CHAPTER III

Concept, Theory and Models of Labour Welfare and Social Security

3.1 Introduction: Labour welfare

The theory and perception of ‘Labour welfare’ is dynamic, resilient and changes only with times, regions, country, industry, social values, the extent of industrialization, the wide-ranging socio-economic development of population and political ideologies established at meticulous moments.

Labour welfare is an inclusive and comprehensive term with diverse benefits and facilitates given to labourer by employer. The amenities for labour welfare are in addition to normal remuneration and rewards available for employees as per the company policies and legal provisions. Labour welfare is process of improving the health, safety, general well-being and the development of skills and efficiency of the workers than the minimum set standards (Bhatnagar, 1985). Labour Welfare measures can also be extended by the government, trade unions and non-government agencies in addition to the management or employer.

Committee on Labour Welfare (1969) defined the phrase ‘labour welfare’ as, “Such facilities and amenities as adequate canteens, rest and recreation facilities, sanitary and medical facilities arrangements for travel to and from and for accommodation of workers employed at a distance from their homes, and such other services, amenities and facilities including social security measures as contribute to conditions under which workers are employed.”

The second report of the International Labour Organisation (ILO) defines labour welfare as, “Such services and amenities which may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy, congenial surroundings and such amenities conducive to good health, and high morale.”

The importance of welfare measures as developmental instrument was well accepted as early as 1931, when the Royal commission on labour recognised it. The significance is of enormous significance to the labour that is highly insecure. The
programme on labour welfare can be considered as a wise investment mainly because it will bring an advantageous return in the form of greater efficiency and productivity. It is evident that the main features of labour welfare may be observed as the activity which is generally undertaken within the boundary or vicinity of the industrial unit for the benefit and wellbeing of the labour and their family. It generally includes welfare activities which are in addition to what is provided by statutory or legal provisions and the expectation of employees due to contract of employment (Vaid, 1970).

These amenities can also be provided by the progressive and liberal employers through consciousness of responsibility towards society and labour or the statutory bodies and laws may force them to make provision for these welfare facilities or these may be undertaken by the government or the trade unions.

Evolution of labour welfare started with the enactment of the Factories Act in 1881, resultant from efforts of the social workers, philanthropist and Lancashire manufacturers in Great Britain. The Act contained provisions of employment of child labour, maximum working hours for children and weekly holiday, same time also included provisions of safety and inspection of factories (Misra, 1974). Later on, this Act was amended several times gradually expanding its scope to cover more and more welfare measure within its ambit. Further, there was enactment of the Factories Act, 1948 which is serving the workers through some noteworthy amendments.

3.2 Theory of Exploitation

Exploitation talks about social relations where an "actor or character of actors uses others for their own end because of a fundamentally asymmetric power relationship between them". While speaking about exploitation, it reflects direct link with consumption in social theory. Generally, it would denote exploitation as unethically taking advantage of another person as he or she belongs to inferior position, providing the exploiter the authority to exploit.

Karl Marx, known as most classical and significant theorist of exploitation, did not agree with traditional version of exploitation. Marx's theory categorically dismisses the moral framing feature in notion of exploitation, and limits the concept only toward labour relations.
In understanding the concept of exploitation, many political economists are often trapped between the interpretation of the exploitation of labour given by Marx and Adam Smith.

### 3.2.1 Marxist exploitation theory

Marx's exploitation theory is one of the significant pillars of Marxian economics, and most of social thinker considers it as keystone in Marxist thought. Marx acknowledged the Scottish Enlightenment authors for proposing a materialist interpretation of history. In his Critique of the Gotha Program, Marx proposed the set of principles to govern the distribution of welfare under umbrella of socialism and communism; these principles considered distribution to each person according to their work and needs. Marx says that ‘exploitation is when these two principles are not met, when the agents are not receiving according to their work or needs’. This progression of exploitation is a part of the re-distribution of labour in society, occurs when separate agents exchange their current productive labour activity for social labour set in goods received. The labour put forth toward production is embodied in the goods and exploitation occurs when someone purchases a good, with their revenue or wages, for an amount unequal to the total labour he or she has put forth. This labour performed by a people over the period is equal to the labour personified to the product that leads to the Net National Product (NNP). The NNP is later on distributed to the general population and it creates the two agencies, or agents, involved in the exchange of goods, eventually there are exploiters and exploited.

The exploiters are the agents able to command authority on goods, creating revenue from their wages that are in person with more labour than the exploiters themselves have put forth. These agents often belong to upper strata of the society and control the ownership of productive assets that lead to the exploitation. Meanwhile, the exploited are those sections of society who receive far less than the average product he or she produces. But one the other hand if workers receive the wage equal to their average product, then there is no revenue left for the exploiter. It is not the case in general across commercial industrial units anywhere. Thus, these workers cannot enjoy the fruits of their own labours and the difference between what is made and what that can purchase cannot be justified by redistribution according to need. Marx considers these exploited as proletariat.
3.2.2 Surplus Labour and Labour Theory of Value

Exploiters as an agent appropriate another's surplus productive labour, which exceeding the amount of labour necessary for the reproduction of a worker's labour capacity and meets the basic living conditions. In other words, it is needed for worker to be able to maintain living conditions adequate enough to be able to continue working. Marx does not attempt to attach this only to capitalist institutions; he highlights historical pattern with accounts reflects on appropriation of surplus labour in organisations with forced labour, like those centred on slavery and feudality. However, he also observe the difference, emphasizes that when appropriation of surplus labour occurs in capitalist society, occurring in establishment having abolished forced labour and rest on the free labour market. Origin of this argument is Marx's labour theory of value which says that value is intrinsic in a product according to the amount of labour that has been spent on producing the product.

