

A Study on HR Practices in Medium and Small Scale Industries in North Gujarat Region

Vipul Patel

Assistant Professor,
V M Patel College of Management Studies,
Ganpat University, Gujarat, India
Email: vbp01@ganpatuniversity.ac.in

Maheshwari Rajatkumar A.

Research Scholar,
Faculty of Social Sciences & Humanities,
Ganpat University, Gujarat, India
Email: rajat22594@gmail.com

Abstract

The study determines the human resource practices in small and medium industries in the regions of North Gujarat. The policies of human resource management by the government have seen a great improvement for small and medium industries in their growth as well as better performance for the employees of the organization. However, it has been observed that organizations working at the small and medium scales do not follow the same rules and regulations in implementation for the operations. After the review of literature on hand, data collection was done for the sampling method through questionnaires. The primary and secondary data collection was done for the methodology and collection.

The data was gathered through questionnaires for various industries over the regions in North Gujarat and the literature review was done for the secondary data collection. Results were from the answers received through the data collection method about how human resources are managed in small and medium scale industries. The results suggest that small and medium industries lack systematic approach to human resource management in small and medium scale industries. Suggestions have been provided after the analysis and limitations have also been discussed in the paper.

Key Words

HR Practices, Medium and Small Scale Industries, North Gujarat, Mehsana, India.

Citation: Patel, V. & Maheshwari, R. (2017). A Study on HR Practices in Medium and Small Scale Industries in North Gujarat Region, *Ganpat University Journal of Applied Research In Social Sciences & Humanities*, 6 (1&2), 10-16.

1. Introduction

In India, before the enactment of MSMED Act in 2006, there was no official definition for medium scale enterprises. Consequently, there was no official definition for small and medium scale enterprises [SME's] as well as for what was then commonly called as large and medium scale enterprises [LME's]. What was officially defined is a small-scale industry (SSIs) and by definition what was not a small-scale unit, becomes automatically a large & medium scale enterprise or a non-SSI unit. The various definitions of SSI over the years are given in the Table below:

Table 1: Various Definitions of Small Scale Industries

Manufacturing Sector	Existing Definition	Proposed Definition
Enterprises	Investment in plant & machinery	
Micro Enterprises	Does not exceed 25 lakh rupees	Does not exceed 50 lakh rupees
Small Enterprises	More than 25 lakh rupees but does not exceed 5 crore rupees	More than 50 lakh rupees but does not exceed 10 crore rupees
Medium Enterprises	More than 5 crore rupees but does not exceed 10 crore rupees	More than 10 crore rupees but does not exceed 30 crore rupees
Service Sector	Existing Definition	Proposed Definition
Enterprises	Investment in equipments	
Micro Enterprises	Does not exceed 10 lakh rupees:	Does not exceed 20 lakh rupees:
Small Enterprises	More than 10 lakh rupees but does not exceed 2 crore rupees	More than 20 lakh rupees but does not exceed 5 crore rupees
Medium Enterprises	More than 2 crore rupees but does not exceed 5 crore rupees	More than 5 crore rupees but does not exceed 15 crore rupees

The contribution of Small and Medium scale Enterprise as on 2015 was that it had created around 80 million employment opportunities for local economy and thereby improving their lifestyles and had contributed 8% to the GDP (Editorial Team, 2015). Talking about Gujarat, the state has had a major contribution in the country's development in the following major points (Gujarat Industrial Development Corporation, 2013)

- Petroleum - largest sectoral share (34%); Chemicals and Pharmaceuticals (27%)
- The world's largest producer of processed diamonds and wall clocks.
- The world's largest gas-based, single-location sponge iron plant.
- The world's largest producer of castor and cumin.
- The world's third largest producer of denim.
- The world's third largest grass root petroleum refinery (at Jamnagar).
- India's largest producer of cotton.
- Home to India's first liquefied natural gas (LNG) port terminal at Hazira

Gujarat has high potential in not only these major areas, but also in promoting local talent in the form of handicrafts, promotion of khadi business, leather, Fish processing,

dairy, jewellery, diamond cutting and polishing, etc. This model thesis is going to highlight the HR practices being carried out by the SME's and the gap in HR practices with the same. If so, the quantitative data would help in gaining the solutions through findings concentrating in the area of Northern region of Gujarat where our scope lies. Globalization is providing ample opportunities for small and medium scale industries to concentrate on local economy and expanding in it as much as they can. For this, the employees need to know that their personal and professional growth could be improved through proper planning and mapping their potentials. Accurate HR practice would lead to an effective HR activity that would lead an employee to work with motivation for the company's objectives in compliance with the policies. That way, the SME's would face a substantial growth towards the economy, and thereby contributing to the country's GDP.

