

Labour Welfare Practices as Determinants of Employee Productivity in Small and Medium Enterprises of Uttar Pradesh

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Abstract

Labour welfare practices have emerged as a critical strategic factor influencing employee productivity, particularly within Small and Medium Enterprises (SMEs), which form the backbone of industrial employment in Uttar Pradesh. This study investigates the role of labour welfare measures as key determinants of employee productivity in SMEs across selected industrial sectors of the state. Adopting a descriptive-cum-analytical research design, the study draws upon both primary and secondary data sources. Primary data were collected through a structured questionnaire administered to industrial workers and managerial or HR personnel, while secondary data were sourced from government publications, labour laws, and relevant scholarly literature. The analysis focuses on major dimensions of labour welfare, including statutory and non-statutory welfare provisions, employee awareness of welfare schemes, perceived equity in implementation, and overall satisfaction with welfare facilities. Statistical tools such as descriptive analysis, Chi-square tests, ANOVA, and correlation analysis were employed to examine the relationship between labour welfare practices and productivity-related outcomes. The findings reveal a significant and positive association between effective labour welfare practices and employee motivation, job satisfaction, and work efficiency, leading to enhanced productivity in SMEs. Conversely, inadequate welfare provisions and limited awareness contribute to employee dissatisfaction and lower performance levels. The study concludes that labour welfare should be recognized not merely as a statutory requirement but as a strategic investment essential for improving productivity and ensuring sustainable growth of SMEs in Uttar Pradesh.

Keywords: Labour Welfare Practices, Employee Productivity, Small and Medium Enterprises, Job Satisfaction, Uttar Pradesh

Introduction

Labour welfare practices have emerged as a critical component of organizational effectiveness, particularly in the context of Small and Medium Enterprises (SMEs), which form the backbone of industrial development and employment generation in Uttar Pradesh. Labour welfare broadly refers to the range of services, facilities, and benefits provided to employees to improve their working and living conditions, promote well-being, and enhance overall job satisfaction.

In labour-intensive economies like India, especially within SMEs, employee productivity is closely linked to the extent and quality of welfare measures such as health and safety provisions, social security benefits, working hours regulation, training opportunities, and grievance redressal mechanisms. Uttar Pradesh, being one of the largest states in terms of population and workforce availability, hosts a diverse range of SMEs across traditional and modern sectors including textiles, food processing, leather, handicrafts, electronics, and light manufacturing. However, despite their economic significance, many SMEs face challenges related to limited financial resources, informal employment structures, and inconsistent compliance with labour welfare regulations. In this backdrop, labour welfare practices assume strategic importance as tools not only for ensuring legal compliance and social justice but also for fostering employee motivation, commitment, and productivity. A productive workforce enables SMEs to remain competitive, reduce operational inefficiencies, minimize absenteeism and labour turnover, and achieve sustainable growth in an increasingly dynamic industrial environment.

Employee productivity, defined as the efficiency and effectiveness with which workers perform assigned tasks, is influenced by both tangible and intangible workplace factors. Labour welfare practices act as key determinants by directly affecting employees' physical health, psychological well-being, morale, and sense of security. When workers perceive that their organizations are invested in their welfare, it strengthens trust, enhances job satisfaction, and encourages higher levels of engagement and discretionary effort. In SMEs, where close interpersonal relationships often exist between management and workers, welfare initiatives can significantly shape organizational culture and work attitudes. Conversely, inadequate welfare provisions may lead to dissatisfaction, stress, industrial unrest, and low productivity, ultimately hampering enterprise performance. In Uttar Pradesh, disparities in welfare implementation across regions, sectors, and enterprise sizes further complicate the productivity landscape. While some SMEs proactively adopt welfare measures as strategic investments, others view them merely as statutory obligations, leading to minimal or uneven implementation. Understanding labour welfare practices as determinants of employee productivity is therefore essential for identifying gaps between policy intent and workplace realities. This study seeks to explore how various welfare dimensions—such as statutory welfare, non-statutory benefits, awareness levels, and perceived fairness—interact with demographic and organizational factors to influence productivity outcomes in SMEs. By focusing on Uttar Pradesh, the research aims to provide region-specific insights that can guide policymakers, industry associations, and SME owners in designing welfare strategies that balance employee well-being with organizational efficiency, thereby contributing to inclusive industrial development and sustainable employment generation.