In a capitalist economy, workers are paid according to their value of production and value is the source of all wealth. Value is determined by the utility of the labour, if the production take place from a person labour it must be considered as a product of workers labour, qualitatively defined labour. Capitalists with authority able to purchase labour from the workers, who only has their labour to offer in the market. Once capitalists pay the worker less than the value produced by their labour, surplus labour forms and these results in the capitalists' profits. This is what Marx meant by "surplus value", which he saw as "an exact expression for the degree of exploitation of labour-power by capital, or of the labourer by the capitalist". This profit and expansion of capital is used for overhead and personal luxurious consumption by the exploiter (capitalist), but was mainly used to speed up the growth and thus promote development of a greater system of exploitation.

The degree of exploitation of labour power is dictated by the rate of surplus value as the proportion between surplus value/product, and necessary value/product. The surplus value/product is the materialised surplus labour or surplus labour time, while the necessary value/product is materialised necessary labour in regard to workers, like the reproduction of the labour power. Marx called the rate of surplus value created as an "exact expression of the degree of exploitation of labour by capital". These theories ultimately demonstrate Marx's main issue with capitalism: it was not that capitalism was not an institution where the labour exchange is coercive,
but that in this institution one class still becomes considerably rich while the other remain or becomes poor.

### 3.2.3 Critique and Rejection of Marxist Exploitation

Many capitalist critics have pointed out that Marx assumes that capital owners contribute nothing to the process of production. They suggest that Marx should have considered following two aspects to capital owners: a fair profit for taking the ownership of risk through capital investment, and putting in efforts on management of activities.

David Ramsay Steele argues that marginal utility theory renders Marx's theory of exploitation untenable. It says that theoretical structure and assumption of competitive market conditions; a worker's wage is determined by his or her contribution to marginal output. Similarly, owners of machines and real estate are compensated according to the marginal productivity of their capital's contribution to marginal output. However, Steele also notes that his explanation does not counter the ethical argument of socialists who consider non-labour contributions to marginal output, but contend that it is illegitimate for a class of passive owners to receive an unearned income from ownership of capital and land.

The theory of exploitation has been also opposed by Eugen von Böhm-Bawerk, as in his book History and Critique of Interest Theories (1884). He argues that capitalists do not exploit their workers; they actually help workers by providing them with an income well in advance of the revenue from the goods they produced, stating "Labour cannot increase its share at the expense of capital." In particular, he argues that the theory of exploitation ignores the dimension of time in production. According to Böhm-Bawerk, the value of a product is not produced by the worker, but that labour can only be paid at the present value of any foreseeable output.

John Roemer studied and criticized Marx's theory by putting forth a model which deals with exploitation in all modes of production, to lay the foundations for a study of the laws of motion of socialism. Roemer (1980s) proposed a model of exploitation based upon unequal ownership of human (physical labour capacity) and non-human property (land, means of production). He states that this model of property rights has great superiority over the conventional surplus labour model of exploitation, therefore rejecting the labour theory of value. In his attempt to put forward a theory of exploitation that also includes feudal, capitalist, and socialist
modes of production he defines exploitation in each of the modes in terms of property rights. Roemer rejects the labour theory of value because he sees that exploitation can exist in the absence of employment relations, like in a subsistence economy, therefore backing the model of exploitation that is based on property rights. He tests his theory of exploitation using game theory to construct 'contingently feasible alternative states' where the exploited agents could improve their welfare by 'withdrawing' with their share of society's alienable and inalienable assets. Feudal, capitalist, and socialist exploitation all come from the theory of exploitation on the basis of inequitable distribution of property rights. There has been a range of agreement and disagreement from various sections of economists. Generally neo-classical economists favored the model but majority of theorists criticize Roemer for his entire rejection of the labour theory of value and the surplus labour approach to exploitation, as they were the central aspects of Marxist thought in regard to exploitation.

3.3 Other Theories on Exploitation

3.3.1 Liberal Theory of Exploitation

There is assumption that liberalism fundamentally lacks acceptable theory of exploitation because its concept commits itself only to the primacy of personal rights and liberties and to individual choice as the basic explanatory datum. Hillel Steiner provided an argument to refute the claim that liberalism cannot supply an adequate theory of exploitation. He discusses interpersonal transfers and how there are three types: donation, exchange, and theft. Exchange is the only of the three that consists of a voluntary bilateral transfer were the beneficiary receives something at a value greater than zero on the shared scale of value, although at times there can be ambiguity between more complex types of transfer. He describes the three dimensions of transfers as unilateral/bilateral, voluntary/involuntary, and equal/unequal.

Despite these types of transfers being able to distinguish the differences in the four types of transfers, it is not enough to provide with a distinguishing characterisation of exploitation. Unlike theft an exploitative transfer is bilateral and the items are transferred voluntarily at both of unequal and greater-than-zero value. The difference between a benefit and exploitation despite their various shared features is a difference between their counterfactual presuppositions, meaning that in an exploitation there's a voluntary bilateral transfer of unequally valued items because
the possessors of both items would voluntarily make the transfer if the items to be transferred were of equal value, but in a benefit the possessor of the higher-value item would not voluntarily make the transfer if the items were at equal value. Put simply the exploitation can be converted to an exchange, both exploiters and exploiter would voluntarily become exchangers when benefactors would not.

In exploitation both transfers are voluntary, but part of one of the two transfers is unnecessary. The circumstances that bring out exploitation are not the same as what brings about exploitative transfers. Exploitative circumstance is due to the factors other than what motivates individuals to engage in nonaltruistic bilateral transfers (exchanges and exploitations), they are not sufficient circumstances to bring about exploitative transfers.

To further explain the occurrence of exploitative circumstances certain generalisations about social relations must be included, to supply generalisations about social institutions. He says 'if (i) certain things are true of the institutions within which interpersonal transfers occur, and (ii) at least some of these transfers are nonaltruistic bilateral ones, then at least some of these transfers are exploitive. Steiner looks at the institutional conditions of exploitation and finds that in general exploitation is considered unjust, and to understand why it is necessary to look at the concept of a right, an inviolable domain of practical choice, and the way rights are established to form social institutions. Institutional exploitation can be illustrated by schematized forms of exploitation to reach two points:

Despite the mode of deprivation in exploitation isn't the same as the mode involved in a violation of rights, it does result from such violations and the two deprivations may be of the same value.

