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CHAPTER ONE: INTRODUCTION

1.1 INTRODUCTION

Labor Welfare Practices plays an important role in building human capital asset of an organization. It is difficult to carry the work without manpower for any kind of industries and especially to the Small Scale Industries. Human capital asset is the most important pillar of the organization to achieve sustainable growth of an organization. Healthy ambience generates a good feeling among employees, which encourages them to contribute their maximum of their potential towards the organizational growth. Human relations are preserved when the employees are satisfied economically, socially, and psychologically. Labor Welfare Practices creates healthy environment which touches the heart of employees and paves the path for employee bonding. Payment of perks other than salary motivates the employees and creates belongingness and hence they contribute maximum of their abilities for the development of the organization. Generally, only a small portion of employee mental and physical abilities are used, while, most of the potentials remain “unused”. To exploit this “unused” potential, employees have to be motivated. Obviously, such exploitation results in greater efficiency, higher production, and better standard of living.

The employees always think at the back of their mind that the employer does not give them their “true worth” and feel cheated or exploited. But Labor Welfare Practices accorded to the employees makes them feel that the employer is fair and just to them. The Labor Welfare Practices, therefore, always keeps the employees in a positive frame of mind, where the employee gives the best of his worth. This is an advantage obtained by employer especially in the case of Small Scale Industries. 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. Small Scale Industries are backbone of Indian economy. But the growth of Small Scale Industries mainly depends on human capital. Sometimes the employers might have ignored the importance of employees and as a result organizational growth might have reached a standstill. To strengthen their human capital, organizations should provide Labor Welfare Facilities.
Organizations provide welfare facilities to their employees to keep their motivation level high. Welfare means the comfort and improvement of employees and is provided over and above the wages. Welfare keeps the morale and motivation of the employees high so as to retain the employees for longer duration. Employee welfare includes monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations, job security and insurance against disease, accident for the workers and their families. Labor Welfare Practices entail all those activities of employer which are directed towards providing the employees with certain facilities and services in addition to wages of salaries.

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, most companies will measure their growth in terms of net profit, revenue, earning per share, market price share, Economic Value Addition (EVA), Owners Value Addition (OVA) etc. Other organization may use one of the following criteria for assessing their growth are sales, increase in number of employees, physical expansion, success of a product line and increased market share.

As Penrose (1959)\(^1\) pointed out, there are two aspects to the term of “growth.” One aspect is simply an increase in scale. The other aspect is defined by an increase in scale along with a concurrent improvement in the quality of management, which can be seen as a process of organizational evolution.

Labor welfare practices has the immense potential to provide small businesses with a myriad of benefits, including things like greater efficiencies from economies of scale, increased power, a greater ability to withstand market fluctuations, an increased survival rate, greater profits, and creates goodwill for organizational members. All the organization’s primary desire is growth since it is seen generally as a sign of success and progress. Organizational growth is in fact, used as one indicator of effectiveness for small businesses.

Small Scale Industries (SSI) is backbone of the 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.

This study covers SSI units pertaining to Talegaon Dabhade area. From Wikipedia, the free encyclopedia information has been collected. Talegaon Dabhade is surrounded by Pimpri-Chinchwad industrial belt. Talegaon Dabhade is mushrooming into an Industrial belt where small scale units are cropping up since many MNCs like General Motors, JCB, INA bearings have also established their plants. The need of the hour is that these units should blossom into successful ventures, and according to study, the most important all the resources of is the Human capital bestowed in that organization. In this context, labor welfare facilities come to the forefront. Once it is taken care of the organization achieves competitive advantage.

Talegaon Dabhade industrial belt comprises of many multinational companies, agro-based units. It is also home to thriving poultry belt, largest in Asia in terms of broiler birds per square mile. Talegaon has a very pleasant moderate climate. It also has

many lakes and hence is called Talegaon; a literal English translation would be Lake Town. Maharashtra Government and the Maharashtra Industrial Development Corporation (MIDC) have drawn up many plans to ensure that the state puts forth a total biotechnology revolution. Since the government wants to establish Pune as a technology hub, MIDC has started acquiring large areas of land to set up Biotechnology and InfoTech Parks between Talegaon and Vadgaon as there is little space in Pune. Talegaon MIDC is developing over 250 acres (1.0 km²) of land at Talegaon as a floriculture park for production of superior quality flowers like tulips and orchids, which are in demand in international markets. The area is situated in the Agriculture Export Zone declared by the Government of India and the internal infrastructure such as roads, water and electricity. The availability of water, government policies for this area, proximity to the Mumbai Pune express way (NH4), at a distance of around 20 km from proposed International airport and a ready market of Pune and Mumbai; because of all these amenities Small Scale Industries also grooming up in this area. Therefore, researcher has chosen this area to the study the contribution of Labor welfare facilities towards organizational growth.

1.2 STATEMENT OF THE PROBLEM

Human Capital is the strong pillar of industrial development. To build up the Human Capital Industrial Peace is required. Employers and employees are two controversial groups in the organization. Always employees think in their mind that employers are exploiting them for their own profit. Whereas employers think that employees are not using their full potential for the organizational benefit. In such kind of situation great motivation is required to increase efficiency and productivity. Labor Welfare Practices extract unused potential of employees and increases the efficiency and productivity by improving working condition. Satisfied employees only used their full capacity for the development of Industry. Proper working environment is created by providing labor welfare facilities.

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?

1.3 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. Liberalization, privatization and globalization have paved the path for cut throat competition. These small scale industries have to compete with corporate giants. Human capital asset of these organizations plays an important role not only to sustain in the era of competition but to achieve organizational growth.

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.

1.4 HYPOTHESIS OF THE STUDY
Hypotheses of study are the provisional ideas which need to be investigated. It can also be stated as the statements which are predictive and formulated for the scientific statistical test. Following hypothesis has framed after doing literature review and conducting pilot study in the same area.

