CHAPTER - III

SOCIAL SECURITY - ITS INTER-RELATIONSHIP WITH LABOUR WELFARE AND LABOUR PRODUCTIVITY
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° SOCIAL SECURITY AND WELFARE RELATED ISSUES
The term 'welfare' suggests many ideas, meanings and connotations, such as the state of well-being, health, happiness, prosperity and development of human resources. It is a desirable state of existence involving the physical, mental, moral and emotional well-being. All these four elements together constitute the structure of welfare on which its totality is based.

A review of the existing literature on 'labour welfare' depicts some significant features of the present literature on labour welfare. To begin with, one is caught napping between two different definitions, which delineate as to what really labour welfare means, and how far its boundaries extend. One is narrower in scope while the other is broader in its outlook. The latter includes the concept of social security in labour welfare while the former excludes it.

Labour Welfare Defined

It is indeed true that there is very little agreement as regards the definition and scope of labour welfare. In the encyclopaedia of social sciences, the term 'welfare work - industrial' has
been used to describe the voluntary efforts of an employer to establish within the existing industrial system, working and sometimes living and cultural condition of his employees beyond what is required by law, the customs of industry and the conditions of the market.\(^{15}\)

The Royal Commission on labour did not attempt to define the term 'welfare' as applied to the industrial workers and contented itself by saying "It is one which must necessarily be elastic, bearing a somewhat different interpretation from one country to another, according to the different social customs, the degree of industrialisation and the educational development of the workers.\(^{16}\)

The Labour Investigation Committee on the other hand, while noting that defining the term 'Labour Welfare' is somewhat 'subjective' and difficult, proceeded to include under labour welfare activities "anything done for the intellectual, physical, moral and economic betterment for the workers, whether by employers, government or by other agencies over and above what is laid down by law or what is normally expected as a part of the contractual benefits for which the workers may have bargained.\(^{17}\)


\(^{16}\) The Royal Commission on Labour. P. 261.

\(^{17}\) Government of India, Labour Investigation Committee, Main Report. P. 336
In a publication of the International Labour Organisation, the term 'Labour Welfare' has been defined to include such service, facilities and amenities as may be established in or in the vicinity of undertakings to enable the persons employed therein to perform their work in healthy and congenial surroundings 18.

Realising the difficulties in giving a precise and generally acceptable definition of 'labour welfare' the National Commission on Labour pointed out in their report "the concept of welfare is necessarily dynamic, bearing a different interpretation from country to country and from time to time, and even in the same country, according to its value system, social institution, degree of industrialisation and general level of social and economic development. Even within the country, its content may be different from region to region" 19.

Notwithstanding the differences in the definitions, there is a general agreement regarding the specific issues to be included under the term labour welfare. The Labour Investigation Committee included under its definition of welfare work the following activities.

"Housing, medical, educational facilities, nutrition (including provision of canteen), facilities for rest and recreation, co-operative societies, day nurseries and creches, provisions of sanitary accommodation, holidays with pay, social insurance measures undertaken voluntarily by employers alone or jointly with workers, including sickness and maternity benefit scheme, provident funds, gratuities and pensions, etc"\textsuperscript{20}.

The study team appointed by the Government of India in 1959 to examine the then welfare facilities divided these activities into the following three groups:

(a) Welfare within the precincts of an establishment, medical aid, creches, canteens, supply of drinking water etc.

(b) Welfare outside the establishment, provision for indoor and outdoor recreation, housing, adult education, visual instruction etc. and

(c) Social security\textsuperscript{21}.

The committee of experts on welfare facilities for industrial workers constituted by the I.L.O. in 1963 divided

\textsuperscript{20} Govt. of India, labour Investigation Committee, Main Report. P.336.

\textsuperscript{21} Report of the study team on Labour Welfare P.19
welfare services into the following two groups:

(a) Welfare amenities within the precincts of the establishment: latrines and urinals, washing and bathing facilities; creches, rest, shelters and canteens; arrangement for drinking water; arrangement for prevention of occupational hazards; administrative arrangement within a plant to look after welfare; uniform and protective clothing; and shift allowances.

(b) Welfare outside the establishment: maternity benefit; social insurance measures including gratuity pension, provident fund and rehabilitation, benevolent funds; medical facilities including programmes for physical fitness and efficiency, family planning and child welfare; educational facilities including adult education; housing facilities; recreation facilities including sports, cultural activities, library and reading room; holiday homes and leave travel facilities; workers co-operative including consumers' co-operative stores, fair price shops and co-operative thrift and credit societies; vocational training for dependents of workers; other programmes for welfare of women, youth and children and transport to and from the place of work.

It should be noted that though the above mentioned list was given at different intervals of time, related to different environments, they are strikingly similar in essential details.
From the above definitions of labour welfare, it is apparent that none is complete or comprehensive. There is no precise, definite outline or demarcation in this subject. More often than not, they give rise to ambiguity and overlap in certain areas of action. However, what is definite is that labour welfare promotes the well being of workers in a variety of ways.

