

Labour Welfare Measures – Step Stone of Healthy Industrial Relations

*Bhavani - **Thamil Selvan

ABSTRACT

India has liberalized its economic policies in 1991, it has positively responded and now India is considered as one of the dynamic emerging nations. Recently the World Bank forecasts that by 2020, India could become the fourth largest economy in the world. The liberalized economic policies provide tremendous opportunity for the foreign companies to start business in India. This leads to increased level of competition and put pressure on domestic companies human resource functions. To survive and prosper, in this toughest competitive environment, they have to prepare and develop their employees to compete with overseas organisations in skills, efficiency and effectiveness. The adequate welfare measures will enhance the healthy industrial relations in the organisations. To identify the impact of labour welfare measures on industrial relations the researcher has collected a questionnaire from the employees working in the manufacturing industry.

* Research Scholar, Dept. of Management Studies, Sathyabama University, Chennai.
bhavanimedha@yahoo.com, (M) – 98842 43916

** Research Guide, Dept. of Management Studies, Sathyabama University, Chennai.

Introduction

India has opened its business market to multi national companies through its liberalization policy. This leads India by 2020, to be the fourth largest economy in the world according to World Bank forecasts. The liberalized economic policy of India has given pressure to domestic company's human resource functions. The economic status of the India can be achieved only if they have a friendly human resource and industrial relations policies in the industry.

Because it is a dynamic concept which depends upon the pattern of society, economic systems and political set-up of a country and changes with the changing economic and social order. It is an art of living together for the purposes of production, productive efficiency, human wellbeing and industrial progress. It comprises of a net work of institutions, such as, trade union, collective bargaining, employers, the law and the state, which are bound together by a set of common values and aspirations. In the present competitive business environment, Indian organisations are feeling compelled from within to reorient their employment relationships (*Budhwar, 2000; Sodhi, 1999*). In addition, companies with strong employee relations initiatives will benefit because their workforce is highly motivated to expend their best efforts (*Gomez-Mejia et al., 2001*).

Need and Importance

Healthy industrial relations are necessary to have well defined policies and procedures as because

reactive policies can't continue for long. Growing competition, complex economic environment, rising labour costs, etc. compel organisations to adopt proactive strategies towards industrial relations, while having proactive strategies; the organizations have to ensure achievement of corporate objectives through cooperation and commitment of employees (*Dr. Santosh Kumar Tripathy, 2005*).

Industrial Relations assume that the most delicate and complex issue in the present day industrial set up is the principle of democracy and its influence in the management of labour. The conflicts between employers and employees are inherent in any economic activity. Conflict is permissible, if it aims at minimum interruption in economy. In India it has much significance and the equitable settlement is its ultimate objective (*G. Ravi Selvam, 2003*).

Considering the importance of manufacturing industry, sincere attempt has been made to find out the link between labour welfare measures and industrial relations. This underlines the necessity of searching studies as so to identify the nature and extent of the problem of industrial relations in the manufacturing industry, and to suggest measure for coping with the difference. A modest attempt has been made here in this direction by analyzing the impact of labour welfare measures on healthy industrial relations in manufacturing industry at Tamilnadu.

Thus manufacturing sector has a potential for large scope for wealth creation and it generates more employment opportunity. The study analyzes the different aspects of labour welfare measures such as housing, medical, canteen, education, transport, social welfare, community welfare, family welfare, recreation, insurance schemes, gratuity, provident fund and employment to dependents and its impact on industrial relations. The study discusses with the peculiarities of the labour management situation and suggests ways and means for the improvement of the industry. With this view, the analyses were done in impact of labour welfare measures on industrial relations.

Literature Review

Satheeskumar L and Selvaraj (2009) have stated that there is a tension between the role of trade unions and workers' congresses, which parallels the tensions discussed in the Dutch situation. Branine discusses the contradictory impact of the labour market reforms Chinese workers and shows how the Chinese State has reacted to the negative impact of the reform by passing a stream of labour laws designed to minimize industrial unrest.

