

Abstract

Fringe benefits are types of non-wage compensation provided to employees in addition to their normal wages or salaries. Most organizations are more concerned about promoting employee welfare and performance. Review of literature further indicates there are few studies on employee performance in Deposit Taking (DT) SACCOs. Further, many of the existing studies relating to employee performance in DT SACCOs in Kenya focused on variables such as employee motivation, training, recruitment process among others. None of the previous studies however highlighted the influence of fringe benefits on employee performance in deposit taking Savings and Credit Co-operative Societies, hence a knowledge gap. This study therefore sought to fill this gap by determining the influence of fringe benefits on employee performance in DT savings and credit co-operative societies in Kirinyaga County, Kenya. The main purpose of the study was to establish the influence of fringe benefits on employee performance in DT SACCOs in Kirinyaga County. The specific objectives of the study were to determine the influence of medical schemes, workers' compensation insurance and pension scheme benefits on employee performance. The study was carried out between November 2019 and April 2020. The study adopted a descriptive research design. The target population of this study was 352 employees in the seven DT SACCOs operating in Kirinyaga County. A sample size of 91 respondents was determined through a formula recommended by Israel (2012). The study used stratified random sampling procedure to select the respondents for the study. The study used a structured questionnaire for primary data collection. A pilot study was conducted on 12 SACCO employees drawn from 3 DT SACCOs in Embu County. Cronbach Alpha Coefficient test was done to test the reliability of the instruments. The study conducted normality test, multicollinearity and autocorrelation diagnostic tests. Multiple linear regression was done with an aid of Statistical Packages for Social Science (SPSS) to establish the relationship between fringe benefits and employee performance. Data was presented in form of descriptive and inferential statistics. Hypothesis was tested at 5% level of significance. The coefficient for Medical Scheme was found to be $r = 0.722$ at p -value 0.000 ($t = 8.423$, $p < 0.05$), while Workers' Compensation Insurance had a coefficient of ($r = 0.126$) at a p -value of 0.003 ($t = 1.082$, $p < 0.05$), and Pension Scheme had a coefficient of $r = 0.760$ at a p -value of 0.000 ($t = 9.997$, $p < 0.05$). Findings of the study indicated that medical scheme was statistically significant and positively related to employee performance. Workers' compensation insurance was statistically insignificant and positively related to employee performance. Pension scheme was statistically significant and positively related to employee performance. The study concluded that there is need for the management of SACCOs to enhance provision of fringe benefits to attract, retain and motivate qualified, competent employees. Sensitization of all employees working in the DT SACCOs on all forms of fringe benefits available to the staff either during orientation of newly recruited employees or regularly during staff meetings was found to be necessary. The study recommends that DT SACCOs should consider creating awareness and documenting their fringe benefits, as this will boost employee morale thereby effectively improving their performance. Further studies should be conducted on micro finance and other financial institutions to determine whether the research findings will be the same. A similar study could be conducted using other variables such as training, organizational culture and work incentives. This will increase understanding and knowledge on scope of various factors that influence employee performance at the workplace.