

To determine the relationship between fringe benefits that is, safety, medical transport, retirement benefits and productivity in an organisation.

To establish the relationship between fringe benefits and employee satisfaction.

To find out the best method on implementation and administration of fringe benefit scheme to include greater performance.

1.5 RESEARCH QUESTION

What is the relationship between fringe benefits and productivity in an organisation?

What is the relationship between fringe benefits and employees satisfaction.

What is the best method on implementation and administration of fringe benefits scheme induces great performance.

1.6 SIGNIFICANCE OF THE STUDY

The study will be of great importance to different categories of stakeholder in the organisation.

The study will be expected to help the organisation's management on how to introduce and implement fringe benefit scheme so as to induce greater performance of employees.

The topic will be expected to help the researcher improve the knowledge and skills concerning the topic of the study.

The employees to evaluate will use the findings whether the fringe benefit scheme is working and if so, the extent to which it is implemented.

The study will be used as a source document by other researchers who may want to explore areas that the researcher will not cover effectively.

1.7 SCOPE OF THE STUDY

The researcher intended to focus on the role of fringe benefits in affecting employee's performance.

The role of safety provisions and employee performance

The role of health provision and employee performance

The role of retirement benefits and employee performance.

The role of retirement benefits and employee performance.

1.8 LIMITATIONS

The researcher experienced the following drawbacks or problems in the process of carrying out the research.

- There were financial limitations in terms of transport, feeding and stationary
- The language barrier between the researcher and some of the people included in sample limited the successful collection of data.
- The researcher was restricted to only few Hotel documents and reports because of fear of loss of information to competitors. However this problem was solved by confidentiality on the part of researcher.

1.9 AREAS OF THE STUDY

The area of study was Chez Johnson, which is located along Makerere Nankulabye road in Kampala district.

1.10 DEFINITION OF TERMS

Performance	Refers to the degree to which employees in an organisation executive their duties required for effective production
Organisation	Refers to an organized group of people or system or business
Fringe benefits	Refers to those components of compensation given to employees on top of their wages and salaries.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 INTRODUCTION

2.1.0 DEFINITION OF FRINGE BENEFITS

Davar Rustoms Personal management and industrial relations 10th Edition (1996), pg 7 defines fringe benefits as extra benefits in addition to normal wage or salary compensation paid to employees.

Hongren managerial emphasis 5th Edition (1982) pg 5, defines fringe benefits as any form of benefits received other than wages and salaries paid to workers. According to Arora S.P office organisation and management 2nd Edition (1997), pg 3 fringe benefits are those non – taxable payments and of services provided by the employers to their employees in addition to basic pay for time worked.

2.1.1 TYPE OF FRINGE BENEFITS

Davar Rustoms Personnel management and industrial relations 10th Edition (1996) classified fringe benefits as discussed below. According to him discussions so far have been on wages and salary administration in the sense of how much should be paid and how with the view to secure maximum productivity from the workers.

He further, cited paid holidays and working hours as basic examples of fringe benefits.

He argued that even before compulsion through legislation, good employers had automatically provided some of retirement benefit for their employees.

Thus prevented them to become all of a sudden void of emolument on their retirement or ceasing to be in the service of the company concerned. He therefore, suggested that pension funds, provided fund and gratuity as fringe benefits in the above respect.

He noted that irrespective of legal provisions, every enlightened management is concerned with the employees' health and providing safety.

Whilst they are at work, it is really a duty of personnel departments to ensure that provisions are likely to promote good employee efficiency and productivity as well as boost employee morale and loyalty.

According to Everand Business principles and management 8th Edition (1984), many business firms have made it clear and possible for their employees to obtain insurance at lower rates through group insurance. The company pays part of insurance premium and it's provided for all workers.

He stated that many companies have pension plans. Pension provided money to be paid to the employee after retirement and so this will induce the workers to produce more, hence increased productivity of efficiency. Employees who retire sooner will receive smaller pensions pay for time off. He further argued that it is common practice to pay workers for a certain amount for vocation in addition to regular vocations, many employers pay workers for certain holiday even through or even though no work is performed. Many companies give employees a certain number of paid absences because of sickness in the family or death. These benefits are usually provided only after the employee has this arrangement motivates a worker for greater productivity.

