

A Study on Social Security Schemes in Selected Non Banking Financial Companies

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ABSTRACT

This paper explores satisfaction level of employees' on social security schemes provided by Non Banking Financial Companies and also to study what extend these schemes helps to improve standard of living, motivation level, reducing the risk factor and cost burden of the employees'. The researcher has chosen selected NBFCs such as Equitas Finance Ltd., Cholamandalam Investment and Finance company Ltd., Magma Fincorp Ltd., HDB financial Service Company Ltd., in Chennai city. The primary data are collected from employees through structured questionnaire. The researcher has used simple random sampling method for collecting data from 90 respondents. The study revealed that employees are satisfied with medical facilities, maternity benefits and accidents benefits and its promotes standard of living, maintenance of dependency, motivation of employee and lesser positive impact on protection from risk factors and reducing cost burden. The study suggested that NBFCs need to concentrate other factor which has lesser impact and also to improve sickness benefits, retirement benefits and staff welfare funds.

Keywords: social security schemes, non banking financial companies, satisfaction level, factors

INTRODUCTION

The quest of human protection emerged consciousness of social security schemes against human challenges in life. Initially, social security schemes focused to minimize risk of employee in an organization. Later, it advanced to cover risk factors from cradle to graveyard. ILO defines "Social security is the security that society furnishes through appropriate organisation against certain risks to which its members are exposed. These risks are essentially contingencies of life which the individual of small means cannot effectively provide by his own ability, or foresight alone or even in private combination with his fellows".¹ In India, from the entire GDP about 0.2% is allocated for Social Security. Though the government has enforced many laws and legislation to spend the entire allocation but only 10% of these laws are enforced in the organized sector.

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The motivated and secured employees can provide optimum output to the organization. These can be provided by the organization through various welfare schemes. The researcher intends to undertake the study towards to known whether the social security schemes bring positive changes on employee's life style as well as employee's attitude towards their performance. The study also helps to confirm what extent the various social security schemes satisfy the employees actually.²

REVIEW OF LITERATURE

GUPTA (1986) his study evaluated that the various scheme of social security measures developed and improved through need oriented public policy formulation, legislative frame work and judicial responses. This study examined deficiencies of present programmes and alternative of improvement.³

COCKMAN (1963) he viewed employee benefits as "those benefits which are supplied by an employee to or for the benefits of an employee, and which are not in the form of wages, salaries and time- rated payments".⁴

ALLAN, P.BLOSTIN (1981) authors noted with respect to life insurance is that it has declined in relation to other benefits offered by the organization. A study published in the monthly labour review indicated that “fewer workers were concerned about life insurance and more interested in health and retirement benefits.”⁵

C.B.MAMORIS AND S.V.GANKAR (2001) they concluded that benefits are usually given to employees in order to tempt them to remain in the organization, to provide them social security, and to reduce absenteeism and labour turnover. Policies and programmes for implanting have to be properly developed.⁶

C.P JOHN (2004) the study on Social Security and Labour Welfare for construction worker in Kerala analyzed that Social security benefits are given mainly in the form of provident funds, paid to workers on superannuation, monthly pensions, and gratuity. Social insurance is given in the form of ex gratia payment in the event of disability or death; a modest payment is made in the event of treatment for ill-health.⁷

STATEMENT OF THE PROBLEM

Nonbanking financial companies play an important role in development of infrastructure facilities, substantial employment generation, financing economically weaker section which is contributing improvement in our economic condition. Thus, this can be made possible only through motivated and satisfied employees. The motivated employees easily retained which ensure the flawless development. Hence, this reason induces the researcher to concentrate employee’s satisfaction on social security scheme provided by the NBFCs.

SCOPE OF THE STUDY

The main emphasis of the study is to analyze the satisfaction level of employees related to the social security schemes offered by the selected Non Banking Financial companies in the Chennai city.

OBJECTIVES

1. To identify the extent of social security schemes create impact on employees on selective factors.
2. To analyze what extent of the NBFCs employees are satisfied with the current social security schemes.

3. To offer suggestions for further improvement in social security schemes provided by NBFCs.

HYPOTHESIS

- There is no significant difference between various level of employees and employees’ opinion regarding social security schemes which protect the employees from life threatening factors.
- There is no significant difference between gender of employees and employees’ opinion regarding social security schemes which promote the standard of living or status in the society.