**Social Security vis-a-vis Labour Welfare :**

The concept of labour welfare is a dynamic one and it is subject to changes owing to the changing behaviour of the socio-police environment. It is because of this reason that many of the topics which were regarded at one time as welfare practices or are being presently regarded as welfare steps may drop out because of the new labour laws, compulsory adjudication, and collective bargaining practices as at present. Many of the items such as creches, provision of sanitary facilities, canteens, recreation room, holiday with pay, social insurance, provision for urinals, bathing and washing facilities etc. are covered today in many industries by labour laws, adjudication awards, and collective bargaining. Therefore, for these industries, the items cease to be welfare activities. Resultantly, if emphasis of labour welfare continues to be placed on the voluntary nature of things, the day is not far off when the concept itself will lose its entity owing to increased encroachment by legislative
compulsion. The relatively uncontroversial area of labour welfare like the transport facilities, benevolent fund, workers education, library reading rooms are also likely to be grabbed in not too distant future by strict legal arrangements. It is in this context that it has been felt appropriate to widen the scope of labour welfare according to its recognition of a total concept which aims at improving the working and living conditions of workers and their families.

Labour welfare includes social services provided by an employer to his employees over and above what is required to be done legally or in the necessity of industry. Its scope has been described by writers and institutions of different shades differently. Its limit cannot be rigidly laid down regarding its scope for all industries and for all areas and for all times. It must be administratively viable and essentially development oriented in its outlook. In the final analysis, labour welfare services should include all extra mural and intra mural welfare work, statutory and non-statutory welfare activities undertaken by the employers, government, trade unions and other voluntary organisations, and also social security measures which contribute to workers welfare such as industrial health, safety, insurance, provident fund, gratuity, maternity benefits, workmen's compensation, retirement benefits etc. Any welfare programme, taken in its more comprehensive sense, mentioned above
and as an all embracing phrase, also be divided into three types (i) Statutory; (ii) Non-statutory and (iii) Mutual statutory welfare. The first type constitutes those provisions of welfare work which depend for their observance on coercive power of the government. Non-statutory welfare measures include all those activities which are undertaken by the employers for their workers. On the face of it, it is apparently philanthropic, but it also increases efficiency of labour and reduces the area of conflict. Some trade unions also undertake voluntary welfare work for the benefit of their members. Mutual statutory welfare in fact refers to social security measures. Thus it is clear that the scope of the term labour welfare is fairly wide and it bears different meaning in different countries according to peoples' perception of the term.

Social security is intimately related to 'Labour Welfare' whereas labour welfare secures the workers and his family the fullest life in the comprehensive sense of the term, social security covers the various socio-economic risks and contingencies in the life of individuals in the society through appropriate organisation and methods. Labour welfare is wider than social security, if the latter refers to labour only. With reference to labour, social security is a scientific form of labour welfare. They are necessarily inter-related in policies, plans and administration. Labour welfare and social security for
labour have the same objective, they differ only in their respective approaches and emphasis. Labour welfare without social security or vice-versa are inconceivable. Thus labour welfare is a total concept and social security for labour is an integral part of it. The famous author Prof. M.V. Moorty has the following opinion on the concept of labour welfare.

"Labour welfare work is associated, on negative side, with the counteracting of the baneful effects of the large scale industrial system of production specially capitalistic, so far as India is concerned, on the personal family and social life of the workers. On the positive side, it deals with the providing of opportunities for the workers and his family for a good life as understood in its most comprehensive sense. The personal objective alone is not adequate. Labour welfare is also fundamentally in the interest of the larger society as the health, happiness and efficiency of each individual connote the general well-being of all. Taken thus, labour welfare is an essential part of social welfare. It means the adjustments of labour's work life around. We are, therefore, justified in stating that labour welfare is a cumulative and total concept that could be realised in the three dimensional and related spheres of the individual, the family and the community"22.

Having enjoyed this view of labour welfare Prof. Moorty further proceeded to enumerate the items of labour welfare to clarify his view beyond all reasonable doubts. These items among other things, also included the heads like workmen's safety measures, health and medical services, workmen's compensation for injury, unemployment insurance, provident fund and gratuity etc. Naturally within the framework of this concept of labour welfare the social security for labour is inevitably covered and included in the concept of labour welfare.