Rights violation (theft) is a bilateral relation, but exploitation is trilateral one. There are at least three persons needed for exploitation.

On a liberal view exploitation can be described as a quadrilateral relation between four relevantly distinct parties; the state, the exploited, the exploiter, and those who suffer rights violations. However, it can be argued that the state's interests with the exploiters action can be viewed as unimpeachable because you cannot imply that the exploiter would ever withhold consent from exploiting due to altruistic concerns. So this trilateral conception of exploitation identifies exploited, exploiters, and sufferers of rights violations.
In terms of ridding exploitation, the standard liberal view holds that a regime of laissez-faire is a necessary condition. Natural rights thinkers Henry George and Herbert Spencer reject this view and claim that property rights belong to everyone, all land to be valid must belong to everyone. Their argument aims to show that traditional liberalism is mistaken in holding that nonintervention in commerce is the key to non-exploitation, they argue it is necessary but not sufficient.

3.3.2 Neo-classical Notions of Exploitation

Majority of neo-classical economists only would view exploitation existing as an abstract deduction of the classic school and of Ricardo's theory of surplus-value. However, in some neo-classical economic theories exploitation is defined by the unequal marginal productivity of workers and wages, such that wages are lower. Exploitation is sometimes viewed to occur when a necessary agent of production receives less wages than its marginal product. Neo-classical theorists also identify the need for some type of redistribution of income to the poor, disable, to the farmers and peasants, or whatever socially alienated group from the 'social welfare function.' However, it is not true that neoclassical economists would accept the marginal productivity theory of just income as a general principle like other theorists do when addressing exploitation. The general neo-classical view sees that all factors can be simultaneously rewarded according to their marginal productivity, this means that factors of production should be awarded according to their marginal productivity as well.

3.3.3 Concept of Exploitation in Developing Nations

Developing nations are the focus of much debate over the issue of exploitation, particularly in the context of the global economy.

Critics of foreign companies allege, for instance, that many multinational from western countries resort to child labour and sweatshops in developing nations, paying their workers wages far lower than those that prevail in developed nations (where the products are sold). This, it is argued, is insufficient to allow workers to attain the local subsistence standard of living if working hours common in the first world are observed, so that working hours much longer than in the first world are necessary. It is also argued that work conditions in these developing-world factories are more unsafe and much more unhealthy than in the first world. For example, observers point
to cases where employees were unable to escape factories burning down and thus dying because of locked doors, a common signal that sweatshop conditions exist.

Others argue that, in the absence of compulsion, the only way that corporations are able to secure adequate supplies of labour is to offer wages and benefits superior to preexisting options, and that the presence of workers in corporate factories indicates that the factories present options which are seen as better by the workers themselves, than the other options available to them (see principle of revealed preference).

A common response is that this is disingenuous, as the companies are in fact exploiting people by the terms of unequal human standards (applying lower standards to their third world workers than to their first world ones). Furthermore, the argument goes, if people choose to work for low wages and in unsafe conditions because it is their only alternative to starvation or scavenging from garbage dumps (the "pre-existing options"), this cannot be seen as any kind of "free choice" on their part. It also argued that if a company intends to sell its products in the first world, it should pay its workers by first world standards.

They believe that such standards would improve the quality of life in less developed nations. According to others, however, this would harm the economies of less developed nations by discouraging the developed nations from investing in them. Milton Friedman was an economist who thought that such a policy would have that effect. According to this argument, the result of ending perceived 'exploitation' would therefore be the corporation pulling back to its developed nation, leaving their former workers out of a job.

Groups who see themselves as fighting against global exploitation also point to secondary effects such as the dumping of government-subsidized corn on developing world markets which forces subsistence farmers off of their lands, sending them into the cities or across borders in order to survive. More generally, some sort of international regulation of transnational corporations is called for, such as the enforcement of the International Labour Organization's labour standards.

The Fair Trade Movement seeks to ensure a more equitable treatment of producers and workers, thus minimizing exploitation of labour forces in developing countries. The exploitation of labour is not limited to the aforementioned large scale
corporate outsourcing, but it can also be found within the inherent structure of local markets in developing countries.

Industrial workers contribute significant part of the production process and also contribute considerably to the economy. If a survey to be conducted on living and working conditions of workers in industries, the necessity of labour welfare measure implementation in India would be evident. These labour welfare measure have been compulsory to counteract the problems which workers are exposed, both in their working life and social life and to provide scope and facilities for overall development of the workers.

3.4 Social Security for Labour Welfare

Social Security demonstrates the “natural aspiration of people for protection from life’s difficulties, from illness and deprivation. It is the security which society provides to its members through number of welfare measures against the economic and social problems that usually caused by the stoppage or substantial reduction in earnings due to unemployment, sickness, maternity, injury, invalidity, old age and death; the provision of medical care; and the provision of subsidies for families with children” (ILO, 1998).

The philosophy of ‘cradle-to-grave’ visualises social protection for the needy from pre-natal to death benefits. Workers in general have two facets in their life: one is social life and other one is work life. There is a mutual effect between these two components in significant level. Social life enhances work life, while a decent social life strengthens the productivity of the workers. A civilized society is expected to balance a decent work with decent social and family life through economic and social elements of social security measures (International Labour Organisation, 1998). It has been recognised that management of companies do provide facilities to reduce imbalance and resultant stress and strain for the stakeholders. The amalgamation of welfare state, democratic politics and recognised social security mechanism established by the government or the management has affected the current status with its merits as well as its demerits (Harika, 2010).