Satheeskumar L and Selvaraj V (2008) have found out that the objectives of the labour policy reforms seem to be only partially achieved and further developments in these areas will be of interest and concern to industrial relations academics throughout the world. In pursuing them we should

be mindful of the suggestion from Watson that the core disciplines of the social sciences should be used to examine the employment relationship rather than trying to raise Human Resource Management or Industrial Relations to the status of separate disciplines.

Maruthamuthu k, (2003), has observed that the overall impression is that an atmosphere of satisfaction prevails on campus, but there is scope for improvements in certain areas like recreation facilities, and bonus. With implementation of innovative schemes and improvements, better labour-management relationship may be established and maintained in future.

Report of National Commission on Labour (2002), Government of India, made recommendations in the area of labour welfare measures which include social security, extending the application of the Provident Fund, gratuity and unemployment insurance etc.

Shobha Mishra & Manju Bhagat, in their "*Principles for Successful Implementation of Labour Welfare Activities*", stated that labour absenteeism in Indian industries can be reduced to a great extent by provision of good housing, health and family care, canteen, educational and training facilities and provision of welfare activities. The principle for successful implementation of labour welfare activities is nothing but an extension of democratic

values in an industrialized society. P.L. Rao, in his "*Labour Legislation in the Making*", opines that professional bodies like National Institute of Personnel Management should constitute a standing committee to monitor the proceedings in the Parliament regarding the labour welfare measures.

Dr. O.P. Minocha, (2000), in his article has given the foregoing analysis endeavours to demonstrate that the 'low' and 'high' morale is related respectively to favourable and unfavourable attitude of the employees towards job contents – supervisors, recruitment, selection and placement after training, promotion policy and procedure, remuneration, socio-physical working environments and the public image of the economy. With all the attractive and favourable working conditions that an undertaking may provide, efficiency of the employees cannot be increased unless they have moderate to high morale. Many studies have revealed that the level of performance is related to the level of ability and morale of the employees.

Saini, (2000), The management should develop and implement adequate HR strategies such as empowerment, joint decision making, multi skilling, etc. for optimum utilization of existing human resources in the competitive environment.

Objectives of this study

- (i) To study the employees' opinion on various labour welfare measures in the manufacturing sector at Tamilnadu;

- (ii) To examine the impact of labour welfare measures on industrial relations of the employees working in the manufacturing sector at Tamilnadu.

Research Methodology

This study focuses on the employee's opinion towards the various labour welfare measures provided in the manufacturing sector at Tamilnadu and its impact on its industrial relations. This study helps us to understand the importance of labour welfare measures and its effect on industrial relations and for the economy benefit of the country. This is an empirical study.

Primary data has been collected through stratified random sampling technique. Questionnaires, schedules and correlation coefficient are employed. The sample size of this research was 150. Well defined questionnaires were given among the employees working in the manufacturing sector at Tamilnadu. A structured interview schedule administered among respondents for collection of primary data is ascertained by a five-point scale and three point scale. Methods of direct observation and informal focused group discussion with the employees were also followed to know the feelings of the respondents. The responses were well recorded and systematically analyzed to draw a clear picture on the study. The researcher chose a

manufacturing sector which has large human resources for this study. The time the researcher has taken to this research is about 3 months (October 2010 to December 2010).

Data Analysis and Findings

The study analyzes the different aspects of labour welfare measures such as housing, medical, canteen, education, transport, social welfare, community welfare, family welfare, recreation, insurance schemes, gratuity, provident fund and employment to dependents and its impact on industrial relations. As a result of those labour welfare measures, the performances of the organisations have improved significantly and employees became more committed towards their organisations and there exist healthy industrial relations.

