

**A STUDY OF HUMAN RESOURCE MANAGEMENT PRACTICES FROM
THE VIEW POINT OF EMPLOYEES OF SMALL SCALE ENGINEERING
MANUFACTURING UNITS OF AHMEDNAGER MIDC.**



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Short Profile

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ABSTRACT:

Considering the efforts to make country self-sufficient in different fields starting new ventures in manufacturing sectors, one of the essential ingredient is Human resources, Make in India slogan poses various challenges before Industrial sector including manufacturing in all categories of Industries more so before small scale

industries. Being largest employer of human resources it has to take care of the job substance and therefore study of Human Resource Management is important so far as small scale Industrial sector. Big Industries are aware of global competition have realized and aware of Human Resource Management practices and have been doing according to their needs. Much research is available on the Human Resource Management practices in corporate sector. The theoretical and applied Human Resource Management practices with norms are well known. Some practices are tried to be implemented for Small scale Manufacturing sector but with minimal and fringe success. As Human Resource management is considered as management activity it is essential to understand the point of view of the employers

Researcher conducted survey at MIDC Ahmednager (Maharashtra) on HRM practices in Small Scale Engineering Manufacturing Units. The human resource management environment can be more important determinants in productivity in the manufacturing sector than any other sector, given the much larger share of total production cost accounted for by the employment and much more the extensive direct growth for the industrial development of Ahmednager MIDC

KEYWORDS

Globalization, Human Resource Management, Human Resource Practices, HR functions, Small scale Industries.

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INTRODUCTION :

Liberalization has exposed Indian Small Scale Industries to unequal competition with its counterparts in the industrially advanced countries. The challenges cannot be effectively met unless domestic economic policy focuses on removal of constraints which limit the competitive strength of Indian industry and of the economy as a whole. The emergence of multilateral trade regime WTO conditionally have added urgency to task enhancing competitiveness. It is essential to remove the constraint, which limits the competitive strength of Indian industry. It is not only the question of India coping with WTO regime but for greater issue of how India can leverage the benefits of large access to global market.

An organization or a small scale unit provides a basic framework enabling people to work together. It is not just a group of people but a process, which is not restricted to the management of the industries but encompasses all human activities. Organization is that mechanism which allows people to work effectively, efficiently and economically for the accomplishment of specific goal or mission. The man behind machine is most important in any organization. Management of people in any organization is a challenging task. Without human efforts, organization cannot accomplish their goals and objectives. Human resources are very important in the success of any organization. In an organization basically the problems are not of physical, technical or economic in nature but the problems are necessarily human and social. Simply name a problem from any area of management, it would be people oriented. If organization fail to recognize this fact it causes immense loss to an enterprise as well as to an individual.

IMPORTANCE OF HUMAN RESOURCES-

Resource means a productive power of natural goods. Human resources are therefore the productive power in human beings. Human resources is the sum total of knowledge, skills capabilities, talents and aptitudes within human beings. An organization irrespective of its nature size and scope is composed of people who are basically different from one another in their psychological traits. Everybody has his or her separate individual identity with his own physical and psychological traits. Each individual has different personality. The environment, within which they are, modifies the quantity and quality of human resource. It is very difficult to manage with human beings. At the same time it is challenging job and different from that of other resources. Human factor is much more important than all other factors of production. To know and understand the people, their urge and behavior is the first step in developing human relations.

This research paper explores the Human Resource Management practices and its impact in small scale engineering manufactures (Employers) of Ahmednagar MIDC, Maharashtra. This is an attempt to know the perception of employers regarding Human Resource Management practices. Human Resource management practices has been studied extensively among all the corporate and big companies but relatively very few studies have been conducted about the impact of Human Resource Management practices on small scale engineering manufacturing units in Ahmednagar MIDC. Manufacturing industry has unique place, because it is different from other type of industry. Basically in other industries human resource management practices carried extensively but in small scale industry, HR practices are not pay more attention. Small scale units are known to focus more on operational aspects and neglect HR practices. Employers of small scale units believe that being informal and without structure process they will help them minimize cost and provide the necessary inbuilt flexibility in their operations. As small scale

manufacturing units have to undergone some changes in their policies and structure when they compete with international firms as global business environment puts considerable pressure on small scale manufacturing units to control both their cost and quality and meet the stringent quality requirements economically. This is serious challenge for employers of small scale units.

