A COMPARATIVE ANALYSIS OF STAFF WELFARE PACKAGES AND THEIR EFFECTS ON MALE- AND FEMALE-HEADED SMALL AND MEDIUM ENTERPRISES

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Abstract

This study set to compare the staff welfare packages and their effects in mal- and female-headed small and medium enterprises (SMEs) in Enugu. It employed multi-stage sampling echnique to select 3 female-headed and 6 male-headed SMEs from the membership lists of the organised private sector groups and purposive method to select respomdents from these enterprises. It used the likert-scale quesionnaire to elicit information from the respondents and the average mean score technique to analyse the data. Results showed that staff welfare packages are poorer in female-headed SMEs than in male-headed ones. In the same vein, enterprise performance is better in male-headed SMEs than in female-headed ones. Poor staff welfare packages lead to lack of worker commitment and the attendant low productivity, customer dissatisfaction and low sales output. It also led to job dissatisfaction, staff turnover intentions and staff attrition

because the worker felt shortchanged and exploited. Replacement of workers led to rise in overhead costs spent on recruitment and training, as well as the advantaged gained by competitors who absorbed the lost staff.

Introduction

Small and medium enterprises (SMEs) are known for fast-tracking economic development and equitable distribution of income, as well as addressing rural-urban drift in developing countries. In India, SMEs constitute 97% (10.5 million) of the industrial units, employ 45% (25 million) of labour force, and contribute 45% overall export and 7% of GDP. In China, they contribute 60% of her industrial output with over 23 million SMEs, 60% GDP, 60% of total exports, 99% of all registered companies, and employ over 75% of the work force, as well as creating mostly new jobs (Banga and Sharma, 2008). SMEs help to transform traditional indigenous industries and stimulate indigenous entrepreneurship and technology (Eneh, 2005). According to Kpakol (2007), over 60% of jobs and employment opportunities in Nigeria are attributable to SMEs. Also, they help in utilization of local resources, dispersal and diversification of economic activities, mobilization of savings, services to large industries, and generally contribute towards the achievement of the United Nations (UN) Millennium Development Goals. Ogunsanya (2007) noted that SMEs contribute significantly to the realization of the enterpreneurial development and poverty alleviation in recent times. In recognition of the importance of SME sector in the economy and the need to develop it, Nigerian government instituted the Small Industries Development Plan (SIDP) within the Second National Development Plan, 1970-1975.

Physical and human capital stock are pivotal to economic prosperity and functioning of a nation. An organization needs a reliable and consistent source of labour to function effectively. This includes retaining employees, as opposed high rate of employee turnover (exit from employment). Since organizations invest a lot on recruitment, induction and training of employees, workforce attrition will increase this cost and affect the organization. A common factor of staff retention is staff welfare package, which includes salary, leave, reward for outstanding performance, promotion, verbal encouragement, kind words/actions, pension, gratuity, and seasonal gifts. It is a factor in voluntary or involuntary quit of a job, job satisfaction, level of staff commitment, level of performance/output, among others.

SMEs in Nigeria experience labour mobility due to welfare packages and other issues. Earlier reports (see Rosa, Carter and Hamilton, 1996; Goffee and Scase, 1983) have shown that male and female entrepreneurs have different perspectives of and approaches to managing their businesses. This study, therefore, sought to examine the difference in welfare packagges of male- and female-headed SMEs and their effects on the enterprise performance. The study assumes that there is no significant difference in staff welfare packages of male- and female-headed SMEs and that difference in staff welfare packages have no effects on SMEs performance.

