

## **Role of HR Practices in Small-Scale Industries**

Ms. Susmita Kalyani

Assistant Professor, Gitarattan International Business School, Delhi

### **Abstract**

This paper explores HR practices in small and medium-scale industries. This study uses descriptive research to explore the HRM practices of SMEs in India. This paper aims to investigate the implications of human resources on small businesses' success or failure. This thesis analyses how human resources can reap many benefits and can lead to cohesive and progressive organizational behavior that improves innovation and productivity in SSIs.

### **Introduction**

Human Resource Management (HRM) is the practice that is related to recruitment, deployment, and management of organization's employees. The term "Human Resources" was firstly used in 1900s, referred to as the people who work for an organization. The role of HRM is to improve and maintain the health of the business in different sectors of the economy. HRD is not only focused on individuals' growth and performance, it also satisfies organizational goals. In contemporary times, HRM is at the forefront of management strategy. In today's world HRM involves staffing, employee compensation benefits, HR forecasting, training, performance management etc.

HRM Features:

- 1.Integrating HR Policies with overall planning of the organization.
- 2.HRM strives to maximize employee's motivation so that they can contribute to their maximum potential.
- 3.HRM is action oriented.
- 4.HRM is people oriented.
- 5.HRM is continuous activity.

### **Human Resource Management and Industrial Relations**

Human Resource Management (HRM) and Industrial Relations (IR) are interrelated. Industrial relations involve the relation between both employer and employees during the period of employment in an industrial organisation. According to the International Labour Organisation (ILO), industrial relations deals with relationships between either state and employers and workers organisations or the relationship between the occupation organisation themselves. Industrial relations have more to do with the historical context and Human resource management is used more in the modern context of globalisation and multiculturalism. The term IR is used in the specific context of the industrial revolution and the socialist ideology where just and humane conditions of work were emphasised. Thus, we can say that Industrial

relations is not different from human relations. Industrial relations is now used to refer to the legal aspect of organisations governing employee employer relationship viz. trade unions, collective bargaining, etc.

### **Literature Review for understanding the relation between HR practice and and the performance of Small Business-**

In his recent study Purang (2008), stated that there exists a positive relationship between the dimensions of HRD and the organizational commitment of the managers; the results of the study showed that four dimensions of HRD, viz., Career Planning, Employees' performance appraisal, Job Enrichment and Organization Development were found as strong predictors of organizational commitment. Abhay, Maychiusn and Maw (2009) concluded that two components of HR Practices namely training, and development and information technology have direct impact on organizational performance. In the research paper titled "Human Resource Management Practices and firm performance, Daud Normala Binti (2006) stated that: The Moderating Roles of Strategies and Environmental Uncertainties" explains the HRM Practices could positively influenced profitability and growth and negatively influenced employee turnover. Tessema and Soeters (2006) examined how, when and to what extent HR practices affected performance in Eritrea, Africa's youngest and poorest country. They reported that successful implementation of HR practices is strongly and positively related to organizational performance. Hornsby and Kuratko (2003) distinguishes the role of human resource management in small versus large businesses. Hornsby and Kuratko develop a long-term study that aims to demonstrate the development of human resources after 10+ years. They were able to provide this type of research by performing an almost duplicated study more than a decade after their first study; both studies entailed the investigation of human resource management in five major areas: job analysis and description, recruiting and selection, training, performance appraisal, and compensation.

### **Role of HRM in Small Business**

Small-scale Industries (SSIs) plays an important role in an economy of any country. In most of the labour-intensive countries, SSIs plays an important role in generating employment. In countries like India the demand for SSIs is snowballing. 44-45% of exported products from India are from Small-scale and Mid-scale industries. Small-scale industry are those industries in which process of production, manufacturing and servicing are done on a small scale. In SSIs, the manufacturing of goods and services are done with the help of smaller machine and limited manpower. In countries like India, SSIs are lifeline of the economy and major source of employment in rural areas. SSIs helps to promote Make in India initiative so that demand for local products can be increased in the economy. Capital is scarce in developing countries like India and therefore, SSI plays an important role in making the balance in the economy. These small industries also promote entrepreneurial skills among rural population which is not having the opportunities and scope of large-scale industries. Large-scale industries are mainly concentrated in large cities which leads to migration of people from rural areas. SSIs creates income opportunities for the migrated youths in the over-crowded cities.

Small scale industry is labour- oriented industry that is entirely dependent on human resource which can manage and control the entire industrial activity, that's why, better the human resource development practices in SSIs, higher will be the productivity. Small-scale industry sector is -the most influenced

industry by HR has the following specific needs in the industry. The small-scale industry has a scarcity of human resources and as a result, productivity is low. Also, there is a need to provide a convivial working atmosphere for employees, which can be done only through human resource. Because of lack of proper integration of employee-employer relationship in the industry, there is a dare need for HRD. HRD is also required to promote a sense of belonging, commitment and other human virtues and values among the employees. HR applications in industry result in efficiency and effectiveness among the employees.

