

EFFECTIVENESS OF EMPLOYEE WELFARE MEASURES IN STEEL INDUSTRY - A CASE STUDY OF VSP

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Abstract:

VSP is one of the best among the steel manufacturing industries in the country. For any organization, the workforce is the key to bring the development of the industry with greater responsibility. Therefore, the HR department should look after the employee's needs and try to get them fulfilled when they seem to be important. The term 'welfare measures' refers to the facilities provided for the employees at the working environment called statutory welfare measures and the facilities for them called non-statutory measures. The main aim of providing welfare measures is to achieve the organization's objectives and targets. By extending these facilities, the employees feel responsible towards the organization and do to their best. In this context, an attempt has been made in this paper to analyze the effectiveness of welfare measures at VSP as a case study.

Key words: Welfare measure, workforce, grievances handling, work culture, effectiveness.

INTRODUCTION

Welfare is comfortable living and working conditions. Employee welfare means the efforts to make life worth living for workman (Joshi, 1927). Human resources are the most important asset of an organization, and the accounting profession has to assess and record the value and cost of people of an organization. Once this is accepted, the need for measuring the value for recording it in the books of accounts arises. The value of human assets can be increased substantially by making investment in their training and welfare activities. In the same way as the value of repairs/overhauling, etc. While the cost on training, development, etc., can be recorded separately and to be within the eventual, the expenditure on welfare activities can be added to the investment and the returns judged. Unlike other assets which have depreciation value as year's passes by, value of human assets appreciates with passing years (Drucker Peter, 1972). Principles of Welfare Measures include: (i) Welfare activities will be carried out at all levels in the organisation. (ii) It will be provided over and above regular wages. (iii) Adequate and full co-operation shall be provided from

management level. (iv) Periodic assesment of labour welfare measures is essential. (v) It shall emphasize on physical, mental, moral and emotional well being of employees and (vi) It can be a social concept which relates to welfare of employees, their families and community as a whole. Gohil Devika G (2012), made an attempt to study the Staff Development and Employee Welfare Practice and their effect on productivity in five College Libraries in Charusat University. The study revealed that productivity cannot increase without training and staff motivation. They are inseparable for, one cannot do without the other

The value can depreciate by aging process which is generally hastened up by worries, unhealthy conditions, etc. Any investment constitutes the assets of a company and therefore, any investment on welfare of labor would constitute an extra investment in an asset. On the other hand the industrial progress depends on a satisfied labor force and the importance of labor welfare measures was stressed as early as 1931, when the Royal Commission on labor stated the benefits which are of great importance to the worker. According to the Article 39, the schemes of labor welfare may be regarded as a wise investment which should and usually does bring a profitable return in the form of greater efficiency (Sharma, 1997). In order to understand the concept of labour welfare, the essentials of welfare measures include: (i) Labor welfare includes various facilities, services and amenities provided to workers for improving their health, efficiency, economic betterment and social status; (ii) Welfare measures are in addition to regular wages and other economic benefits available to workers due to legal provisions and collective bargaining; (iii) welfare schemes are flexible and ever-changing. New welfare measures are added to the existing ones from time to time; (iv) Welfare measures may be introduced by the employers, government, employees or by any social or charitable agency, etc.

HISTORY OF EMPLOYEE WELFARE

In the late nineteenth century, many companies started offering higher pay and non-monetary compensation such as health care, housing, and

pensions, as well as employment bureaus, in-house training, sports teams and social clubs. Pioneered by George F. Johnson and Henry B. Endicott with high wages and subsidized housing, the concept of welfare capitalism coincided with state laws of the Progressive Era that outlawed child labour, imposed minimum wages and maximum hours, and gave women special protections and restrictions (George F. Johnson & Henry B. Endicott, 2011). Employee welfare in India: The chapter on the directive principles of state policy first our constitution expresses the need for labour welfare thus: article 38. The state shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which, justice, social, economic and political shall inform all the institution of the national life (Venkata Subba Rao (2009).

