

Employee welfare: A scheme of wise investment

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Abstract

Employees have always been central to organizations, and their strategic importance is growing in today's knowledge based industries. Labour/employee welfare is an important fact of industrial relation, the extra dimension, giving satisfaction to the worker in a way which even a good wage cannot. Employee welfare is an important aspect of any industry. It acts as social security measures that contribute to improve the condition under which workers are employed. Employee welfare facilities in the organization affect the behaviour of the employees as well as on the productivity of the organization. The management should provide good facilities to all employees in such way that employees become satisfied and they work harder and more efficiently and effectively. The basic propose of employee welfare is to enrich the life of employees and to keep them happy and conducted. The scheme of Employees Welfare may be regarded as a "wise investment" as these would bring a profitable return in form of greater efficiency. The present paper is an attempt to know the various welfare facilities, statutory and non-statutory as well as inter-mural and intra-mural provided to employees in organisations or in factories. The purpose of labour welfare is to bring about the development of the whole personality of the workers to make a better workforce. The paper also gives an insight to the reasons that about the significance or the need of such welfare schemes in India

Keywords: satisfaction, investment, welfare, statutory, non-statutory, personality

1. Introduction

1.1 Concept and nature of employee welfare

Employee is a back bone of every organization, without employee no work can be done. The term "labour welfare", "employee welfare" and "workers welfare" are used interchangeable to denote various services provided by the employers to the employees in addition to wages. Welfare benefits are a *necessity in every organization today*. Employees have to be kept motivated at all times through various measure and activities. The concept of welfare is necessarily dynamic, bearing a different interpretation from country to country, from time to time, and even in the same country, depending upon its value system, social institution, degree of industrialization and general level of social and economic development. Even within a country, its content may differ from region to region. According to pre-independence notions, it covered housing, medical facilities, educational facilities, co-operative societies, holidays with pay and social insurance schemes. In its resolution of 1947, the ILO defined "labour welfare" as such services, facilities and amenities as adequate canteen, rest and recreation facilities, arrangements for travel to and from workplace, accommodation of workers employed at a distance from their houses, and such other services, amenities and facilities as contribute to improve the conditions under which workers are employed. The Committee of Experts on Welfare Facilities for Industrial Workers convened by the ILO in 1963 had divided welfare services into two namely, within the precincts of the establishment and outside the establishment; but the total content of the activities was the same.

The concept of *employee's welfare* is flexible and has been used both in a wide and in a narrow sense. In narrow sense, employee's welfare, in addition to general physical working conditions, is mainly concerned with the day-to-day problems

of the workers and the social relationship at the place of work. In the broader sense, it may include not only the minimum standard of hygiene and safety laid down in general labour legislation, but also such aspects of working life as social insurance scheme measures for the protection of women and young workers, limitations of hours of work, paid vacations etc.

International Labour Office report on Employees Welfare defined it as, "such services and amenities which may be established or in vicinity of undertakings to enable the persons employed in them to perform their work in healthy, congenial surroundings and provided with amenities conducive to good health and high morale." [10].

Labour welfare has been defined in various ways, though no single definition has found universal acceptance. The Oxford dictionary defines labour welfare as "efforts to make life worth living for workmen." Chambers dictionary defines welfare as "A state of faring or doing well. Freedom from calamity, enjoyment of health and prosperity". The Encyclopaedia of Social Science defines it as "the voluntary efforts of the employers to establish, within the existing industrial system, working and sometimes living and cultural conditions of employees beyond what is required by law, the customs of the industry and the condition of market" [8].

The whole field of welfare is said to be one "in which much can be done to combat the sense of frustration of the industrial workers, to relieve them of personal and family worries, to improve their health, to afford them means of self-expression, to offer them some sphere in which they can excel others and to help them to a wider conception of life".¹⁵ It promotes the well-being of workers in variety of ways. In the Report II of the ILO Asian Regional conference, it has been stated that worker's welfare may be understood to mean

"such services, facilities and amenities, which may be established outside or in the vicinity of undertakings, to enable the persons employed therein to perform their work in healthy and congenial surroundings and to provide them with the amenities conducive to good health and high morale ^[11]." Welfare measures helps in maintaining the morale and motivation of the employees high so as to retain the employees for longer periods. This welfare need not be in monetary terms but in any kind/forms. Employee welfare includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and unemployment for the workers and their families. The following are the features of employee welfare.