Review of related literature

Micro/cottage, small, medium and large enterprises are the four globally recognized categories of enterprise, although countries have no uniform criteria for classifying them. The International labour Organization (ILO, 2005) identified over 50 definitions of SMEs in 75 different countries based on staff strength and the working capital (running cost per annum, including staff salaries, rent, utilities and other expendables) at different periods. Similarly, different organisations and agencies have their definitions of enterprises. In Nigeria, the National Council on Industry (NCI, 2001) reclassified in July 2001 micro/cottage industry as having not more than N1.5 million capital outlay (excluding cost of land) and/or a workforce of not more than 10 persons; small industry as one with over =N=1.5 million but not more than =N=50 million (excluding cost of land) and/or 11-100 workers; medium industry as one with over N50 million but not more than =N=150 million (excluding cost of land) and/or 101-300 workers; large industry as one with over =N=150 million (excluding cost of land) and/or over 300 workers.

SMEs are managed by their owners in a personalized way without any formalized management structure (Cox, 2005). Scase (2003, 2005) reported on heterogeneity within the SME sector in the role for managerial discretion, and the constraints that managers faced in exercising this discretion, with managerial styles varying across and within SMEs over time. Autocratic management styles differ in firms according to size.

Literature agrees that male and female enterpreneurs perform differently in business, but has conflicting reports on which one outperforms the other. Meier & Masters (1988) posit that male-headed firms generally perform better than female headed firms, and that female entrepreneurs are conservative and risk-averse, while male entrepreneurs take more risks than female entrepreneurs. On the other hand, Fischer et al (1993) and Coleman (2000) posit that SMEs operated by females prove to have poorer performance because females explicitly suffer discrimination by lenders and consultants or because of other systematic factors, such as lack of relevant education and lack of experience that serve as barriers for females to access key resources.

Methodology

Enugu was selected for the study because of its strategic position as the political headquarters of the former Eastern Region of Nigeria with the fastest growing economy and industrialisation. It has been described as the home of buiness minds. The major inhabitants, Igbos, are known for industry (Eneh, 2005).

According to Emodi (2012), Enugu urban situates between latitudes $6^{o}27$ N and $7^{o}28$ N and longitudes $7^{o}30$ E and $8^{o}19$ E, and has a land area of about 72.8 km^2 with the rural environs covering an additional area of about 200 km^2. Enugu North, Enugu East and Enugu South Local Government Areas (LGAs) make up Enugu urban, which is bounded on the north by Isi-Uzo LGA, on the south by Nkanu West LGA, on the East by Nkanu East LGA, and on the west by Udi LGA.

Enugu started as a settlement near the mines, following the discovery of coal in the Udi Hills around 1909. Iva Valley and Ogbete areas were the first to develop and function primarily as coal miners residences. The construction of Enugu-Port Harcourt rail line in 1914 to enable the evacuation of coal from the mines in Enugu to the deep sea harbour in Port Harcourt for shipment to Europe facilitated the rapid development of Enugu urban, which attained township status in 1917 referred to as Enugu-Ngwo, but later renamed Enugu in 1928. By 1939, Enugu had become the headquarters of the then southern province of Nigeria, and the regional capital and the most important administrative centre in the eastern region of Nigeria in 1961 (Emodi, 2012).

From 63,000 people in 1953, the population of the urban rose to 482,977 in 1991 and 722, 664 in 2006 (NPC, 2006a) , as a result of rapid urbanization and subsequent influx of people within the last few decades. The city is populated by the Igbo ethnic group with a lot of business activities and a high concentration of SMEs engaged in service and manufacturing activities (Emodi, 2012).

The study targeted the SMEs in Enugu urban that were registered with the organised private sector (OPS) groups. The recognized OPS groups are Manufacturers Association of Nigeria (MAN); Enugu Chamber of Commerce, Industries, Mines and Agriculture (ECCIMA); Nigerian Association of Small and Medium Enterprises (NASME); and Nigerian Association of Small-scale Industries (NASSI). Only those enterprises that passed the standard for SMEs were selected. They were nine (9) in number. The study reached all the staff (both management and non-management) of the nine (9) selected SMEs in Enugu urban.

