
**EFFECTIVENESS OF STATUTORY AND NON-STATUTORY
WELFARE MEASURES: A STUDY WITH REFERENCE TO
SUNDARAM FASTENERS LIMITED, HOSUR**

***¹Mrs. D. Saranya Durai, ²Sowmiyapriya S.**

¹Assistant Professor, Department of Management Studies Adhiyamaan College of Engineering. (Autonomous)

²MBA, Department of Management Studies, Adhiyamaan College of Engineering. (Autonomous)

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***Corresponding Author: Mrs. D. Saranya Durai**

Assistant Professor, Department of Management Studies Adhiyamaan College of Engineering. (Autonomous)

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ABSTRACT

Employee welfare plays a crucial role in enhancing organizational productivity, employee satisfaction, and overall workplace efficiency, especially in manufacturing industries. This study examines the effectiveness of statutory and non-statutory welfare measures implemented at Sundaram Fasteners Limited (SFL), Hosur. The research adopts a descriptive design using both primary and secondary data. A structured questionnaire based on a Likert scale was administered to employees across different departments.

The findings reveal that statutory welfare measures ensure job security, compliance, and basic well-being, while non-statutory welfare measures significantly enhance motivation, job satisfaction, and employee retention. Statistical tools such as percentage analysis, regression, and correlation were used to analyze the data. The results indicate a strong positive relationship between welfare measures and employee satisfaction ($R = 0.68$) and a moderate correlation ($r = 0.64$) between welfare measures and the working environment.

The study concludes that while SFL has effective welfare systems in place, there is a need to improve employee awareness and expand non-statutory welfare facilities to further enhance employee well-being and organizational performance.

KEYWORDS: Employee Welfare, Statutory Welfare, Non-Statutory Welfare, Job Satisfaction, Productivity, Manufacturing Industry.

1. INTRODUCTION

Employee welfare has become a vital component of modern human resource management, particularly in manufacturing industries where workforce efficiency directly impacts productivity. Welfare measures aim to improve employees' physical, mental, and social well-being, thereby fostering a motivated workforce.

Welfare measures are broadly categorized into:

- Statutory Welfare Measures: Mandated by law (e.g., PF, ESI, safety provisions)
- Non-Statutory Welfare Measures: Voluntary benefits (e.g., transport, training, recreation)

In India, statutory welfare is governed by laws such as the Factories Act, Employees Provident Fund Act, and Employees State Insurance Act. While statutory measures ensure minimum standards, non-statutory measures enhance employee satisfaction and organizational commitment.

2. THEORETICAL FRAMEWORK

The study is supported by various motivational and organizational theories:

- Maslow's Hierarchy of Needs: Welfare measures help in satisfying employees' safety, social, and esteem needs.
- Herzberg's Two-Factor Theory: Statutory measures act as hygiene factors; non-statutory measures act as motivators.
- Equity Theory: Fair distribution of welfare enhances satisfaction.
- Expectancy Theory: Welfare acts as a reward mechanism.
- Social Exchange Theory: Employees reciprocate welfare with loyalty.
- Organizational Support Theory: Welfare increases perceived support.
- Resource-Based View (RBV): Welfare helps retain valuable human capital.

These theories collectively explain how welfare measures influence employee behavior, motivation, and performance.

3. REVIEW OF LITERATURE

Previous studies indicate that:

- Statutory welfare ensures compliance, job security, and reduced disputes (Singh & Kaur, 2018).
- Non-statutory welfare enhances motivation, morale, and retention (Mishra & Singh, 2017).

- Welfare measures improve productivity, reduce absenteeism, and strengthen employee commitment (Jayashree et al., 2023).

Research Gap:

- Limited firm-specific studies in Indian manufacturing sectors.
- Lack of comparative analysis between statutory and non-statutory welfare.
- Insufficient linkage between welfare measures and organizational outcomes.

4. RESEARCH METHODOLOGY

- Research Design: Descriptive
- Data Collection:
 - Primary: Questionnaire and interviews
 - Secondary: Company records and reports
- Sampling Method: Simple random sampling
- Tools Used:
 - Percentage Analysis
 - Regression Analysis
 - Correlation Analysis
- Sample Size: 100 employees

5. DATA ANALYSIS AND FINDINGS

5.1 Demographic Insights

- Majority employees (40%) belong to the 25–35 age group.
- 72% respondents are male, indicating typical manufacturing workforce composition.
- 50% employees belong to the production department.
- 35% employees have 1–3 years of experience.

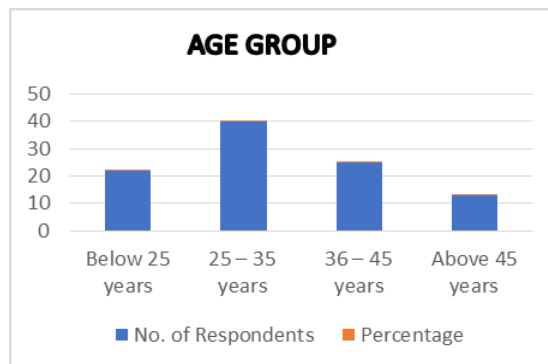


Figure 1: Age Group of respondents.

