

Welfare Facilities and its impact on Short Term Human Resource Policies: A Study of SME with reference to Industrial Relations and Organization Development

Dr. Bhushan Ramkrishna Pednekar

Associate Professor, Balaji Institute of Modern Management, Sri Balaji University Pune

Abstract:

To establish better industrial relations, organization is providing welfare facilities to employees. The main aim is to provide monetary and non-monetary benefits to employees. These welfare benefits keep employees motivated at work and deliver the desired output to the company. It can go beyond the target output. This is possible only by keeping employees satisfied at work. Organization formulates different welfare facilities to meet the need of employees. These benefits require to change over a period of time to meet the ever-changing requirement of employees and business environment. Organization has to keep itself ahead in identifying the expectations of employees. Organization implements short-term policies to meet the demands of employees. This will provide an edge to organization to retain the quality workforce. These short-term policies ensure the development of healthy industrial relations. The motivated workforce delivers the output as per the expectations of organization, which promotes organization development. Study focuses on short-term welfare facilities and linking to industrial relations and organization development.

Purpose

Purpose of study is to identify the relationship of short-term welfare policies with industrial relations and organization development.

Design / Methodology / Opportunities

Primary data collection method was adopted to collect the responses from SME related to automobile industries. Respondents are employees, trade union leaders and management representatives.

Findings

Short-term welfare facilities have an impact on industrial relations and organization development. This will have an impact on industrial peace and growth.

Research Limitations

Data has been collected from 14 nos. of SME located in MIDC, PCMC, Pune, Maharashtra, India area.

Practical Implications

Short-term human resource policies designed in an appropriate way as it has direct impact on organizational development and industrial relations.

Originality / Values

Study has identified the linkage between organization development and industrial relations for the betterment of organizations.

Keywords: Welfare facilities, Industrial Relations, Organization Development, Employee motivation, Employee satisfaction, Industrial growth, Industrial peace.

Introduction

Welfare facilities are the backbone of the organization. As it directly links with the employees. The various problems of organization and employees are covered in this area. The problems related to incentives, wages,

monetary benefits etc. require to address. It has direct impact on employee motivation and subsequently on the organization output. Organization policies should be centered with those areas. These other areas are such as high absenteeism rate, morale is low and under stress which leads to employee turnover. Skill gap is one of the reason as it does not meet the desired output standard. The performance evaluation and upgradation is the areas, which has more concerned for employees. By providing career opportunities to employee they are motivated to achieve it.

Organization has to address those areas effectively by formulating the HR policies. These policies for the wellbeing of employees, the comprehensive appraisal method and job satisfaction. HR has to formulate the policies for short and long term perspectives. They are flexible and aligned with the real problem of employees. Policies provide the guidelines for managing the problems of employees timely. The aim of the policies is to address the issues effectively.

Literature Review and Challenges

Cole, N. D., & Flint, D. H. (2005) it considers the fairness and equality in the employee benefits. It has considering the perception about benefit plans and the process to be followed. It also covers the self-interest aspects. Employee participation and communications approach are reviewed. This will help to enhance the retention of employees. This will lead to satisfaction of employee.

Moore, P. (1991) this compares the benefits offered to two different types of employees i.e. state and local. Medium scale and large scale industries are selected for study. It has been found that employees working in public firms enjoying more benefits as compared with local employees. It includes additional paid leaves, health benefits and covering the pension benefits. Compensation benefits are also compared.

Meurs, D., Born, M., & Schippers, J. (2024) It explores the human resource practices in SME's. These are informal practices and its effects on innovative performance in terms of competency enhancement. It provides the insights of practical areas by considering the theoretical implications. The informal HR practices are really useful for employee development and organization growth.

Nam, V. H., & Luu, H. N. (2021) it has covers the transition economy and human resource practices. It focuses innovations. The human capital has positively effect on physical asset. It has identified that HR practices has significant influence on existing as well as new product development. It improves the productivity added the value to the operations. These practices contribute to the growth of the organization.

Shahzad, K., De Sisto, M., & Bartram, T. (2021) It covers the innovation of performance in SME. Resource base views are considering in the study. It explains the human resource management practices and predicting the innovation in performance. Organizational engagement data has been used. Employees behaviour is the factor consider for study. The usefulness of HR practices is in terms of employee engagement and their effects on organizational development are covered.