ILO Convention, 1952 talks about minimum standards for social security which covers nine branches of social security: health benefits, injury, family, maternity, invalidity and widowhood. India has not ratified ILO convention (1952) on
social security till now. However, social security, in its larger sense, is envisioned by the Indian constitution in its directive principles of state policy. India has also enacted several legislations and welfare measures that give compulsory benefits in respect of certain kind of employment. Such benefits include health care, security against work injury, maternity, supervisors’ benefits, and welfare funds. These welfare measures are applicable to workers of organized sector in general.

The directive principles of the Indian policy from our constitution, refers to the encouragement and empowerment of the people. Application of these principles on workers for securing decent working conditions has been the objective but the actual implications cannot be specified in definite. Labour welfare measures and social security programme are very significant for the worker. Adequate welfare measure should be taken to improve the working conditions to help workers to be able to deal with adversity of life. This assertion of welfare measures makes him or her more productive and efficient.

A welfare measure, in broader way means 'welfare of the whole society'. However, the welfare measure as a term generally used by employer for security of functional economic activity under government establishment. Labour welfare measures in developing countries like India does not cover larger section of society but only to some restricted classes of people in organised sector, government workers etc.

There have been many steps taken during post-independence period to provide welfare measure and social security to workers. However, it is still in nascent stage and much need to be done as these measures must address the problems. Insufficient coverage of social security measures, lack of job security, exit policy, overlapping of various legislation and inadequate decent working facilities creates insecure environment for workers.

Industrial workers contribute significant part of the production process and also contribute considerably to the economy. If a survey to be conducted on living and working conditions of workers in industries, the necessity of labour welfare measure implementation in India would be evident. These labour welfare measure have been compulsory to counteract the problems which workers are exposed, both in their working life and social life and to provide scope and facilities for overall development of the workers.
In general working life of industrial workers is comprised of long hour’s hard work in unhealthy and unsafe environment. The slog of the industrial work remains to have adverse effects on workers even after working hours. These workers are also far away from their native place. As most of workers have migrated from countryside areas, they are compelled to work in an incompatible environment, which is alien to them. Such an unfriendly environment developed by the industrial system makes it essential to introduce various labour welfare measures.

In most of developing countries where low level of socio-economic conditions prevail despite the schemes for economic development undertaken in planning manner, the provision of adequate labour welfare benefits framed to meet the requirements of workers can lead to ensuring the efficiency and commitment of the workers. An appropriate management of welfare facilities can facilitate better working and living condition for workers in industries and also enhances productivity in developing countries (Kohli and Sharma, 1997).

After independence the idea of establishment of socialism in India promoted the aspect of taking up welfare measures for wellbeing and social security. India is not only a welfare state but also an entrepreneurial state as it has taken the responsibility of initiating and promoting socio-economic development. It had to provide the framework for the private entrepreneurial activities in the country and also to ensure that these new enterprises must follow the given framework and model. The assumption of this responsibility by the State in post-independence era, and the world war-time experiences are responsible for labour welfare for the social recognition and for some steps were taken towards their implementation through labour legislations. It is visible that labour welfare as a function of State has been part of the characteristics of the twentieth century welfare. By definition, a welfare state is not just spectators or a judge in a dispute, but an active participant in the daily working and social life of the society by addressing the interests and issues.

3.5 Concept of Labour Welfare

Historically employee welfare measures were meant to reduce absenteeism, increase efficiency and productivity. However, today labour welfare programme taken a broader scope and they include almost all aspects of workers welfare and development in the industrial establishment (Manzini and Gwandure, 2011).
Rationally, the mandate of welfare measures is to generate an efficient, healthy, satisfied and productive labour force for the organization. The objective of providing these facilities is to make working life better experience and also to improve their living standard (Priti, 2009). Labour welfare is a comprehensive term which talks about the various benefits, services and facilities offered by the management to workers with aim of enriching the working and social life of workers and to satisfy their needs in order to enhance productivity (Mishra and Manju, 2007).

The accomplishment of these labour welfare measures depend on the mechanism which has been employed in providing such facilities to workers. Welfare programme should be guided by idealistic morale principles and human value. These welfare measures include the provision of health facilities, sanitation and the housing facility for workers, amenities and social security measures, education facilities and counselling services (Harika, 2010). According to Morwabe (2009) working condition should comprise of aspect such as the working hours, employment policy, workers’ health issues, workplace premises and the conduct of workers at the workplace. Labour welfare measures in both developed and developing countries have implications not only on the workforce but also on all facets of the society (Manju and Mishra, 2007). These measures and services may be provided by the state, trade unions and non-governmental agencies (Ankita, 2010).

The International Labour Organization (ILO) largely classifies welfare measures into two category; intra-mural activities which comprise of measures such as sanitation, drinking water, bathing facilities, crèches, rest room and canteen, facilities for prevention of fatigue, health facilities, uniform and protective clothing and shift allowances. Extra-mural facilities are undertaken outside the industrial establishment such as maternity benefits, gratuity pension, provident fund and rehabilitation, physical fitness, family planning and child welfare, education facilities, accommodation facilities, recreational activities, sports, cultural activities, transportation to and from the place of work (Manju and Mishra, 2007). These welfare facilities may also be classified into statutory and voluntary welfare activities which comprise the legal provision of labour legislation and activities which are undertaken by workers (Parwez, 2015).

Labour welfare is basically an extension of the term welfare and to the larger application to labour. The term workers, labour, labourer, workman or employee are
all used interchangeably to refer the wage earning human agents in the industrial set up. Labour is a form of physical or intellectual activities applied in production process of industries and one who performs all these activities are workers. Traditional economic theory defines labour as, "A factor or agent of production which comprises of manual and intellectual exercise for production and receives in return through wages, salaries or professional fees".

"Labour is a kind of mental or physical activity conducted with purpose of earning some monetary benefits in cash or in kind and labour performed by human agent (man, woman or child) known as worker. A worker is associated with a private or public firm and receives wages for the labour.

