IMPORTANCE OF THE WELFARE FACILITIES IN THE WORKPLACE: ISSUES IN PERSPECTIVES

Značaj socijalne pomoći na random mjestu: pitanja u perspektivi

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Abstract

Welfare facilities and services for employees are increasingly becoming important in organisations. Employees are a major determinant of the success of any organisation, therefore, a company’s success is not only measured by the margins and profits it declares, but also by the state of well-being of the workers. This article looks at the importance of welfare facilities and services to the workforce and the need for an organisation to ensure they provide statutory welfare schemes and non-statutory welfare schemes for their employees. The article accentuates the importance of implementation of welfare schemes and the consequences for failure of implementation.

Keywords: Welfare schemes. Benefits. Workers. Implementation. Consequences for failure

1. Introduction

Employees are the main drivers that ensure the growth and sustainability of any organisation (Benn et al., 2014). Irrespective of how the organisation is conceptualised and contextualised, without employees taking and performing key roles and responsibilities, the organisation would be short lived (Casey, 2013). Employees keep...
organisations running by giving time and skills to the development of the organisation. The welfare of employees is therefore essential and it is incumbent on the employers to contribute to the employee’s benefits for optimal performance and efficiency. Some of the notable employees’ welfare facilities include but are not limited to housing facilities, free medical facilities, retirement benefits, children and adult educational benefits, welfare measures for the employee’s families, loan facilities and so on. The employees’ welfare should be paramount at all times in an organisation as this will be an impetus to employees’ efficiency and dedication to the organisation (Casey, 2013). Undoubtedly, a well-cared for employee will reciprocate by performing to the best of his or her ability.

According to Patro (2015), “the term welfare suggests the state of well-being and implies wholesomeness of the human being. It is a desirable state of existence that involves the mental, physical, moral and emotional factors of a person. All these four elements constitute the structure of welfare on which its totality is based.”

Provisions of welfare facilities are governed by policies and laws; however the welfare package is based on negotiation and agreement between the employer and employee without any government interference (Ogini et al., 2013). Usually, welfare packages are shaped by national and international standards. This gives workers certain labour rights which the employers must make available to the employees (Oginni et al., 2013). The term welfare is a relative concept the way and manner it is applied and provided “varies from time to time, region to region and from country to country.”

Nigeria is a constitutionally democratic country. All laws and activities in the country derive their validity from the constitution. Labour law and issues relating to labour relations are being implemented and enforced by the Federal government of Nigeria and in terms of section 4(ii) of the constitution of the Federal Republic of Nigeria of 1999 which provides that “the National Assembly shall have power to make laws for the peace, order and good government of the federation on any part thereof with respect to any matter included in the exclusive legislative list set out in part one of the second schedule to this constitution.” Also, the constitution, in terms of item 34th on the exclusive list states that “labour, including trade unions, industrial relations; conditions, safety and welfare of labour industrial disputes; prescribes a national minimum wage for the federation on any part thereof, and industrial arbitrations.” It must however be pointed out that labour laws and statutes apply throughout the country and the courts have jurisdictions to entertain issues pertaining to labour matter unless a particular labour legislation provides otherwise.

The constitution and other regulatory interventions on labour matters recognise that workers deserve recognition, better salaries, living wages and remarkable improvements in the terms and conditions of work (Narasimhan et al., 2004). It is against the backdrop of realising these labour rights, that workers have collectively formed associations to achieve their objectives of protecting and safeguarding the welfare of workers in the workplaces (Porter & Kramer, 2011). The Nigerian Labour Laws and International Laws promote collective bargaining and “recognize the rights of workers to bargain collectively for the protection of the legitimate interest of workers for better conditions of service and welfare beneficitation” (Harry, 2001).