Pizzey a managerial perspective 5th Edition classify as below

Educational Day release class training schools for employee, scholarships;

Health works, doctors, nurse and training first aid staff dental service;

General sports and recreation facilities, canteen or otherwise assistance;

Pension schemes and holiday with pay schemes may be regarded as party financial and party non – financial.

According to Hongren 5th Edition (1982), the following fringe benefits that include unemployment levels, pensions and insurance can induce happiest employees.

Cole G.A Personnel management 4th Edition (1991), pg 38 classified fringe benefits under the following types. These include; National insurance or social security, pension paid holiday, sickness, payment and redundancy arrangement.

To him, the state has effectively taken over the welfare aspects of employment in order to ensure a minimum level of benefits to employees, which employers can add, if they so wish to any or all of their employees.

Arora S.P Office organisation and management 2nd Edition (1997), pg 102 under lines fringe benefits as under;

Payment for time not worked, pay for holidays, vacations, such as leave and other approved absence.

Security and welfare plans provident funds, gratuity, pension group insurance.

Employee services – cafeteria subsidy; recreation facilities, purchase discounts and company – profit sharing service awards, bonuses and savings plans

2.1.2 OBJECTIVE OF FRINGE BENEFITS

Arora S. P Office organisation management (1997), Pg 152 gives the following benefits. To protect and maintain the health of employees, increase identification of the employees, enhance wages in the organisation and promote performance. Indeed Graham H.T and Roger Bernne Human resource management 9th Edition (1998), argue that workers' morale and feelings of attachment to an employing organisation may be greatly enhanced through provision of fringe benefits.

He also continues to argue that, the most important effects on manual workers conditions are;

Fringe benefits, particularly pensions and sick are improved

Hours of work are shortened.

Control becomes less strict for example manual workers are no longer required to clock on.

Coventry W.F and Barker J.L Management international 2nd Edition (1981), Pg 105 says that fringe benefits are important to human resources as regards productivity in that a well motivated labour force can become a good corporate investment for future success, as management ensures satisfactory working terms and conditions of employees in an organisation.

According to Davar Rustoms Personnel management and industrial relations 10th Edition (1996), Pg 92 fringe benefits are intended to: generate good morale in the employees, prevent a psychologically dissatisfactory work

environment, cater for the health and the safety of employees, promote employee welfare and induce loyalty to the company and meet the legal requirements.

Hongren A manage Arial emphasis 3rd Edition (1972), argue that fringe benefits are intended to increase productivity, improve on quality on quantity, create good relation among the workers and the employees and instil confidence in workers that everything is going on effectively.

According to Cole G.A Personnel management 4th Edition (1991), Pg 32 fringe benefits are meant to achieve the following objectives.

These are meant to meet basic social legal obligations, encourage employee's commitment, reward employees, and minimizing individual tax burden and enhance organisation reputation.

Everand Business principles and management 8th Edition (1984), Pg 49 gives the objectives as under; these benefits give many workers some income when they are out of work, improvements on the quality and quantity could be realized, generated good morale among the workers, and also yielding confidence among the employees.

2.1.3 RATIONALE FOR FRINGE BENEFITS

Davar Rustoms Personnel management and industrial relations (1996), Pg 19 stated that fringe benefits will induce the performance of workers' improve quality and increase productivity and also lead to efficient workers where by the rate of absenteeism will be reduced.

He further contended that fringe benefits should be given to all workers within an organisation due to the policies to increase efficiency. To him poor administration of fringe benefits demotivates workers leading to poor performance.

According to Cole G.A Personnel management 4th Edition (1991), Pg 107 the basic advantages of fringe benefits include minimizing individual tax burden,

enhance organisation reputation, encourage relations among employees and the employers and still confidence among the workers.

