

HRM PRACTICES IN MEDIUM ENTERPRISES IN INDIA

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ABSTRACT

HRM practices in an organization is vital because it deals with the prominent asset of the organization and also if the human resources are influenced optimistically with HR concepts such as motivation, communication, incentives etc. This paper deals with the employee attitude towards HRM management across selected medium size enterprises in TamilNadu, India. The objective of the study is to analyse the scope of the HRM practices in the company, to examine the opinion, agreeability and problem faced by the employees by minimum scope of the human resource management. The data has been collected from 100 respondents. The main tool used for data collection is the questionnaire. The analysis used in this study includes Percentage, Cross tabs, Friedman test. It is found that the majority of respondents opt for the decentralization of each scope of human resource management. Therefore it was found that since the organization does not have decentralization in every scope of human resource management but the employees have an optimistic overview about the overall contribution of medium size enterprises. All the analysis in this study showed that the individual attitude was high. Most employees had a strong positive attitude towards HRM practices. This is a great force for these organizations. The organization should probably have a wide scope of HRM practices to give importance to each category and also for further organizational relationship.

Keywords: - Human Resource Management, Medium Enterprises, Employee attitude, India

1. INTRODUCTION

Human resources are recognised as one of the main sources of economic growth. The management of these resources (HRM) is therefore an important issue. However, while roughly half of all employees are employed in small and medium-sized enterprises, scientific studies on HRM are to a large extent limited to large enterprises. The report attempt to increase our understanding of how individual medium-sized enterprises manage their employees. This examines the main determinants of HRM practices within a medium-sized enterprise, and how certain differences in HRM practices may affect an enterprise's performance and size. Human resource management is about the management of an organization's workforce. Managing a workforce first of all requires the presence of a workforce, which calls for activities in the fields of recruitment, selection, appraisal and compensation. Next, the workforce must be organised: tasks and responsibilities must be determined and communicated. To ensure that employees possess required knowledge and skills, training and development activities can be carried out. Organizations may also employ activities that directly aim to improve commitment and satisfaction, either because job satisfaction is a goal in itself, or because it is believed to have a positive impact on organizational performance

2. OBJECTIVES AND SCOPE

This work is carried out with to analyse the HRM practices within the organization, to analyse the medium and source of HRM practices within the organization, to analyse how HRM practices are limited in a Medium-sized company and also how it plays an overall function in the organization.

This study will enhance the competitiveness and sustainability of an individual Medium-sized enterprise, the effectiveness of human resources management as compared to any Large-sized enterprise. A list of large size companies are taken for as an example for the comparison. This study also helps the management of the company in identifying the flaws and recent upgrade of any other Large-sized enterprises comparatively. This study will take suitable measures to overcome and upgrade the efficiency in Human Resources Management practices.

3. LITERATURE REVIEW

Redmond, J., Walker, E., & Wang, C. (2008) [1] said that "SMEs are very important because they are the key drivers of employment and economic growth". Small and medium sized enterprises play a central role in the Indian economy. SME businesses are the biggest contributor to the economy of any country and the same goes with the Indian economy. In Indian Industry, Small and medium enterprises have been established in major sectors such as Steel Fabrication, Electricals, Electronics, Bio-engineering, Food Processing, Agricultural Inputs, Chemicals & Pharmaceuticals, Engineering, Leather and leather goods, Electro-medical equipment, Textiles and Garments, Meat products, Computer Software, Plastics products etc.

Curran et al (1996) [2] "SMEs invest less in training and management development than large companies. Usually these companies are multi-tasking while holding multiple roles and are in charge of both operational and strategic functions that means managers are occupying different positions at the same time".

Audrey Gilmore, David Carron,(2000) [3] "SMEs tend to consider their flexibility and ability to react quickly to customer needs as a competitive advantage in comparison to large firms. This leads to a lower focus on time-consuming data gathering and analysis with little direct benefits".

Robert W. Rowden (2002) [4] has concluded that the shared high performance work practices are training, compensation and benefit packages, and selective staffing, related practices are tuition reimbursement and sponsored activities. Human resource characteristics of these units are low turnover and fair treatment.

Eresi (2001) [5] has concluded that a large majority of the units do not have personnel departments and HR policies; they are not aware of human resource planning; personal contacts and walk-ins are the sources of recruitment; recruitment on temporary basis is more popular; majority of the units do not have any policy on training and development; performance evaluation of employees in a majority of the units is based on productivity and behaviour of the employees; and informality and ad-hocism pervade the units with respect to wages and promotions.

McGrath and Macmillan (2000) [6] the task of the entrepreneur is to build SME with an entrepreneurial climate, where employees are stimulated and motivated to identify opportunities and competitive ideas.

Heneman, Tansky and Camp (2000) [7] found that the development-oriented entrepreneur provides attention towards matching characteristics of the person to the values and culture of the organization than with traditional human resource management practices such as interviewing methods in staffing, job evaluation procedures in compensation.

Kamble (1998) [8] has found that most of the small units depend on existing workers or advertisement for recruitment purposes. He has further observed that there is no human resource planning, promotion policy and training and development programme for the employees in the majority of firms

Ng and Maki (1993) [9] have noted a significant difference between large and small firms in their ranking of the importance of HRM functions. Smaller firms have rated the retaining, obtaining and identifying functions as most important while large firms have rated adjustment, identifying and developing employees as most important

Hess (1987) [10] found that owners of SMEs consider HRM as the second most important management activity next to general management. When firms were surveyed on Identification and Analysis of the needs of SMEs on continuous improvement and development of social skills based on the TQM model in Europe, it was found that the most frequent methods of employee development are traditional methods such as trainings and workshops. Over 50% of the firms had showed interest in the development of their employees' social skills in the fields such as modern methods of inter-personal communication, team building and team management, creative ways of problem solving.

