“AN EMPIRICAL STUDY ON THE CONTRIBUTION OF LABOR WELFARE PRACTICES TOWARDS ORGANIZATIONAL GROWTH IN SMALL SCALE INDUSTRIES LOCATED IN TALEGAON DABHADE, DISTRICT PUNE, MAHARASHTRA”

ABSTRACT

INTRODUCTION

Human capital asset is the most important pillar of the organization to achieve sustainable growth. Labor Welfare Practices play an important role in building Human capital asset of an organization. Labor Welfare Practices creates healthy environment which touches the heart of employees and paves the path for employee bonding. Healthy ambience generates a good feeling among employees, which encourages them to contribute maximum of their potential towards the organizational growth.

The objectives or purpose of the welfare programs are to create and improve sound industrial relations, boost up employee morale, and motivate the employees by satisfying their unsatisfied needs.

This study covers (selected) some basic statutory and non-statutory Labor Welfare Facilities, like: drinking water, first aid appliances, latrines and urinals, spittoons, lighting, washing places, facilities for storing & drying clothing, changing rooms, rest rooms, lunch rooms, etc. In non-statutory facilities: medical, transport, and housing facilities are included.

All these Labor Welfare Facilities are needed to improve efficiency & productivity, Job satisfaction, industrial peace and harmony, standard of living of the employees, reduction in attrition rate and improve the morale of the employees. As a result organizational growth takes place. Organizational growth’s dimensions vary from one organisation to the other. There are many parameters an organisation may use to measure its growth. Since the ultimate goal of most of the organisation is profitability.

Small Scale Industries are backbone of Indian Economy. Small Scale Industries provides large amount of employment. Small Scale Industries play an important role in export also. Still, in India we find that employees of SSI sector are facing many problems. There
are many reasons behind that. The main reason behind all these is that Small Scale Industries are facing financial crunch. Therefore, it is very difficult for them to provide Labor Welfare Facilities. This situation adversely affects their growth. Employee satisfaction is the main pillar to achieve Organizational Growth. Satisfied employees exercise their maximum potential, as a result production and profit increases and organization achieves both efficiency and effectiveness. In Small Scale Industries employees are bonded like a family. All of us are aware that a group of sound families make a sound Society.

**STATEMENT OF THE PROBLEM**

This study mainly concerned about the importance of Labor Welfare Practices in organizational growth. Employers and employees are accepted the need of statutory and non-statutory Labor Welfare Practices for the organizational growth, but in what extent they are interested to implement it? Whether the employers and employees opinion is different regarding relationship between Labor Welfare Practices and Organizational Growth? Whether the opinion of employers and employees differ over level of satisfaction for the different welfare facilities? Whether the Labor Welfare Practices affect Organizational growth?

**OBJECTIVES OF THE STUDY**

The main objective of this study is to find out the importance of Labor Welfare Practices deployed at Small Scale Industries from both employer and employee perspectives.

1) To study the Statutory and Non-Statutory Labor Welfare Practices provided in Small Scale Industries.
2) To study the relationship between Labor Welfare Practices and Organizational Growth.
4) To study the comparison of opinion of employers and employees about satisfaction towards Labor Welfare Practices.
HYPOTHESES OF THE STUDY

H1: There is a significant relationship between Labor Welfare Practices and Work Environment.

H2: Level of satisfaction differs over Labor Welfare Practices.

H3: Response of employees and employers significantly differ in terms of level of satisfaction about Labor Welfare Practices.

H4: Labor Welfare Practices are a significant predictor of Organizational Growth.

RESEARCH METHODOLOGY

Research Methodology for the current study includes research design, research type, research approach, data collection methods, measurement scales, sampling methods, statistical tools and techniques etc.

Research Design

In the first stage of study, pilot study was carried out. Initially content validity and reliability tests were done which suggested that the instrument with different items and scale was appropriate. Research framework was properly designed on the basis of purpose of study. Data was collected from the employees as well as employers to measure contribution of Labor Welfare Practices in Organizational Growth. Selected statutory and non-statutory Labor Welfare Practices are independent variables for this study.

Type of Research

This research measures the contribution of Labor Welfare Practices in Organizational Growth. This study employed a combination of Descriptive research and Causal research.

Research Approach

The approach of this research is qualitative and quantitative both in nature.
Measurement Scales and Variables
Respondents were presented with the following thirteen independent variables. Ten Statutory Labor Welfare Facilities: drinking water, first aid appliances, latrines and urinals, spittoons, lighting, washing places, facilities for storing and drying clothing, changing rooms, facilities for sitting and insurance policy. Three Non-Statutory Labor Welfare Facilities: medical facilities, transportations facilities and housing facilities.

