

Human Resource Management in Micro and Small Enterprises - A Study in Warangal District

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Abstract

Human Resources Management (HRM) is that part of the management process, which is concerned with the management of human resources in an organisation. HRM is a process of bringing people and the organisation together with a common purpose. HRM is mainly concerned with effective management of human resources, which is the most important asset of an organisation. All aspects of enterprise activities are determined by the competence, motivation, and general effectiveness of its workforce. Of all the tasks of management, managing the human resource is the central and most important task because all depends on how well it is done. This research article analyses HRM in Micro and Small Enterprises a study carried in Warangal district and suggestions are given for effective management of Human Resources in Micro and Small Enterprises.

Introduction

Every nation has plenty of physical resources. They include land, water, minerals, environment etc. The development and growth of the nation depends upon its proper and optimum utilization. It is possible for the nation only if it has sufficient human resource. Human resource is not only necessary for the use of national resources but also for the transmission of traditional economies into the modern and industrial economies.

In spite of modern technology and all the systems of controls coming into widespread use, man still remains the most important factor in production process. Materials, money, machines i.e. non-human resources are useless if they are not used by competent employees and managed by efficient management. Employees of any concern may be large scale industry or small scale industry is so important assets that their value is increased by the passage of time, while the value of other resources depreciated. Hence, a distinct and specialized care should be taken in the area of manpower management.

Human Resource Management

Different terms are used to denote human resource management. They are labour management, personnel management, human capital management, human asset management, human resource management and the like. Human resource management means employing people, developing their resources, utilizing, maintaining and compensating their services in tune with the job and organizational requirements. Human resource management in any concern is related to maintaining human relationships, which enables to derive best personal contribution for the effective working of the enterprise.

Definition of Human Resource Management

Human resource management includes the functions such as planning, organizing, directing and controlling the manpower. It also performs the operative functions to procure, develop, maintain and utilize the labour force such

utilization is necessary for the organization. So that it can perform its functions economically and efficiently. This management also deals with the following issues.

Need of HRM

Human resource plays a crucial role in the development process of modern economics. Though the exploitation of natural resources, availability of physical and financial resources and international aid play prominent roles in the growth of modern economies, none of these factors is more significant than efficient and committed manpower. It is in fact, said that all development comes from the human mind. Proper management of human resource enhances the dignity of employees by satisfying their social needs. By providing healthy work environment it promotes team work in the employees. It helps organizations in accomplishing its goals by creating right attitude among the employees through effective motivation. It contributes a lot in restoring the industrial harmony and healthy employer employee relations.

Human Resource Management in Micro and Small Enterprises

Micro and small enterprises may not perform their HR functions as in the large scale enterprises. But, every business entity needs to perform the main HR functions like manpower planning, selection, training etc. of at their level.

1. **Manpower Planning:** In small-scale sector manpower planning is a group decision with regard to the responsibilities of their employees. Generally micro enterprises run with a very few number of employees which is the combination of both family members and outsiders. There is no assessment of manpower requirement, no job analysis, no job description and no job specifications but they are aware of these business policies and of the goals to be achieved.
2. **Recruitment:** Recruitment is the process of searching suitable candidates for employing them in the organizations. In large organizations they adopt various method of recruitment but micro enterprises search the candidates from their relatives, friends and family members. Even though when these enterprises appoint their employees from outside there are no formal methods of recruitment is adopted.
3. **Selection and Placement:** There are no set rules for selection and placement of employees in micro enterprises. Most of the employees of these enterprises are appointed on contract or temporary basis. In micro enterprises employees are selected from the known people to get assured honesty and loyalty. These organizations never show much concentration on the highly qualified candidates, their much concentration will be on job experience.
4. **Training and development:** After the appointment every employee has to get a basic training which means imparting knowledge in the employee about the present job for which he is appointed, and development is a process by which an employee's skills and abilities are developed by some developmental programs which help an employee to meet the future requirement of the job. The enterprises may be micro, small or medium but a basic training is must for every enterprise. Even in micro enterprises though they unable to conduct any development program, but they conduct some basic training programs within their organizations. Maximum time limit of their training program is one month.
5. **Performance Appraisal:** Performance appraisal is the process of evaluation, or measuring the performance of employees. In large scale organizations where the number of employees is more they conduct evaluation in every six months or in every one year. The report of this evaluation is used for the determination of remunerations, increments, promotions etc. It is also helpful to motivate the employees in improving their performance. But, in small and micro enterprises very few organizations have this process of evaluation.
6. **Remuneration:** Remuneration is the amount paid by the entrepreneurs to their employees in the form of wages and salaries for the efforts they made for organization. In micro enterprises the remuneration is paid to the employees both in the form of wages and salaries and few of the enterprises also follow the piece system according to their job. Through remuneration organizations motivate employees and upgrade them so as to enable them to accomplish the organizations goals.

