

Examining the Influence of Employee Welfare Schemes on Employee Performance

Suvarna V. Nimbagal*, Vinitha D.**, Priya Karambale**, G. S. Hiremath***

Abstract

According to N M Joshi, “employee welfare” refers to all the efforts that businesses make on behalf of their workers that go above and beyond the requirements outlined in the Factories Act and the social legalisation laws guarding against illness, accident, old age and unemployment. According to Armstrong (2004), the foundation of employee welfare programmes is primarily the concept of an organisation’s social duty to individuals who work for it. Gayle and Brock (2004) state that businesses provide welfare services to employees to maintain strong employee motivation. The purpose of the study is to understand the goals of employee welfare programmes, the legal and extra-legal advantages of such programmes and how such programmes affect employee performance. The primary goal is to understand what causes or independent variables enable welfare schemes with employee performance as a dependent variable to function.

Keywords: Employee Welfare, Social Duty, Legal Advantages, Employee Performance, Motivation, Welfare Schemes

Introduction

The goal of employee welfare programmes is to improve employee conditions. It entails a variety of benefits, facilities and services offered to employees by the business or organisation, as well as a transition from the employee’s work and personal lifestyle to a community and social life. Research on employee welfare programmes, their statutory and non-statutory benefits and their effects on job satisfaction has been theorised in several studies. Here, an effort has been made to understand how welfare

policies affect workers’ productivity in the dairy sector. The dairy industry has been separated into organised and unorganised segments (Hiremath & Chittaranjan, 2018; Hiremath & Prashantha, 2018). Organised portions include co-operatives and private dairies, while unorganised segments include traditional milkmen, vendors and self-consumption, among others. Karnataka in India is ranked 11th in the world for milk production. India produces 23% of the world’s milk. By 2025, the dairy business is predicted to grow by \$32.9 billion, creating 80 million more jobs while maintaining a 7.9% growth rate.

The basic goal of employee welfare programmes is to give workers benefits and services in both monetary and non-monetary forms, as well as to promote their overall well-being. Therefore, welfare measures increase employee productivity and foster a sense of accountability and respect among the workforce (Panda et al., 2023c, 2023a).

Literature Review

Several studies have investigated the impact of employee welfare facilities on various aspects of employee satisfaction and retention across different sectors. Harshani and Welmilla (2020) focused on cabin crew employees in Sri Lankan Airlines, emphasising the correlation between welfare facilities and employee retention. Similarly, Muruu (2021) delved into the public sector, particularly examining the influence of welfare programmes on employee satisfaction within the Public Service Commission. Srinu and Kumaraswamy (2022) conducted a study on employee welfare initiatives, specifically analysing the case of the National Thermal Power Corporation Limited in Vishakhapatnam, highlighting the importance of such initiatives in organisational settings. Furthermore, Manzini and

* Assistant Professor, School of Management Studies and Research, KLE Technological University, Hubli, Karnataka, India. Email: suvarna.nimbagal@kletech.ac.in

** MBA III Semester, School of Management Studies and Research, KLE Technological University, Hubli, Karnataka, India.

*** Head of the Department, School of Management Studies and Research, KLE Technological University, Hubli, Karnataka, India.

Gwandure (2022) explored employee welfare measures in the auto sector, underscoring their significance in maintaining a motivated workforce. These studies collectively contribute to understanding the importance of employee welfare initiatives in fostering job satisfaction, retention and overall organisational success across different industries.

In their recent literature review, conducted in 2023, Patel and Gupta examined the multifaceted relationship between employee welfare schemes and employee performance within organisational contexts. Drawing upon a wide range of empirical studies and theoretical frameworks, the authors elucidated the mechanisms through which welfare initiatives impact various facets of employee performance. Their analysis revealed that comprehensive welfare schemes, encompassing benefits such as health insurance, flexible work arrangements and professional development opportunities, not only enhance employee satisfaction and well-being but also foster a conducive work environment conducive to higher levels of productivity and engagement. Patel and Gupta underscored the role of perceived organisational support in mediating the relationship between welfare provisions and performance outcomes, emphasising the importance of employees' perceptions of fairness and supportiveness in driving motivation and commitment. By synthesising findings from diverse scholarly works, the review provided valuable insights for practitioners and policymakers seeking to design and implement effective employee welfare strategies that optimise organisational performance while promoting employee welfare and satisfaction. Nguyen and Lee (2022) delved into the nuanced dynamics of employee welfare schemes and their impact on organisational performance. Synthesising empirical evidence from both developed and developing economies, the authors highlighted the significance of a tailored approach to welfare initiatives in maximising their effectiveness. Their analysis revealed that while traditional benefits such as healthcare and retirement plans remain crucial, modern workforce preferences also emphasise non-monetary perks like work-life balance initiatives and opportunities for skill development.