Pizzey A managerial perspective 5th Edition (1987), Pg 41 stated that fringe benefits will encourage a spirit of loyalty to reduce labour turnover, build a happy health staff and make employment attractive as well as lucrative to the employees.

Hongren A managerial emphasis 5th Edition (1982), Pg 82 observed that fringe benefits instil confidence within the employees, create good relation among employees and employers, brings a sort of loyalty and respect of the employers.

2.1.4 FRINGE BENEFITS AND THE GOVERNMENT

Pizzey A managerial perspective 5th Edition (1987) Pg 362 argued that government has a role to play in the provision of compensation to employees over and above salaries and wages. He further noted that some kind of compulsion must be put on employers to make adequate arrangement a part from those, which the state provides.

Today, it is very clear that in European countries at least governments are laying down firmer guidelines to employee benefits. Thus they are increasing among of legislation aimed at setting minimum standards of provision for all employees notably in respect of the given types of fringe benefits.

Security benefits are of two kinds, long-term benefits such as pensions, and life insurance and short term ones which include assistance to meet immediate problems.

The most common benefit offered by the organisation is participation in an occupational pension fund supported by the employer to the extent of between 5% to 10% of the employees' salary. This kind of benefits can be fairly described as a security benefit. Other benefits may be related as work related and status related.

In conclusion, fringe benefits induce employees to obtain greater levels of productivity.

However, they should be evenly administered if the objectives are to be achieved.

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

This chapter concerns the methods and procedures, which were in the study., The methods and procedures included, research, design study population, study samples, study variables, data collection instruments, sources of data, processing and presentation data analysis.

3.1 RESEARCH DESIGN

The researcher surveyed research design, which was specifically the descriptive study design.

The survey research was more appropriate to the study because it was to fulfil the objective for which the researcher intended to achieve. It also helped in analysing research hypothesis that was stated.

3.2 STUDY POPULATION

The study population, which the researcher targeted comprise of 30 elements with which 10 were men and 20 were women, regardless of their age.

The researcher targeted both the management staff and the subordinates, so as to sample randomly the respondents.

The researcher used simple random techniques where respondents were identified randomly from the study population. This sample size comprises of twenty (20) respondents including management staff. A list of all workers was got from organisation and the sample was selected by the use of lottery procedure. The advantage with this method of sample selection was to eliminate any possibility of biases in sampling process. Therefore the sample selected was the representative of the study population.

TABLE: 1 SHOWING THE RESPONSE RATE

	RESPONSE	PERCENTAGE
Number of questionnaires issued	20	100
Number of questionnaire returned	18	90

Source: Primary data 2008

3.4 STUDY VARIABLE

The study was to be the effect of fringe benefits on the level of performance of employees, a case study of Chez Johnson Hotel. Fringe benefits are those components of compensation given to employees on top of their wages and salaries. Performance is the degree to which employees in an organisation execute their functions required for effective production.

3.5 INSTRUMENTS OF DATA COLLECTION

The researcher used questionnaires and interviews as instruments of collecting data

(a) Questionnaires

This was a pre- determined list of questions, which were answered by a respondent under supervision or without supervision and data was obtained quickly from different sources. Here questions were both in an open ended and closed ended format where by questions were answered while choosing from the alternatives and also where days the questionnaires were collected from the respondents by the researcher for interpretation.

(b) Interview

This was in a sense of an oral questionnaire instead of writing the response, the subject gave the needed information orally, face to face and the information obtained was reliable and accurate.

The researcher based on the interview on an instructed interview, which had no definite format and therefore it was not standardized. Respondents were asked questions, by an interviewer in any format by rephrasing or modifying the questions and the wording of the questions was tailored towards the respondents.

3.6 SOURCE OF DATA

The source of data comprised of primary and secondary sources. Under primary the researcher directly obtained data from the respondents in the field. The researchers also used documents to obtain secondary data. Documents like textbooks, existing research reports were used.