Each variable was measured using Five Point Satisfaction Scale.

\[ 5 = \text{Very Satisfied}, \quad 4 = \text{Somewhat Satisfied}, \quad 3 = \text{Neither Satisfied nor Dissatisfied}, \quad 2 = \text{Somewhat Dissatisfied}, \quad 1 = \text{Very Dissatisfied}. \]

For this study two endogenous variables are Work Environment and Organizational Growth. Industrial Peace, Standard of living of employees, Efficiency and productivity, Job satisfaction, reduction in attrition rate and Improve Moral are the measured indicators of Work Environment. Capital Investment, Yearly Production, Yearly Turnover, Annual Profit and No. of employees are the measured indicators of Organizational Growth. Each variable was measured using five point Likert scale. \[ 5 = \text{Strongly agree}, \quad 4 = \text{Somewhat agree}, \quad 3 = \text{Neither agree nor Disagree}, \quad 2 = \text{Somewhat Disagree}, \quad 1 = \text{Strongly Disagree}. \]

Population and Sample Size

For the current study Small Scale Industries of Talegaon Dabhade is selected. As per information collected from Udhyog Bhavan, Shivajinagar, Pune, there are 83 Registered Small Scale Industries in Talegaon Dabhade, therefore 68 industries were selected as sample. Hence, data was collected from 68 employers. The population of employees is 752 in 83 industries. For this study a sample was selected 256 employees.

Sampling Method

Simple Random Sampling is a type of Probability Sampling Technique. With the simple random sample, there is an equal chance of selecting each unit from the population.
Data Collection Method

Data collection was done very scientifically and systematically. Primary and secondary data was collected for the research. Primary data was collected by using questionnaire. Secondary data was collected through Books, Journals, Research papers, Annual Report, and Thesis.

Hypothesis Formulation

Hypothesis statements were formulated for the scientific statistical test.

Statistical Tools and Techniques

To analyze the collected data and to test the hypothesis various statistical methods were used, frequency distribution, Friedman Chi-Square test, Bivariate Correlation, Structural Equation Modeling- Path Analysis and Mann-Whitney U test. The entire research was carried out by using IBM SPSS Amos 20.

DATA ANALYSIS AND INTERPRETATION

Data Analysis started with Frequency distribution for employers and employees data. Analysis part is divided in some specific sub-sections like:

- Demographic Information
- Awareness of the Welfare facilities
- Statutory Welfare Facilities
- Non-Statutory Welfare Facilities
- Factors which shows the link between Labor Welfare facilities and Organizational Growth
- Measurement factors of Organizational Growth
- Comparison of Employers and Employees opinion

TOOLS AND TECHNIQUES FOR HYPOTHESIS TESTING

FRIEDMAN CHI-SQUARE TEST

The Friedman Chi-square test is non-parametric statistical test. It is used to detect differences in treatments across multiple test attempts.
**Purpose:** To study whether level of satisfaction differ across Labor Welfare Practices.

**H₀:** Level of satisfaction does not differ over Labor Welfare Practices.

**H₁:** Level of satisfaction differs over Labor Welfare Practices.

Level of Significance $\alpha = 0.05$

<table>
<thead>
<tr>
<th>Statistical Test</th>
<th>Statistical Results</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friedman Chi-square test</td>
<td>$P$-value $= 0.000 &lt; 0.05 (Level of Significance $\alpha$)</td>
<td>Null Hypotheses is rejected.</td>
</tr>
</tbody>
</table>

**Conclusion:** Since the $P$ value (0.000) is less than the level of significance (0.05) $H₀$ is rejected. Hence it can be concluded that Statutory Labor Welfare Facilities differ over level of satisfaction. From the Mean Rank Table it can be concluded that the top three statutory Labor Welfare Facilities are Drinking Water, Latrines and Urinals and First Aid Appliances. And bottom two statutory Labor Welfare Facilities are Facilities for storing and Drying Clothing and Insurance Policy.

**BIVARIATE CORRELATION**


**H₀:** There is no relationship between Labor Welfare Practices and Work Environment.

**H₁:** There is a significant relationship between Labor Welfare Practices and Work Environment.

Level of Significance $\alpha = 0.05$

<table>
<thead>
<tr>
<th>Statistical Test</th>
<th>Statistical Results</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bivariate Correlation</td>
<td>$P$-value $= 0.000 &lt; 0.05 (Level of Significance $\alpha$)</td>
<td>Null Hypotheses is rejected.</td>
</tr>
</tbody>
</table>

**Conclusion:** Since, for most of the welfare facilities the $P$ value is less than the level of significance (0.05) $H₀$ is rejected. Hence it can be concluded that there is a significant relationship between Labor Welfare Practices and Work Environment.
MANN-WHITNEY U TEST

Mann-Whitney U Test used to analyze the performance of two groups of respondents (employer and employee).