IMPORTANCE OF WELFARE MEASURES

The real need for welfare arises from the two basic conditions generally known as the 'long arm of job' and the 'social invasion of the factory'. The working environment of any job in a factory or mine or a workshop imposes some adverse effect on the workers because of the heat, noise, and fumes etc., involved in the manufacturing process. There are also occupational hazards and environmental problems inherent and inevitable in manufacturing process itself, which cannot be removed or reduced. This can be referred to as the 'long arm of the job'. This stretches out its adverse effect on to the worker, long after his normal working hours, affecting his physical and mental well-being. Hence, the need of welfare services within the factory or work place is felt. Thus, the term 'Welfare' is a comprehensive term, which includes any activity connected with social, moral, economic betterment of workers provided by any agency. Such activities may differ from country to country and from region to region and from firm to firm. Rama Satyanarayan, & Jayaprakash Reddy (2012) studied the overall satisfaction levels of employees about welfare measures in the organization cover under study is satisfactory. However, a few are not satisfied with welfare measures provided by the organization. They suggested that the existing welfare measures may be improved further. Such welfare measures enrich the employees' standard of living and their satisfaction levels.

The purpose of providing welfare facilities is to make their work life better and also to raise their standard of living. The important benefits of welfare measures include: (i) They provide better physical

and mental health to workers and thus promote a healthy work environment; (ii) Facilities like housing schemes, medical benefits, and education and recreation facilities for workers families help in raising their standards of living. This makes workers to pay more attention towards work and thus increases their productivity; (iii) Employers get stable labor force by providing welfare facilities. Workers take active interest in their jobs and work with a feeling of involvement and participation; (iv) Welfare measures increase the productivity of organization and promote healthy industrial relations thereby maintaining industrial peace, etc. Further, it is also emphasize that the social evils prevalent among the labors such as substance abuse, etc are reduced to a greater extent by the welfare policies. The concept of labor welfare is flexible and elastic and differs widely with times, regions, industry, country, social values and customs, degree of industrialization, the general socio-economic development of the people and the political ideologies prevailing at particular moments. It is also according to the age group, socio-cultural background, marital status, economic status and educational level of the workers in various industries.

Steel Industry and A Brief Profile of Visakhapatnam Steel Plant

An Industry is the back bone of any country. Industry depends more on the meaning viewed both in the developing as well under developed economics. Industry is a process of growth which organically linked both to the social and economic development. Iron and steel Industry forms the base of all Industrial activity. This study examines the significance and objectives of Labour Welfare. Keeping this view the reaches felt that it is necessary to study the impact of labour welfare on Salem Steel plant. This helps to promote industrial relations and to reduce the level of absenteeism. A study on the various Labour Welfare provided by the Salem Steel Plant to its employees and the attitudes of the worker's towards the various welfare provided by the Industry is found to be satisfactory (Jayanthi, & others, 2012).

The Visakhapatnam Steel Plant (VSP) is the only seacoast based, integrated steel plant in the Country. The decision to establish the Visakhapatnam Steel Plant was announced in parliament in 1970 by the late Prime Minister, Mrs. Indira Gandhi. The foundation stone for this massive project was laid in 1971 and a Detailed Project Report (DPR) was prepared in 1977. The Project has got the approval from the Government of India in 1979. The unique features of the Project being 7 meters tall Coke Oven

with Dry quenching facilities, the 3800 cum meters volume Blast Furnace which is the second biggest Furnace in ASIA and the 100% Bloom casting technology and the Rolling Mills with full automation have found place in the Project Report. It had many advantages due to its location and therefore, the manufacturing industry need better workforce by extending all statutory and non-statutory welfare measures to its employees.