3.7 ADMINISTRATION OF INSTRUMENT

The self-administered questionnaires and the interview guide were present for clarity and validity. The two instruments were pre-tested at Hotel Catherine, Wandegeya, a similar firm in production with Chez Johnson and the supporting staff was selected randomly and requested to answer the questionnaire(s)

Also interview guide was used where respondents were asked questions face by face, after data had been obtained (pre-tested), the researcher obtained a letter of introduction and went to the study population.

3.8 DATA PROCESSING AND PRESENTATION

The data collected was done to ensure completeness of the questionnaires and discover any mis-understandings of the questionnaires.

Coding was done and numbers were assigned towards to derive statistical meaning of the data collected. The data was presented in tables showing frequencies and percentages.

3.9 DATA PRESENTATION AND ANALYSIS

The researcher analysed the data collected manually by use of frequency tables, which then were interpreted and analysed.

CHAPTER FOUR

PRESENTATION AND INTERPRETATIONS OF DATA

4.0 INTRODUCTION

As mentioned earlier, the purpose of this study is to find out the impact of fringe benefits on the level of performance of employees in an organization with specificity of Chez Johnson Hotel.

In this chapter, the data, which has been collected, must be analysed and interpreted according to how the respondents responded to the questionnaires in order to reveal precisely the issues and factors about the hypotheses.

TABLE 2: SHOWING OF RESPONDENTS

SEX	FREQUENCY	PERCENTAGES (%)
Male	8	44.4
Female	10	55.6
Total	18	100

Source: Primary data 2008

As shown from the table 2 above, the majority of the respondents were female represented by a percentage of 55.5%.

TABLE 3: SHOWING AGE OF RESPONDENTS

AGE	FREQUENCY	PERCENTAGE (%)
18-25	4	22.2
25-30	10	55.6
30-45	2	11.1
45-50	2	11.1
Total	18	100

Source: Primary data 2008

From the table 3 above, it reveals clearly the age of the majority respondents lies in between 25 to 30 with the highest percentage of 56.6%

TABLE 4: SHOWING RELIGION OF RESPONDENTS

RELIGION	FREQUENCY	PERCENTAGE (%)
PROTESTANTS	8	44.4
CATHOLICS	4	22.2
MUSLIMS	5	27.8
NONE	1	5.6
TOTAL	18	100

Source: Primary data 2008

From the table 4 above, it can be clearly seen that most of the respondents were Protestants by 44.4%. This was because it was found out that the hotel was founded by a protestant.

TABLE 5: SHOWING THE MARITAL STATUS

MARITAL STATUS	FREQUENCY	PERCENTAGE (%)
MARRIED	7	38.9
SINGLE	10	55.6
WIDOW	1	5.6
TOTAL	18	100

Source: Primary data 2008

From the table 5 above, it was established that most of the respondents were single occupying a percentage of 55.6%

TABLE 6: SHOWING YEARS WHEN RESPONDENTS JOINED THE ORGANIZATION

YEAR	FREQUENCY	PERCENTAGE (%)
1996	1	5.6
1997	3	16.7
1998	4	22.2
1999	1	5.6
2000	7	38.9
2001	2	11.1
TOTAL	18	100

Source: Primary data 2008

From the table 6 above, it was established that majority of the respondents joined the organization in 2000, represented by 38.9%, due increasing implementation of fringe benefits in Chez Johnson Hotel.

TABLE 7: SHOWING DEPARTMENTS WHERE RESPONDENTS BELONG

DEPARTMENTS	FREQUENCY	PERCENTAGE (%)
ADMINISTRATION	1	5.6
ACCOUNTS	1	5.6
FRONT OFFICE	1	5.6
RESTAURANT	2	11.1
BAR	3	16.7
FOODS AND BEVERAGES	4	22.2
KITCHEN	3	16.7
HOUSING KEEPING	3	16.7
TOTAL	18	100

Source: Primary data 2008

It was established from table 7 above, that majority of respondents belonged to the foods and beverages department occupying a percentage of 22.2%.