7. **Employer and employee relations:** As the numbers of employees are very less in micro enterprises employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same. Almost all the enterprises maintain the satisfactory relation between the employer and employees. It naturally affects the performance of the organization because mighty co-operative efforts alone can produce great results.

Human Resource Management – Application

In order to examine the theoretical aspects of HRM with a practical approach to the micro, small and medium enterprises we have served a structured questionnaire to the respondents. The questionnaire consists of 11 questions. For each question the data is collected, presented, analyzed and interpreted. It is presented in the tables given below.

1. Manpower of enterprise

Achieving manpower excellence leads to organization's excellence. Manpower requirement depends upon the size of the organization as well as the proper utilization of manpower. The data regarding the manpower of the sample enterprises is presented in the Table 1.

Table 1. Manpower of Enterprise

Sl. No.	Manpower	No. of Respondents	% to total
1.	Below 5	26	17%
2.	5 - 7	57	48%
3.	7 - 10	32	22%
4.	Above 10	35	13%

According to the information of the above table the manpower of the 13 per cent of the enterprises are above ten, 17 per cent of the enterprises are maintaining with below five employees. 22 per cent of the enterprises are running with seven to ten employees and nearly half of the enterprises i.e. 48 per cent are managing with five to seven employees. Thus, it is clear from the table that majority of the organizations are maintaining the average strength of the manpower. Further, depends upon necessity they are taking the help of friends and relatives. The average manpower of our sample is 7.4.

2. Composition of manpower

As in the past days micro enterprises generally managed by the family members, but now most of the enterprises appointing the employees from outside when didn't find the required skills, abilities and interest in the family members. The information which we collected from various micro enterprises regarding the composition of manpower is presented the following table.

Table 2. Composition of Manpower

Sl. No.	Composition of manpower	No. of Respondents	% to total
1.	Family members	17	11%
2.	Outsiders	93	62%
3.	Both	40	27%
	Total	150	100%

According to the above table 11 per cent of enterprises are running their business with their family members, in 27 per cent of the enterprises both family members and outsiders are working, and 62 per cent of the enterprises are running by

appointing outsiders as their employees. Composition of manpower depends upon the size of the family and the availability of required skills and abilities. Overwhelming enterprises are depending upon services of outside employees. It is because they have better talent, ability and skill over the family members.

3. Type of employment in enterprises

The enterprises can appoint the manpower either on permanent basis or on temporary basis. It can also appoint on the contract basis. In this regard the collected data is presented in the Table 3.

Table 3. Type of Employment

Sl. No.	Type of employment	No. of Respondents	% to total
1.	Permanent	-	-
2.	Contract basis	78	53%
3.	Temporary	72	47%
4.	Total	150	100%

The data of the table reveals that there is almost all equal division of the enterprises in the context of appointing the manpower for their enterprises. 53 per cent of the enterprises have appointed their employees on contract basis and 47 per cent have appointed on temporary basis. It is surprise that none of the enterprise have appointed the manpower on permanent basis. This may be with the intention to not to offer increments and other benefits to them.

4. Basis for selection of employees in micro enterprises

Minimum education is required to perform any kind of job; it may be technical or managerial. Along with education employees also need to have some work experience. Thus generally most of the employers prefer both educational qualifications and work experience.