Salimi, M., & Della Torre, E. (2021) HRM practices are analyzing for the improvement of the employee performance. Study covers influence of performance related pay on individual and firm. Different pay systems are adopted to bring innovation in work. Profit sharing and payment of bonus are the forms covers for payment of incentives to employees. Human capital and performance based pay its association with innovation level in the organizations.

Somani, K., & Sharma, M. K. (2025), The HR strategies implication by keeping employee as prime importance and its retention practices. Study provides the insights of welfare facilities by enhancing the retention of employees. Bibliometric analysis are covers the different areas of retentions. Study provides the information for researchers and guidance for formulating the HR policies.

Perry, P. M. (2001) the various benefits provided to employees in terms of monetary and non-monetary rewards. These benefits are provided for retention of employees. This is essentials to retain the talent pools and provides opportunities for growth.

Clarke, K. F. (2001) Retention of employees requires the lucrative pay package supported with additional benefits. The innovative HR policies need to be employee centric. Employer has been flexible in terms of policy formulation to attract and retain the talent. The strategies need to be developed by aiming employer branding. Organization can provide the benefits as per the employee requirement.

Neumark, D., Asquith, B., & Bass, B. (2020) It focuses on the area of minimum wages and its long term effect on employees. It also covers the income tax credit for long term benefits. It has found that organization providing more benefits then it will have adverse impact on the long term. On the other hand, lesser or appropriate benefits will serve the purpose for long term.

Dodd, T. (2025) Study covers the sabbatical leave policy to be adopted by the companies. This will set an example of organization efforts towards employee well-being. In long term, it proves to be effective retention policy. Policy suggested to be developed regularly by human resource department with top management involvement.

Roche, W. K., & Turner, T. (1994) This paper covers the two areas of union; one of the areas is recognition of union and non-recognition of union. It has covers the effect of human resource policies on both types of unions. By Providing better benefit and reward to employees and it's linking for non-unionization. HR policies are to be the decisive factor for unionization and its recognition. The effectiveness of line management is the deciding factor for non- recognition. The interactive effects and dependence on each other are covered in the study.

Pasricha, N. (2017) This covers the vacation of employees and the time when it has to be taken. Organization is forcing the employees to take leave during particular period of time. The employee and organization views are studied. At the same time, the other organization learning is also covered.

Sammer, J. (2017) It covers the employee benefits during regular business environment and uncertain business environment. It has considered the government regulations and time to time amendments. Monetary and non-monetary benefits are the focus areas. Study provides the guidelines to human resource managers for adopting these practices.

den Dulk, L., & de Ruijter, J. (2008) Management attitude towards work life balance practices. The work life policies are examined for their utilization. Organizations are aiming to utilize the workforce at the extent. Work life balance related policies are becoming the hurdle for them. It causes disruption in the work. On the other hand, managers need to address and consider the personal need of the employee.

Wei, L. Q. (2023) Study of human resource management by formulating the policies and implementations has highlighted. The impact of policies needs to understand. Line managers are vital in this process of policy implementation and provide feedback to management. The flows of information from employee to management and vice versa are important hence the success of this is lot more depends on the line managers.

Shepherd, L. C. (2008) It covers the workplace trends towards the human resource management. HR professionals are considering for the study. The different areas are covered like need of training and development, formulation of employee's data policy related with privacy etc. These areas are affecting on the employee satisfaction. The employers need to upgrade the policies based on the current trends.

Indumathi, N., & Muruganandham, V. (2025) Study deals with safety and welfare measures provided to the employees. Monetary benefits are important for labour so they are frequently ready to switch the job for more monetary benefits. The safety standard maintained by the companies as per the labour laws regulations. A statutory and non-statutory welfare facility requires to be provided to employees as per the laws.

Ornatowski, G. K. (1998) These examine the Japanese way of human resource management. It specifically covers the ideology in terms of promotion purely based on seniority and providing lifetime employment. It reviews the changes in the practices of employment and the causes of it. The strategic implication is the area for review.