LIMITATIONS OF THE STUDY

- The number of respondents is restricted to 90 samples imposed by time and cost factors.
- The duration of Project is limited to 3 months.
- The study is restricted to collect data from the selected NBFCs employees in Chennai only

METHODOLOGY

In securing the most effective results from present study, a methodology has been framed in relation to the area of the study, aims covered in the study, data collection, sampling, hypothesis and statistical tools.

Data of the Study: The data comprises of two vital parts: primary and secondary. Simple random sampling method is used to collect primary data. The review of literature has been framed based on the secondary data such as journals, articles, books and websites.

Sample Size: 90 samples are collected from the NBFCs employees in Chennai city. The researcher has chosen selected NBFCs such as Equitas Finance Ltd., Cholamandalam Investment and Finance Company Ltd., Magma Fincorp Ltd., HDB Financial Service Company Ltd to collect the data.

Statistical tools: The researcher has used the appropriate statistical tools to find the accurate results which are related to objectives. The following are the research tool such as percentage analysis, weighted average and chi-square analysis.

CHI-SQUARE ANALYSIS

H_0 : There is no significant difference between various level of employees and employees' opinion regards social security schemes protect the employees from life threatening factors such as sickness, accidents, sudden unemployment.

H_1 : There is a significant difference between various levels of employees and employees' opinion regards social security schemes protect the employees from life threatening factors.

Table 1: Chi- square analysis between level of employee and life threatening factors

various level of employee/social security schemes protect the employees from life threatening factors such as sickness, accidents, sudden unemployment	lower level	middle level	upper level	Total
Extremely satisfied	3	4	1	8
satisfied	9	15	6	30
Neutral	14	9	9	32
Unsatisfied	4	7	3	14
Extremely unsatisfied	2	3	1	6
Total	32	38	20	90

Source: Primary Data

Table 2: Calculated value of Chi- square

O	E	O-E	(O-E) ²	(O-E) ² /E
3	2.84	0.16	0.0242	0.0085
4	3.38	0.62	0.3872	0.1146
1	1.78	-0.78	0.6049	0.3403
9	10.67	-1.67	2.7778	0.2604
15	12.67	2.33	5.4444	0.4298
6	6.67	-0.67	0.4444	0.0667
14	11.38	2.62	6.8760	0.6043
9	13.51	-4.51	20.3501	1.5062
9	7.11	1.89	3.5679	0.5017
4	4.98	-0.98	0.9560	0.1921
7	5.91	1.09	1.1857	0.2006
3	3.11	-0.11	0.0123	0.0040
2	2.13	-0.13	0.0178	0.0083
3	2.53	0.47	0.2178	0.0860
1	1.33	-0.33	0.1111	0.0833
CALCULATED VALUE				4.4068

Source: Primary Data

Degree of freedom: $(R-1)(C-1) = (5-1)(3-1)$

$$= (4)(2)$$

$$= 8$$

It is now necessary to compare calculated value (4.4068) with the critical values of chi-square. The degree of freedom is 8. The critical value of chi square with 8 degree of freedom of 5% level of significance is 15.507. Since, the calculated value is much lesser than the critical value of chi-square, the null hypothesis is accepted. Hence, There is no significant difference between various level of employees and employees' opinion regards social security schemes protect the employees from life threatening factors such as sickness, accidents, sudden unemployment.

H₀: There is no significant difference between gender of employees and employees' opinion regards social security schemes promote the standard of living or status in the society.

H₁: There is a significant difference between gender of employees and employees' opinion regards social security schemes promote the standard of living or status in the society.

Table 3: Chi-square analysis between gender and opinion regarding standard of living

Gender of employee/social security schemes promote the standard of living or status in the society	Female	Male	Total
Extremely satisfied	13	1	14
satisfied	26	10	36
Neutral	14	2	16
Unsatisfied	17	1	18
Extremely unsatisfied	6	0	6
Total	76	14	90

Source: Primary Data

Table 4: Calculated value of Chi- square

O	E	O-E	(O-E) ²	(O-E) ² /E
13	11.82	1.18	1.3872	0.1173
1	2.18	-1.18	1.3872	0.6370
26	30.40	-4.40	19.3600	0.6368
10	5.60	4.40	19.3600	3.4571
14	13.51	0.49	0.2390	0.0177
2	2.49	-0.49	0.2390	0.0960
17	15.20	1.80	3.2400	0.2132
1	2.80	-1.80	3.2400	1.1571
6	5.07	0.93	0.8711	0.1719
0	0.93	-0.93	0.8711	0.9333
CALCULATED VALUE				7.4376