THE DEFINITION AND DETERMINANTS OF LABOUR PRODUCTIVITY

Labour Productivity Defined :

The concept of productivity embraces within its meaning various forms of productivity, according the same to one or another of the factors of inputs, viz. labour, capital, material power etc. Although the choice of the factor input depends on the purpose of analysis, the practical research is mostly limited to any one form of productivity, viz. labour productivity. It has figured so prominently that in most cases, "the two concepts of productivity and labour productivity has been identified synonymously".26

Labour productivity may be defined as the ratio of output and labour input. In other words it is the productivity of an industry measured in terms of labour input. The most general is, therefore, the "ratio of output to the corresponding input of labour". The scientific validity and popularity of this definition undoubtedly rest on wide spread practices in labour saving, because such saving can affect costs, prices, profits, jobs, wages, and even a nation's military security and level of living". Another but in no way less convincing argument in favour of this measure is that labour time is readily measurable than other input factors, and that it possesses an universal element common to all plants, process and industries. It is this universality which provides common basis for measuring and comparing the relative productivity not only of different units but also of different sectors of a country's economy. In recent years, therefore, the productivity is frequently defined, without qualification, as labour productivity. It may be expressed either as "output per unit or labour time expended", or in its reverse sense as "labour time expended per unit of output". It may be added, however, that the latter is more widely applied for the measurement of productivity and has been defined as a "ratio of the total labour required for the production of a given volume of a homogeneous good to the given 27. Hiram S. Davis : "The meaning and measurement of productivity".
volume of that good". However, this definition, despite its simplicity and spread usage, has not removed confusion either from analysis or interpretation, and the reasons are manifold. It is indeed difficult to dislodge the deep rooted notion from the minds of the common man that labour productivity data measure the productivity of labour and not the productivity of all the combined input factors. Indeed, it is difficult to visualise a situation in which a country can achieve higher standards of labour productivity inspite of its comparatively low standards of labour efficiency. In this connection, Irving H. Siegel has aptly pointed out "Labour Productivity Indexes do not reveal changes in the intrinsic efficiency of labour, but rather, the changing effectiveness with which labour is utilised in conjunction with other factors". As such, labour productivity is not a measure of the specific contribution of labour, or of capital or any one factor of production. It reflects the cumulative interest of the operation of large number of separate though inter-related influences such as technological improvements, the rate of operation, the degree of efficiency achieved in different processes, the availability of supplies and the flow of materials and components, as well as the employer-employee relations, their skill and efforts of the


workers and the efficiency of management. Definition of productivity as "output man-hour" ratio, has therefore, serious limitation and its implication have to be viewed in the light of numerous reservations and qualifying conditions.

**Critical issues in Labour Productivity**:

Even though the concept of labour productivity is hazy and vague, there is no dearth of efforts of making calculations, projections and policies; rather an increasing trend is being observed in this regard.

It is admittedly true that numerous factors influence the productivity of industrial labour in a given country. General factors such as climatic conditions and workers health affect the productivity of labour. Changes in labour productivity for example, may be brought about through (i) changes in the composition, skill and attitude or morale of the workers concerned, (ii) changes in the wage plans, welfare doses and incentives, (iii) changes in the worked and paid man-hour, (iv) changes in the combination of low cost and high cost jobs performed by the worker and (v) changes in the managerial resourcefulness placed at the disposal of the workers. 31

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Further determining the labour productivity as the interaction of so many factors, in which individual efficiency of the labourers count heavily, includes many a qualitative factor such as morale, attitude, communal behaviour, and such problem factors that determine workers' efficiency and ultimately productivity. And hence labour productivity too becomes an almost unreliable factor on which norms can be set, and policies and projections can be made as well.

As a note of caution, it must be admitted that some dangers are there in relying on "labour productivity". As I.L.O. reveals "there is not only the danger of being misunderstood and being thought to place undue emphasis upon what can be done by workers to increase production. There is also the danger of giving insufficient attention to problems of what can be done to increase production by making a more efficient use of other factors of production. In industries where labour costs are low in comparison with material costs and capital costs, attention may need be given primarily to encouraging materials or fuel or to making better use of machines".31.

It is also true that the two terms "total factor productivity" and 'labour productivity' take many qualitative factors into

account, and quantification of these factors become infinitely risky, specially when it is aimed at preparing the base for future policies. Yet, this cannot and should not be avoided. Until a person quantifies a condition or a state, he cannot have an abstract idea of the existing situation, so as to draw a conclusion for future plans. Therefore, there is the need for quantification of qualitative factors so that the complexities may be reduced to some degree of precision and accuracy. Output per man hour which is largely used as the effective index of labour productivity is not at all free from shortcomings. However, I.L.O. opines "although it (output per man-hour) has limitations, this ratio has much value for practical purposes". 

Determination of Productivity:

Although the concept of labour productivity gains a separate identity in its popularity within the composite concept of productivity, yet any problem of its dimension cannot be viewed in isolation from the general factors affecting productivity. Similarly, improvement in labour productivity may not result even with optimum care for qualitative progress of human resources. Productivity, which is the collective effect of a variety of diverse input factors, needs optimisation of each of them in proper degree and extent.

32. Raising productivity (I.L.O., Geneva), 1959, P. 29
for effective performance. Thus productivity bears upon it two
distinct factors, viz. external and internal. The influence of
the external factor, for example, the socio-economic environment
is indirect and not controlled by industry concerned. The
internal determinants are those which affect the productivity of
the industry directly. The factors include technical condition
of production and human aspects. It is, therefore, first
necessary to examine the impact of general environment and then
to pass on to discussion of different elements of technical
factors.

