

“EVALUATING EFFICIENCY OF HUMAN RESOURCE MANAGEMENT STRATEGIES FOR DEVELOPING MICRO, SMALL AND MEDIUM ENTERPRISES IN INDIA WITH A SPECIAL REFERENCE TO KARNATAKA”

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Abstract:

Micro, Small and Medium Enterprises (MSMEs) play a vital role in India's economic development by generating employment, promoting entrepreneurship, and contributing significantly to GDP and exports. Among the various factors influencing the growth and sustainability of MSMEs, effective Human Resource Management (HRM) strategies are increasingly recognized as a critical determinant of organizational efficiency and competitiveness. This study aims to evaluate the efficiency of Human Resource Management strategies adopted by MSMEs in India, with special reference to Karnataka. The research focuses on key HRM practices such as recruitment and selection, training and development, performance appraisal, compensation management, employee motivation, and retention strategies. Using primary data collected from MSME owners, managers, and employees, along with secondary data from government reports and academic sources, the study assesses the extent to which existing HRM strategies contribute to employee productivity, skill development, and overall enterprise performance. The findings highlight both strengths and gaps in HRM implementation within MSMEs, particularly in the areas of formal training, employee engagement, and strategic workforce planning. The study concludes that strengthening HRM practices through policy support, skill development initiatives, and adoption of structured HR frameworks can significantly enhance the growth, sustainability, and competitiveness of MSMEs in Karnataka. The outcomes of this research are expected to provide valuable insights for policymakers, MSME entrepreneurs, and researchers in improving HRM effectiveness in the MSME sector.

Keywords:

MSME, Skill Development Courses,

INTRODUCTION

Over the last few decades, the growth of MSME's in India has been noteworthy but still this growth story could further see an escalated trajectory if the government could have had drafted a more invigorated plan to give these "silent drivers of the economy" a fillip in form of online facilities like ITES, i-cloud concept, streamlining clearance, aadhar based enabled services and obliterate the man to man interface when it comes to routine procedures. Although, the SME sector in India has emerged as a vibrant and dynamic sector in the last five decades and after the quantum leap taken in 1991 LPG reforms and with the neo leadership at the centre today, it has become pertinent for the small and medium scale enterprises to improvise, strategize and innovate in order to gain an edge over its burgeoning competitors. More and more of such enterprises are now struggling to survive due to immense pressure created by both globalization and mammoth multinational corporation.

PROGRESS OF SKILL DEVELOPMENT PROGRAMMES

Organization under the ministry are providing skill training to the youths for wage employment and self – employment. They also provide skill up-gradation trainings to existing entrepreneurs and working force to enhance their performances. These training are providing under various schemes such as MSME-TCs, assistance to training institutions (ATI), national SC/ST hub, capacity building, coir vikas yojna – skill upgradation and mahila coir yojna, etc. Furthermore, customized demand-driven training courses as per industry requirement are also conducted by organization under the ministry.

The progress of skill development programmes conducted by the M/o MSME since 2016-17 to 2022-23 (data upto October 2022) is given in pie chart below.

Karnataka is the home for more than 8.5 lakh micro, small and medium enterprises (MSMEs) and provided employment to over 55 lakh people. In Karnataka over the last 5 years, about Rs. 4 lakh crore has been invested and the state stands in 5th place in the country in industrial growth. MSMEs play an important role in economic growth by fostering entrepreneurship and generating large employment opportunities. MSMEs provide support to large firm as suppliers of input goods and services, thereby contributing to industrial development. Many programs and policies, incentives and concessions have been in place for promoting MSMEs. Micro, Small and Medium Enterprises in Karnataka

Introduction

Karnataka is known as an ideal place for industries. Today there are more than 8.5 lakh micro, small and medium enterprises (MSMEs) in Karnataka which employ over 55 lakh people. The major industries are food processing units, automobile units, chemical plants, handicraft units, etc. In addition, Karnataka has lineage industries like handicrafts and small-scale industries such as handicrafts, khadi and rural industries.

Bengaluru's peenya industrial area is one of the Asia's largest industrial areas and is home to many MSMEs. The products produced here are internationally renowned.

The state of Karnataka is famous for its many vantages.

- Aerospace capital of India.
- Apparel and silk Hub of India
- Automobile Hub of India
- Bio tech capital of India
- Silicon valley of the East

State-wise Distribution of estimated MSMEs

State of Uttar Pradesh had the largest number of estimated MSMEs with a share of 14.20% of MSMEs in the country. Top 10 states accounted for a share of 74.05% of the total estimated number of MSMEs in the country. Statement No. 2.10 and Figure 2.8 show the distribution of estimated enterprises in top ten states.

Statement No. 2.10: state-wise Distribution of enterprises.

SL.No	State/UT	NSS 73 rd round*	
		Number (in lakh)	Share (%)
1	Uttar Pradesh	89.99	14
2	West Bengal	88.67	14
3	Tamil nadu	49.48	8
4	Maharashtra	47.78	8
5	Karnataka	38.34	6
6	Bihar	34.46	5
7	Andhra pradesh	33.87	5
8	Gujarat	33.16	5
9	Rajasthan	26.87	4
10	Madhya pradesh	26.74	4
11	Total of above ten states	469.36	74
12	Other state/UTs	164.52	26
13	All	633.88	100

REVIEW OF LITERATURE

- **Moses N Oginda (2011)** found that Training and Development practices play a significant role in performance of SME's. Training provides the base for any organization upon which it can excel and gain operational efficiency and as machines, methods and materials can be easily manipulated and contrived, managing human resources becomes the uniqueness which helps the organization gain competence.
- **Adnan, Abdullah and Ahmad (2010)** found that training and development practice has negative influence on a firm's financial performance. Bernice Kotey and Alison Sheidan (2004) explored human resource management practices in micro, small and medium firms in Queensland, Australia where it was seen that on-the-job training method was followed in firms and it was also seen that as the firms size burgeons, the training responsibility is transferred to the supervisors.

OBJECTIVES

- To explore the current practices pursued in various dimensions of human resources management.
- To identify and discuss the major drawbacks and challenges while conducting training and development evaluation.
- To suggest for better implementation of human resource management practices.

SCOPE OF STUDY

The scope of the study will be confined to the MSME in the industrial clusters in Karnataka. The reason for taking the geographic area is that it has a historical background of containing a lineage of traditional workers and the ecological homogeneity will lead to consonance in the findings. The variation in data collection and analysis will be minimized leading to greater efficiency while ascertaining the results due to the similar ecology, geography and demography.

SOURCES OF DATA COLLECTION

- Primary data will be collected by using Questionnaires and schedules.
- Secondary data will be collected from various sources like News papers, magazines websites, journals, various surveys conducted by GOI, Books, Case studies, Research papers, etc.

SAMPLING TECHNIQUE AND DESIGN

Simple random cluster sampling known as the multi stage sampling based upon the geographical area. We have to gauge the operational efficiency through the reforms in the human resource management practices in the MSME's.

STATISTICAL TOOLS

Suitable statistical tools like ANOVA (Analysis of variance), correlation and paired comparison test etc. will be used for testing hypotheses. To analyze the population mean, t-test for micro enterprises and z-test for medium and small Enterprises shall be used.

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