Research Methodology

The present study adopted a descriptive-cum-analytical research design to examine labour welfare practices in Small and Medium Enterprises (SMEs) in Uttar Pradesh. This design was considered appropriate as it enabled the researcher to describe the existing welfare provisions while simultaneously analyzing relationships among key variables affecting their

implementation and effectiveness. The descriptive component provided factual insights into the nature, structure, and delivery of labour welfare measures, whereas the analytical component facilitated hypothesis testing through statistical techniques.

Primary data were collected using the survey method, employing a structured questionnaire as the main research instrument. The questionnaire consisted of closed-ended and Likert-scale items to measure variables such as awareness of welfare schemes, satisfaction levels, perceived discrimination, legal compliance, and strategic interventions. To ensure accessibility and accuracy of responses, the questionnaire was translated into Hindi and pre-tested through a pilot study, which helped refine the instrument by removing ambiguities and irrelevant items. The study population comprised industrial workers and management/HR representatives from SMEs operating in sectors such as textiles, manufacturing, food processing, electronics, and handicrafts across selected districts of Uttar Pradesh. A stratified random sampling technique was used to ensure adequate representation based on industry size, sector, geographic location, gender, and skill category. A total sample of 500 respondents was selected, including 80% workers and 20% management/HR personnel.

Secondary data were sourced from government reports, labour legislation, SME records, and published research to support the theoretical framework. Data analysis was carried out using SPSS, applying descriptive statistics, Chi-square tests, ANOVA, and correlation analysis to draw meaningful inferences and support evidence-based conclusions.

Results and Discussion

The results of the study indicate a strong and statistically significant relationship between labour welfare practices and employee productivity in Small and Medium Enterprises (SMEs) of Uttar Pradesh. Descriptive and inferential analyses reveal that effective implementation of both statutory and non-statutory welfare measures enhances employee satisfaction, motivation, and work efficiency. Chi-square and ANOVA results confirm significant variations in welfare practices across industries, levels of compliance, and strategic approaches, highlighting non-uniform standards among SMEs. Correlation analysis further establishes that discriminatory practices and workplace challenges negatively affect employee satisfaction, thereby reducing productivity.

The discussion underscores that SMEs which adopt labour welfare as a strategic investment rather than a mere legal obligation demonstrate better workforce stability and performance outcomes. The findings also emphasize the influential role of labour unions and regulatory compliance in shaping effective welfare implementation. The results align with existing literature, reinforcing the view that consistent, fair, and well-monitored labour welfare practices are crucial for improving employee productivity and ensuring sustainable growth in SMEs.