General Environment:

The general environment factors are partly economic and partly
sociological. The availability of capital, raw materials, power,
machines and market, and the degree of competition are important
economic factors influencing productivity. The higher the level
of industrialisation, the greater the productivity of individual
worker. This is primarily due to the fact that industrialisation
creates the required industrial climate and necessary services
such as education, training research and promotes technological
innovations.

The sociological factors include social institutions and
organisational forms as well as benefits, attitudes and mode of
behaviour. "Though it is difficult to measure precisely the
effects of social and cultural factors on productivity, studies have shown definite indications that a number of such factors exercise some measure of influence upon the individuals attitude, capacity for adjustment or adaptability or job performances\textsuperscript{33}.

The influence of sociological factors are more important from the long run point of view because the process of cultural change is slower than that of economic change. Further, these factors cannot be easily manipulated in the same way as technical and economic factors.

The significance of general environment constituting external factors determining the productivity of an industry is thus evident.

**Technical Factors:**

The technical factors influencing productivity can be grouped under two categories: First, technology, degree of mechanisation and automation and related aspects, and second, other factors governing technical condition of production. The

\textsuperscript{33} Social and Cultural factors affecting productivity of Industrial workers in India. UNESCO, Research Centre on Social and economic development in Southern Asia, Delhi, UNESCO, Research Centre, 1961. P.127.
different elements of each group of technical factors are explained below.

Under this group of technical factors fall the methods and techniques of production, the degree of mechanisation or the capital intensity, and the scale of operation.

Upto the limits of existing technological opportunities, technology and capital intensity constitute the most obvious factors governing productivity. "Probably no single factor has a more important effect on the productivity of labour than the amount of capital applied in conjunction with labour" [34].

The capital intensity accounts in large part for the enormous difference in the productivity of labour in developed and underdeveloped countries. Greater mechanisation had led to higher productivity in the U.S.A., compared to other developed countries of Europe. Dr. Rostas has shown that the ratio of horse power per worker in the U.S.A. and U.K. bears the same co-relation as output per worker in these two countries. Again, the higher rate of increase in horse power per worker in the U.S.A. runs parallel with higher rate of increase in output per worker [35].

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35. L. Rostas, Comparative Productivity in Britain.
It must be noted in this connection that the amount of capital or equipment per worker is not the sufficient indicator of a superior technology. The adoption of suitable methods and techniques is an integral part of the technological improvement. Proper plan layout and design are also important. Moreover, the degree of mechanisation in different phases of production should correspond to each other so that the effect of superior technology of different phases can be fully realised.

The scale of operation or the size of the units must be appropriate for the type of technology introduced and of machines used. In general, a rapid expansion of capacity facilitates high rate of increase in productivity. This is due to the fact that replacements are normally made by machines and equipements of new and high productivity type which implies a high proportional increase of superior machines and in the degree of mechanisation.

While the technological development brings qualitative changes in productive methods, it also has created problems by reducing the job satisfaction of workers. Willing acceptance by workers is a necessary condition for such changes to bring about an increase in productivity, and the best way of securing workers' co-operation in this regard is to associate them in decision making.
In any case, it is likely that the positive impact of superior technology on productivity will be lesser in existing units, compared to new units, particularly at the early stage of introduction. The other constraint of technological factor is that it must be introduced on a large scale so that the operational skill and service facilities are also available together with its introduction.

Other Factors:

These factors cover all aspects of technical conditions of production other than those referred in previous group. The most important elements of these groups are the quality of materials or the condition of primary resources worked upon, working conditions and the degree of capacity utilisation. The quality of raw materials is an important determining factor of productivity of any type of manufacturing industry. In the case of iron and steel industry, the condition of natural resources e.g. iron ore mines and other minerals etc., is a very significant factor governing productivity. These include maintenance of machines and equipments in efficient conditions, actual allotment of optimum workload, provision for necessary rest, adequate space for easy movement of the workers at work place, measures aimed at safety, noise control, dust control etc., and arrangement of proper lighting and ventilation.
Congenial environment of work ensures good health and physical efficiency of the workers reduce the migration of labour and helps the development of a settled labour force which are essential for any productivity drive.

The extent of utilisation of capacity also influences the productivity per worker. When the utilisation of capacity is at optimum level (i.e. generally at capacity limit), the productivity is higher. If the degree of utilisation falls considerably short of capacity, the locked up resources remain partly idle, and the productivity is lower. The level of productivity will also be lower when the capacity is used beyond its limit as it involves less efficient use of existing resources of inferior quality.

The next important determinants of productivity after technical factors is the human aspect.

