

## A STUDY ON THE AWARENESS LEVEL OF STATUTORY COMPLIANCE AMONG EMPLOYEES UNDERTAKEN AT VOLEX INTERCONNECT PRIVATE INDIA LIMITED, CHENNAI

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**Abstract:** The project report entitled “A study on the awareness level of statutory compliance among employees undertaken at Volex interconnects private” was intended to determine the awareness among the employees about the statutory, non -statutory and social security benefits in the organization. In this study, a detailed work is done to establish the conclusion on the benefits given by the organization “Volex interconnect (pvt.) India ltd” as given in the factories act 1948 and other social security acts.

The objectives of the study were to find out the awareness level of the employees about the statutory compliances and the various acts intended for employee welfare. It was also aimed at finding the satisfaction of employees from the benefits statutory and non- statutory acts.

To achieve this defined objective descriptive research design study was undertaken. Sampling technique used was convenience sampling. From the population of 132, 115 were taken as sample. Structured questionnaire based on the preliminary study was prepared. The prepared questionnaire is used to get the direct responses from the employees of Volex interconnect private India limited.

The response given by the employees of Volex interconnect India limited was analyzed using different types of statistical tools such as weighted average method, chi square test etc.

After analysis and interpretation the study reveals that improving the medical facilities, family casework counseling, housing facilities etc. will help for the management to reduce absenteeism.

During the study I come to know that all the workers of Volex (Pvt) India Ltd are satisfied regarding company's all monetary, non-monetary and social security benefits. . Company has provides all basic required welfare facilities to employees and this study revealed a high level of awareness of statutory compliance among workers.

**Keywords:** Statutory, Monetary, Non-monetary, Compliance, Social security benefits

### INTRODUCTION TO THE STUDY

Statutory means “of or related to statutes”, or what we normally call laws or regulations. Compliance just means to comply with or adhere to. so statutory compliance means following the laws on given issue”

The term is most often used related to organizations that must follow regulations.

A company that follow all the rules is in statutory compliance.

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**According to Wikipedia** welfare is the provision of a minimal level of wellbeing and social support for all citizens. In most developed countries, welfare is largely provided by the government, in addition to charities, informal social groups, religious groups, and inter-governmental organization. In the end, this term replaces “charity” as it was known for thousands of years, being the voluntary act of providing for those who temporarily or permanently could not provide for themselves.

These are various acts under the statutory compliance. The acts and their benefits are as follows

#### **Employee State Insurance Act 1948**

The ESI Act is a social welfare legislation enacted with the object of providing certain benefits to employees in case of sickness, maternity and employment injury. Under the act, employees will receive medical relief, cash benefits, pension to dependents of deceased workers and compensation for fatal injuries and diseases.

#### **Provident Fund Act 1952**

The Employee’s provident funds and miscellaneous provisions act, 1952 is enacted to provide a kind of social security to the industrial workers. The Act mainly provides retirement or old age benefits, such as Provident Fund, Superannuation Pension, Invalidation Pension, Family Pension and Deposit Linked Insurance.

#### **Gratuity Act 1972**

Gratuity is an amount given to an employee by employer when they leave the job after completing five years or minimum 240 days per year or after retirement.

The number of year may differ from company to company Gratuity is payable under the payment of wages act.

Gratuity shall be payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years.

- (a) on his superannuation, or
- (b) on his retirement or resignation, or
- (c) on his death or disablement due to accident or disease

#### **Minimum Wages Act 1948**

The Minimum Wages Act was formulated to provide for fixing minimum rates of wages in certain employments and to stop exploitation of the workers. The Act also governs certain service conditions such as working hours, weekly rest days and payment of overtime for employees covered under the act.

### **Payment of Bonus Act -1965**

“An act to provide for the payment of bonus to persons employed in certain establishments on the basis of profits or on the basis of production or productivity and for some matters connected therewith”

### **Payment of Wages Act**

The act is to ensure regular and prompt payment of wages and to prevent unauthorized deductions and arbitrary fines from the wages. It also regulates the rate of payment for overtime work. The act is applicable to persons employed in factory / industrial establishments and drawing less than Rs. 1600/-per month.

## **OBJECTIVES OF THE STUDY**

### **PRIMARY OBJECTIVE**

A study on the awareness level of statutory compliance among Employees undertaken at Volex Interconnect Private (India) Limited

### **SECONDARY OBJECTIVES**

- ❖ To know about the significance of statutory compliance in general
- ❖ To find out the statutory welfare measures provided by the organisation
- ❖ To measure the knowledge of employees about statutory benefits (monetary, non-monetary and social security) provided in the organization.
- ❖ To find the association between independent variables such as gender, age, experience and the awareness about the different acts
- ❖ To find the relationship between the independent variables & satisfaction from infrastructure facilities
- ❖ To submit suggestions for the effective use of statutory benefits.

