



## A SCEPTICAL OBSERVATION ON HUMAN RESOURCE MANAGEMENT – AN EMPIRICAL ANALYSIS OF SELECTED SMALL ENTERPRISES

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### Abstract

*Small Enterprises Sector has enabled men with qualities of initiative vision and leadership to become successful managers in large units. Small sector acts as a channel through which talented and motivated individuals can play a dynamic role. In this regard, the small sector is usually described as a seed bed or nursery of entrepreneurs and managerial talent. It has been realized that small sector is better placed in tapping the private financial resources of the usually looked upon as a form of saving. But for Small Enterprises sector, these resources would have been idle and unproductive. The credit for canalizing these resources into productive channels goes to the Small Enterprises sector and as such the role of Small Enterprises can never be undermined.*

*Every organization has to follow a systematic selection procedure since problems with the employee start after his selection and employment. In other words, if an organization selects a wrong person, it has to face a number of problems with him. In addition to the cost of selection, training and other areas will become a recurring expenditure to the company owing to employee turnover caused due to improper selection technique. Every organization is influenced by the social factors as it is a part and parcel of the society. I, it has to do justice to all selections of the people in providing employment opportunities. Hence, organizations should have an objective system of selection that should be impartial and provide equal opportunity.*



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### Introduction:

The case for developing Small Enterprises stems from the fact that there is a dire necessity to promote efficient uses of resources for providing goods accompanied by rise in output, the real income and living and levels. It is also to be remembered that a modern manufacturing economy is not complete and efficient unless large units and small units play a complementary role. It is often misconstrued that it is the large units which develop managerial talent. On the contrary, it is the Small Enterprises sector which has played a positive role in the development of entrepreneurs and managers.

### Significance of the Study:

Small Enterprises Sector has enabled men with qualities of initiative vision and leadership to become successful managers in large units. Small sector acts as a channel through which talented and motivated individuals can play a dynamic role. In this regard, the

small sector is usually described as a seed bed or nursery of entrepreneurs and managerial talent. It has been realized that small sector is better placed in tapping the private financial resources of the entrepreneurs and liquid assets like gold and silver which are usually looked upon as a form of saving. But for Small Enterprises sector, these resources would have been idle and unproductive. The credit for canalizing these resources into productive channels goes to the Small Enterprises sector and as such the role of Small Enterprises can never be undermined.

It is a realized fact that all regions do not have the same spread of industrial development. Certain regions are highly developed, while many other regions remain at different degrees of industrial development. This sort of lopsided development results in an imbalance, leading to the industrial disparities.

Keeping those factors in mind, a modest attempt has been made in this study to assess the use of Human Resource Management in the selected enterprises of Andhra Pradesh and Telangana States.

### **Objectives of the study**

This study sets the following objectives:

- a) To identify the sources of recruitment by small entrepreneurs;
- b) To evaluate the recruitment procedures and their adequacy in selecting the right type of workers;
- c) To assess the training imparted to newly recruited workers in small enterprises;

### **Research Design and Methodology Adopted**

The study has focused on the Human Resource Management policies and practices in small enterprises located in Hyderabad, Vijayawada and Tirupathi. The purpose behind choosing Hyderabad is the class proximity and high economic linkages which the small enterprises has with big industry, while in Tirupathi the linkage is totally absent due to non existence of any big unit. This would not only facilitate comparison but would also bring out the unique features in the human resource management of small enterprises Hyderabad, Vijayawada and Tirupathi.

As the human resource problems were connected with management and labour, it was decided to collect data from the small entrepreneurs through a well-structured questionnaire. It was not possible to study all the units and workers in the three cities due to financial and time constraints depending upon the nature of work to be carried out. It was decided to use

stratified random sampling technique to select the units from the unions. The list of registered small enterprises was obtained from the Commissioner of Industries, Government of Andhra Pradesh and Telangana.