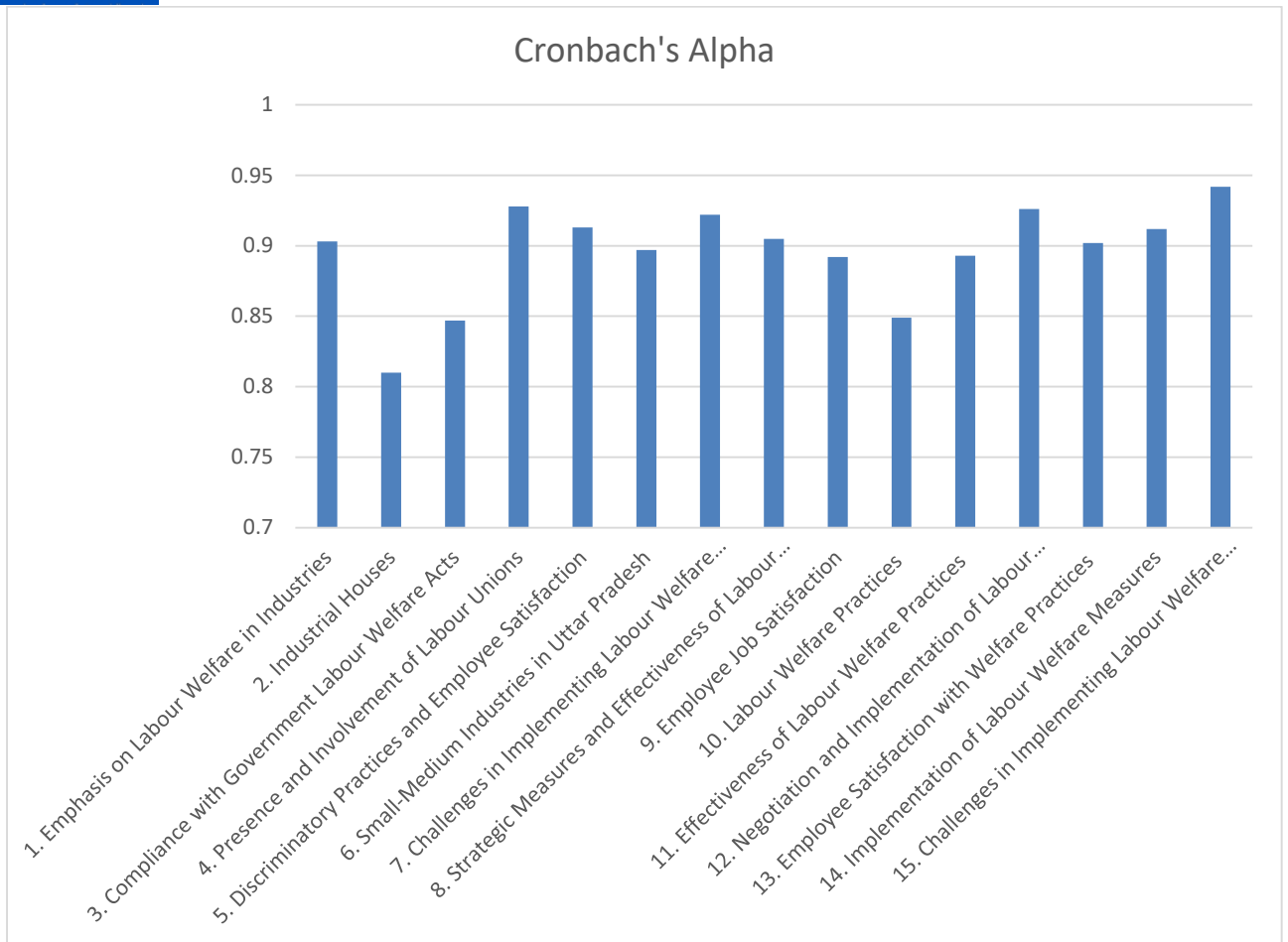
Reliability Statistics

Reliability analysis is a critical component in the validation of research instruments, particularly in survey-based studies. It refers to the consistency and stability of the responses across a set of items intended to measure the same construct. One of the most commonly used statistics for assessing reliability is Cronbach's Alpha, which evaluates internal consistency. A

Cronbach's Alpha value ranges from 0 to 1, with higher values indicating greater reliability. As a general rule:

Table 1 Reliability Statistics

Variables	Reliability Statistics	
	Cronbach's Alpha	N of Items
1. Emphasis on Labour Welfare in Industries	.903	5
2. Industrial Houses	.810	5
3. Compliance with Government Labour Welfare Acts	.847	5
4. Presence and Involvement of Labour Unions	.928	5
5. Discriminatory Practices and Employee Satisfaction	.913	5
6. Small-Medium Industries in Uttar Pradesh	.897	5
7. Challenges in Implementing Labour Welfare Measures	.922	5
8. Strategic Measures and Effectiveness of Labour Welfare Practices	.905	5
9. Employee Job Satisfaction	.892	5
10. Labour Welfare Practices	.849	5
11. Effectiveness of Labour Welfare Practices	.893	5
12. Negotiation and Implementation of Labour Welfare Practices	.926	5
13. Employee Satisfaction with Welfare Practices	.902	5
14. Implementation of Labour Welfare Measures	.912	5
15. Challenges in Implementing Labour Welfare Measures	.942	5



