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## **EFFECTS OF PROVISION OF WELFARE FACILITIES ON FINANCIAL STRESS OF EMPLOYEES OF NIGERIAN DEFENCE ACADEMY, KADUNA**

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### **ABSTRACT**

This study investigated effects of provision of welfare facilities on financial stress of employees. It examines how provision of transportation facilities, provision of medical facilities and provision of housing facilities affect employees' financial stress. The study employed a survey method and used structured questionnaire to collect data. A total of 306 participants were sampled using purposive sampling technique. The sample consist 153 full time civilian staff and 153 military personnel of the Nigerian Defence Academy Kaduna. Responses were collated, screened and sorted. Data analysis was conducted using Multiple Linear Regression technique at 0.05 level of significance, and was done with the aid of the Statistical Package for Social Sciences (SPSS) version 26.0. The results revealed that provision of transportation facilities, medical facilities and housing facilities have significant effect on employees' financial stress. Moreover, the coefficients of provision of transportation facilities, medical facilities and housing facilities are -1.459, -1.266 and -0.656. This suggests that the effect is negative such that, increase in provision of transportation, medical and housing facilities will result in decrease in employees' financial stress. Hence, the study recommends that employees' welfare facilities like transportation, medical and housing facilities should be given sustainable attention in order to check financial stress employees, and promote their wellbeing for better productivity

**Keywords:** Financial stress, housing facilities, medical facilities, transportation facilities

### **INTRODUCTION**

Provision of welfare provision is part of measures used by firms to improve employees' work life. It is assumed that provision of welfare like transportation, medical and housing facilities reduce financial worries and stress among employees. Duncan (2020) argue that employee welfare provision limits financial stress. Financial stress has been found to influence workplace behavior (Sabri & Aw, 2020). Employees who are financially stressed exhibit absenteeism, poor concentration at work, and also report health issues like heart ailments, which may tell on their performance (Kolawole, 2021). Hence, it is proper to give attention to employee welfare, especially in those areas that address issues surrounding their wellbeing.

In Nigeria, government and other employers of labor have not showed enough commitment to resolve the issue of workers agitation for better welfare. The resident doctors strike action of 2021, Academic Staff Union of Universities (ASUU) strike action of 2020 and 2022, the Nigerian Labor Congress (NLC) strike action of 2021, the Non-Academic Staff Union (NASU) strike actions of 2022 are few evidences

that may be cited in this regard. Moreover, if workers agitation persists, output will be affected, because according to Krekel et al. (2019), the happier the worker, the better their productivity.

Randhawa and Chaudry (2020) found that workplace facilities and welfare measures showed significant impact on overall job satisfaction of employees; Alam et al. (2020) found that wages and welfare facilities both have significant positive effect on employee work motivation; Abdullahi and Salihu (2018) established that teachers' welfare is related to teachers' performance. Similarly, Theresa et al. (2019) reveals that productivity level of employees depends on the welfare package available to them. Further, Daddie et al. (2018) found that employee welfare scheme have significant effects on employees' performance; while Itodo and Abang (2018) found that welfare package has a strong influence on performance level of officers and men of the Nigerian Police Force.

However, current literature does not show studies that have examined the effects of employee welfare employee financial stress. According to Mokhtar and Abd Rahim (2016), financial stress is a major determinant of employee wellbeing, and affects workplace morale, and diminishes productivity (Delafrooze & Paim, 2011). Employees who struggle with financial stress naturally report poor health status (Shwu-Fang & Ab-Rahim, 2020), and this can tell on their efficiency and effectiveness.

Some scholars suggest provision of professional counseling as strategy to check financial stress in the workplace (Asino, 2017; Sabri & Aw, 2020); while others suggests employee welfare as a strategy to prevent financial stress (Duncan, 2021), and promote morale and performance (Dhamija, 2020). These opinions are in contrast, and yet, the question of how does employee welfare affects employee financial stress still remain unanswered. Therefore, this study investigates effects of provision welfare facilities on employee financial stress. The specific objectives are to determine:

- 1) The effect of provision of transportation facilities on employees' financial stress.
- 2) The effect of provision of medical facilities on employees' financial stress.
- 3) The effect of provision of housing facilities on employees' financial stress?

## LITERATURE REVIEW

### Employee Welfare

Employees require considerable attention from employers because they constitute the strategic resources that determine the effective and efficiency of organizations (Okochi & Ateke, 2021). Employees do not just represent labor; they should be regarded as resources employed to perform assigned task. Manisha and Reddy (2020) define employee as a means to productive activity. Okochi and Ateke (2020) argue that a key desire of firms is their effort to achieve continuity, quality product delivery, cost effectiveness, timeliness and over all competitive advantage is to elicit optimal performance from employees.