In Tamilnadu, the framework of providing welfare measures to workers consists of statutory and voluntary measures, the former being taken by the management and the later being achieved through collective bargaining agreements. These measures are discussed in the following paragraphs;

Housing

The key players in manufacturing industry like TVS, Murugappa groups, BHEL, Sanmar groups etc., provides housing facilities to almost all the

employees. Housing is one of the most important problems for the industrial workers in India. Lack of proper housing creates discontent among the workers and kills their finer instincts. Provision of housing facilities near the work-place is the responsibility of the management, but in the general interest of the workers, the Government may also assume part of the responsibility.

Medical facilities

Medical care and health facilities are devised, not only to provide protection against sickness, but also to ensure availability of a physically fit and stable manpower for economic development. Ill health of workers would lead to wide spread absenteeism, low morale, bad time keeping, decreased production, spoiled work and ultimately results in bad labour management relations (S.C. Pant, 1983). Therefore, provision of medical facilities for the workers is of great importance in India. It also conducted medical camp and immunization camp in and around Tamilnadu under the scheme of "Health for all". The medical assistance scheme covers workers, officers, apprentices, disputationists and their dependents. But it is not applicable for casual and contract labourers.

Canteen

Many manufacturing sector provides the canteen facilities for its employees. The canteen is administered by the Canteen Committee or by the human resource department and foods are supplied at concessional rates.

Educational facilities

In India, lack of education among the workers is the root cause of many troubles confronting the labour-management relations. Without a good foundation of general education, the training of the workers will be both difficult and expensive. Therefore, employers have a responsibility to provide proper educational facilities to the workers and their children. In order to have the better performance from the children, a number of scholarships and financial grants are sanctioned.

Transport facilities

In BHEL, NLC, etc., transportation assumes vital importance because the workers come from distant places scattered around the residential areas to attend their duty. As the distance between work place and worker's residence, in most cases, range between 5 kilometres to 15 kilo metres, there is a need to provide transport facility to suit the shift timings of the workers. They collect a nominal amount as fare from the passengers.

Social welfares

As social welfares Dalmia cements ltd. has established a park, Rajshree Sugars, NLC, have established schools and hospitals in the community. The Shneka opportunity school for mentally challenged children is being run by the Neyveli Ladies Club. NLC has built several marriage halls

and lets them for a nominal rent to their employees to perform their family functions.

Community welfare

As a part of its social objectives and commitment to the neighbouring community, NLC is discharging its duty to implementing various welfare measures on need based programmes, such as provision of drinking water, health care, library, parks, crèches, etc.

Sports

Many manufacturing companies have employed adequate number of sports coacher and gives great emphasis on bringing up the sports persons in various fields. The companies also recruits sports persons regularly and encourage sports activities by participating in National and International tournaments.

Indirect employment opportunities

Most of the large manufacturing companies have been regularly offering vocational training along with the NGOs and Self Help Groups for the unskilled/skilled categories to needy and as well to the handicapped persons.

Recreation facilities

Recreation is a leisure time activity, which are a healthy diversion and a spare time occupation. It

refreshes an individual mentally, lessens the monotony and drudgery of his daily routine and develops his personality. It provides recreation facilities such as clubs, games, excursion programmes and encourages workers' talents in extra curricular activities. These clubs provide facilities for playing indoor and outdoor games, reading room facilities etc.

Insurance schemes

All the regular employees of the manufacturing companies are covered by the family benefit insurance schemes and group insurance schemes. The insured amount along with accrued bonuses will be paid to the workers on completion of services. In case of termination, the amount due to the employee is refunded with simple interest, provided the service is more than 3 years. However, if a workman leaves the corporation for whatever reason before the completion of 3 years, no amount will be paid to him. The management deducts certain amount per month for these schemes.

Gratuity

As per the provision of the Gratuity Act, the manufacturing sector has to pay gratuity to the workers at the rate of 15 days wages for every completed year of service based on the rates of wages last drawn by the workers concerned.