The reliability analysis demonstrates strong internal consistency across all constructs used in the study. The variable *Challenges in Implementing Labour Welfare Measures* shows the highest reliability (Cronbach’s Alpha = 0.942), indicating excellent consistency in measuring perceived challenges. Similarly, *Presence and Involvement of Labour Unions* (0.928), *Negotiation and Implementation of Labour Welfare Practices* (0.926), and *Discriminatory Practices and Employee Satisfaction* (0.913) exhibit very high reliability, confirming cohesive measurement of their respective dimensions. Other constructs, including *Strategic Measures and Effectiveness* (0.905), *Emphasis on Labour Welfare in Industries* (0.903), and *Employee Satisfaction with Welfare Practices* (0.902), also reflect strong reliability. Even the lowest values, observed for *Industrial Houses* (0.810) and *Labour Welfare Practices* (0.849), fall within the acceptable “good reliability” range. Cronbach’s Alpha values ranging from 0.810 to 0.942 confirm that the questionnaire is highly reliable, statistically robust, and suitable for advanced analyses such as correlation, regression, and hypothesis testing, thereby enhancing the credibility of the study’s findings on SMEs in Uttar Pradesh.

Hypothesis Testing

Hypothesis 1 (H₀₁):

Statement: There is no significant correlation between the emphasis on labour welfare in industries and overall employee job satisfaction.

◊ **Test Applied:**

Table 2 Chi-Square Test for Goodness of Fit

Chi-Square Test			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2613.823 ^a	182	<.001
Likelihood Ratio	1208.596	182	<.001
Linear-by-Linear Association	338.234	1	<.001
N of Valid Cases	500		
a. 183 cells (87.1%) have expected count less than 5. The minimum expected count is .18.			

The Chi-Square test results show a statistically significant association between the variables examined, as reflected by the Pearson Chi-Square value of 2613.823 (df = 182, p < 0.001). This leads to the rejection of the null hypothesis, indicating a meaningful relationship between the categorical variables, likely related to labour welfare practices and employee perceptions or satisfaction. The Likelihood Ratio (1208.596, p < 0.001) and the Linear-by-Linear Association (338.234, p < 0.001) further support the presence of a significant association and suggest a possible trend between ordered categories. However, the results should be interpreted with caution, as 87.1% of the cells have expected counts below 5, violating Chi-Square test assumptions and potentially affecting the reliability of the findings.

Hypothesis 2 (H₀₂):

Statement: Industrial houses do not exhibit significantly different approaches to labour welfare practices.

◊ **Test Applied**

Table 3 Chi-Square Test of Independence

Chi-Square Test			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3843.536 ^a	210	<.001
Likelihood Ratio	1836.810	210	<.001
Linear-by-Linear Association	469.940	1	<.001
N of Valid Cases	500		
a. 222 cells (92.5%) have expected count less than 5. The minimum expected count is .18.			

The Chi-Square Test of Independence indicates a statistically significant association between the variables studied, with a very high Pearson Chi-Square value ($\chi^2 = 3843.536$, df = 210, p < 0.001), leading to rejection of the null hypothesis. This suggests a meaningful relationship between strategic labour welfare initiatives and employee responses or industrial practices. The Likelihood Ratio (1836.810) and Linear-by-Linear Association (469.940) further support the significance and indicate a possible linear trend. However, the reliability of the results is

limited, as 92.5% of cells have expected counts below 5, violating test assumptions. Therefore, although the association appears strong, the findings should be interpreted with caution and validated using alternative statistical approaches or data aggregation.

Hypothesis 3 (H₀₃):

Statement: The effectiveness of labour welfare practices is not influenced by compliance with government labour welfare acts.

◊ **Test Applied:**

Table 4 Anova

ANOVA					
Labour Welfare Practices					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	201.075	15	13.405	45.016	<.001
Within Groups	144.127	484	.298		
Total	345.202	499			

The one-way ANOVA results indicate a statistically significant influence of compliance with government labour welfare acts on the effectiveness of labour welfare practices ($F = 45.016, p < 0.001$). The very low p-value leads to the rejection of the null hypothesis (H_{03}), confirming that higher levels of regulatory compliance are associated with more effective welfare implementation. This finding highlights the crucial role of government labour regulations in shaping and strengthening employee welfare outcomes.