Employee welfare includes includes anything that is done for the comfort and improvement of the employee (Itodo & Abang, 2018). Sankar (2020) informed that the provision of welfare facilities improves relations between employees and management of an organization. Provision of employees' welfare is a wise investment as it yields profitable return in the form of greater efficiency. Duncan (2021) informs that staff welfare is important to both employee and organization because it prevent stress, create positive work environment and promote employee performance.

Employee welfare in the context of this study is defined as all forms of services, facilities, amenities and financial benefits that are intended to enhance the well-being of employees; including provision of transportation facilities, medical facilities, housing facilities (Varadaraj & Charumathi, 2019), recreational facilities, educational facilities and career development facilities. It involves all basic services, facilities and amenities provided by employers to motivate employees (Duncan, 2021; Alam et al., 2020). The basic objectives of employee welfare includes to provide motivation to employees, retain employees, create goodwill, increase employee productivity and create strong bond between the employer and the employee (Anjali, 2020).

Aruna and Seetha (2019) defines employee welfare to include various facilities, services and amenities provided for improving the health, efficiency, economic betterment and social status of workers. Adding added that welfare measures enhance employees' efficiency and productivity. Welfare measures need not be in monetary term only (Itodo & Abang, 2018), but should entail all activities of employers directed towards providing employees with certain facilities and services in addition to salaries.

Anjali (2020) classified employee welfare as statutory measures and voluntary measures. Statutory welfare measures are welfare benefits that are supported by government policy or law, which includes working facility, sanitation facility and maternity facility. Voluntary welfare measures are those welfare measures without legal obligations, but provided by the employer voluntarily. Examples are canteens, recreation facility, education facility, transport facility, medical care facilities, housing facilities and counseling facilities.

According to Varma (2017), the International Labor Organization (ILO) grouped welfare services as: services within the precincts of the establishment (Intramural) and services outside the establishment (Extramural). Varma explains that, the provision of welfare measures makes workers realize that they have some stake in the undertaking in which they are employed. Itodo and Abang (2018) maintained that statutory schemes are compulsory and are to be provided by an organization in compliance to law governing health and safety. These include the provisions provided in the industrial Acts, Factories Act 1948 and Dock Workers Act 1986 for employees' safety, health and welfare.

Alegbeleye et al. (2016) opine that employees' salaries and allowances may not be categorized as employee welfare, since welfare should mean anything extra on employee emoluments that enhance their performance. This view aligns with the views of Itodo and Abang (2018) and Anjali (2020). Employee welfare include provision of social club and sports facilities, supervising staff, canteens, savings scheme, pension funds, leave grants, fringe benefits, legal aid and advice on personal problems (Sankar, 2020; Aruna & Seetha, 2019).

### **Employee Financial Stress**

Financial stress is economic stress, hardship, strain and pressure (Ismail & Zaki, 2019). It means individuals' subjective perception of personal finances (Mokhtar & Abd Rahim, 2016). Financial stress is also a condition where individual face difficulties in meeting financial obligations as a result of shortage of money. A large amount of debt, medical bills, job loss or being irresponsible with spending can cause financial stress. Poor financial thinking, occurrences beyond individual control, and inadequate knowledge and skills are factors that contribute to financial stress.

Delafrooz and Paim (2011) identified financial stress as one of the determinants of financial wellness. Similarly, Mokhtar and Abd Rahim (2016) financial stress has an association with financial wellbeing. Financial stress is thus, the unpalatable feeling individuals' have due to inability to meet financial needs (Olasehinde & Aigbavboa, 2018) and the associated emotional tension (Scot, 2022); and which can be ascribed to change in their financial situation, inability to manage financial matters or lack of sufficient resources to meet current and future financial needs (Ozyuksel, 2022).

Kolawole (2021) corroborated the view of Ismail and Zaki (2019) by describing financial stress as constant worry and persistent thinking about how to meet financial needs. Olasehinde and Aigbavboa (2018) identified factors like overspending, lack of budgeting, high debt level, low salary or wages, lack of knowledge about money, and poor financial behavior as contributors to employee financial stress. Inadequate income, borrowing to take care of house hold necessities, worry about medical bills, and fringe benefit provision were used to measure financial stress (Ismail & Zaki, 2019).