- Employee welfare is a comprehensive term including various services, facilities and amenities
- Provided to employees for their better living, Welfare measures are in addition to regular wages and other economic benefits available to employees under legal provisions and collective bargaining.
- The basic purpose of employee welfare is to develop the lot of the working class and thereby developing a sense of belongingness
- Employee welfare is an essential part of social welfare. It involves adjustment of an employee's work life and family life to the community or social life.
- Welfare measures may be both statutory and voluntary.

Thus, Employee welfare is a comprehensive term including various services, benefits and facilities offered to employees by the employers. Through such generous fringe benefits, the employer makes life worth living for employees. The welfare amenities are extended by in addition to normal wages and other economic rewards available to the employees as per legal provisions. The welfare measures need not be monetary but in any kind/forms. This includes items such as allowances, housing, transportation, medical insurance and food. Employee welfare also includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and unemployment for the workers and their families.

1.2 Objectives of the study

1. To study the conceptual framework of employee welfare.
2. To study the rationale and the significance of employee welfare in organisations.
3. To study the various welfare measures and facilities, if any, being provided to the workers by the employers.
4. To find out the reasons why labour welfare is necessary in India.

1.3 Literature Review

The Report of the Committee on Labour welfare (1969) ^[9] includes under it "such services, facilities and amenities as adequate canteens, rest and recreation facilities, sanitary and medical facilities, arrangements for travel to and from work and for the accommodation of workers employed at a distance from their homes and such other services, amenities and facilities including social security measures as contribute to improve the conditions under which worker are employer." David, A Decenzo (2001) and Stephen P. Robbins ^[7] in their

book, "Personnel/Human Resource Management explained the various benefits and services provided by the companies to their employees. According to them, the legally required benefits and services include social security premiums, unemployment compensation, workers compensation and state disability programs. They felt that the cost of the voluntary benefits offered appears to be increasing.

Punekar, Deodhar and Sankaran (2004) ^[18] in their book, "Labour Welfare, Trade Unionism and Industrial Relations" stated that labour welfare is anything done for the comfort and improvement, intellectual and social-well being of the employees over and above the wages paid which is not a necessity of the industry.

Michael (2006) ^[2] in his book, "Human Resource Management and Human Relations" said that the provision of intra-mural and extra-mural welfare facilities help in improving the quality of work life of employee's thereby good human relations will develop among different cadres of employees.

Binoy joseph (2009) ^[12] studies in the article points out that, the structure of welfare states rests on a social security fabric. Government, employers, trade unions have done a lot to promote the betterment of workers conditions.

Aswathappa (2010) ^[4] in his book, Human Resource Management "discussed the various types of benefits and services provided to employee's in terms of payment for time not worked, insurance benefits, compensation benefits, pension plans etc. He also discussed the ways to administer the benefits and services in a better way.

Sindhu (2012) ^[21] stated the employee welfare measures increase the productivity of organization and promote healthy industrial relations there by maintaining industrial peace. Organizations provide welfare facilities to their employees to keep their motivation levels high. Business houses provide many such statutory and non-statutory things policies to maintain satisfactory level of their employee. When they get better canteen facilities, good water to drink, clean restrooms, clean and hygiene wash rooms and bathrooms, regular medical checkups, health insurances, Employee assistance programme, grievance handling department, better facilities to sit or good work place gives employee a high level of satisfactory level.

Logasakthi and Rajagopal (2013) ^[14] revealed the employees enjoy not only the satisfaction of their jobs but also various facilities given by the firms. The labours extend their maximum support for the improvement of the company. The personal department takes care of the total human resources in the company. The management provides all the health safety and welfares to the employees that will help to produce better performance in the work and working environment.

1.4 Significance of the study

An organizations success depends on the knowledge, skills and abilities of employees, particularly as they help establish a set of core competencies that distinguish an organization from its competitors. Welfare connotes a condition of well-being, happiness, satisfaction conservation and development of human resources. The welfare activities for employees are essential to create an atmosphere of co-operation. Labour Welfare is a very broad term, covering social security and such other activities as medical aid, crèches, canteens,

recreation, housing, adult education, arrangements for transport of labour to and from the work place.