The opinion of the respondents regarding the basis for selection is presented in the Table 4.

Table 4. Basis for Selection

Sl. No.	Basis for selection	No. of Respondents	% to total
1.	Educational qualifications	22	15%
2.	Job experience	37	25%
3.	Education and experience	78	52%
4.	Known and confidential	13	8%
5.	Total	150	100%

As per the data of the table 52 per cent of the enterprises give emphasis to education and experience, 25 per cent of the entrepreneurs only focus on job experience this is generally in lower level jobs. 15 per cent of the enterprises appoint their employees base up on their educational qualifications, and only 8 per cent of the employers appoint their employees on known and confidential basis. Thus, it is clear that more than half of the enterprises are emphasizing on both education and experience because both the education and experience of employees is necessary for the efficient performance of the organization.

5. Basis for selection of manpower vis-à-vis type of enterprise

The selection basis of manpower also depends upon form of business enterprise. There are four forms of business enterprise. They are sole trading concern, partnership form, co-operative society and company form. Each form has

different basis. In our study we made an attempt to collect the data regarding the basis of selection adopted by each form of enterprise. The collected data is presented in the table no. 6.9, which is given in Table 5.

Table 5. Basis for Selection of Manpower vis-à-vis type of Enterprise

Sl. No.	Basis for selection of manpower	Sole Trading		Partnership		Co-operative society		No. of respondents	% to total
		No. of respondents	% to total	No. of respondents	% to total	No. of respondents	% to total		
1.	Educational qualifications	16	16%	06	14%	-	-	22	15
2.	Job experience	24	24%	09	21%	04	50%	37	25
3.	Education and experience	52	52%	233	55%	03	37%	78	52
4.	Known and confidential	08	08%	04	10%	01	13%	13	08
5.	Total	100	100%	42	100%	08	100%	150	100%

The data of the above table reveals that 52 per cent of the respondents who are running their business on sole trading basis, 55 per cent of the respondents who are running on partnership basis have adopted both education and experience of the employees as a criteria for the selection of manpower. Nearly 50 per cent of the respondents who have co-operative society have preferred job experience. Thus, it is proved that all forms of the business enterprise have preferred education and experience as the basis for selection of manpower. However in the case of co-operative society it is different where they preferred only job experience for the selection of manpower.

6. Training and skill development program for employees

Organizations can rise due to the potential of their people's capacities, skills and motivation. This can be obtained by training. Every employee who join the organization need to have some basic information and knowledge about the job which he is going to perform. Thus, the training programs are conducted by the organizations to impart the knowledge of the job. In this context the data of enterprises conducting training program is presented in the Table 6.

Table 6. Training and Skill Development Program

Sl. No.	Providing training	No. of Respondents	% of Respondents
1.	Yes	117	78%
2.	No	33	22%
3.	Total	150	100%

According to the information of the above table 78 per cent of the enterprises are providing training to their employees and only 22 per cent of the enterprises are not providing any training to their employees. Thus, it is evident from the table that majority of the organizations have conducted training and development program to improve the talent and skill of the employees. They feel such training is necessary to improve the efficiency of the employees and in turn the performance of the organization.

7. Type of Training

Training can be provided within the organization or by sending the employees to training institutions. It depends upon the size of the organization and capability of the organization. The data which we have collected regarding the arrangement of the training is presented in Table 7.

Table 7. Type of Training

Sl. No.	Type of training	No. of Respondents	% to total
1.	Arranging in the organization	107	91%
2.	Sending them to govt. institutions	10	9%
3.	Total	117	100%

According to data of the table 91 per cent of the enterprises arrange the training program within their organizations. Only 9 per cent of the enterprises are sending their employees to government training institutions. This is because by arranging the training within the organization they can save the time and can give practical training to them. Such training is also called as on the job training.

8. Duration of Training

Duration of the training is the time period during which an employee goes under training. It depends upon the type of training. Generally in micro enterprises training is conducted for one to four weeks. According to our collected data the duration of training of various enterprises is presented in Table 8.