2. Literature Review

Das, Sarit Prava Narendra Preeti, and Mishra Parna, 2014: Small and medium enterprises are constantly looking for growth and expansion, whether it's within or outside their geographical scopes. However, that goal becomes difficult to reach due to a major factor like employee dissatisfaction (Das, Narendra, & Mishra, 2014). Small enterprises have a small budget, hence the compensation they provide is gradually less as compared to the one in large enterprises. Swamy Renuka and Balaji Venkateshwara, 2006: The study is a comparative research between Human Resource Management and Advanced Technology with and without ISO certification. The impact of SMEs is different around the world. The human resource management has different ways of operation at different places. The paper reports on the study implemented on small manufacturing industries. The comparison was between two types of small scale industries. AradhanaKhandekar and Anuradha Sharma, 1994: The study is based on the learning in organization in Indian companies. it is from the HRM perspective. The purpose of the study is to scrutinize the role of business learning and strategic HRM department for competitive advantage.

3 Research Methodology

Research Objective

- To examine the HR practices being applied in the areas of recruitment & selection procedure, Operations, and Training.
- Problem identification and examination of discrepancies found in HR practices among small and medium scale enterprises.
- To come up with necessary solutions and recommendations for the challenges they face for a successful HR operation.

The study determines the human resource practices in small and medium scale industries in the regions of North Gujarat. The data was collected through Questionnaires for various industries over the regions in North Gujarat and literature review was done for

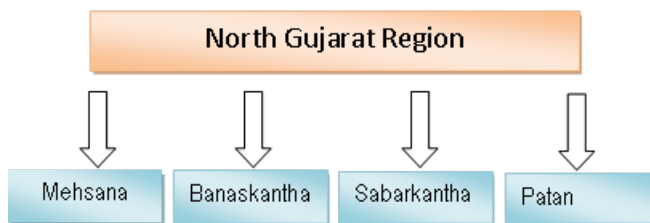
the secondary data collection. The results suggest that the small and medium scale industries lack systematic procedure to human resource management.

Research Question

- How many SME's follow HR practices in their daily communication and operations?
- What are the similarities in the HR practices among the SME's in North Gujarat?
- How would the HR practices affect the daily operations with respect to those enterprises who do not apply them?
- What are the possible barriers among the HR practices in the SME's?

Research Scope

The scope of this research is limited upto following bifurcation:



Sampling Method

For this particular study, the best way of selecting the sample design is probability sampling, wherein cluster sampling would best fit considering the objective and the location scope of the agenda, which are randomly selected.

Sample Size

There were 230 samples sent to the public for potential responses. Sample Size to be included here is a total of 230 respondents working in a small or medium sector enterprise in northern Gujarat.

The sub location area to be focused upon are categorized as follows –

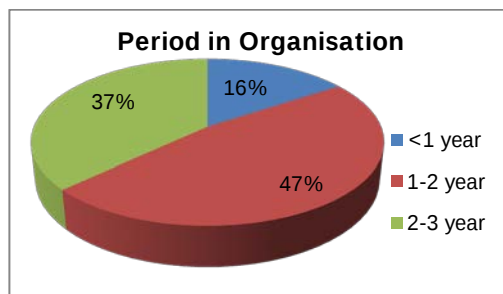
Mehsana – 100, Banaskantha – 40, Sabarkantha – 30, Patan – 60