TABLE 8: SHOWING AND RESPONSIBILITIES OF STAFF

ROLES AND RESPONSIBILITIES	FREQUENCY	PERCENTAGE (%)
Managing the company	1	5.6
Attending to Guests	3	16.7
Cleaning the Hotel	2	11.1
Allocating Duties	2	11.1
Serving Guests	4	22.2
Cooking food	3	16.7
Supervise Workers	2	11.1
Pay worker's salary	1	5.6
Total	18	100

Source: Primary data 2008

It was established from table 8 above, that majority of the respondents (22.2%) were responsible for serving guests to maximize sales in production

TABLE 9: SHOWING THE CATEGORIES OF STAFF IN WHICH THEY FALL

CATEGORIES OF STAFF	FREQUENCY	PERCENTAGE (%)
Professional	8	39.9
Management	7	39.9
Auxiliary	2	11.1
Any other	1	5.6
Total	18	100

Source: Primary data 2008

From the table 9 above, it was established that most of the respondents were professionals represented by 44.4% and therefore had the required skills and knowledge to increase on the productivity.

SECTION B

TABLE 10: SHOWING WHETHER RESPONDENTS ARE SATISFIED WITH THE WORK THEY ARE DOING

SATSIFACTION	FREQUENCY	PERCENTAGE (%)
YES	14	77.8
NO	4	22.2
TOTAL	18	100

Source: Primary data 2008

From the table 10 above, it can be clearly seen that due to provision of fringe benefits, the majority of the respondents were satisfied with the work they were doing occupying a percentage of 77.8.

TABLE 11: SHOWING WHETHER THE QUALIFICATIONS OF EMPLOYEES IS RELATED TO THE TYPE OF WORK THEY DO

QUALIFICATION	FREQUENCY	PERCENTAGE (%)
YES	12	66.7
NO	6	33.3
TOTAL	18	100

Source: Primary data 2008

From table 11 above, most of the respondents were employed to do the work of their qualification as they occupy the highest percentage of 66.7.

TABLE 12: SHOWING HOURS RESPONDENTS ARE DEPLOYED

HOURS	FREQUENCY	PERCENTAGE (%)
SIX	2	11.1
EIGHT	6	33.3
TEN	6	33.3
ELEVEN	1	5.6
TWELVE	2	11.1
THIRTEEN	1	5.6
TOTAL	18	100

Source: Primary data 2008

From the table 12 above, most of the respondents are deployed for ten and eight hours represented by 33.3% respectively due to the provision of fringe benefits.

TABLE 13: SHOWING SATISFACTION OF RESPONDENTS WITH THE NUMBER OF WORKING HOURS

QUALIFICATION	FREQUENCY	PERCENTAGE (%)
YES	15	83.3
NO	3	16.7
TOTAL	18	100

Source: Primary data 2008

It was established from table 13 above, that majority of respondents (83.3%) were satisfied with the number of hours they work, implying that there is job satisfaction

TABLE 14: SHOWING WHETHER FRINGE BENEFITS ARE PROVIDED ON TOP OF THE MONTHLY SALARY

QUALIFICATION	FREQUENCY	PERCENTAGE (%)
YES	16	88.9
NO	2	11.1
TOTAL	18	100

Source: Primary data 2008

It was found out that, most of the respondents were provided with fringe benefits on top of the monthly salary represented by 88.9%, since fringe benefits play a big role as far as performance of employees is concerned.

TABLE 15: SHOWING TYPES OF FRINGE BENEFITS PROVIDED TO RESPONDENTS

FRINGE BENEFITS	FREQUENCY	PERCENTAGE (%)
LUNCH	16	88.9
HOUSING	15	83.3
TRANSPORT	3	16.6
MEDICAL	14	77.7
EDUCATION	1	5.6
INTERNTIANMENT	13	72.2
PAID LEAVE	2	11.1

Source: Primary data 2008

It was found out that majority of respondents were provided with lunch allowance, housing, medical and entertainment, represented by 88.9%, 83.3%, 77.7% and 72.2% respectively which benefits induce employees to improve on their productivity towards achieving organizational goals

TABLE 16: SHOWING STATISTICS OF EMPLOYEES WITH THE CURRENT SALARY

QUALIFICATION	FREQUENCY	PERCENTAGE (%)
YES	10	55.6
NO	8	44.4
TOTAL	18	100

Source: Primary data 2008

From the table 16 above, it was established that most of the respondents were satisfied with the current salary occupying a percentage of 55.6%, since the salary was supplemented with fringe benefits like lunch allowance and housing allowances.