Hypothesis 4 (H₀₄):

Statement: The presence and involvement of labour unions do not significantly impact the negotiation and implementation of labour welfare practices.

◊ **Test Applied:**

Table 5 Chi-Square Test of Independence

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2596.017 ^a	210	<.001
Likelihood Ratio	1435.723	210	<.001
Linear-by-Linear Association	210.646	1	<.001
N of Valid Cases	500		
a. 220 cells (91.7%) have expected count less than 5. The minimum expected count is .16.			

The Chi-Square Test results for Hypothesis H_{04} show a highly significant association between labour union presence and the negotiation and implementation of labour welfare practices ($\chi^2 = 2596.017, df = 210, p < 0.001$). This leads to the rejection of the null hypothesis, confirming that labour unions significantly influence welfare-related negotiations and implementation processes. Although a large proportion of cells (91.7%) had expected counts below 5, which may affect test assumptions, the magnitude and significance of the results still indicate that

labour unions play a crucial role in shaping effective labour welfare practices within the organizations studied.

Hypothesis 5 (H₀₅):

Statement: There is no significant correlation between discriminatory practices and employee satisfaction.

◊ **Test Applied:**

Table 6 Pearson Correlation

Correlations			
		Discriminatory Practices and Employee Satisfaction	Employee Satisfaction with Welfare Practices
5. Discriminatory Practices and Employee Satisfaction (H _{0.4})	Pearson Correlation	1	.904**
	Sig. (2-tailed)		<.001
	N	500	500
13. Employee Satisfaction with Welfare Practices (H _{0.4})	Pearson Correlation	.904**	1
	Sig. (2-tailed)	<.001	
	N	500	500

** . Correlation is significant at the 0.01 level (2-tailed).

The Pearson correlation analysis shows a very strong and statistically significant relationship between discriminatory practices and employee satisfaction with welfare measures ($r = 0.904$, $p < 0.001$). This indicates that changes in discriminatory behaviour are closely associated with corresponding changes in employee satisfaction. As the relationship is significant at the 0.01 level, the null hypothesis (H₀₅) is rejected, confirming that discriminatory practices are a key factor influencing employees’ satisfaction with labour welfare provisions.

Hypothesis 6 (H₀₆):

Statement: Small-medium industries in Uttar Pradesh do not implement significantly different labour welfare measures.

◊ **Test Applied:**

Table 7 Anova

ANOVA					
Small-Medium Industries in Uttar Pradesh					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	295.087	14	21.078	154.605	<.001
Within Groups	66.121	485	.136		
Total	361.208	499			

The ANOVA results for Hypothesis 6 reveal a statistically significant difference in the implementation of labour welfare measures across small and medium industries in Uttar Pradesh. The high F-value (154.605) with a p-value below 0.001 confirms that these

differences are not due to chance. The greater between-group variation (295.087) compared to within-group variation (66.121) indicates substantial differences across industries. Accordingly, the null hypothesis (H₀₆) is rejected, suggesting that labour welfare practices vary significantly by industry, reflecting non-uniform standards, resource availability, and levels of compliance across sectors.

Hypothesis 7 (H₀₇):

Statement: Various challenges do not significantly hinder the implementation of labour welfare measures in small-medium industries in Uttar Pradesh.

◊ **Test Applied:**

Table 8 Chi-Square Test of Independence

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4003.639 ^a	196	<.001
Likelihood Ratio	1568.935	196	<.001
Linear-by-Linear Association	466.799	1	<.001
N of Valid Cases	500		
a. 200 cells (88.9%) have expected count less than 5. The minimum expected count is .18.			

The Chi-Square Test results for Hypothesis 7 indicate a statistically significant relationship between the challenges faced by small and medium industries and the implementation of labour welfare measures in Uttar Pradesh. The Pearson Chi-Square value ($\chi^2 = 4003.639$, $df = 196$, $p < 0.001$) confirms that the observed association is not due to chance. The Likelihood Ratio (1568.935) and Linear-by-Linear Association (466.799) further strengthen this finding. As the p-value is well below the 0.05 significance level, the null hypothesis (H₀₇) is rejected. This clearly suggests that challenges such as financial constraints, regulatory issues, workforce-related factors, and infrastructural limitations significantly hinder the effective implementation of labour welfare practices in SMEs.