Human Aspects:

That, the labour productivity depends to a great deal on the skill of the worker, is believed to be an undisputed fact now a days. The human element being the active agent in the productivity operation, its impact on productivity is decisive. The importance of human factor does not diminish with technical advance; rather it increases it. The effectiveness of
productivity movement hinges on the willing acceptance of common objectives on the part of all concerned, beginning from top most man in the hierarchy of management down to the ordinary workers. The efficiency of human resources ultimately determines the extent to which the technically potential level of productivity is attained.

Human factor embraces all elements and forces that govern the mobilisation of human resources in the productive operation. These factors may be treated as two parts: Personal and Organisational. These are discussed below in that order.

The influential and decisive factors of productivity of industrial labour*.

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* Amit Madhab Bhattacharjee, Role of Industrial Labour in Economic Development. P.92
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**Personal Aspects:**

The personal aspect of human factors consists in the (i) **Skill** of Workers and (ii) Incentives and Amenities.

(i) **Skill**:

It is the most dynamic element and a major contributing factor in relation to productivity. The benefit of a superior technique can only be obtained by persons having necessary skill. The formation of skill depends, on the one hand, on the opportunities for education, research and training and on the source and standard of living of the workers, on the other.

Education influences productivity indirectly by developing logical thinking and reducing the hold of traditional prejudices,
and directly by rendering training of, and communication by workers easier. A universal elementary education is essential for all round increase in productivity.

Training becomes effective only when it combines theoretical knowledge with practical work. A balanced development of skill requires that education is associated with manual labour and technical education with in-plant training. The formation of skill is easier in case of persons having urban background and a higher standard of living. On the other hand, while the worker of tribal and rural origin have greater physical stamina to undertake hard work, the acquiring of sophisticated skill on their part is, in general, relatively difficult.

(ii) Incentives and Amenities:

Both financial and non-financial incentives are critical part of any organised efforts to achieve and maintain a high level of productivity. Incentives provide motivation to do what is required, and to do it effectively. "There is a direct and frequently measurable relationship between many incentive plans or programmes and the productivity of workers." 36.

Many incentive plans are aimed at creating a need within the

employee, the attainment of which makes him harder at his work. Infact, needs form the core of motivation. An incentive is the outward stimulus that activates a need or brings the motive to work. It has a direct bearing on the degree of motivation and consequently on performance.

Incentives may be wage or non-wage. Income constitutes the most important incentives to work. "It has been found that money incentive is a less stronger motivating force with a worker raised in an urban working class than in a farm or lower middle class urban family".\(^\text{37}\). A high wage does not necessarily act as an adequate incentive. A system of payment suitably related to performance ensures wage incentives to have optimum effect on productivity. A fall in wages has greater disincentive effect than low wages as such.

The non wage incentives relate to the conditions of employment and brings benefits which contribute to developing a positive attitude to work on the part of the workers.

Satisfaction has been regarded as an essential condition for achieving a high level of motivation. The opportunities for promotion and for learning jobs for advancement, motivates to a

considerable extent, particularly in case of young workers. The security of job is another important condition for creating high morale and motivation. A comprehensive social security system combined with adequate leave facilities help keep up morale and long run efficiency.

Amenities embracing condition of living and the welfare facilities enjoyed by the workers influence health, morale and consequently, efficiency. These include condition of housing arrangement, sanitation and water supply, as well as medical aid, educational facilities and arrangement for recreation.

Studies have shown a high degree of positive co-relation between the non-wage benefit schemes and labour productivity.\(^3\)\(^8\).

**Organisational Aspects**:

The organisational aspect consists of the human relations involved in an enterprise. With growth in the size of business, and change in social outlook, this aspect is becoming more and more significant in its effort on productivity. The important elements of organisation relevent to productivity are (i) Management (ii) Trade Unions and (iii) Industrial relations:

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(i) **Management** :

The management function, its efficiency and attitude is the most crucial factor determining the extent to which the technical possibilities of increasing productivity are actually realised. The organisation of job or deployment of labour force and proper utilisation of machines and materials which are vitally significant in relation to productivity depend on the efficiency of management.

Labour efficiency is largely determined by the workers' willingness to work which, in turn, depends on his morale. The attitude and the skill of the management are highly important for building high morale and for motivating people to work willingly. The human relation approach on the part of the management under which workers are regarded as human beings and social beings, and their problems are considered in that light is capable of creating congenial conditions for a high morale of the workers.

(ii) **Trade Union** :

The role of trade unions in raising productivity can prove a vital factor for economic development. They can inspire workers to minimise waste of raw-materials, ensure better distribution of work load, and help in improvement of discipline and also help in production or productivity.
(iii) **Industrial Relation**:

Industrial relations have a significant impact on productivity through the morale and motivation of the workers. The attitude of the management, of the trade union and the arrangement for settlement of industrial disputes govern the state of industrial relations. The human relations approach on the part of the management ensures better understanding between labour and management and helps to develop a positive attitude on the part of the trade unions and the workers towards the organisation. The management should also take the workers into confidence when changes involving workers are contemplated and convince them of the soundness and usefulness of such changes in relation to the interest of the workers and the organisation. The trade union leadership must, on the one hand, strive for securing justice to the workers, and make the workers understand their interest in raising productivity, on the other hand there should be suitable machineries enjoying confidence of the workers and the management for speedy settlement of disputes.