Provident fund

PF is the important social security measures which can take care of the worker after retirement. The manufacturing sector is also contributing its matching share. These amounts are paid to the workers at the time of their resignation or to the nominees in case of death. Workers could avail loan from their PF accounts.

Provision of employment to dependents

Almost many companies are providing employment to one dependent of the worker disabled permanently or of the worker who dies while in service. If the worker dies while in service, wife/husband, unmarried daughter/son and legally adopted son are considered as dependents. Some of the workers (35%) have stated that through the corporation is expected to provide employment to the dependent of deceased and disabled worker, it is adopting delaying tactics in many instances as a result of which genuine dependents are put to several hardships.

On the whole, the many manufacturing companies seem to have spent considerable amount on welfare activities of the workers. The table provides the percentage of employees opinion regarding the whole set of labour welfare measures commonly provided in the various manufacturing companies.

Table 1 – Employees’ Opinion on Various Labour Welfare Measures (in Percentage)

| S. No. | Welfare Measures | Employees Opinion | | |
|--------|--------------------------|-------------------|----------------------|--------------|
| | | Satisfied | Moderately Satisfied | Dissatisfied |
| 1 | Canteen | 29 | 26 | 45 |
| 2 | Recreation | 9 | 24 | 67 |
| 3 | Medical Facilities | 44 | 49 | 7 |
| 4 | Education Facilities | 13 | 81 | 6 |
| 5 | Transport Facilities | 30 | 17 | 53 |
| 6 | Housing Facilities | 6 | 60 | 34 |
| 7 | Social Welfares | 30 | 40 | 30 |
| 8 | Insurance Provisions | 15 | 40 | 45 |
| 9 | Gratuity | 22 | 70 | 8 |
| 10 | Provident Fund | 18 | 62 | 20 |
| 11 | Employment to dependents | 11 | 54 | 35 |

Source: Primary Data

Figure 1 - Employees’ Opinion on Various Labour Welfare Measures (in Percentage)



Source: Table 1

Table 2 – Employees Opinion about the Welfare measures and Work Satisfaction

| Factor | Number of Respondents | |
|------------------------------------|-----------------------|-------------------|
| | Welfare Measures | Work Satisfaction |
| Highly Satisfied | 25 | 33 |
| Satisfied | 29 | 37 |
| Neither Satisfied nor Dissatisfied | 54 | 48 |
| Dissatisfied | 16 | 15 |
| Highly dissatisfied | 26 | 17 |
| Total | 150 | 150 |

Source: Primary Data

Table 3: Showing Correlation Test

Ho – There exists no significant relationship between labour welfare measures and level of work satisfaction.

H1 - There exists significant relationship between labour welfare measures and level of work satisfaction.

| | | Welfare measures | Level of work satisfaction |
|----------------------------|--|---------------------|----------------------------|
| Welfare measures | Pearson correlation Sig.(2 tailed)N | 1.000 . 150 | .926** .000 150 |
| Level of work satisfaction | Pearson Correlation Sig.(2 tailed)N | .926** . .150 | 1.000 .000 150 |

Source: Table 2

This correlation table shows there is a significant Positive relationship between welfare measures and level of work satisfaction. The inferred value is 0.926.

Findings

- Most of the employees are highly benefited with the welfare measures and also it has the positive effect in the level of work satisfaction.
- Some (34%) of the employees were not satisfied with the housing facilities provided to them.
- Majority (93%) of the employees were satisfied with medical facilities offered by their companies.
- As majority (45%) of the respondents are not satisfied with the quality of canteen food.
- Almost (94%) of the employees are satisfied with educational facilities offered by their companies.
- As majority (53%) of the employees were not satisfied with the transport facilities.
- Majority (67%) of the employees were not satisfied with the recreation facilities given by their companies.
- Nearly 45% of the employees were not satisfied with the insurance schemes followed in their organisations.
- Almost 92% of the workers are satisfied with the gratuity schemes.
- When enquired about this scheme, majority (80%) of the workers and the TU leaders have

expressed their satisfaction about the existence of the scheme.