Purpose

The purpose of the study is to identify the impact of welfare facilities on human resource policies. These policies are short term policies and require to be flexible and adaptable. The linking between welfare facilities and human

resource policies in the changing business environment.

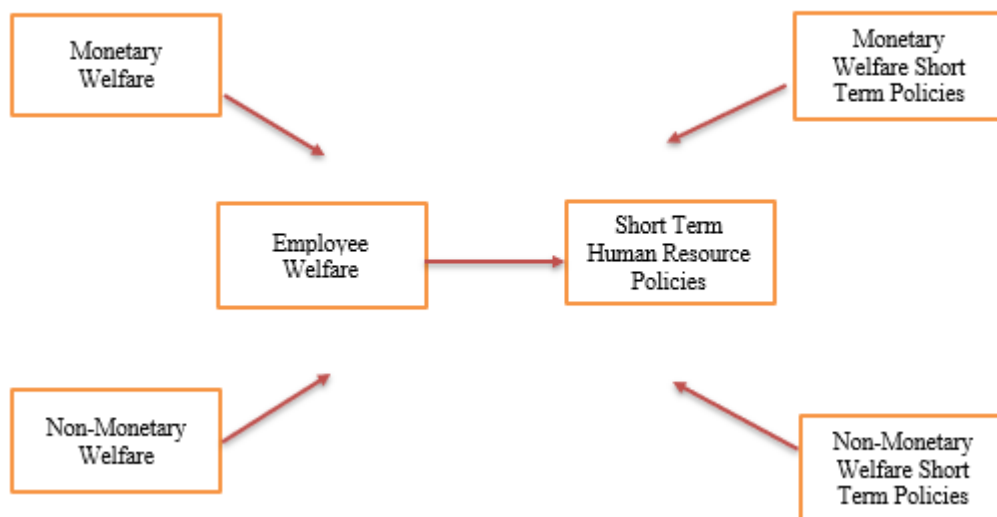
Need of Study

Human resource policies are formed based on the current context of business. It may not review and upgrade based on the business expectation. Problem areas are also changing over a period of time. A rigid policy cannot follow for long period of time and it has to change based on employee and business requirements.

Research Problems

Human resource policies are not aligned with employee welfare in short term period. Expectations of employees are not address in human resource policies. Policies are formed as per the employer perspective and not aligned with need of employees.

Conceptual Model



Objectives

The objective of the study are as follows

1. To study the welfare facilities provided to employee
2. To identify the relevance and practical applicability of human resource policies

Hypothesis

- H1 : Monetary welfare facilities has the significant relationship on formulation of short term human resource policies
- H01 : Monetary welfare facilities has no significant relationship on formulation of short term human resource policies
- H2 : Non-Monetary welfare facilities has the significant relationship on formulation of short term human resource policies
- H02 : Non-Monetary welfare facilities has no significant relationship on formulation of short term human resource policies

Research Methodology

Research Design

Type of Study:

The exploratory study conducted on SME industries

Nature of Study:

Quantitative study is focusing on the problems of employer and employee

Type of Questionnaire:

A five scale Likert types of questionnaire for the study.

Type of Questions:

Questions are linked with the areas of employee welfare and human resource strategies.

Time dimension:

Cross sectional study has conducted to collect the data.

Type of analysis:

The different methods are used for analysis of data by using IBM SPSS 27 version.

Sources of Information

The primary data has been collected from the respondents such as employees, officers, managers of human resource department and consultants.

Plan for Primary Data Collection

Research Technique:

Data collection done by using the survey methods.

Contact Method:

Data has been collected through e mail survey and personal interviews.

Research Instrument:

Research questionnaire used to identify the different factors are affecting on welfare facilities and formulating short term policies.

Population:

Data has been collected from SME located in Pimpri Chinchwad MIDC, Pune, Maharashtra, India. In this area 5000+ industries are located.

Sample Design

Sample Element:

SME industries related with automobile sectors are selected for study.

Sample Size:

Total 14 industries are selected for the study.

Sample Frame:

Sample frame covering the different types of employees such as permanent, officers and managers of human resource departments.

Sample extent:

Sample extents covers the geographical areas of SME located at PCMC, Pune, Maharashtra, India.

