



HUMAN RESOURCE MANAGEMENT IN MSMEs : INDIAN CONTEXT

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ABSTRACT :

Smaller scale, Small and Medium Enterprises (MSMEs) establish over 90% of complete undertakings in the greater part of the economies and are credited with creating the most astounding rates of work development and record for a noteworthy offer of mechanical generation and fares. In India as well, the MSMEs assume an essential job in the generally modern economy of the nation. As of late, the MSME segment has reliably enrolled higher development rate contrasted with the generally speaking mechanical part. With its nimbleness and dynamism, the part has indicated honorable inventiveness and flexibility to endure the ongoing financial downturn and retreat.



Most of the time, HR practices are considered unresponsive, time consuming and a non-priority task by the MSMEs. Nonetheless, to upgrade by and large execution, MSMEs need to improve intensity by means of better human asset the board practices of enlistment, determination, preparing and pay. The paper makes an attempt to focus aspects of HRM in MSMEs and highlight some strategies to meet the challenges of Human Resource management.

KEYWORDS : Human Resource, Human Resource Management, Micro, Small and Medium Enterprises, Organisational Performance, Retention.

INTRODUCTION

Manpower or Human Resource may be thought of as total knowledge skills, creative abilities, talents and aptitudes of an organisation workforce, as well as the values, attitudes and benefits of an individual involved. It is the sum total of inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the employed persons. Of all the things, manpower is the most valuable asset of an organization, and not the money or physical equipment. Organizational performance and resulting productivity are directly proportional to the quantity and quality of its human resources.

A skillful workforce is maybe the most critical resource for any association. In this way, it is in light of a legitimate concern for any organization regardless of its size to decidedly concentrate on human asset (HR) improvement and the executives. Be that as it may, it is fairly dismal that the HR exercises are regularly disregarded by numerous Indian MSMEs. According to a study directed by the Confederation of Indian Industries (CII), around 80% from the little ventures and about 20% of the medium undertakings respondents demonstrated having no formal HR office.

In today's flourishing global economy, the secret of an organizations' success is directly proportional to employee' integral growth. With MSMEs struggling to fill the talent gap, identify right talent, find skilled workforce and retain their key talent, talent crunch is becoming a big challenge for this sector.

MSMEs IN INDIA

According to the speedy appraisals of fourth All-India Census of MSMEs, for reference year 2006-07 the quantity of ventures is evaluated to be around 26 million and these give work to an expected 60 million people. Of the 26 million MSMEs, just 1.5 million are in the enrolled portion while the staying 24.5 million (94%) are in the unregistered section. The state-wise dissemination of MSMEs demonstrate that over 55% of these endeavors are in 6 States, in particular, Uttar Pradesh, Maharashtra, Tamil Nadu, West Bengal, Andhra Pradesh and Karnataka. Further, about 7% of MSMEs are claimed by ladies and over 94% of the MSMEs are ownerships or organizations.

MSMEs contribute 8 percent of the nation's GDP, 45 percent of the produced yield and 40 percent of our fares. The work and capital proportion in MSMEs and the general development in the MSMEs are a lot higher than in the bigger ventures. The non-homogenous structure as far as scope of produce/administration just as size of industry adds to its dynamism. In this way, MSMEs are essential for the national goals of development with value and incorporation.

The MSME division has gradually come into the spotlight, with expanded concentration from government and other government organizations, corporate bodies and banks. It is seen as one of the best operators of development. Strategy based changes, speculations into the area; globalization and India's hearty monetary development have opened up a few idle business open doors for this segment.

Indian MSMEs represent the model of socio-economic policies of Government which emphasized job creation at all levels of income section and diffusion of economic power in the hands of few, discouraging monopolistic practices of production and marketing; and contributing to growth of economy and foreign exchange earning with the low import-intensive operations.

Indian MSMEs also play a significant role for Nation development through the high contribution to Domestic Production, Significant Export Earnings, Low Investment Requirements, Operational Flexibility, Location Wise Mobility, Low Intensive Imports, Capacities to Develop Appropriate Indigenous Technology, Import Substitution, Contribution towards the Defense Production, Technology — Oriented Industries, Competitiveness in Domestic and Export Markets and Generate New Entrepreneurs by providing knowledge, training and practice.

MSMEs that have a strong technological base, innovative, inventive, international business outlook, competitive spirit and willingness to restructure them as they can withstand the present challenges and come out successfully to contribute 22% to GDP.

HRM IN MSMEs

Human Resource Management policies and practices positively contribute in high organizational performance and thus organizations can take initiatives to introduce innovative better HRM practices to enhance overall performance of the organization (Singh et.al., 2008). Small business units do not have formal HRM policies in place, but they follow some of the practices like recruitment, selection, training and performance appraisal (Srimannarayana, 2006). The problems like inadequate wage and salary, lack of incentives, bonus, social security and welfare measures, absence of trade unions, labour market victimization are matter of concern both to management and workers affecting smooth running of the organization and working life, have been identified as major issues in SMEs (Srimannaravana, 2006).