The 1947 International labour Organisation (ILO) resolution defined labour welfare such as “services, facilities and amenities as adequate canteens, rest and recreation facilities, arrangements for travel to and from work, and for the accommodation of workers employed at a distance from their houses and such other services, amenities and facilities as contribute to improve the conditions under which workers are employed.”
Pursuant to the above resolution and other national and international instruments on labour welfare, it is incumbent on employers to ensure that they provide adequate welfare facilities and services to their employees. Although there are polices and laws in place for the welfare of employees, there are challenges and problems of implementation, adherence and sanctions for non-compliance, Adewunmi and Adenugba (2010) wrote that “employers in Nigeria are just taking advantage of the weak institutional and regulatory framework to the detriment of their employees. As long as this situation persists, workers’ right to collective bargaining would continue to be abridged.” The employers are always in control of everything in the workplace and it is against this backdrop that Tsui et al., (1997) points out that “the reality is that employers do not want to share the control of employment relations with their employees” (Tsui et al., 1997). Employer(s) are therefore always advancing argument to justify their stand by alluding to the fact that management has the right to control activities in the workplace and even sometimes without putting into consideration the views of the workers. An official of one of the organised trade unions, the Nigerian Employers Consultative Association (NECA) have also wade in and expressed the opinion that “most employers adopt the modern model of industrial relations which discouraged the formation of workers’ union and the use of collective bargaining to fix terms and conditions of work. The new trend in industrial relations which emphasizes individualism instead of collectivism, hence, the use of Joint Consultative Council instead of collective bargaining to settle industrial conflict” (Ikeanyibe, 2012). To some extent, this is an extension of neo-liberalism which has hampered legitimate expectations of workers and curtailed the rights and benefits they are entitled to (Terry, 2003).

Workers are entitled to good and sustainable conditions of employment in the workplaces (Patro, 2012). Welfare facilities and services are to be provided in addition to the mandatory wages or salaries paid for services rendered (Collins & Mayer, 2010). Patro (2015) mentioned such facilities to be provided in addition with salaries and wages as including but not limited to “monitoring of working conditions, creation of organizational harmony through infrastructure for health, general insurance, retirement benefits, housing facilities, and education benefits for employees and their children, and so on. Labour welfare implies the setting up of minimum desirable standards and the provision of facilities like health, food, clothing, housing, medical assistance, education, insurance, job security, recreation etc. Such facilities will enable a worker and his family to lead a good work life, family life and social life.”

Against the backdrop of overarching importance of welfare facilities and services to the employees in the workplaces, this article highlights the significance of providing welfare facilities and services to workers in the workplaces. It examines ample benefits and opportunities to be gained by the employers and employees if welfare facilities are promoted and provided in the workplaces. It also looks at the consequences for failure to provide welfare facilities and services in the workplaces. It is important to point out that the terms labour welfare, employee welfare and workers welfare are used interchangeably to denote various services provided by the employers to the employees in addition to wages” (Johnson and Corcoran, 2003).
2. Statement of the problem

Modern and civilised societies consider workers as human beings who are entitled to protection of the law and government (Alston & Goodman, 2008). They deserve to be treated with dignity and respect irrespective of their status in the workplace (Sayer, 2007). Workers are not slaves but free born who are using their skills to contribute to the development and profit margin of an organisation (Drescher, 2004). Pursuant to this, they deserve ample welfare facilities and services which should be provided by the employers in addition to wages and salaries. Part of the reasons why workers’ rights and welfare is very significant is that, workers need to work in places where the environment is devoid of tension and rancour in order to be productive. It should also be provided based on the feeling of care and compassion to the workers considering that some of them will spend the whole of their life time working for the organisation (Hartman et al., 2004). Conducive, safe and heathy work environment will enable workers to give their best and perform effective and efficiently (Jaskiewicz & Tulenko, 2012). This standard is recognised all over the world and is codified in national and international laws for purposes of application, implementation and enforcement (Servais, 2009).

While some organisations are taking the responsibility to provide welfare facilities and services, others are avoiding them. The perception of those companies not providing welfare facilities for their employees is that it is an unnecessary burden to them. The provision of welfare facilities is however mandatory under most company’s law and must be statutorily provided for.