- Some of the workers (35%) have stated that they were not satisfied with the employment to their dependents.

Suggestions

- Modifications are required in the provisions of housing facilities.
- Some of the manufacturing companies should take early steps to offer them good quality food, which will boost them energy to work more.
- Modifications shall be initiated in the provision of transport facilities, recreation facilities and insurance schemes, etc
- Betterment is required in the employment of dependents.
- The trade unions and the employee's co-operative societies, which are run by the trade union, have to change their work as more transparent and easily viable to the employees.
- Administration can think of formulation of a problem solving committee including the employees and administration for the better solution of the welfare problems of the employees. This committee can conduct

hearings from the employees or then can conduct surprise visits to the different work spot, etc for understanding and by that solving the problems also.

Conclusion

“Industrial Relation is an art of living together for the purposes of production, productive efficiency, human wellbeing and industrial progress”. Generally, labour welfare measures are recreational, medical, educational, housing, sanitation and so on. Every organization provides the statutory welfare measures but some organization provides some more welfare facilities to the employees so that they may retain the employees which will strengthen the healthy industrial relations. By the result of improved industrial relations among the employees and management their involvement in job gets increased and results in increased productivity of the organization. The organizations maintaining smooth relationship between workers and management, which leads to attainment of organization efforts. By conducting this study we could infer that the employees working in the large manufacturing companies were more satisfied comparative to small manufacturing companies at Tamilnadu, because of effective and adequate labour welfare provisions their industrial relations and the organisation success towards its direction.

References

- Shobha Mishra & Dr. Manju Bhagat, (2010) *“Principles for successful implementation of labour welfare activities from police theory to functional theory”* Retrieved June 10,
- Satheeskumar L and Selvaraj, (2009) V *“Industrial Relations and HRM: Tensions, Dilemmas and contradictions – an international perspective”*, *Economic Panorama*, Vol.19, no.1, pp. 30-38
- Satheeskumar L and Selvaraj V (2008) – *“IR and HRM – An Analysis”*, *Business and Travel Times*, Nov.2008, Vol.2, Issue 3 pp.19-22
- Santosh Kumar Tripathy, (2005), *“Employee Relations Initiatives and Quality of Work Life: A Study in Power Sector Units”*.
- Gomez–Mejia, Luis R.; Balkin, D.B. and Cardy, R.L. (2005), *“Managing Human Resources”*, New Delhi: Pearson Education, pp.458-459
- Maruthamuthu k (2003) – *A study of Labour – Management Relations in Perambalur Sugar mills Ltd., Eraiyur, Perambalur Dt.*
- Ravi Selvam. G, (2003), - *“Industrial Relations – A study with Particular Reference to NLC, Neyveli”*, diss., *Bharathidasan University, Trichy.*
- Report of National Commission on Labour, Government of India, 2002

- Minocha. O.P., (2000) *"Morale in a Public Undertakings: An Analysis of Factors Affecting the Morale"*, *Indian Journal of Political Science* 10, p.24
- Saini, Debi S. (2000), *"Globalization and Developments in Human Resource Management: Prospectives for the New Era (Eds.)"*, *Response Books*, New Delhi, 2000, pp.55-59.
- Budhwar, P. (2000), *"Indian and British Specialists' understanding of Dynamics of their Function: An Empirical Study"*, *International Business Review*, Vol. 9, No. 6, pp.727-753.
- Sodhi, J.S. (1999), *"Industrial Relations and Human Resource Management"*, Shri Ram Centre for Industrial Relations and Human Resources, New Delhi.
- Pant. S. C., *"Indian Labour Problems"* (Allahabad: Chaitanya Publishing House, 1983), p.299).
- Rao. P.L., in his *"Labour Legislation in the Making"*
- Robert L. Mathis, Jackson, John H. Jackson – *"Human Resources Management"* Carter McNamara - *"Human Resources Management"*