Using a preliminary questionnaire, SMEs that met the criteria for small and medium enterprises, as defined by a regulatory agency, NCI (2001), were selected. All the entries on the lists of MAN and ECCIMA fell above the criteria for SMEs. Of the total of 127 enterprises left on NASSI and NASME lists, only nine (9) belonged to SMEs sub-sector, out of which 3 were headed by women. The 9 SMEs were, therefore, selected for further investigations.

The total number of staff (both management and non-management) of the nine enterprises was 320. The sample size of the study was determined as 178, using the Yamane (1964) statistical formula:

$$n = N/(1+Ne^2)$$

Where: N = Population size

n = Sample size
e = Level of error = 0.05
1 = Theoretical constant

Substituting in the formula,

$n = 320/[1+320(0.05)^2]$
$= 320/1.8= 177.778$
$= 178.$

Respondents were purposively selected from the staff of all the identified SMEs. The number of respondents purposively selected from each enterprise was proportional to the number of staff in relation to other enterprises, as displayed on Table 6.1.

***Table 6.1*: Distribution of respondents by SME**

SME	Staff population	No. of respondents	Sex of head
1	41	23	F
2	40	22	M
3	38	21	M
4	38	21	F
5	38	21	M
6	34	19	F
7	32	18	M
8	30	17	M
9	29	16	M
Total	320	178	

Source: Field survey, 2013

Structured questionnaire was used as instrument for eliciting the primary information/data, which took place between August 16 and September 4, 2013. It is of two sections: one for staff and another for managers/directors. It is composed of questions on salary, leave, reward for outstanding performance, promotion, verbal encouragement, kind words/actions, pension, gratuity, and seasonal gifts, with suggested answers in 5-point likert scale options of srongly agree (5), agree (4), don't know (3), disagree (2), strongly disagree (1). Experts in Enterprise Development Studies and Measurement and Evaluation validated the instruments.

Average mean score technique was adopted to analyze the data and to test the null hypotheses. AMS was calculated as (5+4+3+2+1 = 15) divided by 5 = 3. The calculated value (CV) was obtained from the formula:

$$CV = \frac{\sum Fx}{\sum F}$$

Where CV is the calculated value
F is the frequency
x is scale value

Decision rule: Reject null hypothesis (H_0), if CV >AMS; do not reject H_0, if CV< AMS.

Results and discussion

Table 6.2 shows the salary levels of respondents. On the average, for male-headed SMEs, 55% of respondents earned below N10,000, 30.5% earned N11,000-N20,000, and 14.3 % earned N21,000-N30,000.

None earned above these figures. For the female-headed SMEs, 70 % of respondents earned below N10,000, 19% earned N11,000-N20,000, and 11 % earned N21,000-N30,000. None earned above these figures. The mode salary was below N10,000.

Table 6.2: Salary levels and staff cadre

Salary range	Male-headed SMEs							Female-headed SMEs			
	1	2	3	4	5	6	Ave. %	7	8	9	Ave. %
< N10,000	12 (55%)	11 (52%)	9 (43%)	13 (72%)	10 (59%)	8 (50%)	55%	15 (65%)	16 (76%)	13 (68%)	70%
N11-000-N20,000	8 (35%)	6 (28%)	9 (43%)	4 (22%)	4 (24%)	5 (31%)	30.5%	5 (22%)	3 (14%)	4 (21%)	19%
N21,000-N30,000	2 (10%)	4 (20%)	3 (14%)	1 (6%)	3 (17%)	3 (19%)	14.3%	3 (13%)	2 (10%)	2 (11%)	11%
Total	**22**	**21**	**21**	**18**	**17**	**16**	**99.8%**	**23**	**21**	**19**	**100%**

Source: Field Survey 2013

More respondents (70 %) earned the least salary (< N10,000) in female-headed SMEs than in male-headed SMEs, where 55 % of respondents earned the least salaries. On the other hand, fewer respondents (19 %) earned the next (high) salary bracket (N11,000-N20,000) in female-headed SMEs than in male-headed SMEs (30.5 %). Similarly, fewer respondents (11 %) earned the next (high) salary bracket (N31,000-N40,000) in female-headed SMEs than in male-headed SMEs (14.3 %). Thus, salaries are better in male-headed SMEs than in female-headed SMEs.