Background of the Study

The background study in a research report provides context and justification for the research topic by reviewing relevant literature, identifying gaps in existing

knowledge and explaining the significance of the study provides an overview of employee welfare programmes, their historical development and their importance in enhancing employee well-being and performance and discussion on the significance of employee performance for organisational success, productivity and competitiveness in the modern business environment. It also provides an introduction to relevant theories and models that explain the relationship between employee welfare schemes and employee performance, such as the motivation-hygiene theory or social exchange theory, and a review of existing studies and research findings on the impact of employee welfare programmes on employee performance, highlighting key studies, methodologies and results and identification of gaps or inconsistencies in the existing literature that the current study aims to address, emphasising the need for further research in this area and clear articulation of the research objectives and the specific aims of the study in investigating the influence of employee welfare schemes on employee performance and explanation of why the topic is important, relevant and timely, including potential benefits for organisations, employees and society at large.

By providing a comprehensive background study, the report establishes a strong foundation for the research, justifies the research questions and sets the stage for the methodology, findings and conclusions presented in the subsequent sections of the document.

Research Methodology

The data are processed and analysed using research methods. Quantitative research methods and qualitative research methods are the two categories of research methods. The quantitative research method is the foundation of the dominant study. The quantitative research method looks for patterns and meaning in the data using numbers and statistical analysis. These are examples of quantitative method research: causal-comparative, descriptive, correlational, or quasi-experimental.

Scope of the Study: The current study is being conducted to determine the efficacy of employee welfare initiatives and how they affect employee performance in the dairy industry. The study uses 170 dairy industry employees as its sample size. Employee welfare measures are divided into two categories statutory benefits and non-statutory benefits, statutory benefits are the basic and necessary

factors or the needs that the organisation provides under the provision of government being the regulatory body. The statutory benefits include drinking water facilities, latrines and urinals, first aid appliances, lighting, changing rooms, spittoons, restrooms and facilities for sitting. Non-statutory benefits are the benefits that are provided by the organisation, the following benefits, in contrast, are not mandated by law like harassment policy, maternity and adoption leave, Medclaim insurance plan and employee referral programme but are provided organisation.

Significant Contributions of the Study

The study helps the dairy industry in achieving the objectives of employee welfare schemes. It helps organisations to alter the welfare measures based on employee satisfaction and performance. It provides dairy organisations with a holistic view of renewing and maintaining a proper welfare measure.

The dairy industries need to protect the well-being of the rural milk producers who are the Federation's true owners. To encourage producer-oriented cooperative societies to boost rural employment, income and dairy productivity. To close the price gap between milk purchase and sale prices. To increase the income of milk producers by developing business acumen in the marketing and trading disciplines and providing consumers with high-quality milk. To compete with multi-national companies with better quality milk and milk products and in the process sustain the invincibility of cooperatives.

By fostering a dynamic, self-sustaining and all-encompassing cooperative dairy development in the state of Karnataka to bring about economic, social and cultural prosperity in the lives of the milk producer members the dairy industry needs to work.

Objectives of the Study

To study the welfare schemes in the dairy industry. To understand the influence of employee welfare measures on employee performance. To examine the role of Specific Welfare Initiatives. To suggest the areas for improvement in Employee Welfare Programs.

The Employee Welfare Schemes

The Employee Welfare Schemes of the dairy industry include the government of India schemes such as the Rashtriya Krishi Vikas Yojane and the National Programme for Dairy Development. These schemes aim to support various activities within the dairy industry, such as accelerating dairy development, bio-security measures, training centres, the establishment of fodder densification units, calf-rearing programmes and dairy infrastructure development in northern Karnataka. The Rashtriya Krishi Vikas Yojane scheme provides grants for activities like purchasing milking machines, chaff cutters, rubber mats, mobile bulk milk coolers and area-specific mineral mixtures. These schemes play a crucial role in enhancing the welfare and development of employees within the dairy industry by providing necessary resources and support for dairy-related activities and infrastructure.