TABLE 17: SHOWING WHETHER THE SALARY PAID TO RESPONDENTS CAN SUSTAIN THEM WITHOUT ANY HARDSHIPS

RESPONSES	FREQUENCY	PERCENTAGE (%)
STRONGLY AGREE	-	-
AGREE	4	22.2
UNDECIDED	3	16.7
DISAGREE	9	50
STRONGLY DISAGREE	2	11.1
TOTAL	18	100

Source: Primary data 2008

It was found out that, most of the respondents disagree that the salary paid to them can sustain them without any hardship represented by a percentage of 50. This implied that fringe benefits played a big role in supplementing on the salary paid to employees in order for them to be satisfied.

TABLE 18: SHOWING THE TIME OF THE MONTH WHEN THE RESPONDENTS ARE VERY BROKE

TIME OF THE MONTH	FREQUENCY	PERCENTAGE(%)
BEGINNING	1	5.6
MID-MONTH	8	44.4
END OF MONTH	7	38.9
NEVER BROKE AT ALL	2	11.1
TOTAL	18	100

Source: Primary data 2008

From the table 18 above, it reveals that most of the respondents were broke during mid-month and at the end of the month represented by a percentage of 44.4 and 38.9 respectively, because respondents are usually paid at the beginning of the month.

TABLE 19: SHOWING FREQUENCY DISTRIBUTION OF THE AMOUNT OF PROFITS PER WEEK

LEVEL PROFITS (SHS)	FREQUENCY	PERCENTAGE (%)
10,000-50,000	1	5.6
60,000-100,000	2	11.1
110,000-150,000	6	33.3
160,000 and above	9	50
Total	18	100

Source: Primary data 2008

From the above table, it reveals the level of profits got every week that is from 160,000 shillings and above represented by 50%, indicating the efficiency of the Hotel.

CHAPTER FIVE

5.0 DISCUSSION, SUMMARY, CONCLUSION RECOMMENDATIONS AND SUGGESTIONS

5.1 INTRODUCTION

This chapter discusses the findings of chapter four of the research study carried out on the impact of fringe benefits on the level of efficiency of employees in Chez Johnson Hotel.

5.2 DISCUSSION

The characteristics of the samples in table 2, showed the majority of the respondents as female implying that female respondents were more influenced towards catering work.

It was also found out in table3, that the age of the majority respondents lied in between 25-30, which implied that the organization is composed of the young energetic employees who need to be provided with extra benefits to boost their performance towards organizational operations.

It was found out that, from 1996, fringe benefits were lacking in the organization, in 1997 implementation of the fringe benefits scheme started which led to an increase in the number of respondents who joined the organization. In 2000, more respondents/employees joined the organization due to the fringe benefit scheme, which was in practice, with a view to secure maximum productivity from the worker. This was witnessed in the book of Davar Rustoms personnel management industrial relations (1996) 10th edition.

The study revealed that, most of the respondents belonged to the Foods and Beverages Department which department was responsible for serving guests for maximize sales in production and this was done through the provision of fringe benefits to the respondents as seen in table 7.

It was found that, most of the respondents were professionals who had the required skills and knowledge to increase on the productivity of the organization as seen in table 9. On the other hand, productivity may not necessarily increase without inducing workers to produce more by way of providing fringe benefits to them like medical, safety, transport and others.

It was found out that, due to the provision of fringe benefits, the majority of the respondents were satisfied with the work they were doing as was observed in table 10, chapter four. It was observed in the book of Coventry Management international (1981) 7th edition, that fringe benefits are important to human resources as regards productivity as management ensures satisfactory working terms and conditions of employees in an organization.