3. Methodology

This article adopts a non-empirical research approach by relying substantially on reviews of literature relevant to the topic and focus of the article. Literature was used to identify, resolve and offer solutions to most of the problems. Issues and perspectives of the importance of welfare facilities and services in the workplace to both the employees and employers were also identified and discussed based on extensive literature reviews. This approach was adopted because literature has been used in other studies to address the issues concerning employees’ welfare in the workplace. Against this backdrop, there is ample opportunity to see the gaps in the literature and proffer robust arguments to fill and close the gaps thereby producing new knowledge in the field.

4. Literature review

It is imperative for employers to provide welfare facilities and services within the precincts of the organisation as they form parts of the working environment and conditions (Shinn & Toohey, 2003). Nowadays, many welfare amenities are a part of the employer's statutory obligations (Jones, 1983). Statutory welfare measures are mandatory and must be provided regardless of the capacity and size of the or the number of the people working in the organisation thus the following must be provided “first aid, drinking water, latrines and urinals, and those measures which are to be provided subject to employment of specified number of people, such as provision of canteen, rest shelters, crèches’ and ambulance rooms” (David & Sills, 1968).
Welfare facilities provided outside the workplace are known as non-statutory welfare facilities. They include provision of housing, recreation, medical, transport facilities and so on (Venugopal et al., 2011).

John (1998) writes that “the term labour welfare in its broad connotation refers to a state of living of an individual or a group in a desirable relationship with the total environment - ecological, economic, and social.” In explaining the benefits of welfare amenities in the workplace, John (1998) indicates that “welfare helps in keeping the morale and motivation of the employees high so as to retain the employees for longer duration. The welfare measures need not be in monetary terms only but in any kind/forms. Employee welfare is the key to smooth employer-employee relations. A proper organization and administration of welfare facilities can play a vital role in promoting better working conditions and living standards for industrial workers, and also increase their productivity, especially in developing countries.”

For effective and efficient management of the organisation, which translates to growth and success, the cooperation of the working force is required (Pfeffer, 1995). To this end, optimal cooperation of the employees can be achieved if the employees have a conducive working condition (Tella, 2007). Tela et al., (2007) points out that “a well-managed organization sees employees as the source of quality and productivity.” In the past, employers of labour believed that their only duty towards their employees was to pay satisfactory wages and salaries (Kaufman, 1997). However, “with the introduction of the concept of human resource management, psychological researches convinced them that workers require something more important. In addition to providing monetary benefits, humane treatment given to employees plays a very important role in seeking their cooperation.” According to Gupta & Joshi, (2004), “employee welfare activities benefit not only the workers, but also the management in the form of greater industrial efficiency.” Gupta & Joshi, (2004), further indicates that “the human resource managers realise that welfare activities pay good dividends in the long run as they contribute greatly towards the health and efficiency of workers.”

5. Conceptual framework

Employees welfare “is a dynamic concept and as such new welfare measures are being added to the existing ones along with social changes depending on the essential welfare needs and care at every point in time” (Arlow & Gannon, 1982). The modern concept of employee welfare “entails all activities of the employers, which are directed towards providing the employees with certain facilities and services in addition to wages and salaries” (Budd, 2004). Welfare facilities are essential for the success of the organisation since they bear a close connection with the productivities of the labour force (Sauter et al., 2002).

To some extent, the concept of welfare in the workplace has been generally accepted by the employers (Lewis, 2011). Instances of government interventions are always seen in the areas of statutory welfare implementation and enforcement such as health, safety, occupational hazards and so on (Lingard & Rowlinson, 2005). Nowadays, welfare amenities are accepted as social rights (Jordan 2008). As Venugopal et al., (2011) points out that “labour welfare includes both social and economic content of welfare. Social welfare is primarily concerned with the solution of various problems of the weaker section of society like prevention of destitution and
poverty. It aims at social development by such means as social legislation, social reform, social service, social work, social action. The object of economics welfare is to promote economic production and productivity and through development by increasing equitable distribution. Labour welfare is an area of social welfare conceptually and operationally. It covers a broad field and connotes a state of well-being, happiness, satisfaction, conservation and development of human resources.”