VSP and Its Obligations towards Employee Welfare

VSP which has been set up under Public Sector category has a wide range welfare measures to satisfy its employees both Statutory as well as Non-statutory. All those measures as envisaged under Law in different Acts are found implemented for the benefit of employees. Besides that, extensive Non-Statutory measures are extended to employees, which have unique satisfying feature. VSP has been on the forefront in extending social security to employees on all fronts. These aspects boost the morale of employees to the great heights while they contribute their best for the plant. Although a delayed policy for promotions to its employees has been formulated by VSP, the policy is well defined and satisfactory both for Non-executives and Executives. In a nutshell, VSP is a giant organization having representative features of all Management philosophies concerning all branches. Welfare has been given thrust and emphasis on the overall HR policy of the company. Pursuant to this policy, VSP has taken several initiatives for introducing and implementation of non-statutory welfare which imparts and propagates the feeling that the "Company cares for its employees". It is an open arena for making further studies to be proved by substantial research studies from the employees view point.

NEED FOR THE STUDY

Welfare amenities are provided in an effort to motivate and enhance the benefits to the employees, the industry and the society as a whole. They are, thus, essential for industrial democracy. With the rapid development of newer and improved technologies, tremendous changes are taking place all around us. Employees are becoming more and more knowledgeable with greater aspirations. They aspire for improved quality of life and working conditions. Given the above backdrop and the challenges ahead of VSP, provision of Welfare amenities assumes a very significant role for survival and growth of the company. In this context, the implications of "Welfare measures" in VSP can be stated as follows:

1. It affords the workers a sense of belongingness and a sense of commitment towards the organization.
2. It helps in motivating employees to achieve organizational goals.
3. Workers get induced to contribute their best with a sense of commitment.
4. It ensures minimum industrial conflict and accelerates economic growth.

OBJECTIVE OF THE STUDY

The main objective of this study is to appraise the Effectiveness of welfare measures in increasing employee job satisfaction at VSP. The specific objectives are:

1. To understand the importance of welfare measures in increasing job satisfaction of employees in an organization;
2. To study the level of awareness among the employee about the various welfare measures of both statutory and non-statutory have been there at VSP; and
3. To analyze the perceptions of employees towards various welfare facilities provided at VSP and also their effectiveness in increasing job satisfaction of employees.

SCOPE AND PERIOD OF THE STUDY

The study covers all the statutory and non-statutory welfare measures like, canteens, washing facilities, resting facilities, dress and storing facilities, sanitary and drinking water facilities and the non-statutory welfare measures namely education, housing, co-operative societies, transport and recreation including grievance handling and working environment, which also have an impact on the overall welfare of employees at VSP. This study considers all the welfare measures that are extended to the VSP employees. However, the period of study was for the last 10 years i.e., from 2002-03 to 2011-12 and those employees has been working on or before study period. The data was collected during the month of October - December, 2012 and valid inferences have drawn in order to make recommendations for further improvement in the existing welfare measures.

METHODOLOGY

Sources of data: Adequate and relevant data is essential for any meaningful research and in this case both sources of data have been used: (a) Primary data (b) Secondary data. Primary data- the primary data was gathered directly from the respondents with the help of structured questionnaire. Secondary data- was collected from the company records, the

Administrative Branch of VSP and related books, journals and other published and unpublished documents for structuring the research study more meaningful.

Population and Sample Size: The total number of employees at the steel plant was over 17000 as on today i.e., 31st October, 2012 which represents the sample population. It is very difficult to consider the whole universe/population. Therefore, a representative sample of 600 employees has been selected. Although it looks to be a small sample, keeping in view the large number of employees, it was to be limited due to time constraint. Even then, the sample size is not considered to be small. It is enough to draw valid conclusions.

TOOLS OF DATA COLLECTION AND ANALYSIS

The tools of data collection a structured questionnaire has circulated among the employees of VSP and in all the sample size was 600 employees. For analysing a simple percentage has been used in order to ensure the meaningful inferences.