**Research Question:** Do response of employees and employers differ in terms of level of satisfaction about Labor Welfare Practices.

H$_0$: Response of employees and employers do not differ in terms of Level of Satisfaction about Labor Welfare Practices.

H$_1$: Response of employees and employers significantly differ in terms of Level of Satisfaction about Labor Welfare Practices.

<table>
<thead>
<tr>
<th>Statistical Test</th>
<th>Statistical Results</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mann-Whitney U Test</td>
<td>P-value = 0.000&lt;0.05 (Level of Significance $\alpha$)</td>
<td>Null Hypotheses is Accepted for ten facilities and rejected for three facilities.</td>
</tr>
</tbody>
</table>

**Conclusion:** It is concluded that for most of the statutory and non-statutory Labor Welfare Facilities employers and employees opinion does not differ over level of satisfaction. Only for three facilities there is a significant difference in the opinion of employers and employees, in terms of level of satisfaction about Labor Welfare Practices.

**STRUCTURAL EQUATION MODELING: PATH ANALYSIS FOR EMPLOYER DATA**

**Research question:** Whether Labor Welfare Practices affect Organizational growth.

**Statistical test:** Path analysis

H$_0$: Labor Welfare Practices are not a significant predictor of Organizational Growth.

H$_1$: Labor Welfare Practices are a significant predictor of Organizational Growth.

**Statistical Test: Path Analysis**
Conclusion: Some Labor Welfare Facilities are significant predictor of Work Environment and some of them are not a significant predictor. But Work environment is a significant predictor of Organizational Growth. So it can be strongly concluded that Labor Welfare Practices are significant predictor of Organizational Growth.

FINDINGS OF THE STUDY

Findings based on Frequency Distribution


Findings based on Friedman Chi-Square Test

- Friedman Chi-Square Test statistics shows that Labor Welfare Facilities differ over level of satisfaction.
- Drinking Water, First Aid Appliances, Latrines and Urinals are the top three statutory Labor Welfare Facilities.
- Facilities for Storing & Drying Clothing and Insurance Policy are the bottom two statutory Labor Welfare Facilities.

Findings based on Correlations for employee data

Bivariate Correlation analysis find out the significant relationship between Labor Welfare Practices and selected factors come under work environment, like industrial peace, standard of living of employees, efficiency & productivity, job satisfaction, reduction in attrition rate, improve moral.

- Result of data analysis shows that there is a significant relationship between Labor Welfare Practices and Industrial Peace.
• Result of data analysis shows that there is a significant relationship between Labor Welfare Practices and standard of living of employees.
• Result of data analysis shows that there is a significant relationship between Labor Welfare Practices and efficiency & productivity.
• Result of data analysis shows that there is a significant relationship between Labor Welfare Practices and job satisfaction.
• Result of data analysis shows that there is a significant relationship between Labor Welfare Practices and reduction in attrition rate.
• Result of data analysis shows that there is a significant relationship between Labor Welfare Practices and moral of the employees.

Findings based on Mann-Whitney U Test

Mann-Whitney U Test is concluded that employers and employees opinion does not differ over level of satisfaction for most of the statutory Labor Welfare Facilities. Also for the non-statutory Labor Welfare Facilities employers and employees opinion regarding level of satisfaction is almost same.

• Satisfaction towards Drinking Water Facility: Since P-value (0.000) is less than level of significance (0.05), it is concluded that employees and employers differ in level of satisfaction about Drinking Water Facilities. From the mean value it can be concluded that employers are more satisfied compare to employees.
• Satisfaction towards First aid Appliances: Since P-value (0.019) is less than level of significance (0.05), it is concluded that employees and employers differ in level of satisfaction about Facilities of First aid Appliances. From the mean value it can be concluded that employees are more satisfied compare to employers.
• Satisfaction towards Latrines and Urinals: Since P-value (0.967) is more than level of significance (0.05), it is concluded that employees and employers do not differ in level of satisfaction about Facilities of Latrines and Urinals.
• Satisfaction towards Facilities of Spittoons: Since P-value (0.896) is more than level of significance (0.05), it is concluded that employees and employers do not differ in level of satisfaction about Facilities of Spittoons.
Satisfaction towards Lighting Facility: Since P-value (0.000) is less than level of significance (0.05), it is concluded that employees and employers differ in level of satisfaction about Lighting Facilities. From the mean value it can be concluded that employees are more satisfied compare to employers.