H_1: There is a significant relationship between Labor Welfare Practices and Work Environment.
H_2: Level of satisfaction differs over Labor Welfare Practices.
H_3: Response of employees and employers significantly differ in terms of Level of Satisfaction about Labor Welfare Practices.
H_4: Labor Welfare Practices are a significant predictor of Organizational Growth.
1.5 NEED AND SIGNIFICANCE OF THE STUDY

Main purpose of this study is to find out the importance of Labor Welfare Practices towards Organizational Growth. Many researches were conducted in this area. Some of them showed relationship between Labor Welfare Practices and Industrial Peace, Impact of Labor Welfare Practices on Efficiency and Productivity, Labor Welfare Facilities and Job Satisfaction. All these studies were conducted from employee’s perspective. But this study tries to find out importance of Labor Welfare Practices contributing to the Profitability of the organization. Organizational Growth is the Vision of the employers and they are more interested in profitability. Actually Profitability is the base of any kind of economic activity. All the businesses must earn profit, then and there only it is feasible to carry out welfare activities for the society. Employers and Employees are the parts of the society.

The opinion of employers and employees, which have been collected for this study, proves that Labor Welfare Practices plays important role in Organizational Growth. This research finds out the source of organizational growth. Statutory and non-statutory practices influence the Organizational Growth to large extent. All the Statutory Welfare Practices are implemented in all the organizations. Government of India has enacted various laws to protect the rights of employees such as Factories Act of 1948; The Mica Mines Labor Welfare Fund Act, 1946; The Limestone and Dolomite Mines Labor Welfare Fund Act, 1972; The Iron Ore Mines, Manganese Ore Mines & Chrome Ore Mines Labor Welfare Act, 1976; The Beedi Workers Welfare Fund Act, 1976; The Beedi Workers Welfare Cess Act Rules, 1977; The Cine Workers Welfare Fund Act, 1981; The Cine Workers Welfare Cess Act, 1981; The Contract Labor(Regulation & Abolition) Act, 1970; The Bonded Labor System (Abolition) Act, 1976; The Unorganized Workers’ Social Security Act 2008. These Acts emphasizes all those welfare activities, which come under statutory welfare facilities. Though, statutory practice considered to have low contribution to the Organizational growth. But this study emphasizes those practices which highly motivates employees. Statutory Welfare Practices covers the basic needs of employees. If these facilities are not available, it is very difficult for employees to work in that organization. If Transport, Housing, Education, Medical, etc. Non-statutory facilities are available, employees feel greatly motivated.

Statutory and Non-statutory Welfare Facilities not only increases the real income of employees but also improves Standard of Living of employees. This increases level of
job satisfaction which in turn increases the efficiency and effectiveness of the organization. The welfare facilities induce the workers to be happy, cheerful and confident with commitment. This results in better input from the employee that leads to the better quality of the product; minimize wastages and maximize productivity which obviously results in higher yield and prosperity to the organization in particular, effectiveness and loyalty to the society in general.

1.6 SCOPE OF THE STUDY
The present study is an effort to find out relation between Labor Welfare Facilities and Organizational Growth. For this study Talegaon Dabhade industrial area is selected. The Scope of the present study is only Small Scale Industries located in Talegaon Dabhade. Total 83 Small Scale Industries are working in this area. Those units which have registered but not working at on data collection period (2012-2013) have exempted from this study. Out of this 68 Small Scale Industries are selected. This study collected the opinion from both sides, Employer and Employee.

In this study researcher has identified the statutory and non-statutory Labor Welfare Facilities, to know their impact on Organizational Growth. As per factories act there are so many statutory and non-statutory welfare facilities but out of these only some specific welfare facilities which implemented in SSI units are consider for this study.

1.7 RESEARCH GAP
Researcher reviewed different kind of literature related to this topic. There is lot of literature available. Most of the studies focused on labor welfare activities and satisfaction of the employees. At the same time some researchers studied about the factors affecting the organizational growth and Small Scale Industries. Though they have carried out their study on these entire topics researcher found that there is a scope to study the importance of Labor welfare facilities in the organizational growth on the employer’s point of view; especially for the Small Scale Industries. The earlier studies stated results from employee’s perspective; but the present study covers both employers and employees point of view. Most of the studies are related to Large Scale Industries this study focused on the Small Scale Industries.
1.8 LIMITATIONS OF THE STUDY

- The conclusion of this research can be arrived only on the basis of responses given by the sample respondents.
- The process of data collection was a real challenge as it consumes more time.
- Further, there was reluctance on the part of the respondents to provide data.
- However, adequate care has been exercised to collect the unbiased data.
- The result is limited to the geographical location where the research is conducted.
- Since, welfare scheme offered by the company may differ from organization to organization.

1.9 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 was framed by using following points.
Research type- This study is a combination of Descriptive research and casual research.
Research Approach- This study is qualitative and quantitative both in nature.
Measurement scales and variables- Five point Likert scale used for this study. There are 13 independent variables and two endogenous variables.
Population and Sample size- Small Scale Industries in Talegaon Dabhade are selected for this study. 83 employer and approximate 752 employees are total population. Since, 68 employers and 256 employees had chosen as a sample size.
Sampling Method- Probability sampling, Simple Random Sampling technique was used.
Data collection Method- Primary and Secondary both data collection methods were used. To collect primary data survey and interview conducted. Questionnaire was the instrument for data collection.
Pilot study- Pilot study had conducted to test the instrument. Content validity was tested by taking the help of experts and inter-item consistency reliability tested by using Cronbach`s alpha.
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. Path analysis was assessed using IBM SPSS Amos 20.

1.10 CHAPTER PLAN

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