## **METHODOLOGY**

The study employs the survey method. The study was conducted in the Nigerian Defence Academy, Kaduna. The research population comprised both the full time civilian and military personnel of the

Academy. Information on the total number of staff was not provided because such information is classified restricted in military establishments. Hence, no usable sampling frame was available. Consequently, the purposive sampling technique was adopted to select 306 staff with full time employment (civilian and military) in the Academy. The sampled participants consist 153 civilian staff and 153 military personnel.

Close-ended questionnaire was employed to collect primary data. Items for measurement of financial stress were adopted from Delafrooze and Paim (2011). Three employee welfare indicators: provision of transportation facilities, provision of medical facilities and provision of housing facilities were taken from Varadaraj and Charumathi (2019). These indicators were applied in the measurement of provision of employee welfare in terms of whether the welfare facilities are available, adequate, convenient, accessible and supportive to employees.

Further, the measurement instrument was divided into two sections. Section A captured demographic data of respondents while section B focused on the variables under investigation. It was designed in the 5-point Likert scale, and provide options for participants to rate their responses in terms of Strongly Agree (SA) = 5, Agree (A) = 4, Neutral (N) = 3, Disagree (D) = 2 and Strongly Disagree (SD) = 1. The instrument was evaluated for content validity in order to ascertain the ability of the instrument to collect data that will meet the objectives of the study (Daud et al., 2018). A two member team of experts (Supervisors) on the project screened the instrument for face validity before a pilot test with forty (40) respondents was conducted. The Cronbach Alpha coefficient was employed to determine the reliability and internal consistency of the instrument. The reliability test result is presented in Table 1.

**Table 1: Summary Results of Cronbach's Alpha Reliability Test**

Variables	Cronbach's Alpha	Number of Items
Transportation Facilities Provision	0.843	5
Medical Facilities Provision	0.698	5
Housing Facilities Provision	0.912	5
Financial Stress	0.960	12

Source: Author's computation, SPSS Version 26.0

Table 1 indicates that the Cronbach's reliability coefficient for items on provision of transportation facilities, provision of medical facilities, provision of housing facilities and financial stress are 0.843, 0.698, 0.912 and 0.960 respectively. This suggests that the instrument is reliable (Ursachi et al., 2015) with high internal consistency (Daud et al., 2018). A Cronbach's reliability coefficient value above 0.6 is considered reliable and acceptable (Ursachi et al., 2015).

## RESULTS AND DISCUSSION

357 copies of questionnaires were distributed to participants in their workplace within a time frame of 3 weeks, but only 311 copies were properly completed and returned. This means a response rate of approximately 87% was recorded. Moreover, 7 copies were reported no response while 39 copies were invalidated for improper responses.

**Table 2: Questionnaire Responses Preliminary Analysis**

Questionnaire	Frequency	Percentage
Proper Response	311	87.12
No Response	7	1.96
Improper Response	39	10.92
Total	357	100

Source: Field Survey Analysis, 2022

As shown in Table 2 the number of proper responses is 311 and it exceeds the research sample size of 306. Hence, the 5 excess responses were discarded.

**Table 3: Model Summary**

Model	R	R Square	Adjusted R square	Std Error of Estimate
1	.780 <sup>a</sup>	.609	.605	8.41670

Predictors: (Constant), Provision of Transportation Facilities, Provision of Medical Facilities and Provision of Housing Facilities

Source: Regression Results, SPSS Version 26.0

The research model for this study has employees’ financial stress as the dependent variable, and provision of transportation, provision of medical facilities and provision of housing facilities as the independent variables. The model summary as presented in Table 3, reports R value (‘R’ column) of 0.780 which indicates high degree of correlation between the dependent variable and independent variables.

Also, the coefficient of determination (R squared) or showing how much the dependent variable is influenced by the independent variables records a value of 0.609. This implies that 60.9% variation in the dependent variable (employees’ financial stress) can be explained by the independent variables (provision of transportation, provision of medical facilities and provision of housing facilities). 39.1% remaining takes care of the error term (E), other variables influencing employees’ financial stress even though they were not reflected in the model.