**SOCIAL SECURITY, LABOUR PRODUCTIVITY AND LABOUR WELFARE**:

Social security, which is intricately connected with the concept of labour welfare, has its relevance in the backdrop of political philosophy adopted by countries guaranteeing
socio-economic justice. A well built social security system not only guarantees socio-economic justice to the toiling masses, but it also helps in building up an efficient and healthy work force. The amenities to guard against various risks consequent to work association has a direct bearing upon choice of employment. A sound system of social security backed by adequate statutory provision, nevertheless, stops inter-industry and inter-sectoral migration of working population. As a related concept of labour welfare, social security serves dual purposes. On the one hand, it strives to maximise productivity by keeping the workers physically and morally well off. On the other hand, it reduces the burden of employers against uncertain risks. "Social security measures have a two-fold significance for every developing country. They constitute a goal for welfare state, by improving living and working conditions and affording the people, protection against the uncertainties of the future. These measures are important for every industrialisation plan, for not only do they enable to become more efficient, but they also reduce wastage arising from industrial disputes. Lack of social 'security impedes production and prevents the formation of a stable and efficient labour force" 39. On the whole, it must be said that the intense urge for industrialised life coupled with fast disappearance of the joint family concept have together contributed to the idea of people seeking adequate safety arrangements within work environment.

39. V.V. Giri, Labour Problems in India.
Most welfare countries of the world have a system under which social security benefits are conditioned with levels of income of the workers, i.e. the beneficiaries are not entitled to either claim benefits or have to get out of the scheme in case they attain a certain level of income. In such a situation, when a worker is not entitled to further benefits commensurate with his increase in wages, the supply of labour is likely to fall down under the supposition that leisure is not also an inferior good. Richard Pearlman has aptly demonstrated that "if further participation of labour has a negative co-relation with social security benefits, the situation is bound to result in reduction of labour supply". In essence, such a benefit programme tends to reduce the incentive to work.

Although a sound system of social security helps raising productivity, yet it is difficult to estimate its direct impact upon labour productivity for the overall increase or decrease in productivity is the result of many coherent factors in which labour productivity plays a very limited role. However, it is admittedly true that any well drawn social security measure does away with uncertainties to a great extent and brings in an element of permanence and efficiency in the work force. It also increases commitment of industrial labour and encourages them to severe relationship with land.

Social security and productivity issues:

Although there is no such technique to show the direct interrelationship between social security and labour productivity, the long experiences of managers, entrepreneurs and social scientists have revealed that they are substantially and progressively related phenomena. The interrelation between the two may be observed in the light of the following discussion:

Workers Health and Well-being:

Health is considered to be an essential factor for any consideration regarding increasing workers' productivity. "Ill health and malnutrition affect participation in economic activity by increasing the number of days lost from work during any given period". 41

Any comprehensive scheme of social security invariably includes in it the maintenance of health programme. The relationship between the workers health and well-being, like that which exist between working conditions and output, can be observed adversely through the dual phenomenon of absenteeism for reasons of sickness (occupational and otherwise) and accidents at work. A good deal of waste in labour efficiency can be avoided if the workers who suffer from ill health can be placed under immediate

and constant care. This apart, a system of social security also provides maternity care to the female workers under the medical care programme. All these together contribute to improvement of productivity by minimising loss of man hours and increasing physical and mental well being.

A supplementary benefit provided along with most health care under social security is the sickness benefit. However, the negative effect arising out of such a benefit should be borne in mind while recognising the positive aspect of the benefit. The sickness benefit is intended to protect the workers from loss of income as a result of his being unable to attend work on account of ill health.

However, it should be mentioned that it might pose a serious problem if proper care is not taken to check cases of fake certificates in sickness benefit. This is perhaps one of the glaring weaknesses of the scheme which has emerged counterproductive so far as the object of the scheme is concerned. It is needless to say that despite all efforts by authorities concerned, the cases of fake certificate has not been considerably reduced.

On the whole, it can be said that the workers health is very much significant for maintaining work efficiency and
consequently productivity. Kezukiyo Kurosawa, a labour expert of U.S.S.R., in an analysis of basic needs and productivity factors, empirically established that health was the single largest factor that directly interferes with work efficiency followed by transportation and nutrition\textsuperscript{42}.

**Social Security - a powerful aid to work motivation:**

Apart from ensuring physical well being of workers which any system of social security could effectively provide, the incentive to work also runs parallelly as a booster for employees productivity. The divorce between the individual and social life which has emerged as a new social order ever since factory civilisation occupied major stock of working population, gradually established credence to the employees' demand for a full proof social security system. The adoption of standards fixed by the I.L.O. for its member countries imposes an obligation upon the governments of those countries to effectively augment steps for better social security.