**Empirical Analysis:**

The enterprises were divided into six categories depending upon the nature of business. They are: 1) Agro based; 2) Chemical based; 3) Forest based; 4) Engineering based; 5) Mineral based and 6) Miscellaneous category. The enterprises were selected based on the random sampling technique 100 per cent extra was also selected from each category to provide cushion for the non-availability of the entrepreneurs, closure of the units, change of address of the units and refusal to cooperate by the managements.

**Adoption of Scientific Selection Procedure**

The enquiry about the adoption of scientific selection procedure revealed that only 14.78 per cent units adopted scientific selection procedure always for selecting employees. They belonged to the company form of organization and partnership firms having professional outlook of management. 27.83 per cent units followed scientific selection procedure sometimes particularly for selection of clerks, supervisors and managers. But 57.39 per cent units never adopted the scientific selection procedure. Table 1.

**Table 1 Adoption of Scientific Selection Procedure Industrial Estate-wise**

Adoption	Hyderabad	Vijayawada	Tirupathi	Total	Percent
Always	12	30	9	51	14.78
Some times	30	33	33	96	27.83
Never	78	66	54	198	57.39
<b>Total</b>	<b>120</b>	<b>129</b>	<b>96</b>	<b>345</b>	<b>100.00</b>

**Source: Field Survey**

**Basis of Selection**

Basis of selection assumes significance in the selection process for wrong basis may result into the selection of square pegs in the round holes. The details about the basis of selection adopted by the employers are presented in Table 2. It was observed that for selection of unskilled workers 288 employers (83.48 per cent) used physical fitness as the main basis and 57 employers (16.52 per cent) used experience as basis of selection. Educational qualifications did not have any impact on the selection procedure. In case of skilled workers 86 employers (74.78 per cent) adopted experience as the main basis of selection, 48 employers (13.91 per

cent) gave importance to the educational qualifications whereas remaining 39 employers (11.31 per cent) adopted education and experience as basis of selection.

**Table 2 Basis of Selection – Employee Category-Wise**

Basic	Unskilled workers	Skilled Workers	Clerks	Managers/ Supervisors	Total
Physical Fitness	288(83.48)	-	-	-	288
Educational Qualifications	-	48(13.91)	114(33.04)	93(26.96)	255
Experience	57(16.52)	258(74.78)	96(27.83)	108(31.30)	519
Educational Qualifications + Experience	-	39(11.31)	135(39.19)	144(41.74)	318
<b>Total:</b>	<b>345</b>	<b>345</b>	<b>345</b>	<b>345</b>	<b>1380</b>

**Source: Field Survey.**

For clerks 135 employers (39.13 per cent) adopted education plus experience as the main basis of selection, 114 employers (33.04 per cent) adopted educational qualification as the basis and remaining 96 employers (27.83 per cent) considered the experience of the candidates. In case of managers/supervisors 144 employers (41.74 per cent) adopted educational qualification plus experience as the basis of selection, 108 employers (31.30 per cent) considered experience of the candidates and 93 employers (26.96 per cent) considered only educational qualification for selection purpose.

Thus, it will be observed that employers preferred fresh hands for the post of unskilled workers, for skilled workers they gave preference to experienced hands and for the post of clerks and managers/supervisors educational qualification coupled with experience were given importance.

**Mode of Selection:** 273 employers (80.87 per cent) conducted an oral interview of the candidates for selecting them, whereas 66 employers (19.13 per cent) conducted job test for that purpose. For selection of candidates for the post of unskilled workers, clerks and managers/supervisors used of an oral interview was made while for selection of candidates for the post of skilled workers job test was conducted. Use of written test was not at all made by the employers of Small Enterprises under study. Selection of candidates was made mostly on the basis of personal opinion formed in the oral interview. Table 3 gives the details of mode of selection in sample units.

**Table 3 Mode of Selection In Small Enterprises**

Mode	Hyderabad	Vijayawada	Tirupathi	Total	Percentage
Oral Interview	93	102	84	279	80.87
Written Test	-	-	-	-	-
Oral Interview + Written Test	-	-	-	-	-
Job Test	27	27	12	66	19.13
<b>Total</b>	<b>120</b>	<b>129</b>	<b>96</b>	<b>345</b>	<b>100.00</b>

Source: Field Survey.