Table 8. Duration of Training

Sl. No.	Duration	No. of Respondents	% to total
1.	1 week	34	29%
2.	2 weeks	43	37%
3.	3 weeks	20	17%
4.	4 weeks	20	17%
5.	Total	117	100%

According to the data of the table maximum respondents i.e. 37 per cent of the respondents providing two weeks of training, 29 per cent of the enterprises conducting only one week training, and three weeks and four weeks training is conducted in the same proportion that is 17 per cent. It is clear from the data that entrepreneurs preferred to provide training to the employees for short period. It is with an intention to save their time which can be utilized for the benefit of the organization.

9. Method of Payment of Remuneration to Employees

Remuneration is the amount paid by the organization to employees in return of their contributions and efforts for the organizations. The method of remuneration can be determined based upon the business activity and the job performed by the employee. In general the remuneration methods adopted by the enterprises are monthly salary, Wage system and piece system. The details of remuneration methods adopted by various enterprises are given in Table 9.

Table 9. Method of Payment of Remuneration to Employees

Sl. No.	Method of payment	No. of Respondents	% to total
1.	Monthly salary	63	42%
2.	Wage system	64	43%
3.	Piece system	23	15%
4.	Total	150	100%

As per the information of the table 42 per cent of the enterprises are paying the remuneration on salary basis, 43 per cent are maintaining wage system in the payment, and only 15 per cent of the respondents said they are giving the remuneration according to piece system. As per the data the respondents preferred wages and salary basis in order to extract more work from the employees. Further, they express that if the payment is made on the basis of piece system we cannot expect the efficiency of the work. The workers will try to finish of the work at the earliest to get the agreed amount.

10. Evaluation of Performance

To emphasize on content renewal revitalization of the organization performance evaluation of employees is needed through which the organization can measure the performance of employees and motivate them to meet their requirements. The data which we have collected about the evaluation is presented in table 10.

Table 10. Evaluation of Performance

Sl. No.	Evaluation	No. of Respondents	% to total
1.	Yes	15	10%
2.	No	135	90%
3.	Total	150	100%

As per the data in 90 per cent of the organizations there is no evaluation process. Only 10 per cent of the enterprises follow the methods of evaluation most are adopting a few methods of evaluation it does not mean that the 90 per cent of the enterprises are not evaluating the performance of their employees. They also evaluate but there is no proper method is adopted. As the employees are limited through observation only the entrepreneurs identify the strengths and weaknesses of the employees and can take further steps.

11. Status of Employee and Employer Relation in the Unit

The success of the enterprise depends upon the joint effort of employer and employees. It is possible only when there is co - ordination and co - operation between them. And this depends upon the relation between them. Thus, in this study we have collected information about the status of relation between employer and employees. The collected data is presented in Table 11.

Table 11. Status of Employee and Employer Relation

Sl. No.	Status of relation	No. of Respondents	% to total
1.	Satisfactory	120	80%
2.	Normal	30	20%
3.	Unsatisfactory	-	-
4.	Total	150	100%

The data of the table reveals that significant proportion i.e. 80 per cent of the respondents stated that they have satisfactory relation with their employees. It also reveals that 20 per cent of the respondents stated that they have normal relations with employees. Hence, we can say that all the entrepreneurs are happy with their employees working in the organizations.

12. Government Support for Employee Development

For the benefit of micro enterprises the government introduced various schemes. These schemes are useful for the entrepreneurs. In this context we made an attempt to know about the awareness of respondents regarding the government schemes which are meant for them. The collected data is presented in Table 12.

Table 12. Awareness of Government Support for Employee Development

Sl. No.	Awareness of government support	No. of Respondents	% to total
1.	Yes	17	10%
2.	No	133	90%
3.	Total	150	100%

According to the data available 90 per cent of the entrepreneurs are not aware of the government supportive measures which the government is providing for their benefit. Only 10 per cent of the respondents are aware of these schemes and supportive measures and getting benefits. It is clear from the data that these schemes are in operative and government is not making sincere efforts to extend their benefits to the deserving entrepreneurs.