REVIEW OF LITERATURE-

Researcher has gone through the literature available regarding Human Resource Management practices from employers point of view. There is lot of research available regarding HRM theory and practices but generally falls in the domain of big industries. This research is the first attempt to study on effectiveness of HRM practices from the view point of Employers of small-scale manufacturing units in Ahmednagar MIDC, Maharashtra. With respect to the small scale enterprises, the literature on personnel issues is more conceptual than empirical data based (Hornsby and Kuratko, 1990) however a few studies have analyzed whether HRM practices were used in small firms Golhar and Deshpande (1997) found that many HRM practices of small and large manufacturing firms were similar. However bigger firms used external source of recruitment, written test and panel interview more frequently. In small scale employees ability to inspect their own work was more important than in large firms. Similarly Hornsby and Kuratko (1990) found that the perceived concern over the most important future human resource is not affected by firm size. There are no studies available about relationship between HRM practices and its success on small scale enterprises.

OVERVIEW OF AHMEDNAGAR MIDC. –

The process of industrialization in Ahmednagar district is in a state of infancy. Economic expansion can occur through three routes. 1. Primary to secondary sector. Wherein the primary sector output could be raw material for the secondary. 2. Primary to tertiary sector, a process through which the output from primary sector is directly made available for sales trade and external sector and 3. A multi sectorial development process which leads to simultaneous development of all sectors. As per 2011-12 there are 5232 registered industries which employed 25862 workers. But apart from the professional aspect most of the employers of engineering manufacturing units have had the view that Human Resource Management is unresponsive or not tailored to their needs, and it is considered too costly an activity to carry for a small scale unit

OBJECTIVE OF THE STUDY- 1.

To study and investigate the impact of Human Resource Management practices on the small scale engineering manufacturing units with reference to recruitment and selection, training and development, compensation and benefits, performance appraisal and job retention

HYPOTHESIS-1. Standard Human Resource Management practices followed by small scale manufacturing units lead to better organizational performance.

DATA COLLECTION. -The data were collected from 150 employers of engineering manufacturing units of

Ahmednager MIDC, who are registered with DIC.

SAMPLING TECHNIQUE- The researcher had used non-probability sampling method in order to select 150 industries. Convenient sampling method was used to for selecting sample. The primary data were collected through a questionnaire was designed keeping in mind the objective of the study. Various journals, magazines and websites were referred as the secondary source of the data.

RESEARCH TOOL- The hypothesis was tested in the light of the data collected from the Employers through questionnaire .There were 29 questions in the questionnaire. The response of the employers to each of the queries was measured on a “five point linkert scale”. Further by taking the sum of the scores related to the concerned hypothesis, linkert summated score were obtained for all the owners. Thus the linkert scale summated score were obtained for 150 employers. Using their summated scores percentage summated score was obtained for each employer. Using their summated scores percentage summated score was obtained for each owner by using the following formula

Percentage Summated Score of an owner related to hypotheses

$$= \frac{\text{Likerts Summated Scores of that owner related to the hypotheses}}{5 \times \text{Number of questions related to those hypotheses}} \times 100$$

Further, using the percentage summated scores of 150 owners, the average percentage summated score x was obtained.

If the average percentage summated score would be significantly greater than 70 then the concerned hypotheses would be accepted.

For testing this, one-sided z test was used.

Z – Test

Logic behind application of Z test to this data

Basically the responses of the employees were obtained in the categorical form. The hypotheses in the mind of the researcher could not be tested with help of this categorical data. So; it was measured on 5 point Likert scale. Thus data was transformed in the quantitative form. By considering the different questions in the questionnaire related to a particular hypothesis, the researcher could find the percentage summated scores of all employers.

The researcher herself set a threshold value of 70%.If the average of the percentage summated scores related to a particular hypothesis exceeds 70% then according to her opinion it indicates that the hypothesis can be accepted; otherwise it has to be rejected.