The researcher found out that the majority of the respondents 88.9% were provided with fringe benefits on top of their monthly salary and only 11.1% were not, as indicated in table 14. this revealed that fringe benefits were intended to increase productivity, improve on the quality, and create good relation among the workers and employees' satisfaction as it was pointed out by Horgan A managerial emphasis (1972)^{3rd} edition.

According to the data in table 15, the majority of employees were provided with lunch allowance 88.9%, followed by housing allowance 77.7% implying that fringe benefits scheme was administered and implemented so as to induce greater performance of employees. These benefits play a role in protecting and maintaining of employees' physical health hence promoting performance/efficiency of the hotel as evidenced in table 19, where the frequency distribution of profits range from 160,000 shilling and above week, that is, 50%.

The researcher found out that, most of the respondents were satisfied with the current salary represented by 55.6% implying that employees were provided with extra benefits to top up with their current salary which contributed to their satisfaction as in table 16. Organizations implement policies to increase efficiency like the provision of fringe benefits to workers as it was contended

by Davar Rustoms personnel management and industrial relations (1996) 10th edition. To him, poor administration of fringe benefits demotivates workers leading to poor performance.

The researcher found out that most of the respondents disagreed in table 17 that the salary paid to them can not sustain them without any hardships as represented by 50%. This implied that there was need for extra benefits to supplement on the salary paid to employees in order for them to be satisfied.

The findings from interviews indicated that the level of profits got every week range from 160,000 shillings and above represented by 50%. It was found out that, profit maximization was the important aspect in the agreement with Lipsey business economics (1987) who pointed out that firms which grow faster will be those ones which are closer to fringe benefits and profit maximization.

The first hypothesis stated that fringe benefits that is safety, medical, transport, retirement benefits had no relationship with productivity in an organization.

To test this hypothesis, a number of questions were administered to eight departments. According to the responses given by respondents in table 15 and 18, the results therefore had rejected the negative hypothesis as stated that there was no relationship between fringe benefits and productivity in an organization.

This was observed in the book of Coventry Management international (1981), 7th edition that fringe benefits are important to employees as regards productivity, in that a well motivated labour force can become a good corporate investment for future success.

The second hypothesis stated that there was no relationship between fringe benefits and employee satisfaction.

To test this, a question was asked whether respondents were satisfied or not with the work they were doing. The results in table 10 showed that 77.8% acknowledged their satisfaction, while only 22.2% were not satisfied. So the negative hypothesis was rejected

5.3 SUMMARY

The discussion is summarized as below:

That majority of respondents were female which implied that female respondents were more influenced towards catering work.

That the organization was composed of the young energetic employees who had to be provided with extra benefits so as to boost their performance towards organizational operations.

The fringe benefits scheme was implemented and administered by year 2000, which attracted more employees to join the organization so as to secure maximum productivity from the employees/workers.

Majority of the respondents were satisfied with the work they were doing which implied that employees were productive since they were committed towards performing organizational activities.

There was provision of fringe benefits to the majority respondents on top of their monthly salary which contributes to their productivity

Fringe benefits provided to the majority respondents included lunch allowance, housing allowance, implying that fringe benefits schemes was administered and implemented so as to induce greater performance of employees

Most of the respondents were satisfied with the current salary as it was supplemented by extra benefits which contributed to their satisfaction.

The level of profits got every week ranged from 160,000 shillings and above implying that the organization was closer to fringe benefits and profit maximization.

The negative hypotheses were rejected as discussed earlier.

5.4 CONCLUSION

From the above results, it is clearly evident that the subjects selected were the employees from the eight departments in order to get reliable data about the study.

The conclusion is that fringe benefits have an impact on the level of efficiency of employees in Chez Johnson Hotel

In the following way application of fringe benefits has led to Hotels to apply them in their particular firms.

5.5 RECOMMENDATIONS

The researcher came up with the following recommendations:

All firms must apply fringe benefits so as to increase the employees' efficiency and effective performance.

All firms should try to implement and administer the fringe benefit scheme if they are to obtain their organizational activities/goals.