RESULTS AND DISCUSSION

In this section, an attempt has been made to analyze the collected data from the 600 sample respondents. The analysis of Employees' perception towards welfare measures in increasing their job satisfaction are as follows:

Table -1

Table 1 depicts respondent's viewpoint to the extent of awareness of welfare measures. There are 69 percent of respondents are totally aware of the welfare measures. Another 27 percent of them are partially aware of the welfare measures whereas few of 4 percent are not aware of the welfare measures. Therefore it is concluded that almost 3/4th of them are totally aware of the welfare measures providing to its employees at VSP. However, very insignificant numbers of employees are not aware due to the communication gap and also few of them are not clear about what comes under welfare measures.

Table - 2

Information on new welfare measures as shown in the table 2 found that there are 48 percent of the employees come to know about the new welfare measures being introduced in VSP through circulars whereas 23 percent of the employees come to know by co-workers. Rest of them have comes to know (18%) through unions, and 11 percent from their superiors. Hence, it can be inferred that most of the employees come to know about the new welfare measures through circulars. The circulars have been

serving the purpose well in this regard. It is easily accessible to majority of employees and helps them to be aware of the new measures.

STATUTORY WELFARE MEASURES

Table -3

Canteen and its maintenance- from the above table 3 it reveals that about 60 percent of the employees are above the satisfaction level regarding the canteen facilities provided in the organization. And some of the 40 percent of the responders are not satisfied with the canteen facilities provided in VSP. By analyzing the information given above, it can be concluded that the majority of them responded that the facilities provided in the canteen are above the level of satisfactory because; (i) the food provided for them at the canteen is of good quality; (ii) the environment and hygiene are maintained with cleanliness; (iii) the timings of the canteen are comfortable with the working hours of the employees, etc.

Medical facilities- From the above table we can infer that the medical (first aid) facilities provided at work area are generally good. From the above analysis we can say that 90 percent of them are above the satisfaction level regarding the medical and First - aid facilities provided in the VSP for employees. Because the accessibility of the first aid kit including the plaster, small basin, scissors, cotton roll, tincture iodine, eye & ear drops, paracetamol tablets, antiseptic cream and medicines are maintained in each shop floor. But 11 percent of them are not satisfied because of unavailability of first aid kit in adequate number whenever necessary.

Safety measures- From the above same table, it can be inferred that the responses of employee's on the safety measures/provisions are above the level of satisfactory and 5 percent of them opined as poor. Therefore, it can be concluded that most of them are totally satisfied with the safety provisions provided for employees in VSP.

NON-STATUTORY WELFARE MEASURES

From the following table 4, it shows that the employees opinion on the non-statutory welfare measures. An analysis reveals that the housing facilities extended by VSP to its employees found to be an average (36%), there are 25% and 19% of them felt as very poor and poor respectively. Whereas only 20 percent of the respondents said that the existing welfare measures are good. As far as education facility to their children is concerned, there are 27 percent of respondents said good whereas almost 43 percent of them felt as poor and very poor.

21 percent of the respondents said as an average. The responses on the cooperative societies found to be dissatisfactory which accounted for 80 percent. Transport facilities found to be good and satisfactory whereas recreational facilities were rated as poor and very poor. On the whole, it can be concluded that the non-statutory welfare measures were not up to the mark and found dissatisfactory among the majority employees at VSP.

Table -4

CONCLUSIONS

The following are the important conclusions emerged from the study:

1. Level of awareness about the welfare measures at VSP found to be very satisfactory (almost 70%) among the employees.
2. Information on new welfare measures in VSP are reaching the employees mostly through circulars as source of information and followed by co-workers.
3. Majority of employees are unhappy with regard to: (i) rest room facilities; (ii) sanitary & drinking water facilities; (iii) grievances handling mechanisms and (iv) existing work culture at VSP.
4. Satisfaction level of employees towards existing non-statutory welfare measures are not up to the mark but below the average.
5. Transport and recreational facilities should be improved from the poor and very poor level to the satisfactory level in order to bring feel good factor among the employees.
6. It is surprising to know that the employees of VSP are getting more than they need. i.e., the employees are treated with respect and care. The welfare measures provided by VSP are second to none.
7. The company has a well laid township - Ukunagaram, consisting of 8,696 staff quarters with all modern amenities like water supply, underground sewerage, schooling, recreation facilities, parks, shopping complexes, temples, ATMs etc, for its employees.