For a worker, dedicating most of his precious days in certain employment, is nevertheless, worried about future contingency that might throw him in untold misery with no expected support from near and dear ones. Such an apprehension in the minds of

workers even during their service days can only be ebbed through adequate social security provisions. It also helps in motivating people for work efficiency. The problem of motivation may be such that a man has a capacity to work and he is physically, mentally, technically fit for work but he may not be willing to do the same. Even if he does, he may not fully devote himself to the work. A congenial work attitude can develop only in an environment free from insecurity and risk. Adequate social security helps in overcoming such psychological barrier in achieving higher productivity.

Social Security and Absenteeism:

Absenteeism is perhaps considered one of the powerful hindrances in the growth of a potentially rich work force. It is important to reduce the rate of absenteeism for increasing industrial production, as the production of an industry largely depends upon the efficiency and experience of its workers. The frequent absenteeism resorted to by the workers particularly in the industrial sector is a contributory factor of high cost of industrial production.

As early as in 1946, the Labour Investigation Committee pointed out that loss due to absenteeism is two fold: "first, there is a distinct loss to workers, because the irregularity
in attendance reduces income, when "no work no pay" is the general rule. The loss to employer is still greater as both discipline and efficiency suffer."\textsuperscript{43}

The Labour Investigation Committee further pointed out that "sickness is responsible for a considerable part of involuntary absenteeism at most places. Epidemics like cholera, small-pox, and malaria always occur in severe form in most industrial areas. The low vitality of Indian workers makes them easy prey and bad housing and insanitary conditions of living aggravate the trouble."\textsuperscript{44}

Social security helps in recucing absenteeism specially when it is caused by ill health and temporary disablement. The trend of such absenteeism may be brought down if proper medical care is made available to the sick and the needy workers. However, the negative effect of social security upon absenteeism cannot be ruled out unless full proof measure for arresting fake claims of sickness is adequately ensured. Such provision of sickness leave, however, bears high risk of being abused by the users. This is bound to result in counter productiveness if employees prefer to exercise it as a frequent right in collusion with

\textsuperscript{43} Labour Investigation Committee, 1946, P. 10.

\textsuperscript{44} Ibid, P. 10.
delinquent officials rather than as a support during distress. In fact, this has been the complaint of a large number of employers that the provisions for sickness is the single largest obstructing factor which hinders productivity. As social security is being administered by the government in most countries of the world, there is hardly any scope for absolute measure for its prevention.

A comprehensive social security system not only covers health care but also guarantees against possible loss of income due to sickness. Thus, indirectly, the sickness benefit coupled with medical care can help reducing the total man-shifts lost due to health ground. However, the alarming increase in the number of abuses committed in the name of sickness benefit has raised issues which need careful consideration from all quarters. Similarly, the exclusive authority granted upon government agency for certifying sickness need also to be examined afresh.

Avoidance of Litigation - a Productivity Gain:

The modern social security system is more or less an offshoot of growing legislative culture engulfing the welfare nations of the world. One of the widely acclaimed benefits emanating from the system is perhaps its efficacy in reducing litigation. Usually disputed matters under social security are compulsorily referred
to authorities or courts specially created for the purpose. However, a right of appeal is, nevertheless, granted to the contending party in the event of its reservation over judgements. Social security, thus contributes a lot in curbing litigation by the parties and thereby saving wastage of time and money for the concerned parties.

Mitigation of Financial Risk - a Relief to Employer:

Social security in the modern parlance commonly includes provisions of security against unforeseen loss of income due to occupational diseases, disablement and death. The critical aspect of it which bears relation with productivity is that the risk contingencies do not have sole implication upon employers alone. Such a burden will fall upon the employer only when the risk remains uncovered. Under social insurance, it is imperative for the statutory agency created by the government to bear the cost of compensation which is considered to be of great financial relief to the employers. This is particularly true in case of small entrepreneurs who are unable to fulfill legislative obligation in matters of compensation payable to claimants. Any such payment is usually followed by considerable hardship in finance. It is needless to say that such risk contingencies not only affect pecuniary condition of enterprises but it may also carry a risk of cessation in its activity. Thus
it may be observed that social security also effectively aids in the flow of undisturbed production by a kind of hedging that employers adopt against unforeseen hazards.

SOCIAL SECURITY AND WELFARE RELATED ISSUES

Social security, when considered in labour terms, forms a part of the larger concept of labour welfare. However the concept of labour welfare has undergone some connotative changes with the growing encroachment by statutory enactments. If any existing item of welfare gets eclipsed under the shadow of statutory interference, the same ceases to be in the list of welfare and becomes binding upon the employers.