The significance of welfare measures were accepted as early as 1931 when the Royal Commission on Labour²⁰ stated, the benefits are of great importance to the worker which he is unable to secure by himself. The schemes of labour welfare may be regarded as a *wise investment* which should and usually does bring a profitable return in the form of greater efficiency.

The basic propose of employee welfare is to enrich the life of employees and to keep them happy and conducted. Welfare measures may be both Statutory and Non statutory. Laws require the employer to extend certain benefits to employees in addition to wages or salaries. The purpose of providing welfare amenities is to bring about the development of the *whole personality of the worker*, his social, psychological, economic, moral, cultural and intellectual development to make him a good worker, a good citizen and a good member of the family.

Labour Welfare Measures includes various facilities, services and amenities provided to workers for improving their health, efficiency, economic betterment and social status. Welfare measures are in addition to regular wages and other economic benefits available to workers due to legal provisions and collective bargaining^[5]. The very logic behind providing welfare schemes is to create efficient, healthy, loyal and satisfied labour force for the organization. The purpose of providing such facilities is to make their work life better and also to raise their standard of living^[6].

1.5 Philosophy of labour welfare activities

The philosophy of labour welfare activities is based on the theory that success of industrial development depends upon harmonious relations and co-operation between labour and management (employer). The labour has a fund of knowledge and experience at his jobs. If rightly directed and fully used, it would make a good contribution to the prosperity of the organization this can be achieved only through the satisfaction of the labour.

Efficiency in the matter of running an organization and maintenance of productivity at rising rate and higher level, call for good labour relations throughout the process of production. It enables all those engaged in the organization to make their maximum personal contribution to its effective working.

M. V. Pylee and Simon George^[19] has pointed out that "Even one discontented employee or an employee nursing a grievance can eventually infect an entire organization with the germ of discontent which, in turn, will result in lower efficiency, poor morale and reduction in overall production". The labour welfare activities in the form of health services centres are provided with the philosophy that a good medical service centre will help in ensuring sturdy improvement of job satisfaction and productivity. A healthy worker is a basic requirement of an organization. It is, therefore, incumbent on the part of the employer to look after the health of the workers and to provide such facilities which would ensure minimum health hazards. The concerning law prescribes the minimum standard but progressive employer must extend his activities to protect the health of the labourers and their dependents. In return, their co-operation will be

wholehearted, efficiency will be maximum and attitude will be proper and congenial

1.6 Theories of labour welfare

The form of labour welfare activities is flexible, elastic and differs from time to time, region to region, industry to industry and country to country depending upon the value system, level of education, social customs, degree of industrialization and general standard of the socio economic development of the nation. Seven theories constituting the conceptual frame work of labour welfare activities are the following:-

1. **The Police Theory:** This is based on the contention that a minimum standard of welfare is necessary for labourers. Here the assumption is that without policing, that is, without compulsion, employers do not provide even the minimum facilities for workers. Apparently, this theory assumes that man is selfish and self centered and always tries to achieve his own ends, even at the cost of the welfare of others. According to this theory, owners and managers of industrial undertakings get many opportunities for exploitation of labour. Hence, the state has to intervene to provide minimum standard of welfare to the working class.
2. **The Religious Theory:** This is based on the concept that man is essentially "a religious animal." Even today, many acts of man are related to religious sentiments and beliefs. These religious feelings sometimes prompt an employer to take up welfare activities in the expectation of future emancipation either in this life or after it.
3. **The Philanthropic Theory:** This theory is based on man's love for mankind. Philanthropy means "Loving mankind." Man is believed to have an instinctive urge by which he strives to remove the suffering of others and promote their well-being. In fact, the labour welfare movement began in the early years of the industrial revolution with the support of philanthropists.
4. **The Trusteeship Theory:** This is also called the Paternalistic Theory of Labour Welfare. According to this the industrialist or employer holds the total industrial estate, properties, and profits accruing from them in a trust. In other words, the employer should hold the industrial assets for himself, for the benefit of his workers, and also for society. The main emphasis of this theory is that employers should provide funds on an ongoing basis for the well-being of their employees.
5. **The Placating Theory:** This theory is based on the fact that the labour groups are becoming demanding and militant and are more conscious of their rights and privileges than ever before. Their demand for higher wages and better standards of living cannot be ignored. According to this theory, timely and periodical acts of labour welfare can appease the workers. They are some kind of pacifiers which come with a friendly gesture.
6. **The Public Relation Theory:** This theory provides the basis for an atmosphere of goodwill between labour and management, and also between management and the public, labour welfare programmes under this theory, work as a sort of an advertisement and help an organization to project its good image and build up and promote good and healthy public relations.