Sampling procedure:

Sample size determination technique

Stratified random sample method is used for sample size determination. Management category employees are 1307 nos. and 234 nos. of management category employees. Using the Krejcie & Morgan (1970) formula the sample size was calculated. The sample size of 308 nos. respondents are consider for the study.

Conceptual Framework

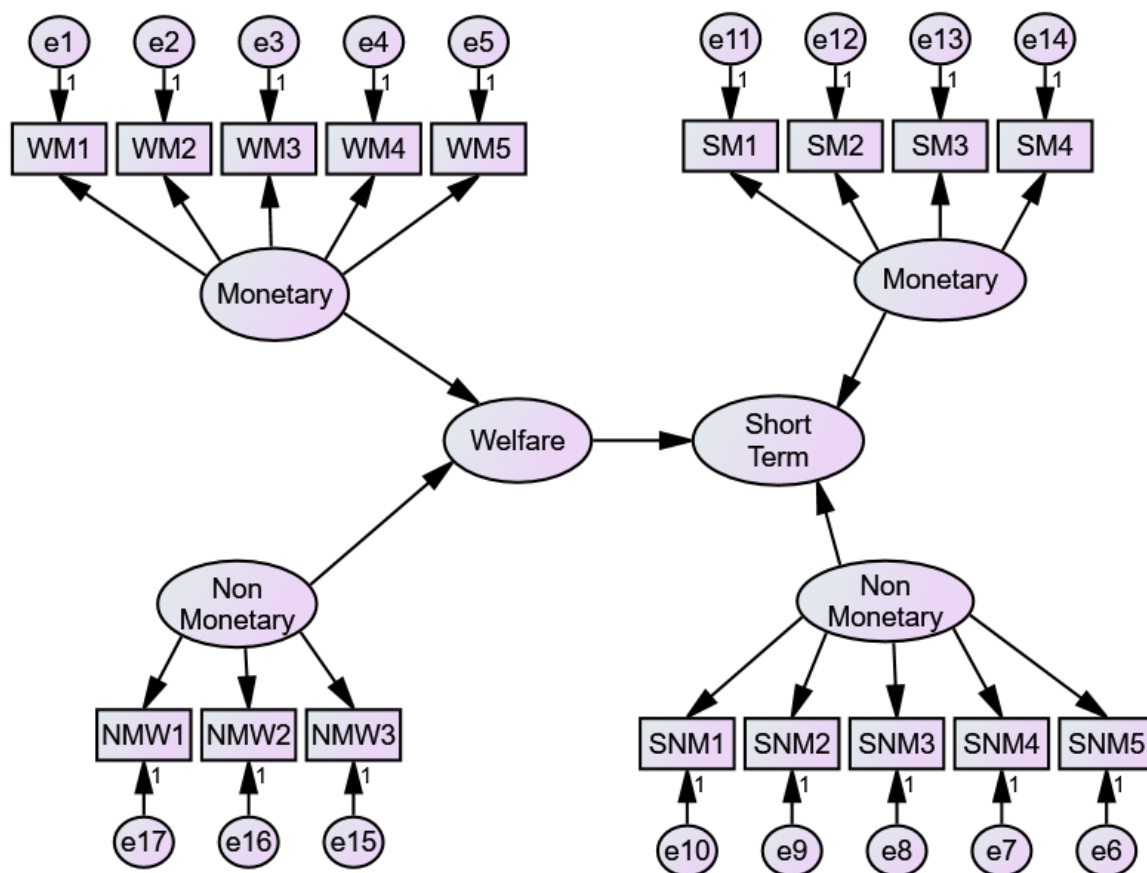


Figure: Representation of Welfare Facilities and Short Term Policies Framework

There are two areas for the study that welfare facilities and short term policies. The welfare area further sub divided into monetary and non-monetary welfare benefits. Whereas, the short term policy formulation sub divided into monetary and non-monetary short term policies. The areas are covered under the monetary welfare benefits such as incentives, minimum wages, wage structure, monetary support and monetary benefits. In non-monetary welfare benefits cover the areas such as welfare facilities, upgradation of skills and growth opportunities. In short term policies of monetary benefits cover the areas such as wellbeing of employees, performance appraisal, output standard and training. In short term non-monetary benefits covers the areas such as job satisfaction, commitment, loyalty, safety standard and manpower.