Deshpande and Golhar (1994) [11] have found that workforce characteristics such as ability to inspect work, worker flexibility, ability to work in groups, and self-discipline are perceived to be more significant to smaller firms.

McEvoy, (1984) [12] Prevalent in small businesses .Small firms usually face impediments to structuring HRM practices because they lack the time, money and employees to formalize these issues. In many small businesses functional areas, such as finance, marketing and production, seem to have precedence over HRM.

McCurly and Patton (1993) [13] have argued that the effective management of human resources is the key to survival for smaller ventures.

Storey (1994) [14] has highlighted "The Bolton Report" as the first major survey that stated small firms required different and specific attention in the areas of employment, trade and industrial policy. Small business literature offers much discussion about the definition and attributes of small firms. It has developed a profile of the identity of small firms using three core characteristics: small scale, personality, and independence .Research in the field of human resource management (HRM) has demonstrated that the shaping of HRM practices depends upon factors, such as the sector in which activities are undertaken, business strategy

Bacon et al.'s (1996) [15] study of UK SMEs suggested an inverse relationship between firms' HR formality and employee performance with SMEs struggling to introduce more formal policies and procedures alongside the informal culture and 'organic' nature of management in small business.

4. THE METHODOLOGY

This study is a descriptive research. The samples were selected from Medium Enterprises across TamilNadu, India. Random sampling technique was adopted to select the samples. The sample size is 100. Both primary and secondary data were used in this study. Primary data was collected from the employees of medium enterprises adopting personal interview method using questionnaires.

5. DISCUSSION OF RESULTS

The analysis of data revealed the following opinions and perceptions of the employees which they have about the HRM practices in their organizations.

Respondents consider HRM practices play a vital role in an organization. They have an opinion that the organization does not have much decentralization when it comes to HRM practices.

Majority of the respondents suggest that human resource practices produce higher organizational performance.

Employees agree that a positive employee attitude is essential for ensuring productivity and growth of the organization. They too suggest that it is important to manage the employee behaviour in an organization.

They were neutral in their opinion when asked whether implementation of HRM software would enhance HRM practices.

Employees very strongly opine that open communication and motivation are essential in an organization for them to be productive. Respondents agree that sound HRM practices maximise productivity of an organization.

They strongly expect the organizations to consider the human resource as their asset. They have a belief that medium enterprises do not have a conducive HR practices and culture when compared to large scale organizations. They have an opinion that the reward and appraisal policies which are currently adopted are not appealing and motivating for them.

Employees are not much satisfied with the duration of the working hours and the concern of the management for employee welfare. The employees interviewed do not agree that the HRM practices of their organizations help to maintain a work-life balance.

They very strongly agree that their level of satisfaction matters much for the performance of the organization.

Cross tabulations were done and chi-square was used to infer the impact of demographic variables on the perception towards the HRM practices. Gender influences the perception towards HRM practices and female employees tend to have a positive perception on HRM practices adopted by organizations when compared to their male counterparts.

Similarly age group to which the employees belong to has an impact on their perception and opinion towards HRM practices. Employees who are in the age group of 20 – 35 tend to have a more positive opinion about the HRM practices of the organization when compared to the employees belonging to the age group of 35 – 45 years and age above 45 years.

Educational qualification of the respondents has got an influence on the employees' opinion and perception about the HRM practices of the organization. Employees who are in the bottom of the spectrum who are school pass outs tend to have a positive opinion on the HRM practices adopted by the organization compared to those who have a professional degree.

6. SUGGESTIONS PROPOSED

The analysis found that the majority of respondents have a positive consideration of overall contribution of a medium size enterprise and thus the employees are optimistic in working for a medium company.

The employees suggest that scope of human resources should be maximized up to certain level and thus each area can be divided and can produce the maximum in every HRM practices such as training, organizational relationship concerned with the communication and motivation etc.

By the analysis rather than any other department in an organization human resource department plays a vital role since it deals with the important asset of the organization, and it also provides higher organizational performance.

In the analysis employee attitude and employee behaviour are the most emphasized variables and the organization should be more concerned about the human resource.

The medium size enterprise does not have much diverse culture compared with that of a fully established organization and also does not demand any HRM software with due consideration with the structure and overall effectiveness for an organization. This area should be paid attention by the policy makers in medium enterprises.

7. CONCLUSIONS

The study focused mainly on the HRM practices in an medium size enterprise at For this, 100 employees were selected and their opinion about the HRM practices in the organization was collected through questionnaire and the data was obtained. In a medium size enterprise the scope of every human resource practice is not much decentralized and the employees give a positive approach in regards of the decentralization of the HRM practices. The employees in the organization feel that the human resource is the foremost asset in an organization and it has to be considered as prominent. The organization should look into the employee attitude, employee behaviour and employee satisfaction for higher organizational performance. The company is also much concerned about the welfare of the employees as per the data collected. Organization should emphasis the communication and motivation and also the incentives and appraisals has to be considered eventually so that the employee performance is increased and the employees also feel motivated. Based on this study, it is concluded that in an medium size enterprise the scope of HRM are not much decentralized as compared to that of an fully established organization and also the culture does not seems to be complicated or diversified.

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BIOGRAPHIES

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