## **NEED AND SCOPE OF THE STUDY**

### **NEED FOR THE STUDY**

Statutory compliance is to safeguard the employees and the enterprise from untoward risks by managing and consulting on issues such as retirement benefits and Taxation. Volex provides optical and electrical connection and has business in four main sector like telecommunications/ data communications, health care, consumer and industrial sector. It is a foreign company with more than 2000 employees around the world and having a branch at Chennai in India. A foreign company having a branch in India should comply with the statutory regulation of host country. Thus, this study is aimed at finding out whether Indian statutory compliance are taken care of by Volex interconnect private (India) limited.

### SCOPE OF THE STUDY

This study helps to provide an opportunity to improve the work environment of the organisation. It helps to increase the productivity of the employees that helps the organisation to achieve its long term goal and it helps to retain the employees for longer duration. It widens the scope for future studies among the foreign companies like Acromag, Ametek, cropico limited doing their business in India.

### REVIEW OF LITERATURE

**In a resolution in 1947, the ILO** defined labour welfare as “such 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.

**ILO (1949):** sets forth a fundamental principle at its 26th conference held in Philadelphia recommended some of the measures in the area of welfare measures which includes adequate Protection for life and health of workers in all occupations, provision for child welfare and maternity protection, provision of adequate nutrition, housing and facilities for recreation and culture, the assurance of equality of educational and vocational opportunity etc.,

**Johri C.K. And Sharma D.I (1968):** “Financing and administration of labour welfare” Sri Ram Centres for industrial relation 1968 New Delhi. Analysis on the line of important aspect to be much more deficient is considered as a favour by the employer to employee in terms of providing facilities like having education and recreation.

**R. Najeed (1996),** “Labour welfare measure in Tanjore Corporation Spinning Mills, Manalmedu.” The main objective of his study is to identify the worker welfare measure and to analysis the problem in the implementation of the welfare measure to identify the need for improved working condition. Labour welfare may be viewed as total concept, as a social concept and as a relative concept.

**Report of National Commission on Labour (2002):** Government of India, made recommendations in the area of labour welfare measures which include social security, extending the application of the Provident Fund, gratuity and unemployment insurance etc. Shobha Mishra & Manju Bhagat, in their “Principles for Successful Implementation of Labour Welfare Activities”, sated that labour absenteeism in Indian industries can be reduced to a great extent by providing good housing, health and family care, canteen, educational and training facilities and provision of welfare activities. The principle for successful implementation of labour welfare activities is nothing but an extension of democratic values in an industrialized society. P.L. Rao, in his “Labour Legislation in the Making”, opines that professional bodies like National Institute of Personnel Management should constitute a Standing committee to monitor the proceeding in the Parliament regarding the labour welfare measures.

**RESEARCH METHODOLOGY**

Research methodology is away to systematically solve the research problem. It may be termed as a science of studying how research is done systematically.

**RESEARCH DESIGN**

The research design should clearly point out as to whether the study is descriptive. it should also specify whether it is statistical or experimental design. The research design that has been adopted for the study is **descriptive** research design. The methodology involved in this design is mostly qualitative in nature. Descriptive research design was followed in this study as it describes the state of affairs as it exists at present.

**SAMPLING DESIGN**

Sampling Technique used for the data collection for this research study is judgment sampling. In this type of sampling, particular unit of the population is selected which is typical or representative of the whole

Data used: Both primary and secondary data.

Primary data required for the study was collected by circulating the questionnaire among the individual employees in Volex interconnect Private India Limited in Chennai city, for which the database was given by the company.

Secondary data needed for conducting this research work was collected from various other documents like magazines, books, websites etc.

Population size: Among the 132 staffs in the organization a sample of 115 employees was taken for the study.

**RESEARCH TOOLS**

**Simple Percentage method**

**Chi-square Test**

**Pearson's Correlation**

**Weighted Average Method**

**DATA ANALYSIS AND INTERPRETATION**

**Percentage Method**

**Table 1**  
**Age of the Respondents**

<i>Age</i>	<i>Frequency</i>	<i>Percentage</i>
20 - 25 years	58	50.4
25-35	54	47.0
Above 35	3	2.6
Total	115	100.0

**Inference**

It is inferred that 50.4% of respondents are aged 20- 25 years and 47.0% of Respondents are of 25 – 35 years.