### Appointment Orders

Appointment orders are documentary evidence of a contract of employment between the employer and employee. An appointment order is significant for the employee because it contains the terms and conditions of his services and imposes certain obligations on the employer. An enquiry was made to find the practice of Small Enterprises of issuing formal appointment orders to their employees and the details are presented in Table 4. Out of 345 units only 51 units (14.78 per cent) issued appointment orders to their employees. In 85.22 per cent units no appointment orders were issued. Industrial Estate-wise analysis shows the same trend.

**Table 4 Issue of Appointment Orders in Selected Small Enterprises**

Industrial Estate	Appointment Orders		Total
	Yes	No	
Hyderabad	18	68	120
Vijayawada	21	108	129
Tirupathi	12	84	96
<b>Total:</b>	<b>51(14.76)</b>	<b>294(85.22)</b>	<b>345</b>

Source: Field Survey.

**Status of Employment-Employee Category wise:** An attempt was made to examine the status of employment in different categories of employees in sample units. It was revealed that 218 employees (63.19 per cent) claimed to be permanent in their employment and remaining 127 employees (36.81 per cent) claimed to be temporary. Table 5. The percentage of permanent employees was observed more in case of all categories except that of unskilled workers. In case of unskilled workers it was almost 50-50. However it is interesting to note that most of the permanent employees were not given orders to that effect. In the absence of appointment orders and permanent orders in writing, the case of employees becomes weak when any dispute arises between employer and employees. Another important point worth to note is that even though the employees claimed to be permanent, they were not getting any benefits of permanent services such as Provident Fund.

**Table 5 Status of Employment – Employee Category Wise**

<b>Employment Status</b>	<b>Unskilled workers</b>	<b>Skilled workers</b>	<b>Clerks</b>	<b>Managerial/ Supervisors</b>	<b>Total</b>
Permanent	221	270	90	123	654 (63.19)
Temporary	124	75	105	27	381 (36.81)
<b>Total:</b>	<b>345</b>	<b>345</b>	<b>195</b>	<b>150</b>	<b>1035</b>

**Source: Field Survey.**

There are various methods from simple to the sophisticated at the disposal of employers for imparting training to employees. Major training methods include on the job training, vestibule training, class room methods such as lectures, conference, case study, role playing, programmed instructions, computer assisted instructions, demonstration and simulation and games. Some methods are simple in nature and are meant for learning unskilled and semi-skilled manual type jobs. While some methods are useful for skilled, technical, professional and supervisory jobs. Selection of a particular method depends on consideration of factors like cost, time available, number of persons to be trained, depth of knowledge required, background of the trainees etc.

**Table 6 Employer’s Perspectives on Training of Employees**

<b>Perspective</b>	<b>No.of employees</b>				<b>Total</b>	<b>Percentage</b>
	<b>Hyderabad</b>	<b>Vijayawada</b>	<b>Tirupathi</b>			
Training necessary/ for all	21	27	21	69	20.00	
Training necessary for some	78	75	57	210	60.87	
Training not necessary	21	27	18	66	19.13	
<b>Total:</b>	<b>120</b>	<b>129</b>	<b>96</b>	<b>345</b>	<b>100.00</b>	

**Source: Field Survey.**

A study of the perspectives of employees regarding training of employees shows that 20.00 per cent employers viewed that, training was necessary for all, whereas 60.87 per cent employers of the opinion that training was necessary for some employees and remaining 19.13 per cent employers felt no need of training at all. (Table 6).

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consideration of factors like cost time available, number of persons to be trained, depth of knowledge required, background of the trainees etc.