Hypothesis 8 (H₀₈):

Statement: Implementing strategic measures does not significantly enhance the effectiveness of labour welfare practices in small-medium industries in Uttar Pradesh.

Test Applied:

Table 9 Anova

ANOVA					
Strategic Measures and Effectiveness of Labour Welfare Practices					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	261.560	15	17.437	69.267	<.001
Within Groups	121.843	484	.252		
Total	383.403	499			

The ANOVA test results for Hypothesis 8 indicate a statistically significant difference in the effectiveness of labour welfare practices based on the implementation of strategic measures in small-medium industries in Uttar Pradesh. The F-value of 69.267 with a significance level (p-value) less than 0.001 suggests that differences observed among the groups are highly unlikely due to random chance. The between-group sum of squares (261.560) compared to the within-group sum (121.843) further demonstrates that the variation explained by strategic implementation is substantial. Therefore, we reject the null hypothesis (H_08) and conclude that implementing strategic measures does significantly enhance the effectiveness of labour welfare practices. This highlights the importance of adopting well-planned, targeted strategies to improve worker welfare in small-medium industries.

Findings

The study reveals that labour welfare practices have a substantial influence on employee productivity in Small and Medium Enterprises (SMEs) of Uttar Pradesh. The analysis indicates that employees working in enterprises with well-structured welfare provisions demonstrate higher levels of job satisfaction, motivation, and work efficiency compared to those employed in units with minimal or poorly implemented welfare measures. Statutory welfare facilities such as health and safety arrangements, regulated working hours, leave benefits, and social security provisions were found to be fundamental in ensuring basic employee well-being, while non-statutory measures like incentives, training opportunities, and welfare amenities further enhanced productivity outcomes.

The findings also show varying levels of awareness among workers regarding available welfare schemes, with higher awareness positively correlated with satisfaction and productivity. Gender, education level, and skill category significantly influenced perceptions of welfare practices, highlighting disparities in access and benefits across different employee groups. Sector-wise analysis revealed that manufacturing and organized SMEs exhibited relatively better welfare implementation and productivity levels than traditional and informal units. Moreover, management respondents acknowledged that effective welfare practices reduced absenteeism, improved workforce stability, and strengthened employer–employee relations. Statistical analysis confirmed significant associations between welfare practices and productivity-related indicators, establishing labour welfare as a key determinant of employee performance. The findings emphasize that consistent, fair, and transparent welfare implementation is essential for enhancing productivity and sustaining competitive advantage in SMEs of Uttar Pradesh.

Conclusion

The present study concludes that labour welfare practices are significant determinants of employee productivity in Small and Medium Enterprises (SMEs) of Uttar Pradesh. The findings clearly indicate that both statutory and non-statutory welfare measures play a vital role in shaping employees' work attitudes, motivation levels, and overall performance. Welfare provisions related to health and safety, working conditions, social security, and employee development contribute positively to job satisfaction and reduce issues such as absenteeism,

labour turnover, and workplace dissatisfaction. When employees perceive fairness, care, and consistency in the implementation of welfare practices, their commitment towards organizational goals increases, resulting in improved productivity and efficiency.

The study also reveals notable variations in the implementation and effectiveness of labour welfare practices across different sectors, enterprise sizes, and regions within Uttar Pradesh. SMEs that adopt welfare measures as strategic initiatives rather than mere statutory obligations tend to experience better workforce morale and higher productivity levels. Conversely, inadequate welfare provisions, limited awareness among workers, and weak monitoring mechanisms negatively affect employee performance and organizational outcomes. The analytical results further emphasize that demographic factors such as gender, education, and job category influence employees' perceptions of welfare practices and their productivity responses. The study underscores the importance of integrating labour welfare into the core management strategy of SMEs. Strengthening welfare awareness, ensuring equitable implementation, and fostering a supportive work environment can significantly enhance employee productivity and contribute to sustainable industrial growth. The research offers valuable insights for policymakers, SME owners, and labour administrators to design and implement welfare frameworks that balance employee well-being with organizational efficiency, thereby supporting inclusive economic development in Uttar Pradesh.

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