The Indian labour legislation [Industrial Law Section 2 (1)] defined the worker as "a person employed directly or through any agency, whether for wages or not, in any manufacturing process, or in clearing any part of the machinery or premises used for manufacturing process, or in any other kind of work incidental to, or connected with the manufacturing process or the subject of manufacturing process. Labour is recognised as most fundamental factor of industrial production. Labour is performed by human agent with its own economic, social, political, and also cultural aspirations. According to Ricardo and Marx, labour is valuable in the economic sense is a product of labour.

Welfare means treating fare and doing well. Welfare is very comprehensive in nature and refers to the physical, mental, cultural, moral and emotional well-being of an individual (Aswathappa, 2003). It is also well defined by the Hopkins (1955) as "Welfare is fundamentally an attitude of mind on the part of management, influencing the method in which management activities are undertaken. Employers concerned with introducing or extending welfare programmes now or in the future must be concerned, not only with the past and current experience, but with developing trends". The theory of labour welfare is influenced by the concepts of democracy and welfare state. Democracy is not only about forming a government; it is more of way of life based on certain values with fundamental equal rights and benefits for all. The function of welfare services in practice brings different reflections of prevailing cultural and social conditions.

In a Resolution in 1947, the ILO defined labour welfare as "such services, facilities and amenities as adequate canteens, rest and recreation facilities,
arrangements for travel to and from work, accommodation of workers employed at a distance from their native places and such other amenities and facilities to improve the working and living conditions.

As defined by the Encyclopaedia of Social Sciences Vol. XV (1935) labour welfare is basically "voluntary efforts of the employers, to establish within the existing industrial system, working and sometimes living and cultural conditions for the employees, beyond what is required by law, the customs of the industry and the conditions of the market".

Concept of Labour welfare referred to as improvement of working and living condition of workers and well-being undertaken by employers, trade unions, and government and non-governmental agencies. Royal Commission on Labour in year 1931 defined labour welfare as “It must be elastic, bearing a somewhat different interpretation from one country to another, according to the different social customs, the degree for industrialization and educational level of the workers”.

The Oxford dictionary explains the term labour welfare as "efforts to make life worth living for workmen". Labour welfare generally defined as "An efforts by the employers to enhance the existing industrial mechanism and the conditions of working condition in their factories".

According to the Report of National Commission of Labour (1969), concept of labour welfare termed as dynamic, having 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, and degree of industrialization and general level of social and economic development. Even within one country there may be variation from different region to different states.

Labour welfare is in itself a very broad term with several kind of meanings and diversifications. And it has never measured in the same implication in every other country. As a concept it is very wide and is more or less synonymous with concept of working conditions of labour as a whole. It may include not only the decent standard condition for work laid down in labour legislation of state but also include aspects of working life as insurance schemes, protection of women and young workers, specified hours of work, paid vacations and other basic welfare measures. In many cases the definition of labour welfare is limited and addition to general physical welfare conditions it mainly deals with day-to-day problems of workers and the industrial
relation at the place of work (Kohli and Sharma, 1997). Desire for a humanitarian approach gave birth to the concept of labour welfare to improve the conditions of working class, later it developed as utilitarian philosophy, which became motivating force for labour (Acharya, 2015).

3.6 Nature of Labour Welfare

As any other aspect of developmental economics, it is same with Labour welfare which has two aspects: negative and positive. On the negative side, labour welfare is concerned with countering the harmful impact of the industrial system of manufacturing, especially capitalistic approach in context of India for working and social life of the worker. On the positive side of welfare measures it provide opportunities to the worker and family for a good social and working life as it can be taken as most comprehensive sense.

In India, the mechanism of providing welfare processes to working class comprise of statutory and voluntary measures, the former being provided by the employer and the latter being achieved by collective bargaining agreements (Madhumathi and Desai, 2003). The statutory framework and collective agreements between parties prescribe the minimum targets to be achieved for welfare measures and activities. It is mainly because the government also testing the water as they are also not sure those organisations in general are progressive and will provide necessary welfare facilities voluntarily. It led to the introduction of several statutory measures and non-statutory measures from time to time to provide uniformity in the basic amenities available to industrial workers (Monappa, 1985).

In addition to the statutory mechanism, the collective bargaining agreements at industry and organisation levels also determine the shape, nature and extent of welfare measures being established. The approach of employer towards non-statutory welfare activities, which are voluntary in nature and based on theory of 'paternalism' or 'philanthropic motives' or 'on due to aggression of trade unions has been very dynamic. It has been increasingly realized that these extra mural welfare activities are difficult to manage than have been visualised. These conditions make employer more careful about these welfare activities, they evaluate its repercussions and observe cost-benefit analysis to the organization. Employer will consider it as motivational and productive effect of such measures.
3.7 Objectives of Labour Welfare

The objectives of labour welfare have gradually transformed over the last few decades. From the primitive policing theoretical approach and placating philosophy of labour welfare, it progressively moved to the period of paternalism with philanthropic based objectives. There has been attempt made by some organisation to give a humanitarian perception to their labour welfare programmes. The recent approach towards labour welfare, however, has been aimed at increasing productivity and efficiency of workers. Gradually labour welfare has developed as a comprehensive concept concerned with the humanitarian approach embracing mental, physical, psychological, social and spiritual aspect of the employees’ well-being (Sarma, 1996). The objectives of welfare activities can be observed as purely humanitarian to facilitate workers to lead richer life - partially economic to improve the productivity of the workers, and partly civic - to develop sense of responsibility and dignity for organisation, society and country which leads to development of worthy citizens of the nation.