The Labour Investigation committee defined labour welfare work as, "anything done for the intellectual, physical, moral and economic betterment of the workers, whether by employers, by Government or by other agencies, over and above what is laid down by law or what is normally expected as a part of the contractual benefits for which the workers may have bargained.” The ILO report defines labour welfare as "such services, facilitates and amenities as may be established in or in the vicinity of undertakings to enable the persons employed in them to perform their work in healthy and congenial surroundings and provided with amenities conducive to good health and high morale.” The Encyclopaedia of Social Sciences defined labour welfare as "the voluntary efforts of the employers to establish within the existing industrial system, working and sometimes, living and cultural conditions of the employees beyond what is required by law, the custom of the country and the conditions of the market.”

Thus labour or employee welfare is a comprehensive term, which may include any activity, which is connected with the social, moral and economic betterment of workers provided by the employer (Lantos, 2001). Such activities may differ from country to country and from region to region or from organisation to organisation. The dynamic nature of the concept of welfare amenities and services is aptly articulated by Venugopal et al, (2011) thus, “it is a dynamic and flexible concept and hence its meaning and concept differ from time to time, region to region, industry to industry, and country to country depending upon the value system, level degree of education, social customs, and political system, degree of industrialization and general standard of the socio economic development of the people.” Against the backdrop of this, each jurisdiction has a way of implementing the schemes to the needs of their workforce for purposes of alleviating poverty, improved working conditions and standard of living of the workers. If the welfare facilities and services are adequate and appropriately provided, this in itself will mean that the employer is meeting the labour needs and welfare of the workers (Tripathi, 1998).

6. Background and importance of labour welfare

The theories of labour welfare have evolved over the years. Before, the government had to compel the industrial organisations to provide basic amenities to their employees (Erasmus, 2008). Such compulsion was necessary because the employers used to exploit employees and treated them unfairly (Obeng, 2011). With the passage of time, “the concept of welfare has undergone changes. Progressive managements today provide welfare facilities voluntarily and with enlightened willingness and enthusiasm” (Halal, 1996).

The basic objective of labour welfare is “to enable workers to live a richer and more satisfactory life” (Monappa, 2008). Labour welfare is in the interest of the labour, the employer and the society as a whole (Streeck, 2005). Ramana et al., (2015) noted that employees’ welfare refers to “the efforts made to provide good life worth for
employees.” It is against the backdrop of this that Patro (2015) points out that “in order to increase employee welfare facilities, employers need to offer extra incentives in the form of employee welfare schemes, and to make it possible to pursue employees to be more committed to their work. The very logic behind providing welfare schemes is to create efficient, effective and healthy organisation, (with) aims or should aim, at improving the working and living conditions of employees and their families.” Ramana et al (2015) indicates that “employee’s welfare means anything done for the comfort and improvement, intellectual or social, of the employees over and above the wages paid which is not a necessity of the industry.” Ramana et al (2015) also explains that the reason “why organizations provide welfare facilities to their employees is to keep their motivation levels high so that they can perform effectively, efficiently to the utmost best of their abilities.”

Zenith (2015) points out that “the common welfare package and schemes that employers provide are categorized as intra-mural and extra-Mural.” The former is compulsory and an organisation must comply with the laws governing employees’ health and safety. Typical examples of intra mural schemes are protective clothing, crèches, restrooms and drinking facilities. However, with regard to extra-mural schemes, it is the prerogative of the organisation and it differs from one organization to another. In the words of Ramana et al., (2015) “the basic purpose of employees’ welfare is to enrich the quality of life of employees and keep them happy and contended. Extra-mural benefits are the result of employer's generosity, enlightenment and philanthropic feelings. It is one of many ways for people to feel heard, cared for, to be informed and to be involved. It is equally important to ensure that leaders and employees at all levels of the organization are aligned to the culture of the organization and living it.” Some examples of extra mural schemes are sports, library, reading, Leaves on travel, welfare Cooperatives, vocational, welfare facilities to children and women and so on.