**Table 2**  
**Gender of the respondents**

<i>Gender</i>	<i>Frequency</i>	<i>percentage</i>
Male	72	62.6
Female	43	37.4
Total	115	100.0

**Inference**

It is inferred that 62.6% of respondents are male and 37.4% respondents are female

**Table 3**  
**Awareness of employee state insurance act**

<i>Awareness level of act</i>	<i>Frequency</i>	<i>Percentage</i>
Yes to full extent	81	70.4
Not at all	34	29.6
Total	115	100.0

**Inference**

It is inferred that 70.4% of the respondents are aware of employee state insurance act

**Table 4**  
**Awareness of provident fund**

<i>Awareness about act</i>	<i>Frequency</i>	<i>Percentage</i>
Yes to full extent	82	71.3
Not at all	33	28.7
Total	115	100.0

**Inference**

The above table implies that 71.3% of the respondents are aware of employee state insurance act

**Table 5**  
**Awareness of gratuity act**

<i>Awareness about act</i>	<i>Frequency</i>	<i>percentage</i>
Yes to full extent	82	71.3
Not at all	33	28.7
Total	115	100.0

**Inference**

It is found that 71.3% of the respondents are aware of gratuity act and 28.7% of Respondents are not aware of gratuity act.

**Table 6**  
**Satisfaction from allowance provided**

<i>Satisfaction level</i>	<i>Frequency</i>	<i>percentage</i>
Highly satisfied	16	13.9
Satisfied	60	52.2
Neutral	37	32.2
Dissatisfied	2	1.7
Total	115	100.00

**Inference**

It is inferred that 52.2 % of the respondents are satisfied from the allowance provided and 32.2% of respondents are moderately satisfied from the allowance provided.

**Table 7**  
**Awareness of leave policy**

<i>Awareness about leave policy</i>	<i>Frequency</i>	<i>Percentage</i>
Yes	83	72.2
No	32	27.8
Total	115	100.0

**Inference**

The above table shows that 72.2% of the respondents are aware of leave policy

**CHI-SQUARE TEST**

**Table 8**

**Association between Gender vs. awareness level about employee state insurance**

**HO:** There is no association between gender and awareness level about employee state insurance

**H1:** There is an association between gender and awareness level about employee state insurance act

**Gender and awareness level of employee state insurance act**

<i>Gender</i>	<i>Employee state insurance</i>		<i>Total</i>	<i>Chi- square Value</i>	<i>Calculated Value</i>
	<i>Yes to full extent</i>	<i>Not at all</i>			
Male	45	27	72	5.822	0.016
female	36	7	43		
Total	81	34	115		

**Inference**

Since the calculated value is lesser than tabulated value ( $0.016 < 0.05$ ), null hypothesis is rejected and alternative hypothesis is accepted. Thus there is a significant association between gender and awareness of employee state insurance act.

**Table 9****Association between Gender vs. awareness level of social benefits act**

**HO:** There is no association between gender and awareness level of social benefit act

**H1:** There is an association between gender and awareness level of social benefit act

**Gender and awareness level of social benefit act**

Gender	Gratuity act and other benefit act		Total	Chi-square Value	Calculated value
	Yes to full extent	Not at all			
Male	60	12	72	8.002 <sup>a</sup>	0.005
Female	43	0	43		
Total	103	12	115		

**Inference**

Since the calculated value is lesser than tabulated value ( $0.005 < 0.05$ ), null hypothesis is rejected and alternative hypothesis is accepted. Thus there is a significant association

**Table 10****Association between age vs. awareness level about employee state insurance act**

**HO:** There is no association between age and awareness level about employee state insurance

**H1:** There is an association between age and awareness level about employee state insurance act

**Age and awareness level of employee state insurance act**

Age (years)	Employee state insurance		Total	Chi-square Value	Calculated value
	Yes to full extent	Not at all			
Below 25 years	39	19	58	1.626	0.443
25-35	39	15	54		
35-45	3	0	3		
Total	81	34	115		

**Inference**

Since the calculated value is greater than tabulated value ( $0.443 > 0.05$ ), null hypothesis is accepted and alternative hypothesis is rejected. Thus there is no significant association between age and employee state insurance act.