Some of the early employers used philanthropic and paternalistic approach to improve the working and living conditions of workers by taking several welfare measures. Some of them facilitated welfare measures to win over their employee's Loyalty and to combat trade union activities and socialistic ideas. Some employers took the course of labour welfare measures to build up a stable labour force, to reduce labour turnover and to promote better employer-employee relationship. At present in modern outlook of industrial relations, labour welfare has been taken as an incentive and good investment to secure, preserve and cultivate greater efficiency and output among workers. Employers also utilise concept of labour welfare measures to save themselves from heavy tax on surplus (Sarma, 1996).

The main goal of provision for welfare services for some employers is to enhance their image to create an environment of goodwill between labour and organisation and also between organisation and the public. Employers provide welfare facilities to workers to fulfil the needs and aspirations, so they able to experience job satisfaction.
3.8 Principles of Labour Welfare

There are few fundamental Principles comprises the concept of labour welfare. The following are most significant of lot:

3.8.1 Principle of Social Responsibility

Industries have a sense of social responsibility towards the upliftment of society. Social responsibility mainly means the commitments of the industry to pursue those policies, to take such decisions and to act which are desirable and requisite for the prevailing conditions in the society. This principle is based on the social perception of industry and its functionality in the society, that is, the social responsibility through industry performed by the state. It is expected that labour welfare activities are a manifestation of an industry's duty towards its workers. By performing its social duty towards the workers and society, it expected to win vote of confidence, co-operation from workers, provide them job security, fair wage and equal opportunity for growth and development.

3.8.2 Principle of Democratic Values

The principle of democratic values for labour welfare acknowledges that workers may have unfulfilled needs, that industry has responsibility to render them welfare services to gratify those needs, and that workers have a right on nature and manner in which these facilities to be provided. Workers participation in the administration to formulate the mechanism of welfare measures to be provided. The underlying assumption to this principle and approach is that the worker is rational and capable of taking mature decisions.

3.8.3 Principle of Adequacy of Wages

The principle of labour welfare is adequacy of wages, it concedes that labour welfare services are not a substitute for wages instead it is to motivate and better working and social life for workers. It will be wrong to pay low wages on basis of argument that workers are being provided with various labour welfare facilities. Right to adequate wage is very important and it should be essential part of labour welfare.

3.8.4 Principle of Efficiency

The fourth principle of labour welfare emphasised on welfare should cultivate more efficiency and productivity. Even the employer who do not perform social responsibility, do assent that an organisation must establish all such labour welfare measures that promote efficiency. It has been often acknowledge that workers
education and training for career advancement, housing facility, health based facilities and safety measures are the most significant aspects of labour welfare for greater workers efficiency.

3.8.5 Principle of Co-responsibility

The Principle of Co-responsibility for labour welfare says that the responsibility for labour welfare lies with both employers and workers, not only on employers (Moorthy, 1958). Labour welfare measures will not be able achieve the objective if interest and responsibilities are not borne and understood by both the parties at organizational level.

3.8.6 Principle of Totality of Welfare

The principle of labour welfare measures is that the theory of labour welfare must infuse all through the pyramid of an organization and accepted by all levels of decision makers in the firm.

3.8.7 Principle of Re-personalization

The human development is treated as the main objective of labour welfare which as per the principle should counteract the harmful effects of the industrial mechanism. Therefore, it is important to implement labour welfare measures both inside and outside the premises of factory; enterprise must provide both intramural and extramural labour welfare facilities.

3.8.8 Principle of Co-ordination or Integration

This is one of the most important Principles for successful implementation of welfare services. Welfare activities require co-ordinated approach to promote healthy development of the industrial premises, worker and the community. It is essential for development of harmony in industrial relations.

3.9 Approaches to Labour Welfare

All the stakeholders involved in establishment of labour welfare measures are led by the mutual interest based on different approaches. The study of these approaches is desirable for government, employers, the workers and the general reader. Insight and knowledge of these approaches of labour welfare enables the employers and the workers to have a better perspective on welfare measures. Moreover the several approaches to labour welfare reflect the outlooks and principles
of the agencies, which are engaged in establishment welfare activities. These different approaches also reflect the evolution of the concept of labour welfare.

3.9.1 Paternalistic Approach

The Paternalistic Approach towards labour for their welfare can be drawn from the beginning of the modern industrial system where management and ownership use to be very much same. Owners of the firm do have the first-hand experience and information of the living and working conditions of the workers in industrial premises. This approach talks about the employer’s sense of responsibility and morality for well-being of persons employed by them as worker. This approach assumes that the workers belong to inferior social category, always in need of help and charity. This assumption reflects the nature and motives of labour welfare services. These services are formulated and imposed from higher level of authority (with assumption that managers being more wiser and knowledgeable than workers) and the these activities reflects the attitudinal perception of employer that they have done so much for workers, now labour class should be loyal to the employers. This particular approach may work in the initial stages of the industrial revolution where the workers come from the interiors of the state. But with the time changes in the attitudes of the public in general and industrial workers in particular, will protest as welfare measures cannot accepted as charity.

3.9.2 Atomistic Approach

This approach says that every individual should be left as free as he can attain his own best interest if they are left free. Therefore it was opposed by the state as welfare promoting activities undertaken by the government or any social or public agency contradict with this approach. This approach emphasis that scope of labour welfare activities should be as small as possible. This hypothesis is based on following important principles:

- Society in its natural environment form is comprised of individuals. They are highly unorganized and uncoordinated group. Under such an environment every individual is self-cantered and motivated by self-interest.
- That kind of person will always acts in a calculated manner. An individual person always looking for a secure life. This kind of individual person mostly engaged and motivated by activities of self-interest. Therefore, he will act in a manner that leads to maximisation of his self-interest.
Each and every individual person supposed to act throughout the life which will promote his self-interest. He is always trying to achieve the goal with best of his ability.

The Atomistic approach was established on the independence, individualistic and rationality concept of the early 19th century. This approach did draw strong criticism in the 19th century mainly due to extreme atomistic views has almost disappeared now. This approach led to perception that there is need of increasingly more liberal and progressive view of welfare activities for labour.