13. Working of Micro Enterprises as a Source of Employment

From the study it is revealed that this sector is generating employment to many people. It is providing employment to the family members and outsiders. It is a good source of employment. Thus, we have a certain views of the respondents about this question. The collected data is presented in the Table 13.

Table 13. Micro Enterprises are Good Source of Employment

Sl. No.	Micro enterprises are good source of employment	No. of Respondents	% to total
1.	Yes	132	88%
2.	No	18	12%
3.	Total	150	100%

The data of the above table reveals that almost all respondents i.e. 88 per cent respondents expressed the view that this sector is a good source of employment. Only insignificant respondents that are 12 per cent of respondents expressed that these enterprises cannot be considered as source of employment. Such enterprises are being managed with help of one or two family members.

Findings

In this article an attempt is made to discuss about human resource management in micro and small enterprises. With the information which we have about the human resource management in micro and small scale industries in Warangal district we have drawn the following inferences.

1. According to the information the manpower of the 13 per cent of the enterprises are above ten, 17 per cent of the enterprises are maintaining with below five employees. 22 per cent of the enterprises are running with seven to ten employees and nearly half of the enterprises i.e. 48 per cent are managing with five to seven employees. Thus, it is

clear from the table that majority of the organizations are maintaining the average strength of the manpower. Further, depends upon necessity they are taking the help of friends and relatives. The average manpower of our sample is 7.4.

2. As per the information 11 per cent of enterprises are running their business with their family members, in 27 per cent of the enterprises both family members and outsiders are working, and 62 per cent of the enterprises are running by appointing outsiders as their employees. Composition of manpower depends upon the size of the family and the availability of required skills and abilities. Overwhelming enterprises are depending upon services of outside employees. It is because they have better talent, ability and skill over the family members.
3. As per the data there is almost all equal division of the enterprises in the context of appointing the manpower for their enterprises. 53 per cent of the enterprises have appointed their employees on contract basis and 47 per cent have appointed on temporary basis. It is surprise that none of the enterprise have appointed the manpower on permanent basis. This may be with the intention to not to offer increments and other benefits to them.
4. According to the data 52 per cent of the respondents who are running their business on sole trading basis, 55 per cent of the respondents who are running on partnership basis have adopted both education and experience of the employees as a criteria for the selection of manpower. Nearly 50 per cent of the respondents who have co-operative society have preferred job experience. Thus, it is proved that all forms of the business enterprise have preferred education and experience as the basis for selection of manpower. However in the case of co-operative society it is different where they preferred only job experience for the selection of manpower.
5. The available data reveals that 80 per cent of the respondents have satisfactory relation with their employees. It also reveals that 20 per cent of the respondents have normal relations with employees. Hence, we can say that all the entrepreneurs are happy with their employees working in the organizations.
6. As per the data significant proportion i.e. 80 per cent of the respondents stated that they have satisfactory relation with their employees. It also reveals that 20 per cent of the respondents stated that they have normal relations with employees. Hence, we can say that all the entrepreneurs are happy with their employees working in the organizations.
7. According to the data available 90 per cent of the entrepreneurs are not aware of the government supportive measures which the government is providing for their benefit. Only 10 per cent of the respondents are aware of these schemes and supportive measures and getting benefits. It is clear from the data that these schemes are in operative and government is not making sincere efforts to extend their benefits to the deserving entrepreneurs.
8. The data reveals that almost all respondents i.e. 88 per cent respondents expressed the view that this sector is a good source of employment. Only insignificant respondents that are 12 per cent of respondents expressed that these enterprises cannot be considered as source of employment. Such enterprises are being managed with help of one or two family members.

Suggestions

1. Appropriate recruitment process should be adopted by the organizations to appoint suitable candidates as per the organizational requirement.
2. Certain rules should be framed for selection and placement of employees in micro enterprises.
3. Training can be provided with in the organization or by sending the employees to training institutions.
4. To emphasize on content renewal revitalization of the organization performance evaluation of employees is needed.
5. The success of the enterprise depends upon the joint effort of employer and employees. It is possible only when there is co - ordination and co - operation between them. And this depends upon the relation between them. Thus, we suggest these enterprises to maintain good relationship between employer and employees.

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