SUGGESTIONS

If the organization can really consider the following suggestions and implement them, the dissatisfaction level among the employees can be reduced.

1. There should be permanent display for information on the welfare measures at main departments so that each employee would know the welfare measures from time to time as well.

2. The quality of the food and the cleanliness in the canteen should be maintained. Generally, the canteens are run by contractors and they need enough cooperation not only from the management but also from the workers. Management should provide the subsidized food in Canteen to the all employees. The management should look into this issue on priority basis and ensure the quality food supply to the workers and seek cooperation to the contractor in this regard.
3. The management should have an everyday check-up and should see that there must be availability of all the necessary items in the first-aid medical kit. Ozone purifier should be kept at each and every department.
4. It is necessary to see that the free education facility right from the KG to PG should be extended to their children and all types of medical services have to be extended and existing ones may be improved.
5. Maintenance of staff quarters should be improved and internal transport facility may be strengthened within the sectors.
6. Four pairs of uniforms may be provided per year for each employee instated of two pairs and there is need for productivity-linked annual bonus to be implemented effectively to motivate the employees further.
7. As per the survey, the availability of provisions in employee's co-operative consumer stores is not adequate. So it is required to increase the quantity of provisions in the stores.
8. A separate committee may be constituted with representatives from the employees and the management to monitor and enhance the existing welfare measures on the permanent basis.
9. There is a relationship between the staff development and employee welfare practice have become major issues in management in this global economy where human resource management has received much organization, many employers are only interested in seeing their employees work without caring for their welfare and development. This has to be changed and see that it must be a holistic approach to overall development of the organization.

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Table -1 Employees' awareness towards welfare measures

RESPONSES	NO. OF RESPONDENTS	% OF RESPONSES
Yes	414	69
No	24	04
Partially	162	27
Total	600	100

Source: Field data

Table - 2 Information on new welfare measures being introduced by VSP

RESPONSES	NO. OF RESPONDENTS	% OF RESPONSES
Through superiors	66	11
Co-workers	138	23
Circulars	288	48
Unions	108	18
Total	600	100

Source: Field data

Table -3 Employees' opinion on the statutory welfare measures

WELFARE MEASURES	% OF RESPONSES				
	V.Good	Good	Average	Poor	V.Poor
Canteen & its maintenance	02 (12)	21 (126)	38 (228)	37 (222)	2 (12)
Washing facilities	03 (18)	39 (234)	38 (228)	14(84)	06 (36)
Medical facilities	07 (42)	43 (258)	39 (234)	09 (54)	2 (12)
Safety provisions	12 (72)	52 (312)	30 (180)	05 (30)	01(06)
Rest room facilities	03 (18)	17(102)	35(210)	27(162)	18 (108)
Dress & Store room	07 (42)	15(90)	43(258)	20(120)	15(90)
Sanitary & drinking water	04 (24)	41(246)	22(132)	20 (120)	13 (78)
Grievances handling	07(42)	23(138)	38 (228)	22(132)	10(60)
Working environment	11(66)	24(144)	39 (234)	23(138)	14(84)

Source: Field data Note: Figure in the parenthesis represents no. of respondents.

Table -4 Employees' opinion on non- statutory welfare measures

WELFARE MEASURES	% OF RESPONSES				
	V.Good	Good	Average	Poor	V.Poor
Housing (Staff quarters)	03(18)	17(103)	36(216)	19(114)	25(150)
Education for children	09(54)	27(162)	21(126)	23(138)	20(120)
Co-operative societies	11(66)	19(114)	43(258)	17(102)	10(60)
Transport facilities	14(84)	22(132)	41(246)	21(126)	02(12)
Recreational facilities	02(12)	36(216)	10(60)	30(180)	22(132)

Source: Field data Note: Figure in the parenthesis represents no. of respondents.