7. Implementation of welfare measures and amenities

Implementation of welfare facilities depend on the employer. It is based on the approach of the organisation on how best it has organised the schemes to suit and benefit the workers (Cotton et al., 2005). While statutory welfare facilities are compulsory, non-statutory welfare schemes need to be shaped and driven by a very sound company policy which allows employees to have substantial input into what and how the facilities should be provided without conflicting or undermining the organisation stance and focus. The employer and employee need to work together to make sure that the facilities are provided based on mutual respects and understanding. Welfare facilities are desirable; however, they cannot be substituted for wages. Workers have the inherent rights to living wages as a result of the labour they put into economic and productive aspects of an organisation. However, it is pertinent to mention that living wages are not enough and cannot create healthy work environment (Verdon, 2002). Wages are earned and usually used for social economics activities outside the workplace but welfare are provided for by the organisation for healthy and sustainable environment in the workplace (Portney, 2005). A combination of adequate wages with ample welfare facilities will profoundly yield and achieve good results for the organisation. It is against the backdrop of this that welfare facilities are an important aspect of an organisation social responsibility to the workers. Therefore, organisations have obligations to provide them for the workers.

29
8. Consequences for failure to provide welfare facilities and services in the workplace

Statutory welfare facilities are products of the laws regulating provision and implementation of welfare facilities in the workplace (Ridley & Channing, 2008). They are compulsory and important. Therefore, there are consequences for failure to provide welfare facilities as stipulated in the statutes. For instance, in an industry that requires protective apparatus for certain harmful and dangerous jobs, for example chemical industry. The health and safety of the workers are paramount and the necessary safety gadgets must be provided for the workers in addition to other important facilities and services. If not provided and there is a mishap or accident in the workplace, the victim may institute legal action against the erring organisation in courts and punitive damages awarded against the organisation if found wanting.

Nowadays, an organisation is not only considered successful as a result of the profits it has declared but also based on the welfare benefits given to employees that were used to make the profits (Schaltegger & Lüdeke-Freund., 2013). Organisational policy now contains numerous welfare facilities and how they are to be provided for the benefits of the employees (Ichniowski, et al. 1996). The company’s annual reports and financial statement now reflect the amount of money being spent on various welfare schemes to the employees. Welfare schemes are now statutorily enforceable and the company has corporate social responsibility to provide for them (Injodey, 2013).

9. Conclusion

The importance of welfare schemes, facilities and services are increasingly being agitated for by workers and organised labour. Welfare schemes are recognised by international labour organisations and they all enjoin each member state to the organisation to ensure implementation. Employees deserve more than only salaries or wages, hence the argument for provision and improvement of existing welfare facilities in the workplaces. The benefits of welfare facilities are two fold; the employees benefit and at the same time it serves as an impetus for efficiency and effectiveness in the chain of productive activities in the workplaces. It is a win-win situation. The employers will however benefit more because efficiency and effective production will lead to huge output which would invariable impact on the profit and margins of the organisation and make it a perpetually sustainable venture.

References


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**Apstrakt**

Socijalna pomoć zaposlenima sve više postaje značajna u organizacijama. Zaposleni su glavna determinanta uspeha svake organizacije tako da se uspeh kompanije ne meri samo marginama profita koje ostvaruje već i blagostanjem svojih radnika. Ovaj članak se bavi značajem socijalne zaštite radne snage i potrebom organizacije za obezbeđivanje zakonskih i ne zakonskih programa zaštite svojih zaposlenih. Članak naglašava značaj realizacije planova zaštite i posledice neuspeha implementacije.

Ključne reči: šeme zaštite, beneficije, radnici, implementacija, posledice neuspeha