Since the number of respondents is large the researcher decided to use “One Tailed Z test “for testing the significance of the population mean.

Accordingly for all the hypotheses mentioned earlier this Z test was used

Null hypotheses $\mu = 70$

Alternative hypothesis: $\mu > 70$

Under null hypothesis

$$\frac{Z = \frac{\bar{x} - 70}{S} \rightarrow \frac{n}{N(0.1)}$$

Where X: Sample Average Percentage Summated Score

S: Sample standard deviation.

N: Sample size

If Zeal ≤ 2.58 the null hypothesis would be accepted.

If Zeal > 2.58 the null hypothesis would be rejected.

The value 2.58 is called critical value obtained from standard normal tables at 5% level of significance.

1. Using the above z- test the hypotheses were tested by using the employers' data. Standard Human Resource Management practices followed by small scale manufacturing units lead to better organizational performance. The results of their tests are given as above. H0: The average of the percentage summated scores of the related questions is 70V/s

H1: The average of the percentage summated scores of the related questions is greater than 70. i.e. H0: $\mu = 70$ v/s H1: $\mu > 70$

The above hypothesis is not justified at the employers end. Though employers are aware of Standard Human Resource Management practices but fail to implement due to organizational constraints like legality and other financial problems, it shows that they are loyal enough and shared their views at the time of personal interview.

FINDINGS-1. Recruitment and Selection- 40% of the employers depend upon Employment exchange while 60% depend upon personnel references for the recruitment of the employees. Because most of the employees are migrated from other state e.g. Bihar. The purpose of the personnel reference is to obtain information about employee's personality and how he will fit for the job. There is no recruitment in the small scale manufacturing units without test, generally those skilled and experience hands are employed as they are known to employers and do not undergo job work test. The employers prefer low educational standards because the spending on them is low and can be used for different jobs which are basically menial.

1. Training and Development- Training and development activities which are essential for employees for job and for increasing performance for the job at hand. 96.67% employers used on the job training methods for the employees and 3.33% employees use off the job training methods for their employees. Most of the employers in Ahmednagar small scale manufacturing use on the job training methods are those which are given to employees within the everyday working of a concern.

2. Performance Appraisal- Performance appraisal gives employers the information related to their employees potential and their progress in work related issues. 83.33% of the employers measure their employee's performance by comparing output with standards whereas 16.66% of employers observed their employees by applying method. Performance appraisal in small scale manufacturing units of Ahmednagar MIDC is likely to be treated informally it tend to focus on monitoring and controlling rather than considering it as development tool for employees potential.

3. Compensation and Benefits- Compensation is identified as the most harmful side of Human Resource Management practices of Small scale Engineering Manufacturing units in Ahmednagar MIDC. 50% of the employers are strongly agreed regarding that they give sufficient amount of leave and vacation. Whereas 50% of the employers are agree regarding compensation. In every aspects of compensation practices such as salary and benefits, competency base compensation, performance base compensation, regularity in pay and non-financial benefits are inadequate in manufacturing unit.

CONCLUSIONS-

To conclude that from above study there is ample scope to study small scale industries and its human resource management practices in particular and various other managerial functional aspects in general. Employers are not against the practices but there are certain things are detrimental to the standard practices, first is the industrial environment. The laws that defines the small scale organization and the standard practices are not compatible with the nature of industry. The countries in South East Asia have adopted HRM policies which suit their industrial environment. Besides the cost of implementing standard HRM practices the lack of facilities prevent efforts. Due to employee's educational level, their contractual status, employers can not apply the retention policies, performance appraisal and performance benefits to the employees, and they have accepted the employee's performance as it is. Employers are justifying about the welfare and security of the employees and they also feels that it needs an improvement. Though employers feel that they are successfully running their engineering units but if they apply more HR practices they will get more success. This research and its findings are considered important to provide insight in to the various Human Resource Management practices needed to successfully perform in small scale engineering manufacturing units in Ahmednagar MIDC Ahmednagar. In terms of theoretical significance, this study proposes to fill the gap in the body of knowledge in the practices of Human Resource Management in Ahmednagar small scale manufacturing units by addressing these issues manufacturing units by addressing these issues.

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