**Table 11**

**Association between age vs. awareness level of social benefit act**

**HO:** There is no association between age and awareness level about employee state insurance

**H1:** There is an association between age and awareness level about employee state insurance act

**Age and awareness level of social benefit act**

Age (years)	gratuity act and other benefit act		Total	Chi-square value	Calculated value
	Yes to full extent	Not at all			
Below25 (years	49	9	58	0.941	0.625
25-35	48	6	54		
35-45	3	0	3		
Total	100	15	115		

**Inference**

Since the calculated value is greater than tabulated value ( $0.625 > 0.05$ ), null hypothesis is accepted and alternative hypothesis is rejected. Thus there is no significant association between age and social benefit act.

**Table 12**

**Association between Education vs. awareness about employee state insurance act**

**HO:** There is no association between education and awareness level about employee state insurance

**H1:** There is an association between education and awareness level about employee state insurance act

**Education and awareness of employee state insurance act**

Education	Employee state insurance		Total	Chi-square value	Calculated value
	Yes to full extent	Not at all			
Up to school level	51	31	82	9.316 <sup>a</sup>	0.002
Under graduate	30	3	33		
Total	81	34	115		

### Inference

Since the calculated value is lesser than tabulated value ( $0.002 < 0.05$ ), null hypothesis is rejected and alternative hypothesis is accepted. Thus there is a significant association between education and employee state insurance act.

**Table 13**

#### Association between Education vs. awareness of social benefit act

**HO:** There is no association between education and awareness level about employee state insurance

**H1:** There is an association between education and awareness level about employee state insurance act

#### Education and awareness of social benefit act

Education	provident fund		Total	Chi-square value	Calculated value
	Yes to full extent	Not at all			
Up to school level	71	11	82	2.715 <sup>a</sup>	0.099
Under graduate	32	1	33		
Total	103	12	115		

### Inference

Since the calculated value is greater than tabulated value ( $0.099 > 0.05$ ), null hypothesis is accepted and alternative hypothesis is rejected. Thus there is no significant association between education and social benefit act.

**Table 14**

#### Association between Experience vs. awareness about employee state insurance act

**HO:** There is no association between experience and awareness level about employee state insurance

**H1:** There is an association between experience and awareness level about employee state insurance act

#### Education and awareness of employee state insurance

Experience	Employee state insurance		Total	Chi-square value	Calculated value
	Yes to full extent	Not at all			
Below 5 years	35	26	61	10.637 <sup>a</sup>	0.001
5 - 10	46	8	54		
Total	81	34	115		

**Inference**

Since the calculated value is lesser than tabulated value ( $0.001 < 0.05$ ), null hypothesis is rejected and alternative hypothesis is accepted. Thus there is a significant association between experience and employee state insurance act.

**Table 15**

**Association between Experiences vs. awareness level of social benefit act**

**HO:** There is no association between experience and employee state insurance

**H1:** There is an association between experience and employee state insurance

**Experience and awareness of social security act**

<i>Experience</i>	<i>provident fund</i>		<i>Total</i>	<i>Chi-square Value</i>	<i>Calculated value</i>
	<i>Yes to full extent</i>	<i>Not at all</i>			
Below 5(years)	54	7	61	0.151 <sup>a</sup>	0.698
5 – 10	49	5	54		
Total	103	12	115		

**Inference:** Since the calculated value is greater than tabulated value ( $0.698 > 0.05$ ), null hypothesis is accepted and alternative hypothesis is rejected. Thus there is no significant association between experience and social benefit act

**KARLPEARSON ‘S CORRELATION COEFFICIENT**

**Table 16**

**Relationship between age and welfare measures**

**Ho:** There is no relationship between age and welfare measures

**H1:** There is a relationship between age and welfare measures

<i>Welfare measures</i>	<i>Pearson correlation</i>	<i>P value</i>
Restroom	0.083	0.375
Urinal and latrines	0.090	0.341
Canteen facilities	0.255	0.016
Medical and first aid appliances	-0.007	0.937

Correlation is significant at the 0.05 level (2-tailed)

**Inference**

The relation between the agewas compared with welfare measures and it was found out that satisfaction from medical and first aid appliance is negatively correlated to age whereas it is positively correlated to other three welfare measures.

The p values show that for restroom 0.375, for urinal and latrines 0.341 and for medical and first aid appliances 0.937. Since the values are more than 0.05 null hypothesis is rejected and concluded that there is significant relationship between age and these facilities. For canteen facilities the value is 0.016 which is less than 0.05 and null hypothesis is accepted and it is concluded that there is no significant relationship between age and satisfaction from canteen facilities.