Benefit in Kind

(i) Medical Care:

The perimeter of social security objects did not initially extend beyond the measures of safety and rehabilitation of factory workers. However, the later philosophy in the subject magnified its boundary to incorporate within it a host of other objectives what William Beveridge had appropriately called as a fight against "want, disease, ignorance, squalor and illness"45. Although free medical aid is the essential sine-qua-non of any matured system of social security, yet the financial strain of

the government continues to be a deterrent factor in this direction. Malnutrition, disability and chronic sickness could be expected to be major determinants of labour force participation, particularly in low income environments. It is needless to state that the labour force participation is to a great extent dependent upon the health factor of workers. This too has great impact upon the structure and composition of the labour force.

The scale of medical benefit under social insurance may include treatment of both in and out patient, supply of drugs, medical examination, immunisation programme etc. all of which are considered to be equally beneficial so far as the health of workers are concerned.

In India, the general condition of economic well being of average worker is far from satisfactory, particularly due to their low wage income. Again low income levels are closely connected with malnutrition and ill-health, often in a way that makes improvement in one impossible without making improvement in the other.

The overall health programme under social insurance covers maternity care with provision for wage benefits. This also has an indirect relation with prevention of infant mortality. Workers in developing countries are generally less educated and
their educational backwardness stand on the way of better living and sound health. The medical facilities in these countries are also not sufficient to cater to the needs of public in general.

Apart from establishing hospitals and dispensaries for providing treatment to the employees, the agencies concerned with social security are also seen to have opened mobile dispensaries and extensive programme of immunisation of both adult and child against possible epidemic diseases.

**Benefit in Cash**

**Sickness, Disablement and Dependent's Benefit:**

One of the important coverage under social security prevailing in most countries of the world is to provide safeguard against contingency arising out of physical disability. These include cash benefit for sickness, maternity leave, disablement (both temporary and permanent) and cash benefit to the dependents in case of death of the workmen. Infact, the scheme of social insurance effectively guards against all types of loss of income that may arise while a worker is in employment. In addition to this the cases of loss of income resulting from strike and lock out have been suitably covered under the Industrial Disputes Act 1947, which supports restoration of benefits in case of legal strike or lockout.
The compensatory provisions against disablement caused by employment injury, has been aptly provided under various statutes in India. These benefits range from compensation against occupational disease, disablement and death. These measures, besides ensuring steady income to a worker also can boost the morale of workers for increased efficiency.

The rates of compensation under social insurance, however, vary in accordance with the nature and extent of injury of each individual worker and such rates are also different in different countries. Initially the Fatal Accidents Act, 1855 dealt with very limited cases of employment injury in India. At present, two major Acts, viz. the Workmen's Compensation Act, 1923 and the Employees' State Insurance Act, 1948 contain such provision against loss of physical capacity.

Guaranteeing Old Age Contingencies:

Old age is the stage of special invalidity due to advanced age when the worker is no more useful for work and he earns a final holiday with pay. The old age securities provided to the working class under different schemes of social security have become popular in most countries of the world. Ever since the formation of International Labour Organisation in 1919, most of its member countries have ratified the conventions and accepted
recommendations concerning important social security provisions. The old age security refers to a host of measures like the provident fund, gratuity and pensionary benefit. These help employees to a great deal in overcoming undue apprehension in mind about their future non-working days. This is particularly useful in a characteristic industrial life which has been cast away from joint family environment. In many developed countries of the world, there appears to be considerable effort at government and voluntary level to construct old age asylum for people crossing certain age standard. In India, the National Front Government in 1989 mooted an idea to construct 'National Shelter' for vagabonds in cities and towns. But, the idea fell off with the fall of that government. In India, such initiative to provide shelter to the homeless is very limited and is mostly confined only to the opening of shelter house for the destitute women and orphans.

Thus it may be observed that the definition of the term 'Labour Welfare' is not uniform all over the world and it bears different meaning in different countries according to the standard of living of people and many other factors and even in the same country it carries different meaning at two different times. However, it must be admitted that there has been increasing encroachment in the areas of voluntary welfare by the statutory welfare. In India, various definitions of welfare have been put forward and by different authorities at different times.
Its concept is, therefore, a highly dynamic one and is subject to changes with the change in outlook of the society. The scope of 'Labour Welfare' is, however, far wider than social security. On the other hand, the concept of 'Labour Productivity' which identifies productivity from the point of view of labour input, has invited larger criticism from many quarters. Nevertheless, productivity, in its popular sense, often refers to labour productivity which is perhaps the easiest to measure among all other concepts of productivity. The factors exerting influence upon labour productivity are not capable if being precisely identified. These factors largely vary in variable socio-economic environment. The effect of a social security scheme, like the E.S.I., upon labour productivity and labour welfare involves many a qualitative factors in its measurement and as such there is every likelihood that the efforts of any sincere researcher will suffer heavily on this count. However, the effect of many distinct and substantive factors arising out of such scheme is not beyond reasonable precision and accuracy, so as to draw inference on their effectiveness or otherwise, such an effort, however, has its own limitation and no researcher can perhaps claim to be, absolutely free from these shortcomings.