Figure 1 Most employees (42%) belong to the 25–35 age group, indicating a young and active workforce.

5.2 Awareness and Satisfaction

- 82% employees are aware of statutory welfare measures.
- 75% are aware of non-statutory welfare measures.
- 68% are satisfied with statutory welfare benefits.
- 72% are satisfied with overall welfare measures.

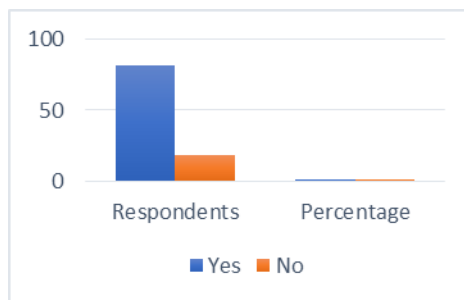


Figure 2: Aware of statutory welfare measures.

Figure 2 A significant majority of employees (82%) are aware of statutory welfare measures. This indicates effective communication by the HR department regarding legal benefits such as provident fund, employee insurance, and bonus schemes.

5.3 Welfare Facilities Evaluation

- Workplace safety rated positively by majority.
- Medical facilities rated good/excellent by 64%.
- Canteen and transport facilities are satisfactory but need improvement.
- Training and recreational activities positively impact employee morale.

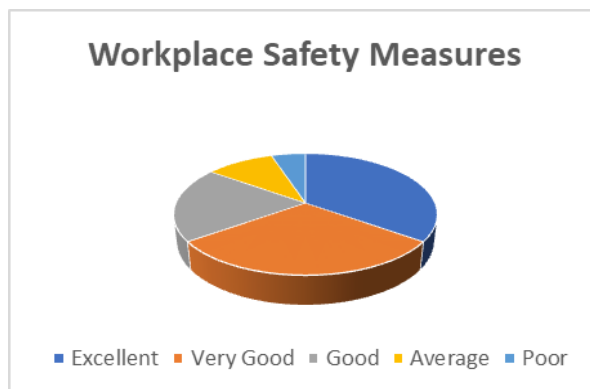


Figure 3: Workplace Safety Measures

Figure 3 The majority of respondents rate workplace safety measures positively. This indicates the organization prioritizes employee safety through protective equipment and safety training.

5.4 Impact of Welfare Measures

- 68% agree welfare improves job satisfaction.
- 73% agree welfare enhances motivation.
- Majority believe welfare reduces absenteeism and improves productivity.

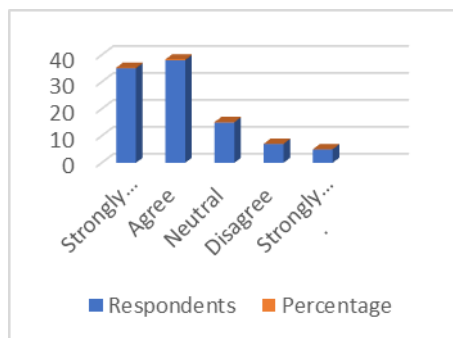


Figure 4: Welfare enhances motivation.

Figure 4 Welfare initiatives significantly motivate employees to perform their tasks effectively.

5.5 Regression Analysis

The regression equation is:

$$Y = a + bX$$

Where:

- Y = Employee Satisfaction
- X = Welfare Measures
- a = Constant
- b = Regression Coefficient

Results:

- R = 0.68 → Moderate positive relationship
- R² = 0.46 → 46% of variation explained
- F-value = 14.72 (p < 0.05) → Statistically significant

Interpretation:

Welfare measures have a significant positive impact on employee satisfaction.

5.6 CORRELATION ANALYSIS

- **r = 0.64**

Interpretation:

There is a moderate positive relationship between welfare measures and working environment. This indicates that improved welfare measures contribute to a better working environment.

6. DISCUSSION

The study confirms that:

- Statutory welfare ensures compliance and security.
- Non-statutory welfare acts as a strong motivational factor.
- Welfare measures significantly influence productivity, satisfaction, and retention.

However, gaps exist in employee awareness and accessibility of non-statutory welfare benefits.

7. CONCLUSION

The study concludes that welfare measures at Sundaram Fasteners Limited are effective in enhancing employee satisfaction and productivity. Statutory welfare ensures basic security, while non-statutory welfare improves motivation and engagement.

To maximize the effectiveness of welfare measures, organizations must:

- Improve communication of welfare policies
- Expand non-statutory benefits
- Ensure equal access across all employee categories

8. SUGGESTIONS

- Increase awareness programs for welfare schemes
- Improve transport and medical facilities
- Introduce more employee engagement activities
- Extend welfare benefits to contract and temporary employees
- Regularly evaluate employee satisfaction levels

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