Moreover, the adjusted R square value of 0.605 as presented in the table also suggests that 60.5% of the variation in the dependent variable can be predicted by the independent variables. This result reveals that the regression model is a good fit. Furthermore, the multiple regression analysis results in table 4, presents VIF value of 1.067, 1.793, and 1.846 for transportation facilities provision, medical facilities provision and housing facilities provision respectively, which indicates the absence of multicollinearity and the fitness of the data for multiple linear regression

**Table 4: Multiple Regression Results**

Model	Coefficients						
	Unstandardized		Standardized		Sig	Tolerance	VIF
B	Std. Error	Beta	t				
(Constant)	93.268	5.566		16.758	.000		
Transportation Provision (TFP)	-1.459	.105	-.517	-13.879	.000	.937	1.067
Medical Provision (MFP)	-1.266	.311	-.196	-4.066	.000	.558	1.793
Housing Provision (HFP)	-.656	.101	-.317	-6.475	.000	.542	1.846

Dependent variable: Employees’ financial stress

Source: Multiple Regression Analysis, SPSS Version 26. 0

Table 4 presented the regression results in respect of the dependent and independent variables. The regression model applied is given as:

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + E$$

Where TFP, MFP, HFP are represented as X<sub>1</sub>, X<sub>2</sub>, X<sub>3</sub> and EFS is represented as Y.

Using the coefficient values obtained from the regression results, the model is expressed as:

$$EFS = B_0 + B_1(-1.459) + B_2(-1.266) + B_3(-0.656) + E$$

The results revealed that, provision of transportation facilities has significant effects on employee financial stress. It records a t-value of 13.879 and a p-value of 0.000 at 0.05 level of significance. The results also indicate that provision of transportation facilities has a coefficient of -1.459, suggesting that the effect is negative. This means that when provision of transportation facilities increases by 1%, employee financial stress will decrease by 1.459%. In order words, the higher the level of provision of transportation facilities, the lower the level of employee financial stress and vice versa. This findings corroborate the view of Duncan (2021) that employee welfare prevent stress in the workplace. It also

suggests that if employees are properly provided with transportation facilities, the level of financial stress in the workplace will reduce because employees will have less worry on transport to work expenses, this will affect workplace morale and productivity (Delafrooz & Paim, 2011).

Provision of Medical facilities was also found to have significant effects on employee financial stress as shown in Table 4, where the t-value is indicated as -4.066 and the p value is 0.000 at a significance level of 0.05. The results also showed that provision of medical facilities has a coefficient of -1.266, indicating a negative effect. Therefore, when provision of medical facilities increases by 1%, employee financial stress will decrease by 1.266%. It also means that when the level of provision of medical facilities is high, the level of employee financial stress will be low and vice versa. Further, the findings suggests that if employees are provided with the proper medical facilities, the level of financial stress in the workplace will reduce because employees will have less worry on medical care expenses. This by extension will positively affect employee performance (Moruri et al., 2018).

Similarly, provision of housing facilities was found to have significant effect on employee financial stress as shown in Table 4, where the t value is -6.475 and the p value is 0.000 at a 0.05 level of significance. The results also indicate that provision of housing facilities has a coefficient of -0.656, suggesting a negative effect. This means that 1% increase in provision of housing facilities will reduce employee financial stress by 0.656%. In order words, the higher the level of provision of housing facilities, the lower the level of employee financial stress and vice versa. The findings further suggests that if employees are provided with proper housing facilities, the level of financial stress in the workplace will reduce because employees will have less worry on house rent expenses. Moreover, this will motivate the employee and create goodwill for the organization (Anjali, 2020).

### CONCLUSION AND RECOMMENDATIONS

This study has proved the association between provision of welfare facilities and employee financial stress. If organizations provide appropriate facilities to take care of employees' welfare in terms of transport facilities, medical care facilities and housing facilities, employees will worry less about some financial responsibilities as the burden on their pockets will indirectly reduce (Aruna & Seetha, 2019). This will promote employee effectiveness, interest and concentration at work. Therefore, improved provision of welfare facilities enhance employees' loyalty (Dhamija, 2020), performance (Abdullahi & Salihu, 2018), productivity (Theresa et al., 2017) positive work environment (Duncan, 2021) and organizational effectiveness.

The established relationship between provision of welfare facilities and financial stress in the workplace is such that when employee welfare level increases, financial stress level decreases, and vice versa. Therefore, the study recommends as follows:

- 1) Provision of transportation facilities should be improved and sustained so as to motivate employees for desired results. Employees who have less worry about transportation to work are more likely to get to work on time and perform diligently.
- 2) Provision of medical facilities should be given more attention in order to promote the mental and physical wellbeing of employees for expected performance. Provision of free or subsidized medical care for employees will enhance their effectiveness at the work because their health issues are easily attended to without much worry.
- 3) Provision of housing facilities for employees should be improved and sustained in order to motivate employees and reduce distractions brought about by worries and anxieties over accommodation or rent.

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