Sources of Data

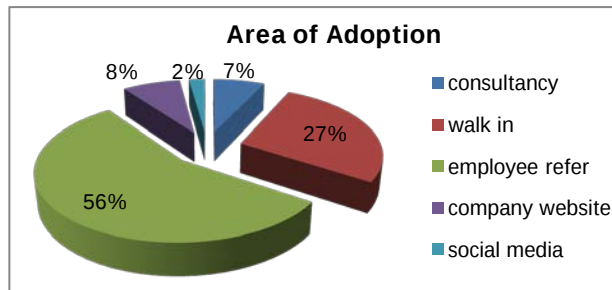
The source of data is categorised into two levels namely- primary data and secondary data. Primary Data are those data that are collected on the first-hand basis. They are fresh in nature and termed to be the original responses where the researcher approaches the respondent by himself/herself, gets an insight in the most detailed and robust form, and then draws out conclusions (Kothari, 2004). Secondary data on the other hand, as the name suggests, is the already collected and researched data, which supports the primary data for better conclusions. Journals, books, and article which have significant findings are included in secondary data (Kothari, 2004).

4. Data analysis

The sample for this research was sent to 250 potential respondents but we have received the responses of 230 respondents and the other 20 respondents have been taken as error of non-respondents. Based on HR practices in medium and small scale industries in north Gujarat, among the 230 respondents, only HR professionals and HR personnel sample have been considered for this study. Those who do not relate to the field of HR are not included in my sample. All of these valid responses have been coded into Statistical Package for the Social Sciences (SPSS) version 20.00 for statistical analysis. Two types of data analysis have been performed on the data: descriptive analysis and inferential analysis and factor analysis. Descriptive analysis and exploratory factor analysis have been performed using SPSS software.



As the above Figure shows, North Gujarat HR practitioners of 47 percent have been a part of an organization for about 1-2 years. 37 percent HR professional of North Gujarat have been for 2-3year. 16 percent of North Gujarat Industrialists are part of organization for less than 1 year.



The above figure shows the Ratio between various types of adoption area of professionals. The highest percentage is 56 from when employee is hired by HR. and the lowest percentage is 2 is recruited through social media.

Table 3: KMO and Bartlett analysis

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.522
Bartlett's Test of Sphericity	Approx. Chi-Square	24.761
	Df	3
	Sig.	.000

The current study is more theoretical as well as practically sound where the human practices can be observed in the industries operating on small and medium scale industries over the state. This has proven that the company's operating at small and

medium levels do not take the practices of human resources very seriously. There are various organizations where the human resource special department is not available and there are certain industries where human resource department is available but on a limited level.

5 Results

Theoretical framework of Human Resource Management focuses that effective recruitment process obtained for the selection of right pool of candidates plays a vital role. The assumption of the framework for recruitment in almost all SME in the study showed preference that informal practices are followed in the small and medium industries. It was a common practice when participants in the manufacturing industries followed a process which was termed as probation period, where new recruits are given a specific task which is related to the current job and then they are evaluated on the basis of performance. This took several weeks for the induction of the same in the actual process. The study has shown that there are participants who can be seen as the people serving in the probation period and the employees do not have the proper implications of the same. There are certain beliefs that probation period can help evaluating the performance of an employee as it tests the temperament of the employee in the working conditions. The learning curve helps them to improve the qualities in them and develop the best of the performance in them. The learning curve makes the employees ready for the real struggle and the real battles to be fought in the work. The learning curve is the training the employees can get and this is the thing which is missing from small scale industries. Even with the experienced employees handling the tasks, the training regarding the process is required and employees are not supposed to start the production from day one. The employees recruited need to develop and jell in the organization and the structure of the organization by spending time in the organization. The employees should have more time to see the working of the organization with the learning curve and develop skills accordingly. It has been observed that skills of employees are developed with increase in the learning curve rather than performing the projects directly. The enterprises operating on small and medium scales should be implementing these practices for improvement of the process.

6. Suggestions

The human resource practices can be improved with the following implications:

- a) To develop separate human resource for organizations
- b) To include best practices for the employees through human resource development
- c) To create awareness about the basic laws in the organization
- d) To improve the selection process and the evaluation process

7. Limitation

The data collection method which was adopted for the current study was convenience sampling and it has been one of the limitations to the study. It can be noted that there are various sampling methods which can be adopted and used while collecting the data from the companies. The views of the different organizations will differ from one another as the technique used for data collection in this paper is carried through convenience method. The primary data collection had 230 respondents with usage of internet facilities.

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