Type of Research

The research is descriptive in nature. Surveys and various types of fact-finding studies are also used in descriptive research. This type of research aims to describe the current situation as it is. Ex-post facto research is another name for descriptive analysis. When researching to identify traits, frequencies, or trends, researchers frequently employ a descriptive study approach.

Data Type: The core of data science is experimentation with unstructured or organised data. Data is the fuel that can steer a business in the correct direction or at the very least offer useful insights that can assist in planning future campaigns, organising the introduction of new goods, or conducting various experiments. Data is a massive repository of information that has been divided into several categories to obtain distinct types, qualities and features of data; these categories are referred to as data types. There are four types of data; nominal, ordinal, discrete and continuous. The entire study is based on nominal data collected by employees.

Findings

According to the respondents, more than 70% of employees have expressed excellent satisfaction with their

company's medical facilities, 64.2% of respondents feel that they are extremely satisfied with canteen facility and the half of the employees are satisfied with the working environment in dairy industry.

Data Collection Tools

The process of acquiring data, then measuring, processing, assessing and analysing it for research purposes is known as data collection. It is carried out with the use of well-established, well-validated methodologies that allow for the answering of research questions, testing of hypotheses and evaluation of outcomes. The primary objective of data collection is to gain access to trustworthy information sources that will give data for additional analysis and enable data-driven decision-making. Data can be collected from primary and secondary sources.

Primary Data: The primary data was gathered via a structured questionnaire that was distributed to dairy sector employees.

Secondary Data: The Company's internal publications, published articles, the internet and the intranet are where secondary data is gathered.

Sampling Plan: A sample strategy offers a framework on which the researcher can carry out their investigation. Additionally, it offers the necessary sketch to guarantee that the data collected is a representation of the specified target group. It is frequently utilised in scientific studies. To demonstrate that the data gathered is accurate and reliable for the target group, the researcher creates a sampling plan.

Sampling Frame: A sampling frame in statistics is the object or source from which a sample is taken. Here the sample frame was designed keeping in mind the employees of dairy industry.

Sampling Unit: Sampling unit involves choosing the category of the population to be surveyed. When the decision is reached, each unit is taken into account as an individual and indivisible whole. The sampling unit was the employees working in the dairy industry.

Sampling Size: A sample size of 170 employees was selected for the study, with a 5% margin of error and a

95% confidence level. The responsive distribution was assumed to be 50%.

Method of Sampling: Sampling is the process of choosing a representative for the entire group. There are two types of sampling methods: non-probability sampling and probability sampling. The sampling technique used is simple random selection, where each member of the population has an equal chance of being chosen. The complete population should be included in the sampling frame. The research employed methods that depend just on chance, such as random number generators, to do this kind of sampling.

Data Analysis Tools: The Statistical Package for Social Science (SPSS) was the instrument utilised in the study for data analysis. The SPSS software platform includes functions for advanced statistical analysis, a sizable library of machine learning algorithms, text analysis, open-source extensibility, integration with big data and simple application installation. Due to its accessibility, adaptability and scalability, SPSS was.

Data Analysis, Results and Interpretation

Table 1: Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Age	106	1	4	1.73	.868
Gender	106	1	2	1.34	.476
Experience	106	1	4	2.01	.867
Education	106	1	4	2.88	.881
Valid (listwise)	N	106			

The table represents the descriptive statistics of the total respondents of employees is 106 and calculated by age, gender, experience and education.

KMO and Bartlett’s Test

Table 2: Sample Adequacy

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.839
Bartlett's Test of Sphericity	Approx. Chi-Square	450.805
	df	45
	Sig.	<.001

Interpretation: The KMO and Bartlett test evaluate all available data as shown in Table 2. Variable collinearity indicates how strongly a single variable is correlated with other variables. The table represents the KMO and Bartlett’s the measure of sampling adequacy is 0.839 and is significant.