Source: Primary Data

Degree of freedom: (R-1) (C-1) = (5-1) (2-1)

$$= (4) (1)$$

$$= 4$$

It is now necessary to compare calculated value (7.4376) with the critical values of chi-square. The degree of freedom is 4. The critical value of chi square with 8 degree of freedom of 5% level of significance is 9.488. Since,

the calculated value is lesser than the critical value of chi-square, the null hypothesis is accepted. Hence, there is no significant difference between gender of employees and employees’ opinion regards social security schemes promote the standard of living or status in the society.

WEIGHTED AVERAGE ANALYSIS

Table 5: Weighted Average method to know satisfaction level on social security scheme

Satisfaction level of employee on social security scheme	Extremely Satisfied 5	Satisfied 4	Neutral 3	Unsatisfied 2	Extremely Unsatisfied 1	W.A.	Rank
Medical care	26	38	10	16	-	22.9	1
Sickness benefits	6	26	32	26	-	18.8	5
Retirement benefits	6	28	32	20	4	18.8	5
Gratuity	10	38	28	12	2	20.8	3
Maternity benefits	10	36	28	8	8	20.13	2
Accident benefits	10	52	6	14	8	20.8	3
Staff welfare fund	8	30	28	16	8	18.9	4

Source: Primary Data

Table 5 shows that 26 respondents are extremely satisfied with medical care scheme provided by the organization so it placed with 1st position. It indicates the organization has not given much importance to the staff welfare fund, sickness benefits and retirement benefits. It may be the reason for those benefits were positioned last by the employees.

Table 6: Weighted average method to know impact on the social security scheme

The extend of the social security scheme create impact on employees on the following factors	Extremely Satisfied 5	Satisfied 4	Neutral 3	Unsatisfied 2	Extremely Unsatisfied 1	W.A.	Rank
Promotion of standard of living	14	36	16	18	6	20.27	1
Motivation of employee	12	38	12	22	6	19.87	3
Maintenance of dependency	12	34	20	20	4	20	2
Protection from risk factor	8	30	32	14	6	19.33	4
Reducing cost burden	12	26	22	20	10	18.67	5

Source: Primary Data

Table 6 reveals that social security scheme by the organization create greater impact on promotion of standard of living of employees because 14 respondents are extremely satisfied and 36 respondents are satisfied. According to weighted average analysis, it is also placed with 1st position and then second position is goes to maintenance of dependency, third place to motivation of employee, fourth place to protection from risk and final potion goes to reducing cost burden. From these, researcher concluded that social security scheme

provided by the NBFCs create much impact on promotion of standard of living, maintenance of dependency and motivation of employee and lesser impact on protection from risk factors and reducing cost burden.

FINDINGS

84% of the respondents are male employees. It shows that most of the male employees are passionate to work in NBFCs.38% of the respondents are from the

age group of 26-30 years and 27% of the respondents are from the age group of 21-25 years. Most of the NBFCs are providing medical care facilities, Maternity benefits and accidents benefits among various social security schemes. Chi-square analysis shows that there is no significant difference between various levels of employees and employees' opinion regarding social security schemes protects employees from various life threatening factors. Chi-square analysis reveals that there is no significant difference between gender of employees and employees' opinion regards social security schemes promote the standard of living. The employees are extremely satisfied with medical care so it positioned with 1st place, next position to maternity benefits, 3rd position to accident benefits and least position to sickness benefits and retirement benefit. Social security schemes create optimistic impact on promotion of employee's standard of living, motivation of employees and maintenance of dependency however, social security schemes are not create considerable impact on the factors such as risk and cost burden.

CONCLUSION

It has concluded that employees are satisfied with medical facilities, maternity benefits and accidents benefits provided by the NBFCs. Social security schemes provided by the NBFCs create much impact on promotion of standard of living, maintenance of dependency and motivation of employee and lesser positive impact on protection from risk factors and reducing cost burden. NBFCs need to promote such social security scheme which would reduce risk and

cost burden of the employee and also need to concentrate on schemes such as on retirement benefits, sickness benefits and staff welfare fund. Hence, the satisfied and secured employees can only give optimum output to the organization.

Ethical Clearance: not applicable

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Conflict of Interest: Nil

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