**Table 17****Relationship between gender and welfare measures**

**Ho:** There is no relationship between gender and welfare measures

**H1:** There is a relationship between gender and welfare measures

<i>Welfare measures</i>	<i>Pearson correlation</i>	<i>P value</i>
Restroom facilities	-0.027	0.778
Urinal and latrines	-0.034	0.718
Medical and first aid facilities	-0.096	0.307
Canteen facilities	-0.022	0.820

Correlation is significant at the 0.05 level (2-tailed)

**Inference**

The relation between the gender was compared with welfare measures and it was found that satisfaction from all the welfare facilities are negatively correlated to age.

The p values show that for restroom 0.778, for urinal and latrines, 0.718 medical and first aid facilities 0.307 and for canteen facilities 0.820, since the values are more than 0.05 null hypothesis is accepted and concluded that there is no significant relationship between gender and these facilities.

**Table 18****Relationship between education and welfare measures**

**Ho:** There is no relationship between education and welfare measures

**H1:** There is a relationship between education and welfare measures

<i>Welfare measures</i>	<i>Pearson correlation</i>	<i>P value</i>
Restroom	-0.061	0.518
Urinal and latrines	-0.125	0.184
Canteen facilities	-0.126	0.178
Medical and first aid appliances	0.062	0.509

Correlation is significant at the 0.05 level (2-tailed)

### **Inference**

The relation between the education was compared with welfare measures and it was found out that Satisfaction from restroom facilities, urinal and latrines and canteen facilities are negatively correlated to age.

The p values show that for restroom 0.518, for urinal and latrines 0.184, for canteen Facilities 0.178 and for Medical and first aid appliances 0.509, since the Values are more than 0.05 null hypothesis is accepted and concluded that there is no significant relationship between education and these facilities.

### **FINDINGS**

- ❖ 50.4% of the respondents are aged below 25 years. Majority (62.6%) of the respondents are male and the rest 37.4% of respondents are female. Majority (71.3%) of the respondents are educated up to school level. 53.3% of respondents have below 5 years' experience
- ❖ 70.4% of respondents are aware of employee state insurance act which complied in the organization and 71.3% of respondent are aware of gratuity and social benefit act.
- ❖ 72.2% of the respondents are aware of leave policies provided by the organization
- ❖ 95.7% of respondents strongly agree that their company provide accidental leave
- ❖ There is a significant association between gender and awareness of employee state insurance act and between gender and other social benefit acts.
- ❖ There is no significant association between age and awareness of employee state insurance act and between age and social benefit acts.
- ❖ There is a significant association between education and awareness of employee state insurance act and there is no significant association between education and social benefit acts
- ❖ There is no significant association between experience and awareness of employee state insurance act and there is a significant association between experience and social benefit acts.
- ❖ 13.9% of the respondents are highly satisfied and 52.2% are satisfied with the allowances provided by the company.
- ❖ The relation between the independent variables (age, gender, education and experience) and satisfaction from four welfare facilities, viz, medical facilities, restroom facilities, canteen facilities and sanitary facilities was studied. It was found out that there is no significant relationship between age and satisfaction from canteen facilities but there is significant relationship with the other three facilities. When the relation between gender, education and experience and satisfaction from all the welfare facilities are studied it was found out that there is no significant relationship.

## SUGGESTIONS

- ❖ The company may conduct seminars on the statutory and non -statutory benefits so as to make all the employees are aware of it.
- ❖ Urinal and latrines provided at the workplace have to be maintain clean and hygienic which helps to keep the environment clean
- ❖ Drinking water facilities have to provided sufficiently
- ❖ Restroom facilities can be improved
- ❖ Improvement in working condition are suggested to improve effectiveness of the employee welfares measures like canteen facility, drinking water, rest rooms and housing facilities which in turn would build the morale and increase the productivity of the employees

## CONCLUSION

The study is carried out to determine the awareness level of statutory compliance among employees at Volex Interconnect Private India Limited.

The study was aimed at finding the awareness level among the employees about the different beneficial statutory acts prevalent in India and whether they are satisfactorily applied to employees' in Volex (Pvt) India Ltd. It was found out that majority are aware of the acts and they are satisfied with company's all monetary, non-monetary and social security benefits. Company provides all basic requirements of welfare facilities to employees. It is recommended that company policy can be formulated and appropriate committee be constituted to monitor continuous compliance with the policy through various awareness programs. The study was successfully completed with the help of the faculty in the department of management studies, Jerusalem College of Engineering and the staff and the management of the organisation under study.

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