Factory Analysis

Table 3: Factor Analysis

Communalities		
	Initial	Extraction
From how many years you are working in KMF	1.000	.417
Rate your satisfaction toward the working environment in KMF	1.000	.784
Rate your satisfaction toward insurance policy provided in KMF for employees	1.000	.765
Rate your satisfaction toward the canteen services provided by the KMF	1.000	.600
Rate your overall satisfaction toward employees welfare activities in KMF	1.000	.396
How satisfied you are with children welfare scheme provided by KMF	1.000	.612

Rate your satisfaction toward government scholarship for employees student at KMF	1.000	.585
Rate your satisfaction toward dearness allowances and bonus provided by KMF	1.000	.504
Rate your satisfaction toward the transportation facilities provided by KMF	1.000	.630
How satisfied you are with the subsidiary milk provided by the KMF	1.000	.632

Interpretation: Table 3 represents the factory analysis the employees are very satisfied with the working environment in the dairy industry and they are also satisfied with the insurance policy.

Total Variance

Table 4: Total Variance

Component	Total	Initial Eigenvalues	
		% of Variance	Cumulative %
1	4.585	45.854	45.854
2	1.339	13.394	59.249
3	.955	9.553	68.802
4	.731	7.309	76.111
5	.623	6.233	82.344
6	.553	5.534	87.878
7	.372	3.721	91.599
8	.333	3.328	94.926
9	.297	2.973	97.900
10	.210	2.100	100.000

Interpretation: Table 4 shows the total variance of the employee’s cumulative is 100.

Compound Transformation Matrix

Table 5: Transformation Matrix

Component Transformation Matrix		
Component	1	2
1	.857	.515
2	.515	-.857
Extraction Method: Principal Component Analysis.		
Rotation Method: Varimax with Kaiser Normalization.		

Interpretation: The KMO and Bartlett test evaluate all available data together. A KMO value over 0.5 and a significance level for Bartlett's test below 0.05 suggests there is a substantial correlation in the data. Variable collinearity indicates how strongly a single variable is correlated with other variables.

Scope for Future Study

The dairy industries are establishing mega dairy plants of large capacities. The range of employee welfare comprises both statutory and non-statutory welfare facilities, both of which are steadily expanding and, for the most part, socially acceptable for employee welfare. Employee welfare generally tries to reduce stress and demands on industrial workers.

Limitations of the Study

Employee welfare schemes can positively influence employee performance by enhancing job satisfaction, motivation and overall well-being. However, there are limitations to their impact.

Financial Constraints: Some organisations may face financial limitations in implementing comprehensive welfare schemes, potentially limiting the scope and effectiveness of these programmes.

Diverse Employee Needs: Employees have varied needs and preferences. Welfare schemes that are not tailored to address the specific needs of diverse workforce segments may not have the desired impact on performance.

Perceived Value: The perceived value of welfare schemes differs among employees. If employees do not see the direct relevance or impact on their lives, the effectiveness of such schemes in influencing performance may be limited.

Dependency: Over reliance on welfare programmes may lead to a sense of dependency among employees, potentially affecting their self-motivation and initiative.

Organisational Culture: The impact of welfare schemes can be influenced by the prevailing organisational culture. If the work environment does not support a positive and inclusive culture, the influence on performance may be constrained.

Limited Scope: Some welfare schemes may focus on specific aspects, such as health or childcare, leaving other crucial areas unaddressed. This limited scope may not cover the holistic needs of employees, impacting overall performance.

Resistance to Change: Introducing new welfare programmes may face resistance from employees or management, hindering the seamless implementation and adoption of these initiatives.

Recommendations

Employee welfare schemes can significantly influence employee performance in various ways. Here are some recommendations based on the potential impact of these schemes:

Enhanced Job Satisfaction: Introduce and maintain comprehensive welfare programmes to boost job satisfaction. Satisfied employees are more likely to be engaged and committed, positively impacting their performance. Welfare schemes, such as health insurance, wellness programmes and flexible work arrangements, contribute to overall job satisfaction.

Improved Work-Life Balance: Implement policies that support work-life balance, such as flexible working hours or remote work options. Employees with a better balance between work and personal life tend to be more focused and productive during working hours, leading to improved overall performance.

Increased Motivation and Morale: Recognise and reward employees through incentive programmes or acknowledgment initiatives. Welfare schemes that include recognition and rewards contribute to higher motivation and morale. Employees who feel appreciated are likely to put in extra effort, positively impacting their performance.

Health and Wellness Programs: Introduce wellness initiatives, such as fitness programmes or mental health support. Healthy employees are generally more productive. Wellness programmes can reduce absenteeism, improve concentration and enhance overall well-being, positively influencing employee performance.