Employers need to motivate their employees such that they are satisfied with the job they perform

It is not that money is the only motivator for the employees but also the application of such fringe benefits like medical provisions, safety, pension, and payment without work can also include better performance.

5.6 SUGGESTIONS

Certain areas were not covered for example the impact of management style of employee performance and the impact of training on organisation.

These are also important in employee's performance and such will require another study.

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APPENDIX B

QUESTIONNAIRES TO RESPONDENTS

Dear Sir/Madam

The researcher is interested in finding out whether the effects if fringe benefits on level performance on employee in organisation will change performance in organisation (case study Chez Johnson).

This questionnaire is intended for purely educational purposes therefore information obtained is considered confidential.

Question guide

This section concerns demographic data about the respondents and the organization. Please tick or fill where appropriate.

1. Sex

Male ☐ Female ☐

2. Age

18-25 ☐ 30-45 ☐ 50-65 ☐

3. Religion

Protestant ☐ Catholic ☐ Muslim ☐

4. Marital status

Married ☐ Single ☐ Widow ☐

5. Which year did you join the organisation?

.....

6. To which department do you belong?

.....

7. List your roles and responsibilities

.....

.....

8. Which categories of staff do you fall in?

Professional ☐ Management ☐ Auxiliary ☐

Any other (Please fill)

SECTION B

This section concerns data on fringe benefits and efficiency

1. For how many hours are you deployed to work in a day?

.....

2. Are you satisfied with this number of working hours?

YES ☐ NO ☐

3. Does your organisation provide fringe benefits on top of monthly salary?

YES ☐ NO ☐

4. If yes, tick the type of fringe benefits listed below provided by your organisation.

Lunch Allowance ☐

Transport Allowance ☐

Medical Allowance ☐

Housing Allowance ☐

Education Allowance ☐

Entertainment Allowance ☐

Paid leave Allowance ☐

5. Are you satisfied with the current salary?

YES ☐

NO ☐

6. My salary can sustain me throughout the month without any hardships

Strongly Agree ☐

Agree ☐

Undecided ☐

Disagree ☐

Strongly disagree ☐

THANK YOU FOR YOUR COOPERATION



**OFFICE OF THE DEAN
SCHOOL OF BUSINESS AND MANAGEMENT**

Date: 4th April

2008

**THE HUMAN RESOURCE MANAGER,
CHEZ JOHNSON HOTEL,
KAMPALA**

Dear Sir/madam,

RE: KOMUHANGI MACQUILINE, REG.NO BBA/8147/51/DU

The above mentioned is a bonafide student of Kampala International University pursuing a Bachelor of Business Administration programme in the school of Business and Management of the University.

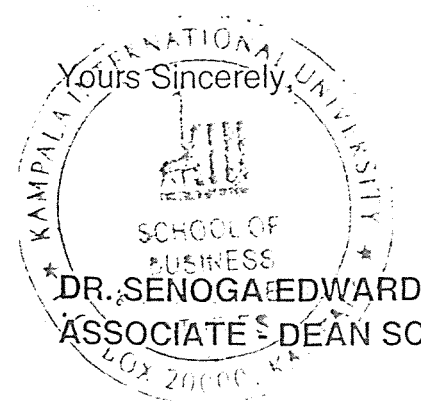
She is currently conducting field research and the title of the Research project is '**THE EFFECTS OF FRINGE BENEFITS ON THE LEVEL OF PERFORMANCE OF EMPLOYEES IN ORGANIZATIONS**' A CASE STUDY OF CHEZ JOHNSON HOTEL. As part of her studies (research work) she has to collect relevant information through questionnaires, interviews and other relevant reading materials.

Your Institution has been identified as a valuable source of information pertaining to her research project. The purpose of this letter is to request you to avail her with the pertinent information she may need.

All and any information shared with her will be used for academic purpose only and we promise to share our findings with your institution.

Any assistance rendered to her in this regard will be highly appreciated.

Yours Sincerely,



DR. SENOGA EDWARD

ASSOCIATE DEAN SCHOOL OF BUSINESS