3.9.3 Mechanistic Approach

Since the beginning of the 20th century labour welfare measures and labour relations have moved and adopted more sympathetic approach. Working towards the increase in the efficiency of labour has been taken as matter of fundamental significance. It is evident that if labour administration in the state needs to be scientifically managed which can significantly improve the scope for efficiency of labour. Such approach of scientific management of labour welfare measures and the industry establishment leads to the development of mechanical approach. This approach assume worker as ‘labour’ performed as some 'mechanical units' in as 'man days', 'hours of work', 'man hours'. Its emphasis is on the scientific mean of production with increase in efficiency of workers. Such kind of approach is generally preferred by the employers and management for consistent and higher production. However, it is intensely protested by the trade union institutions in industry establishment. Scientific management and mechanistic approach is based on the theory of 'stimulus and response' relationship and 'carrot and stick' method that it advocates less for employee (International Trade Union Confederation, 2007). Mechanistic approach takes welfare services as social security measures, economic justice, health services and hygienic work place are not necessary for overall development of the workers. Therefore, this approach takes a highly restrictive methodology for introduction of Labour welfare activities.

3.9.4 Humanistic Approach

The Humanistic approach was advocated by Australian sociologist Elton Mayo. He finds that most important thing is to treat labour as a human element of production. Therefore, it became necessary to take a new, modern and sympathetic view of labour welfare measures. Humanistic approach comprise of human values and
relationships, which was missing in the other approaches of labour welfare. The human factor was absent in management of the industrial units and Mayo found the significance of informal relations among groups of workers and stressed relief for man. This approach considers attitudes, human personality and feelings of workers, while introducing labour welfare. Therefore it is evident that the humanistic approach to labour, welfare takes a progressive view about labour welfare.

3.10 Theories and Models of Labour Welfare

There are various theoretical explanations advocated which may encourage the employers to introduce different labour welfare activities. The following are the theories and model on labour welfare:

**Figure no 3.1: Theories and models of Labour Welfare**

Source: Conceptualised by the Author
3.10.1 Religious Theory

The Religion theory constitute of element such as investment and atonement for welfare of workers. Concept of investment says that the benefit of today's work will be reaped tomorrow. It is also widely believed that because of this belief many companies provide facilities such as canteens and crèches to the workers. Atonement says that the existing disabilities of an individual are mainly due to sins committed by him earlier part of life. Therefore, the employers provide benefits and facilities to worker compensate for the sins. Welfare activities are considered to be an effort to appeal to the religious values of the owner of firm by suggesting that welfare act can purified him from his sinful activities of exploitation and profit making. Religious theory demands sharing progress and profit partly with your fellow workers and it says that even God will not forgive too much self-centred and acquisitive act. Therefore sharing wealth and acting for welfare of working class is part of religious duty of every employer.

3.10.2 Philanthropic Theory

Philanthropic theory says that a philanthropist is one who loves mankind and work towards that. According to philanthropic theory the companies provide good quality working conditions, facilities such as crèches, rest room and canteens etc. to show kindness in order to improve the working condition for workers. The philanthropic theory is very common as social welfare measure rather than in industrial establishment. This theory is closely related to religious theory’s principle of charity. This theory further emphasis that every member of industrial system should have harmonious relations with the rest of stakeholders. It is a duty and responsibility of the wealthy people to help the underprivileged (Mishra & Bhagat, 2010). Mutual harmony and brotherly relations within the society is important to promote a peaceful and cooperative environment.

3.10.3 Paternalistic Theory

Paternalistic theory assumes that the labour is not being able to look after them. Therefore, the employer provides with various benefits and facilities for their well-being. As they establish enterprise in trust for the benefit of the employees, this theory is also called trusteeship theory. It takes a paternalistic approach towards industrial production system and proprietorship of resources. According to this theory, owner is not only a trustee but he also looks after the productive activities. It is the
duty of the owner to share the wealth and use it wisely for the larger interest of workers who equally contributed in production of wealth. Thus owner is like a big brother or elderly member and in charge of family for overall welfare of all the workers. Mahatma Gandhi was a strong supporter of the trusteeship theory for labour welfare measures.

3.10.4 Policing Theory

According to this theory welfare is a legal or statutory responsibility of the employer. Under this theory every employer is compelled to make available minimum comforts to the working class such as minimum rate of wages, minimum safety, and security provisions, promote payment of wages and other benefits. According to this theory, the employers exploit the workers with unjust and unfair tactics. Government to take role of policeman and enforces measures in industrial unit or factory or plant for requisite welfare services and provisions for punishment in case of non-compliance. This concept of legislation and its enforcement for compliance is known as the policing theory of labour welfare.

3.10.5 Placating Theory

Placating theory implies that appeasement pays when the labour is organized and is militant in nature. Peace can be brought and maintained by various kinds of welfare measures. According to this theory management endorse welfare measures not as charity, but as a reward efforts on the part of the worker (Kohli and Sharma, 1997). It is right of the labour class to organize itself into association or unions, to plan protest activities and force the management to provide more welfare facilities to the workers. Therefore it is evident that stronger the labour class, greater welfare services to conceded for welfare provisions. The industry and employers are worried not by the legislations framed by the State, but by the labour union which compels management to placate or satisfy the workers need.

3.10.6 Efficiency/Functional Theory

Functional theory implies by saying that the facilities and benefits are being provided to worker to make them more efficient and productive. According to functional theory, welfare measures to be provided on the grounds of efficiency and productivity (Mishra & Bhagat, 2010). There is an effort going on to correlate labour welfare facilities and resultant increases in the efficiency of the workers. It is debated that introduction of welfare promoting activities do pay rich dividends in terms of
higher productivity. Therefore the theory applies a commercial approach towards labour welfare activities to make it more economically viable.