7. The Functional Theory: This is also called the Efficiency Theory. Here, welfare work is used as a means to secure, preserve and develop the efficiency and productivity of labour, it is obvious that if an employer takes good care of his workers, they will tend to become more efficient and will thereby step up production. This theory is a reflection of contemporary support for labour welfare. It can work well if both the parties have an identical aim in view; that is, higher production through better welfare. And this will encourage labour's participation in welfare programmes.

1.7 Types of labour welfare

Some of the major categories of labour welfare are: (1) Intra-mural Facilities (2) Extra-mural Facilities (3) Statutory Facilities (4) Mutual Facilities and (5) Voluntary. It is very difficult to classify the welfare activities into certain broad categories.

(1) Intra-mural Facilities

The facilities provided inside the factory are known as intra-mural facilities. These facilities include activities relating to minimisation of industrial fatigue, provision of safety measures like fencing and covering of machines, good layout of the plant and machinery, sufficient lighting conditions, provision of first aid appliances etc. Provisions of such facilities are also obligatory in all industrial establishments all over the world.

(2) Extra-mural Facilities

Facilities offered to the workers outside the factory are known as extra-mural facilities. They include better housing accommodations, indoor and outdoor recreation sports, educational facilities etc. The provision of these facilities is voluntary. Earlier, due attention was not given to the provision of extra-mural facilities to the workers but now it is realised that these facilities are very important for the general welfare and upliftment of the workers.

Table 1: Intramural and Extramural Facilities

Intramural	Extramural
Drinking Water	Social Insurance (gratuity, pension, PF, etc.)
Toilets	
Crèche	Benevolent Fund
Washing facilities	Maternity Benefits
Occupational Safety	Health and Medical Facilities
Uniform and protective clothing	
Shift Allowance	Education Facilities
Canteen	Recreation facilities
	Leave travel facilities
	Vocational Training
	Transport to and from place of work
	Workers Cooperatives

(3) Statutory Facilities

Under this category, welfare facilities are provided according to the labour legislations passed by the Government. The nature and coverage of these facilities vary from country to country. Again these facilities may be either intra-mural facilities or extra-mural facilities. These facilities must be provided by all the employers and cannot be ignored. Any contravention of the statutory provisions shall render the employer punishable under the Act concerned.

The National Commission of Labour has divided all the statutory measures under two distinct heads: (a) Facilities which have to be provided irrespective of the size of the establishment e.g., drinking water. (b) Facilities which are to

be provided subject to the employment of a specified number of persons, e.g., crèches.

(4) Mutual Facilities

These facilities are usually outside the scope of the statutory facilities. These activities are voluntarily undertaken by the workers themselves for their own interest. As such the employer has no say in it.

(5) Voluntary

The facilities which are voluntarily provided by the employers come under this category. Hence these are not statutory. No doubt, the activities under this category ultimately lead to increase in the efficiency of workers.

Table 2: Statutory and Non-Statutory Facilities

Statutory	Non – Statutory
Washing Facility Facilities for Storing and Drying Clothing Facilities for Sitting First-Aid Appliances Canteens Shelters, Rest Rooms and Lunch Rooms Crèches Welfare Officers (where 500 or more workers are	Economic Services: (provide money for purchase of bicycle, scooter, T.V., sewing machine, fan, etc. to raise their standard of living). Recreational Services Facilitative Services (i) Housing Facilities (ii) Medical Facilities (iii) Washing Facilities: (iv) Educational Facilities:

1.8 Labour/employee welfare in India

India has much greater need and importance of labour welfare than any other country. There are certain deficiencies in Indian labour force those are not found in other countries. It is because of those defects and deficiencies the importance of labour welfare activity in our country has been very much. Following are the reasons why labour/employee welfare in India has greater importance.