Data Analysis

Reliability of Constructs

Welfare benefits directly link with monetary benefit the construct named as WM the reliability is 0.743. Welfare directly link with non-monetary benefits, construct name as WNM the reliability is 0.850. Short term policies link with monetary benefits the construct named as STM the reliability is 0.746. Short term policies link with non-monetary benefits the construct named as STNM the reliability is 0.781. It shows that the reliability of all constructs are good.

Validity of Constructs

Construct 1 Monetary Welfare Benefits

KMO (Kaiser–Meyer–Olkin) measures the adequacy of sampling which is 0.774 representing good adequacy of samples. The p value is less than 0.001 of Bartlett's Test of Sphericity was significant statistically. Validity has supported the constructs.

Construct 2 Non-Monetary Welfare Benefits

KMO (Kaiser–Meyer–Olkin) measures the adequacy of sampling which is 0.730 representing good adequacy of samples. The p value is less than 0.001 of Bartlett's Test of Sphericity was significant statistically. Validity has supported the constructs.

Construct 3 Short Term Monetary Policies

KMO (Kaiser–Meyer–Olkin) measures the adequacy of sampling which is 0.760 representing good adequacy of samples. The p value is less than 0.001 of Bartlett's Test of Sphericity was significant statistically. Validity has supported the constructs.

Construct 4 Short Term Non-Monetary Policies

KMO (Kaiser–Meyer–Olkin) measures the adequacy of sampling which is 0.811 representing very good adequacy of samples. The p value is less than 0.001 of Bartlett's Test of Sphericity was significant statistically. Validity has supported the constructs.

Normality Summary

The sample size is 308 hence the result of test Shapiro Wilk and Kolmogorov-Smirnov are not sufficient even if they show the p value is less than 0.001 and significant value. The skewness is representing the in the range of -2 to 2 and Kurtosis representing values in the range of -7 to 7 are represent the data.

Hypothesis Results

This identifies the relationship between monetary welfare facilities to be provided by the organizations with the formulation of human resource policies for short term. The Pearson correlation method of analysis between the dependent and independent variable constructs. The result indicates the positive relationship in moderately as r value is 0.050 interpret the weak relationship with constructs. The p value is 0.379, which is more than the level of significance 0.05. Hence the alternative hypothesis was not supported and null hypothesis was not rejected.

This identifies the relationship between monetary welfare facilities to be provided by the organizations with the formulation of human resource policies for short term. The Pearson correlation method of analysis between the dependent and independent variable constructs. The result indicates the positive relationship in moderately as r value is -0.092 interpret the weak negative relationship with constructs. The p value is 0.106, which is more than the level of significance 0.05. Hence the alternative hypothesis was not supported and null hypothesis was not rejected.

Suggestions

In welfare facilities, the incentive is one of the most important area. Organization is providing the incentives but

it is below the par of other industries. The major problem that, it has not been revised over a period of time. They to revised more frequently so that the industry standard can be matched and it becomes motivating factors to the employees. Company following the payment of wages by adopting the minimum wages criteria as per the law. They should not restrict with these minimum amount but go beyond that and pay more wages as per the company's ability to pay. Wage structure is not properly designed. It seems to be rigid and not flexible. The wage structure has to be modified in such a way that the new benefits should be included. It has to have the scope for addition. Organization can structure as per the legal norms but should include voluntary benefits on the structures. Organization providing the welfare facilities to employees. But in the current business context, it is not adequate to meet the requirement of employees. They cannot restrict themselves to be stick with only legal provisions. Welfare facilitates should be as per the present need of employees. Organization is not providing monetary support to employees. They should develop the monetary support policies based on the employee tenure in the organization and its designation. This will develop the better relationship between employee and employers. Organization should look forward to provide the monetary benefits and it should have linked with his contribution to the organization with pre-defined norms of the organization. Organization is taking efforts for upgradation of skills to employees. It seems that, it is not sufficient to employees to meet the ever changing requirement of jobs. Organization also have the monetary constraints. Organization should encourage employees to upgrade themselves and at some point of time they should provide monetary support in terms of sponsorship and reimbursement of cost associated with upgradation of skills. Every employees looking for vertical growth subject to the opportunities provided by employer. The rigid organization structure is the hurdle. Organization can create multiple levels for employee growth in the existing organization structure. By meeting the pre-defined criteria, the deserving employees can be promoted to the next level of hierarchy.