A Study of Indian and Multinational Companies concluded that competitive advantage of a company can be generated from human resources and company performance is influenced by a set of effective HRM practices. A study among software professionals in India reveals that HRM practices such as employee-friendly work environment, career development, development oriented appraisal, and comprehensive training show a significant positive relationship with organizational commitment.

SMEs because of their size face one of a kind difficulties. While bigger associations utilize a group of masters to address the complexities engaged with overseeing HR programs, this isn't a possibility for some SMEs. Be that as it may, there has been almost no consideration paid to the job the vital human asset the executives practices of SMEs in achieving the maintainability of the business.

The uniqueness of the SMEs powers the HR administrators to be imaginative and make some real changes in their approaches. Hasim and Oman (2003) inferred that a large portion of the SMEs neglected to accomplish their individual goals because of the absence of HR and association capacities. Different reasons were presumably in light of the fact that there was little innovation, absence of gifted or skill laborers, conventional

strategies for task, income and challenges in getting money related help from monetary organizations or the administration, absence of HR improvement, abnormal state of universal challenge; lack of willingness to spend on technology facilities, lack of skills and knowledge, dependency on the domestic market (Saleh & Ndubisi, 2006) difficulty in recruiting employees and difficulty in developing sustainable human resource systems and policies (Barber et al., 1999).

There is a need to concentrate for the most part on the excess and the enlistment of workers for the MSMEs. In this intense monetary condition of rivalry, it is very basic for HR supervisors to set clear objectives and desires for their representatives; and give them suitable input. Thus, there is a requirement for worker inclusion and an imaginative examination framework to be presented by the HR division.

MEETING THE HR CHALLENGES IN MSMEs

Until recent past, it was only the big firms investing in HRM but with time even the MSMEs are considering HR functions seriously. The need for organized HR practices is well realized by most MSMEs today and they are even ready to implement HRM into their organizations. But the problem they face relates to shortage of funds and expertise required to implement HRM. The solution can take any of the two forms: either outsource the HRM function for a short span till required expertise is gained, or to manage from the available resources for implementing HRM. If HRM is outsourced, though it requires investment in money, the entrepreneurs get enough time to concentrate on strategic issues rather looking after routine HR systems. But, if the firm cannot adopt this option, the SMEs can do the following:

- i. Recognize the right talent for the organization; may not be the best but which suits the needs of the job and organization.
- ii. Follow employee engagement practices so that employee retention improves.
- iii. Re-employment of retired employees who are ready to join at low salary.
- iv. Developing a culture of accepting challenges and offering career growth in the organization.
- v. Minimize the hierarchy so that employees feel a part of the organization.
- vi. Design practices like flexible working hours and work from home to facilitate work-life balance.

We may opine that to tackle turbulent situation especially related to the MSMEs, there is need to have innovative strategies like

- Effective knowledge management
- Effective recruitment
- Retention of present employees
- Proper motivation to employee
- Employee empowerment
- Employees engagement
- Workforce diversity management, and
- Inculcation of belongingness towards the organisation

Retention is the Biggest Challenge

The biggest challenge for the SME is to retain present employees who are leaving the organization at the time of crisis. The HR work force should attempt to hold the present representatives by following a portion of the productive methodologies which incorporate :

- Offering a focused advantages bundle that fits the worker needs and desires.
- Using challenges and impetuses to help keeping specialists spurred and feeling remunerated,
- Creating open correspondence among representatives and the executives so as to create trust in the workers.
- Creating representative improvement exercises like invest energy in training workers, helping great entertainers move to new positions and limiting poor execution by inclusion of troughs with the goal that it will give representatives their very own perceivability profession way.
- Implement post employment surveys to realize why workers are leaving, and find a way to make them to adhere to the association.

It is vital for the MSMEs to make a stride back and assess workforce designs, just as ability securing forms and empowering innovation and decide a methodology that works for the association in the maintenance procedure.

CONCLUSION

Human resource management plays an important role in MSMEs. In order to implement a successful business strategy organizations whether large or small must ensure that they have the right people capable of delivering the strategy. HR and its distinctive aspects likewise assume an essential job to address the development issues that MSMEs face. While the association intends to pursue an effective direction, there is a requirement for both HR and the Promoters to acknowledge and concur on change the board plan through change in hierarchical culture. HR has the responsibility to understand business dynamics in MSME's environment Research has shown that the strategic use of human resource management is likely to be one of the most important determinants of organizational performance. The success of MSMEs largely depends upon the enthusiasm, competency, resources and commitment of a single person (owner) around whom the enterprise revolves. Since the owners often involve themselves in doing manual work and taking responsibility for employment matters including the determination of pay , people issues are often taken for granted and managed informally. The role of human resources in enhancing firm efficiency and effectiveness is well established.

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