a. Lack of strong labour union movement

In India, even today the workers are not united into a class. Keeping in view the numbers, labour Union movement is still in its infancy. Even if the labour union that does exist, there is a lack of enlightened leadership, and there is no unity between these unions themselves. In absence of properly organized labour Union the workers can neither, place their demands effectively before the employer, nor can they think clearly and systematically of their own interests. As this is force lacking in India, it is essential that the welfare of labourers in the country be efficiently looked after by the employers and the Government.

b. Illiteracy

As compared with other countries, the percentage of educated workers is very low, most of them being illiterate. Consequently, they are not in a position to receive advanced industrial training, understand the problems in industries their own interests and those of nation as a whole. This can prove a source of harm not only to the workers but also to the country.

c. Problem of absenteeism and migration

Compared to the workers of other countries the Indian labourer is more restless and does tendentious towards frequent migration because life in the town does not provide for his needs, and the atmosphere in general does not suit him. Also due to inadequate level of wages the labourer cannot comfortably settle down in one place. This may in turn also give rise to Absenteeism. This workers migratory tendency can be curbed by providing him with adequate facilities and conditions, and this also shows a positive effect over the absenteeism in the factory.

d. Low level of health and nutrition

The Indian worker as compared with his counterpart in most European countries is unhealthy and confined with illness. This shows a definite affect over the production potential. Hence, he is very great need of inexpensive nutritive food and good facility in case of hospitalization.

e. Extreme poverty

The percentage of people under the poverty line in our country is comparatively high than other countries. So the standard of living is very low. An Indian worker is unable to provide with a healthy living for his family and in the case of female workers she is not provided with assistance in case of need. Hence, the labour welfare has much to do in the country. It must assist them by providing with them maternity benefits, in old age i.e., provident fund, pensions and gratuity etc.

f. Lack of training

As the percentage of trained workers in India is very low, it is necessary to have training facilities for such a vast labour force.

g. Lack of healthy recreation

Healthy recreation is also at a priority in our country, the efficiency of labour force is diminished by energy being employed in all kinds of undesirable channels. Hence, it is essential that recreation and enjoyment of a healthy kind be provided.

h. Industrial backwardness of India

In India, industrial progress is being aimed through the medium of the five year plans, but industrial progress is dependent on the efficiency of the labour force. The welfare work motivates the workers and maintains efficiency and productivity. So, we can say that the importance of these activities is great for India in comparison to western countries.

As welfare of worker at work place will improve not only their efficiency but also improve their willingness to perform their duty involving themselves with in duty.

- Welfare concept helps to maintain health and skills.
- Welfare concept avoids exploitation of worker by employer.
- Welfare concept increases the happiness of worker.
- Welfare concept motivates the workers at work place.
- Welfare concept is the silent incentives.

In India, most of the industries are not using Welfare concept properly at their workplace. In India industrialists compel workers to work in uncomfortable/ adverse conditions. Their uncomfortable conditions lead to serious damages to worker. Therefore maintenance of labour welfare concept is must in the identity premises.

2. Conclusion

Labour welfare is very comprehensive and embraces a multitude of activities of employers, state, trade unions and other agencies to help workers and their families in the context of their industrial life. Labour welfare covers an ample field and connotes a state of well-being, happiness, satisfaction, protection and enlargement of human resources and also helps to motivation of worker. The fundamental propose of labour welfare is to enrich the life of employees and to remain them joyful and conducted that helps to development of organization.

The various welfare measures (health, safety and welfare) provided by the employer will have immediate impact on the health, physical and mental efficiency, alertness, morale and overall efficiency of the worker and thereby contributing to the higher productivity. Every organization should provide statutory and non-statutory welfare measures but some organization provides some more welfare facilities to the employees and their quality of work life. The prime aim of our nation is to achieve maximum possible economic development so as to achieve higher standard of living for workers in the country. In spite of all the modern technology

and all the systems of controls coming into wide spread use, man still remains the most important factor in production process. If people do not want to work, it is impossible for every organization to attain its goals. So, in this connection welfare measures is one of the aspect of national program towards improving the production of the industry condition of the worker and income of the society. The welfare measures are more important for every employee, without welfare measure employee cannot work effectively in the organization.

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