In the present business environment, most of the commercial enterprise entities has nicely mounted human aid departments inside the predominant company structure or in other situations the organisation can also choose to outsource human resource features from specialists and specialists in the specific field. Specifically, Human Resource Management (HRM) is involved with the human's measurement in management. Since every business enterprise is made of people, acquiring their offerings, growing their competencies and abilities, motivating them to higher stages of overall performance and ensuring that they preserve to hold their commitment are critical to accomplishing organizational goals and goals. (Aswathappa, 2005).

In case of Small Business, it is very important to learn how to delegate responsibilities. The critical departments like diversification and enlargement, finance, advertising and marketing, manufacturing, recruitment exist in SSIs also. Therefore, it is important to strengthen the human resources in small enterprises too. In small scale industries, it becomes crucial to share your thoughts with your employees. It is very important to meet the personnel periodically and concentrate to them and their troubles and it becomes essential to proportion the issues and problems of the business enterprise. For small commercial enterprise proprietors, it is worthwhile to maintain a small budget for worker improvement and motivation cause. It will inspire them to adopt several HRD activities. The list consists of education, area visits, visitor lectures, company day celebrations, awards etc. SSIs should offer enough scope for proper human useful resource control for growing employee capabilities. The role of the HR Manager becomes significant in this whole process. And consequently, the chances of fine consequences are particularly high on small business.

### **HR Practices in Small-Scale Industries (INDIA)-**

In India, the Small-Scale sector is largest source of employment and constitutes the moral strand of almost each financial system on the continent. During the 3<sup>rd</sup> world war, the capacity and productivity of SMEs in most of the countries were low. The relative share of the sector in total output and exports, have been much lower as compared to that of the more developed nations. If we talk about India, Small-scale industries play a very vital role even in industrialized and highly developed states like the Tamil Nadu the Andhra Pradesh and the Kerala and more particularly in contribution in the direction of income generation, employment, GDP and sell overseas earnings. In these states, SSIs are the industries whose capital is supplied by the proprietor or through means like corporation or financing agencies setup for this purpose etc. These industries generally use power driven equipment and employ modern method of production, fit into place labor on wage, produce for expanded market. Such industry can be managed with little resources and in terms of returns construct available much better consequence.

Our late Prime Minister Mrs. Indira Gandhi once said, "Small weighing machine industries offer many opportunities; besides adding in the direction of production, they become wider the industrial base. They

enable the process of modernization as well as entrepreneurship to increase to more regions and layers of society”.

Small Scale Industries, like traditional cottage and village industries and modern small enterprises have been given in significant place in India's economic planning for ideological and economic reasons. Father of our Nation, Mahatma Gandhi Ji had strongly advocated the development of Indian villages by making them financially viable from establishment to end small and village industrial units.

In countries like India, HR practices in SSIs is responsible for the planning of proper recompense secure together to the employees. Compensation costs include rose sharply in recent years, first and foremost since of escalating benefit costs. A group of industry must enclose these spiralling costs if it is to get a proper return on its investment, and thus gain a ready for action improvement.

Sometimes employers of SSI unit in India do not maintain appropriate association with every member of staff as well as work also have not make available their positive contribution to the organization due to their negative attitudes. Employers should not give the impression of being at every labour as an article of trade as a part of equipment because labour is a living feature having living emotion, liking-disliking, etc. and employees also be encouraging towards management, therefore, there should be alive communal thoughtful between labours and employers. With the intention of will preserve healthy implementation affiliation sandwiched between both so with the intention of productivity of solid and efficiency of labour individually will come into sight on equal track of progress.

According to the Village and Small scale Industries Committee Report (1955), popularly known as Karve Committee Report, since a considerable number of employed in addition to underemployed belongs to the village in addition in the direction of small industry group, setting up of small scale and rural community industries strength of mind supply employment to them in occupations in which they have been conventionally trained in addition to planned for which they possess equipment. The committee realizes the necessity of introducing better techniques in the village industry, so that they know how to keep pace through the progressively expanding economy and do not become unsuitable tomorrow.

In today's world, Employers must association an amount of career-oriented expansion for labours as fighting fit since philanthropic a permanent protection of job to him possibly will increase labour's efficiency. Now at present it is important to regulate the relationship with workers and association to keep away from various types of disputes, strike, entrepreneur or producer should maintain good association by way of workers and union. But before an implementation of parameters among labors, employer is obliged to develop such disciplinary rules and guidelines.

## **Conclusion**

The effect of recruitment, overall performance appraisals, reimbursement, and education contribute to the performance of the small firm. This paper came to conclude with the intention of the small weighing machine industry has to put a lot of emphasis on Human Resource Practices and Human Resource Development (HRD) in the direction of boosting employee and getting the best good organization from them. The small firm require to encourage and put money into HRM for a sustainable boom.

### **References**

- [1] Dr. Subba Rao “Human Resource Management”
- [2] [www.wikipedio.ssi](http://www.wikipedio.ssi)
- [3] [www.google.com](http://www.google.com)