This has implications for staff motivation and retention, as well as productivity. Higher paid staff are better motivated and have less turnover intention than lower paid staff. Better motivated staff are more productive than poorly motivated staff.

In both male-headed and female-headed SMEs, the mode salary bracket (< N10,000) is less than half of the minimum wage (N18,000) paid in the public sector. This might be the reason workers prefer public service to the private sector employment. This is aggravated by the usual absence of pension/gratuity in private employment,

In both female-headed and male-headed SMEs studied, salaries above N20,000 are reserved for senior (managerial) cadre of staff, while salaries below are for the junior (non-managerial) cadre. It follows from Table 6.2 that more of the respondents (70 %) in female-headed SMEs belong to the junior cadre than the male-headed SMEs with 55 %. On the other hand, fewer respondents (19 + 11 = 30 %) in female-headed SMEs belonged to the senior cadre than (30.5 + 14.3 = 34.8 %) in male-headed SMEs. Thus, more respondents belonged to the senior cadre in male-headed SMEs than in female-headed, while fewer respondents belonged to junior cadre in male-headed SMEs than in female-headed SMEs. Could these be attributed female fear and suppression or resistance of male domination? These findings have obvious implications for staff motivation and retention, as lack of rise on the job does not motivate workers. The findings coroborate earlier report by Weisberg and Kirschenbaum (1993) of higher staff turnover rate in female-headed enterprises than in male counterparts. Also, using economic model, Schervish (1983) showed that people quit organizations due to economic reasons. Again, Downing and Daniels (1992 cited by Liedholm, 2001), Brush (1992) cited in Yordanova (2006) and Rosa et al (1994) reported that females are more cost conservators than male counterparts, which affect their rate of reward.

Regarding the effects of packages on performance of SMEs headed by male and female (see Table 6.3), the study revealed that poor staff package leads to low production and negatively affected the customer service and satisfaction. The finding is consistent with previous report by Brush (1992) cited in Yordanova (2006) and Rosa et al (1994) that the better the staff welfare packages, the higher the growth of the enterprise.

From their analyses of enterprise performance measures, Rosa et al (1996) and Du Rietz and Henrekson (2000) suggested that female-headed firms employ fewer staff which have lower sales turnover than their male counterparts.

Table 3.3: Effects of poor staff welfare packages in the performance of SMEs in male- and female-headed SMEs

Factor of staff turnover intention	**AMS**	**Result**	**Decision**
(i) Lack of commitment	2.61	CV>AMS	Reject H_o
(ii) Job dissatisfaction	2.69	CV>AMS	Reject H_o
(iii) Production	2.58	CV>AMS	Reject H_o
(iv) Sales	2.91	CV>AMS	Reject H_o
(v) Customer dissatisfaction	2.76	CV>AMS	Reject H_o
(vi) Recruitment and training costs	2.68	CV>AMS	Reject H_o
(vii) Staff turnover intentions	2.93	CV>AMS	Reject H_o
(viii) Staff attrition	2.77	CV>AMS	Reject H_o

Source: Field survey, 2013

Conclusion

Staff welfare packages are poorer in female-headed SMEs than in male-headed ones. In the same vein, enterprise performance is better in male-headed SMEs than in female-headed ones. Poor staff welfare packages lead to lack of worker commitment and the attendant low productivity, customer dissatisfaction and low sales output. It also led to job dissatisfaction, staff turnover intentions and staff attrition because the worker felt shortchanged and exploited. Replacement of workers led to rise in overhead costs spent on recruitment and training, as well as the advantaged gained by competitors who absorbed the lost staff.

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