

Human Resource Management of Micro, Small and Medium Enterprises (MSME's)

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Abstract

Maximizing profit is the goal of every business, but human resource management is very important for every single business. Carefully handling every process starting from recruitment in human resource management is a huge task for all businesses. Hiring the employees and evaluating their performance and its effect on the business, all these things are seen in human resource management. Human resource management is a process implemented at the respective- levels in micro, small and medium enterprises. The main objective of this research paper is to study the process and effects of human resource management of Micro, Small and Medium Enterprises. This research paper is based on secondary data. The data was collected through the internet, books, magazines and newspapers.

Keywords: Human Resource Management, MSME.

Introduction

There are different types of management and management levels in every single business. To survive in the current market competition, every businessman needs to use different and unique techniques for growth and development of business. Micro, small and medium enterprises (MSMEs) constitute the bulk of the industry as well as in the Whole Indian economy. Human resource management (HRM) is a process of management of people starting from recruitment up-to their retirement. Human resource management plays a vital role in the management of business and achieving the objectives of business. In this highly competitive marketplace, it is very important to hire trained and well experienced employees, which helps to increase the reputation of business as well as achieve the objectives of business in small period. Nowadays, even small businessmen try to do human resource management, so micro ,small and medium enterprises also pay attention on how to do human resource management well. Human resource management also helps to solve the problems of employees like the working environment, hygiene factors, poor management, lack of training, motivation factor. HRM helps to overcome all the hurdles in the recruitment process and hire suitable employees for a particular post.

Concept of Human Resource Management

Human Resource Management (HRM) is the management of persons. HRM helps to achieve the objectives of business in a specific period. HRM helps the organisation to place the right employees in the right place. Human resource management (HRM) is the effective management of people at work, HRM examines what can or should be done to make working people more productive and satisfied.¹

Process of Human Resource Management (HRM) includes

1. Planning
2. Recruitment
3. Selection
4. Orientation
5. Training
6. Performance Appraisal
7. Motivation
8. Compensation and Benefits
9. Safety and Health
10. Maintaining labour relations

All the above things help organizations to create healthy competition between employees and a positive workplace environment.

Concept of MSME (Micro, Small and Medium Enterprises)

The Ministry of Micro, Small and Medium Enterprises is the ministry in the Government of India. It is the apex executive body for the formulation and administration of rules, regulations and laws relating to micro, small and medium enterprises in India.

Following are the limits of MSME’s

Revised Classification applicable w.e.f 1st July 2020			
Composite Criteria: Investment in Plant & Machinery/equipment and Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing Enterprises and Enterprises rendering Services	Investment in Plant and Machinery or Equipment: Not more than Rs.1 crore and Annual Turnover ; not more than Rs. 5 crore	Investment in Plant and Machinery or Equipment: Not more than Rs.10 crore and Annual Turnover ; not more than Rs. 50 crore	Investment in Plant and Machinery or Equipment: Not more than Rs.50 crore and Annual Turnover ; not more than Rs. 250 crore. ²

The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India (GoI) has adopted the cluster development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the country.

Objectives -

- To study the Process of Human Resource Management
- To study the change in MSME after doing Human Resource Management

Research Methodology

The research is based on existing data which is available on the internet, magazines, journals and books.

Review of literature

1. A research was conducted by R.Vettriselvan, M.Sathya and A.Balakrishnan³ with the title ‘Human Resource Management Issues in Micro, Small and Medium Enterprises in Tamil Nadu.’ discussed the meaning of Human resource management and MSME. The objective of this paper is studying the issues related to recruitment, selection, training, performance appraisal, inadequate wage, salary, lack of incentives, bonus, social security and welfare. This study found that switch over intension is high among the employees in the MSMEs due to absence of medical facilities, poor working environment, lack of welfare measures, inadequate pay and poor industrial relations.
2. A research was conducted by Tushar D. Borad, Dr. Satish Patel⁴ with the title ‘Human Resource Management in MSME in Saurashtra Region’ the main aim of the research paper was to study process of human resource management . The research was conducted on the basis of primary and secondary data. The researchers concluded that there is a need to focus on staff training, skill development, recruitment process, reduction of employee turnover as well as a change in mental attitude towards human resources.
3. A research was conducted by Rathnaweera, R.R.N.T⁵ with the title ‘Impact of Human Resource Management Practices on Business Performance of Small and Medium Enterprises (Evidence from manufacturing SMEs in Hambanthota District, Sri Lanka)’ the main objective of this study is to fill up the gap as mentioned above in the literature concerning MSMEs. Besides, identifying the nature of HRM practices of MSMEs in Hambanthota District and exploring how HRM practices differ according to the firm size and educational qualification of the owner/manager are sub objectives of this study. The researcher results of this study showed the positive relationship between the formal HRM practices and business performance of MSMEs in HDSL, owner/ managers of MSMEs in HDSL need to maintain a balance between introducing formal HRM practices to the firm and retaining informal HRM practices in their firms.
4. A research was conducted by Hartatik, Evi Nilawati, Vera Sylvia Saragi Sitio, Diansanto Prayoga and Rusliandy⁶ with the title ‘The Relationship between Best Practices of Human Resource Management and the Operational Effectiveness of MSMEs’ The business venture should be joined by human asset improvement from different viewpoints, says the creator. The authors conclude close relationship between the patterns of HR management in achieving the core goals of every small business in many application contexts.
5. A research was conducted by SINGH, Lata Bajpai, MONDAL, Subhra Rani & DAS, Subhankar⁷ with the title ‘Human resource practices & their observed significance for Indian SMEs’.The purpose of this research is to explore different HR practices in SME’s and to find out the HR practices implemented in the sampled SME organizations.. They concluded that the SME’s are important for the growth of the country and HR practices are predictor of business performance of SME’s thus the formal human resource practices must be followed to increase the effectiveness of employees.

Analysis and Interpretation

- HRM policies help organizations for developing policies relating to personnel management of the firm.

- HR analytics is the process of collecting and analysing Human Resource (HR) data in order to improve an organization's workforce performance.
- Employment is defining recruitment and selection procedures for staffing needs.
- Setting up the MSME would provide owners with a job, helping them avoid hunting for jobs elsewhere.
- MSMEs can avail discounts on interest rates on overdraft facilities from banks as well as under the Credit Guarantee Trust Fund Scheme.

Conclusion

Implementation of Human Resource Management in Micro, Small and Medium Enterprises are management of persons using internal as well as external resources. HRM helps to hire skilled and experienced employees with the help of various stages. Now a days, HRM is very important not only in Micro, Small and Medium Enterprises (MSME,S) but also in other businesses. As per the trend of technology, HRM is also changing its requirement.

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