3.10.7 Public Relations Theory

According to Public Relations theory, welfare facilities are provided to create goodwill and to generate a good image on the minds of workers and the society. In other words Public Relations theory says that welfare activities are meant to create a good impression on the workers and the public. Good working conditions such as clean and safe premises, decent canteen, crèche and other amenities, creates a pacifying impression on the labour class and the public.

3.10.8 Social Theory

Social theory implies that an industry establishment is morally bound to provide decent working condition for the employees in addition to improve environment and condition of the society. The social responsibility of an industrial establishment has been acknowledged as great significance at the present time. This theory implies that an industrial establishment is ethically bound to provide the decent conditions for society in addition to enhancing the conditions of its workers.

Labour welfare should progressively develop in to social welfare. It is evident with theoretical explanations on labour welfare practices and its evolution over the years, that none of the single theory can explain the dynamic nature and variety of welfare measures that can be provided to working class for their development and decent living. Therefore, the objective and spirit of all these theories and model is to provide maximum welfare facilities to the workers to maintain and increase industrial productivity by enhancing labour productivity. Overall most of labour welfare programmes in modern times can be said to be a product of a combined effect of various theoretical reflections.

3.11 Scope of Labour Welfare

Labour welfare and its scope for the society are very broad in nature. The scope of welfare measures invite comprehensive study that has been appropriately considered in year 1946 by the Labour Investigation Committee, Government of India. The Labour Investigation Committee has evidently stated on the scope of welfare measures "For our part we prefer to include welfare activities as anything done for the physical, intellectual, moral and socio-economic improvement of the
workers, whether by government, by employer, or by other agencies, over and above what is laid down by law or what is normally expected as part of contractual benefits for which the workers may have bargained”. Thus, this definition suggest that labour welfare benefits should include facilities such as housing, health and education, nutrition (including provision of canteens), rest room and recreation, day nurseries and crèches, facility for sanitary, accommodation, cooperative societies, holidays with pay, insurance measures including sickness and maternity benefits programme, provident funds, gratuities, pensions, and so on.

The scope of labour welfare can be understood in diverse means, in diverse countries, depending upon the various stages of economic development, political environment and social philosophy. There are countries were welfare facilities is confined to the workers in concerned industrial units, while in others the workers families members are also allowed to avail the benefits of services" (International Labour Organisation report, Regional Conference, 1947). The concept of labour welfare measures is a very far-reaching, capturing wide field of features and activities. To obtain a comprehensive knowledge of its scope, we may observe in the manner which labour welfare is classified in various categories. Labour welfare work can be broadly divided into two categories: a) statutory and non-statutory and b) intra-mural and extra-mural welfare measures for workers.

3.11.1 **Statutory Labour Welfare Facilities** comprise of provisions on welfare activities, which depends on coercive power of the government for its implementation. The government enacts certain legislation for labour welfare to be enforced to achieve the minimum standards of safety and healthy working conditions for workers. The industrial unit are requisite by law to fulfil their statutory obligations on labour welfare.


3.11.2 **Non-Statutory Welfare** measures comprise all those welfare activities, industrial unit undertake for the welfare of their workers on a voluntary basis in addition to statutory labour welfare measures. The non-statutory welfare measures
include housing, education, recreation, subsidized loans and other such facilities that are voluntary in nature.

The Committee of experts on labour welfare measures for industrial workers established by the ILO in year 1963 had classified the labour welfare facilities in two groups:

3.11.2.1 Intra-Mural Welfare Facilities

These labour welfare facilities are those which are being provided within the premises of the industrial establishments such as crèches, washing and bathing facilities, latrines and urinal, rest rooms and canteens, facility of drinking water, facility for deterrence of fatigue, health services comprise of occupational safety and other administrative arrangements within factory to take care of welfare activities, protective uniforms, and shift allowance.

3.11.2.2 Extra-Mural Welfare Facilities

These are labour welfare facilities which is being provided outside the premises of industrial establishment such as social insurance measures, maternity benefit, sports facilities, cultural activities, holiday homes, library & reading room, leave travel facilities, fair price shops, workers co-operatives including stores, co-operatives including co-operative credit societies, vocational training for dependent of workers, other programmes for the welfare of women, youth and children and transport facility as to and from the place of work.

Thus, it is evident that labour welfare is very comprehensive term and comprise of activities provided by employers, State, trade unions and other agencies to improve the working and social condition of workers and their families. The scope of labour welfare however is not that limited as it will offer just requisite facilities in or out of industrial undertaking, nor it is that comprehensive which will include whole range of labour welfare facilities and social services (Harika, 2010). Therefore it is visible that all extra-mural and intra-mural welfare facilities, as well as all statutory and non-statutory welfare measures undertaken by the employer, the government, trade unions and other voluntary organizations fall within the significant scope of labour welfare. In this sense one can further include social security measures such as housing facilities, education and cultural activities do come within the scope of labour welfare.
3.12 Labour Welfare Implications

The concept of labour welfare has been used by industries as an administrative strategy for improving productivity of workers since work related issues can lead to poor working and social life of workers and a decline in performance (Manzini and Gwandure, 2011). The role of labour welfare measures is to endorse economic development by enhancing efficiency and productivity with assumption that it will encourage workers to be loyal services and result in general well-being.

It is argued and observed that, labour welfare measures can be used to ensure the workforce by providing appropriate working conditions and living through minimizing the hazardous effect of work on social life of the workers and their family members (Manzini and Gwandure, 2011). Labour welfare measure may be provided to workers in terms of supplementing and enhancing the income of the workers by providing services such as accommodation, health, canteens and recreation facilities.

Labour welfare is important to ensure industrial relations, industrial peace and advancement of the nation. Labour welfare measures provided by industries are based on diverse approaches connected to different models and theories. Labour welfare is influenced by various factors, which determine the level of satisfaction among the workers at the industrial establishment. Concept of labour welfare also depends on certain theories and is influenced by different schools of thought.