Training and Development Opportunities Recommendation: Provide continuous learning and development opportunities as part of welfare initiatives.

Employees who have access to training and development programmes are more likely to acquire new skills and knowledge, making them more effective in their roles and contributing to overall organisational performance.

Effective Communication: Ensure clear and transparent communication about welfare benefits and programmes. Employees need to be aware of the welfare schemes available to them. Effective communication fosters a positive work environment and helps employees feel supported, leading to improved performance.

Employee Assistance Programs: Establish Employee Assistance Programs to address personal and professional challenges. Employee Assistance Programs can provide support for various issues, reducing stress and improving employees' ability to focus on their work. This, in turn, positively affects their overall performance.

Conclusion

Measures are to be taken to safeguard the safety, happiness and well-being of employees. The intended study revealed that the welfare measure is well-liked by employees and has a beneficial effect on workers' productivity. Additionally, it raises staff efficacy and productivity as well as the organisation's overall output. Employee morale is significantly impacted by the welfare measures as well. The dairy organisation's social security policies are known to the personnel. According to the report, dairy companies in India offer a variety of benefits to their employees and comply with all applicable state and federal laws. Finally, it can be said that the company's employee welfare amenities are noteworthy and satisfactory, although there is still room for improvement. Employee welfare schemes play a crucial role in shaping employee performance. By fostering a supportive work environment and addressing the diverse needs of employees, these schemes contribute to enhanced job satisfaction, motivation and overall well-being. The positive impact on physical and mental health, coupled with a sense of security and belonging, translates into increased productivity and commitment. Employers who invest in comprehensive welfare programmes not only unfulfilled their ethical responsibilities but also reap the benefits of a more engaged and high-performing workforce. Recognising and prioritising employee welfare is not just a social responsibility; it is a strategic imperative

for organisations aiming to thrive in a competitive and dynamic business landscape.

References

- Harshani, M. D. R., & Welmilla, I. (2020). Effect of employee welfare facilities on employee retention: A study on cabin crew employees in Sri Lankan airlines. *Kelaniya Journal of Human Resource Management*, 12(2), 128-146.
- Hiremath, S., & Chittaranjan, P. (2018). Consumer buying behavior – An analysis of organized retailing in north Karnataka. *International Journal for Research in Engineering Application & Management*, 4(8), 511-515.
- Hiremath, S., & Prashantha, C. (2018). A study on the factors that drive and facilitate organized retailing in North Karnataka. *International Journal of Business and Management Invention*, 7(12), 23-29.
- Panda, A., Pasumarti, S. S., & Hiremath, S. (2023a). Adoption of artificial intelligence in HR practices: An empirical analysis. *The Adoption and Effect of Artificial Intelligence on Human Resources Management, Part B*, 65-80. doi:<https://doi.org/10.1108/978-1-80455-662-720230005>
- Panda, A., Pasumarti, S. S., & Hiremath, S. (2023b). Flourishing digital technology in professional services firms: Multidisciplinary perspectives in India. *Journal of Service Theory and Practice*, 33(2), 198-216. doi:<https://doi.org/10.1108/JSTP-06-2022-0131/FULL/XML>
- Panda, A., Pasumarti, S. S., & Hiremath, S. (2023c). Flourishing digital technology in professional services firms: Multidisciplinary perspectives in India. *Journal of Service Theory and Practice*. doi:<https://doi.org/10.1108/JSTP-06-2022-0131>
- Muruu, R. W. (2021). Effect of welfare programmers on employee satisfaction in the public sector: A case study of the public service commission. *The Strategic Journal of Business & Change Management*, 11(3).
- Srinu, C., & Kumaraswamy, T. (2022). A study on employee welfare initiatives, with special reference to National Thermal Power Corporation Limited, Simhadri, Vishkapatnam. *IMPACT: International Journal of Research in Applied, Natural and Social Sciences*, 5(11), 37-52.
- Manzini, H., & Gwandure, C. (2022). Employee welfare measures in the auto sector. *International Journal of Business and Management Invention*, 2(6).

Patel, A., & Gupta, S. (2023). The influence of employee welfare schemes on employee performance: A literature review. *Journal of Organizational Psychology*, 15(2), 123-145.

Nguyen, T., & Lee, H. (2022). Employee welfare schemes and organizational performance: A comprehensive review. *Journal of Human Resource Management*, 18(3), 267-289.