In the short term of policies, it has been designed in such a way that it caters the present need as well the future one. Wellbeing of employee should be on topmost priority. Organization cannot restrict themselves for the existing welfare policies but require to introduce new policies or make changes in the existing policies or both. Performance appraisal policy should be communicated to employees well in advance with all criteria's in transparent way. Good performance reward should be given to performing employees. They should develop the plan of action for non performing employees. Cycle of performance appraisal process require to communicate to employees like yearly, half yearly etc. Output standard has to be clearly defined to all the employees on their respective areas with timelines. This will provide the clarity to employees. Prior to that, the standard has to be set based on the scientific method and involvement of employee representatives and experts. Once all are agreeing, then they can inform to the employees. The output should be achievable and fair from employee and employer view and mutually accepted. Employee those are completed more than the output standard eligible for incentives. Short term policies should be aim for employee's job satisfaction. Organization makes sure to provide all the resources and hygiene condition at work. This will develop the organizational commitment and loyalty of employees. Employer has to set the safety standard at work place. This can possible only by providing proper safety equipment's while working and they should be useable conditions. There should not be compromise on safety standard and process. It will reduce the accident rate and employees can deliver the desired output. All efforts of the organization to adopt new standards in safety. Organization should provide the training; this should not be the formality but aim to improve the performance. Efforts from both sides are required employees and employer. Manpower planning has to do in right way. There should not be excess or less manpower at any point of time.

Discussion and Results

Organization has to formulate the short term policies related with employee welfare. This should be prepared one time but it has to be revised frequently. It cannot be restricted to only few areas but requires to add new areas as and when required. Short term policies cannot be aim for managing the things for short term but it has to be future oriented. Designing of policies covers the present areas of welfare and provide the scope for future benefits. These benefits must include the monetary as well as non-monetary benefits suitable for employee need. Organization can keep a separate provisions of fund to cater the requirement of employee. At the end, it will provide the better output and commitment from employees. This will ensure the smooth flow of operations by

maintaining the quality. The conflict situation can be avoided which arises from operational process. Welfare facilities will upgrade the standard of living of employees. Efficiency of employee will be improved by providing the better wages. Welfare facilities to be aligned with employee required. These facilities to be formulating in terms of short term policies. Policies are requiring to be modified or changed as per the changing time and industry standards.

Discussion for Implications

Management approach is to understand the employees concerned. They have to regularly aligned with the expectations of employees. Management has to be closely associated with employees so that they understand the problems of employees and employees also feel free to discuss with employer. This understanding will always help for both of them. Management approach to keep the funds reserved for providing monetary benefits. Apart from that, they should have concrete plan of action for providing other welfare facilities. On the other side, employee should come up with the genuine demands. The approach should not be to extract more benefits. The understanding between both of them is need of time for the development of organization. This will eliminate the conflict situations and maintain the industrial peace. Organization can prosper in long term business.

Organization has not considering the factors which are important from employee perspective for developing the short term human resource policies. They develop the policies based on the pre-determined criteria. This approach need to be changed. The interconnection between employee expectation and employer capability to provide those benefits to employees need to be the backbone while formulating the policies.

Conclusions

Formulating and implementation of short term human resource policies related with employee welfare are most important to maintain the relationship between employee and employer. Organization need to take an effort to understand the need and expectations of employee, while designing the policies. These policies cannot be formed one way but maintain the transparency prior implementations. It has to keep the interest of both parties intact to avoid the future repercussion. If the policies are not serve the purpose of welfare, it should be eliminated and replace with new appropriate policies. Employer should make the separate budget for providing those benefits. There will be always scope to introduce new policies related with welfare. Policy formulation should not be on paper but it should implement and monitor regularly. Non-monetary policies should not be restricted with short term period but it should be on continuous basis. Basis on which the short term policies are designed require to be aligned with the expectation and need of the employee. On the other hand, employer capability and his financial factors also need to be taken into consideration.

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