Satisfaction towards Washing Places: Since P-value (0.475) is more than level of significance (0.05), it is concluded that employees and employers do not differ in level of satisfaction about Facilities of Washing Places.

Satisfaction towards Facilities for Storing & Drying Clothing: Since P-value (0.101) is more than level of significance (0.05), it is concluded that employees and employers do not differ in level of satisfaction about Facilities for Storing & Drying Clothing.

Satisfaction towards Changing Rooms: Since P-value (0.448) is more than level of significance (0.05), it is concluded that employees and employers do not differ in level of satisfaction about Changing Rooms Facility.

Satisfaction towards Facilities for Sitting: Since P-value (0.480) is more than level of significance (0.05), it is concluded that employees and employers do not differ in level of satisfaction about Facilities for Sitting.

Satisfaction towards Insurance Policy: Since P-value (0.813) is more than level of significance (0.05), it is concluded that employees and employers do not differ in level of satisfaction about Facilities of Insurance Policy.

Satisfaction towards Medical Facility: Since P-value (0.526) is more than level of significance (0.05), it is concluded that employees and employers do not differ in level of satisfaction about Medical Facilities.

Satisfaction towards Transport Facility: Since P-value (0.860) is more than level of significance (0.05), it is concluded that employees and employers do not differ in level of satisfaction about Transport Facilities.

Satisfaction towards Housing Facility: Since P-value (0.290) is more than level of significance (0.05), it is concluded that employees and employers do not differ in level of satisfaction about Housing Facilities.
Findings based on Path Analysis for employee data

Path Analysis explains effect of Labor Welfare Practices on Organizational Growth through Work Environment. To check the Hypothetical model different paths mention in the path analysis. This Hypothetical model was assessed using CMIN/DF, PNFI, CFI and RMSEA.

- CMIN/DF: Minimum discrepancy as indexed chi-square should be less than 5. It is observed that CMIN/DF is 2.158, since it is acceptable fit.
- PNFI: Parsimonious Normal fit index should be more than 0.5 for adequate fit. It is observed that PNFI is 0.514, since it is acceptable fit.
- CFI: Comparative Fit Index should be more than 0.9 for good fit. It is observed that CFI is 0.912, since it is acceptable fit.
- RMSEA: Root Mean Square error of approximation should be less than 0.08. It is observed that RMSEA is 0.131, since it is marginally missed, it is not acceptable fit.

Out of this four fit indices, three are acceptable fit and one marginally missed, since it is concluded that there is a good fit between the sample data model and the hypothetical model.

Assessing the significance of paths: using standardized regression weights and p-value.

- Drinking water facility is not a significant predictor of Work Environment
  o (B= 0.145, p = 0.455).
- First aid appliances are a significant predictor of Work Environment
  o (B = 0.258, p = 0.026).
- Latrines and Urinals is not a significant predictor of Work Environment
  o (B = 0.241, p = 0.285).
- Facility of Spittoon is a significant predictor of Work Environment
  o (B = 0.283, p = 0.032).
- Lighting facility is not a significant predictor of Work Environment
  o (B = -0.021, p = 0.834).
• Washing places facility is a significant predictor of Work Environment  
  o  (B = 0.444, p = 0.011).
• Facility for storing & drying clothing is not a significant predictor of Work  
  o  Environment (B = 0.150, p = 0.375).
• Changing room facility is not a significant predictor of Work Environment  
  o  (B = 0.083, p = 0.482).
• Facility for sitting is not a significant predictor of Work Environment  
  o  (B = 0.181, p = 0.217).
• Insurance Policy is not a significant predictor of Work Environment  
  o  (B = 0.080, p = 0.722).
• Medical Facility is not a significant predictor of Work Environment  
  o  (B = 0.155, p = 0.276).
• Transportation Facility is a significant predictor of Work Environment  
  o  (B = 0.382, p = 0.005).
• Housing Facility is not a significant predictor of Work Environment  
  o  (B = 0.427), p = 0.062).
• Overall Work Environment is a significant predictor of Organizational  
  o  Growth  (B = 0.632, p = 0.000).

Concluding Remark: Above mentioned findings shows that there is a significant relationship between Labor welfare Practices and Organizational Growth. Work Environment is a mediator part of labor welfare and organizational growth. If employer provides proper labor welfare facilities, it will definitely create positive work environment for organizational growth. Since it can be concluded that there is a significant contribution of labor welfare practices in organizational growth.

SUGGESTIONS

The observation states that Small Scale Industries in Talegaon Dabhade are providing very limited Labor welfare facilities to their employees. Only ten Statutory and three Non-statutory welfare facilities are deployed in these industries. However, there are provisions of so many statutory and non-statutory labor welfare facilities. Hence they can implement more facilities in their organization. In case of statutory labor welfare
facilities Government should look into legal aspects and for the non-statutory labor welfare facilities employees and labor unions are advised to take initiative.

Some of the industries are not showing interest in providing non-statutory labor welfare practices. It has been found that even basic facilities like, education facility and recreational facilities are also not deployed in these organizations. It is suggested that employers should understand the importance of non-statutory welfare facilities and take interest to start such kind of practices in their organization.

Organizational growth depends on work environment and subsequently work environment depends on labor welfare practices. Since there is a significant relationship between labor welfare practices and organizational growth, employers should improve the quantity and quality of labor welfare practices.

Small Scale Industries escaped from those provisions which required minimum 150 or sometimes 250 no. of employees. It is possible that all Small Scale Industries in this area together can start some provisions, like; canteen, crèches, transport facility, educational facility, recreational facility, consumer cooperative stores, fair price shops, etc.

**CONCLUSION**

As discussed in the findings of the research it can be strongly concluded that statutory and non-statutory Labor Welfare Practices such as drinking water, first aid appliances, latrines and urinals, spittoons, lighting, washing places, facilities for storing and drying clothing, changing rooms, facilities for sitting, insurance policy, medical facilities, transportation facilities, housing facilities respectively affects the industrial peace, standard of living of employees, efficiency and productivity, job satisfaction, reduction in attrition rate and moral of employees. The research reflects that the organizational growth has five factors which contribute to the same. The factors which have been taken in consideration are capital investment, yearly production, yearly turnover, annual profit and no. of employees. Though out of these factors four factors such as yearly production, yearly turnover, annual profit and no. of employees are directly linked to work environment. Labor Welfare Practices when observed in any organization leads to the good work environment. This further will lead to organizational growth. Findings of the
data taken from employers and employees conclude that more the Labor Welfare Practices observed, higher the organizational growth occurs.

The observation from the research leads to the conclusion that statutory and non-statutory Labor Welfare Practices are provided in the Small Scale Industries to the large extent. Since statutory and non-statutory Labor Welfare Practices affects significantly the satisfaction of the employees which leads to congenial work environment and thus contributes to the organizational growth.

The research shows that industrial peace which is the component of work environment is a significant predictor of organizational growth. Similarly standard of living of employees improves in the organization, where Labor Welfare Practices were observed. Also it is concluded that improved the standard of living of employees in the organization, more satisfaction among employees will be found. Considering standard of living of employees as a component of work environment this can be concluded that work environment is the significant predictor of organizational growth. Thus standard of living of employees which is the outcome of Labor Welfare Practices contributes significantly to the organizational growth.

Moreover, from the research it is reflected that Labor Welfare Practices increases efficiency and productivity which being component of work environment leads to the organizational growth significantly. It can be concluded that more the Labor Welfare Practices will be observed efficiency and productivity of labors will be increased, which contributes to the organizational growth.

Further, it was found that employees were more satisfied when they were provided more statutory and non-statutory facilities. This led to less job hopping and reduced the attrition rate of the organization. Over the top it improves the moral value of the employees. As mentioned above Labor Welfare Practices contributes to efficiency and productivity also reduces the attrition rate which when clubbed together will lead to high organizational growth. This is noticeable that work environment is the mediator of Labor Welfare Practices and organizational growth. Thus can be firmly concluded that more Labor Welfare Practices provided to employees improved work environment can be observed thus very significant organizational growth can be achieved.
SCOPE FOR FURTHER RESEARCH

Although this study is analyzing employer’s and employee’s perspective for Labor Welfare practices, there is a scope for further research. There are different areas available related to statutory and non-statutory welfare practices. There is a scope to find out the impact of welfare practices on Large Scale and Medium Scale Industries. Role of a labor welfare practices in the journey of a small scale industry to medium scale and medium scale to large scale. Thus there is a lot of scope for further research.

CHAPTER SCHEME

Title Pages

Chapter 1: Introduction

Chapter 2: Review of Literature

Chapter 3: Industry Profile

Chapter 4: Research Methodology

Chapter 5: Data Analysis and Interpretation

Chapter 6: Findings, Suggestions and Conclusion

References

Bibliography

Annexure