**Table 7 Training Methods Adopted In Selected Small Enterprises**

Training Method	Hyderabad	Vijayawada	Tirupathi	Total	Percent
On the Job	117	120	96	333	96.52
Off the Job	3	9	--	12	3.48
<b>Total:</b>	<b>120</b>	<b>129</b>	<b>96</b>	<b>345</b>	<b>100.00</b>

**Source: Field Survey.**

### **Practice of Employers as to Employee Training in Small Enterprises**

The employers of small enterprises had realized the need of training the workers for ensuring more output, quality output and cost reduction. But they hesitated to impart adequate training to their workers on account of a number of reasons. Generally they expressed their inability in terms of resources to provide training to the workers. They stated that their financial condition did not permit them to design and execute an elaborate training programme. They also felt that off the job training may disturb their production schedule. Further they feared that after receiving training workers may demand more wages, thus increasing the total wage bill and reducing the profit margin. They were doubtful as to how long the workers would stay in the unit after receiving training and suspected the flight of workers to medium and large scale industrial units thus loosing both the trained hand and cost incurred on training.

However, there were few employers who provided off – the – job training to their workers. Training methods adopted by the employers in are shown in Table 7. In 111 units (96.52 per cent) some sort of on the job training was imparted and in only 12 units (3.48 per cent) there was a provision of off-the-job training. Out of these 12 units one unit imparted in class instruction to its workers. With these exceptions, in the remaining nearly 97per cent units no organized type of training programme was noticed. In these units training was to a great extent of the on the job variety. The employer himself or supervisor in the unit explained the work to be performed to the trainee worker and actually demonstrated method of work, then the worker was asked to perform the work. The employer or supervisor observed the worker while he performed the work and suggested the correction, if necessary. Thus the training was over. On the job training continued upto 5 to 6 months depending upon the grasping capacity of the learner worker. One important advantage of on the job training was that the trainee worker got an opportunity to learn in the environment of his job. He

actually experienced a feeling of accomplishment. This method of training was adopted for both unskilled and skilled workers.

### **Merit should be the Basis for Promotion**

Merit is taken to denote an individual employee's skill, knowledge, ability, efficiency and aptitude as measured from educational, training and past employment record. The merits of merit system of promotion are: i) the resources of higher order of an employee can be better utilized at higher level. It results in maximum utilization of human resources in an organization; ii) competent employees are motivated to exert all their resources and contribute them to the organizational efficiency and effectiveness; iii) It works as golden hand-cuffs regarding employee turnover; iv) further it continuously encourages the employees to acquire new skill, knowledge etc. for all round development.

Despite these advantages the merit system suffers from some demerits. They are:

- i. Measurement of judging of merit is highly difficult.
- ii. Many people, particularly trade union leaders, distrust the management's integrity in judging merit.
- iii. The techniques of merit measurement are subjective.
- iv. Merit denotes mostly the past achievement, efficiency but not the future success. Hence, the purpose of promotion may not be served if merit is taken as sole criteria for promotion.

Merit should mean future potentiality but not past performance in case of promotion. Hence, it is suggested that organizations should measure the future potentiality of the candidate based on the requirements of a job to which he is going to be promoted and take it as merit rather than the past performance. However, past performance can be considered in evaluating and forecasting future success. Some of the demerits of this system can be avoided if the organization views the merit as future potentiality.

**Conclusion:** Every organization has to follow a systematic selection procedure since problems with the employee start after his selection and employment. In other words, if an organization selects a wrong person, it has to face a number of problems with him. In addition to the cost of selection, training and other areas will become a recurring expenditure to the company owing to employee turnover caused due to improper selection technique. Every organization is influenced by the social factors as it is a part and parcel of the society. I, it has to do justice to all selections of the people in providing employment opportunities.



Hence, organizations should have an objective system of selection that should be impartial and provide equal opportunity.

**Suggestions:** Human resource manager should: a) Have interest in the welfare of each employee; b) View discipline as a corrective measure; c) Not take disciplinary action unless it is a must; d) Not administer discipline on routine basis; e) Have all the facts and circumstances; f) Give a fair chance to the worker to defend himself; g) Discover the employee's mind; h) Maintain consistency in disciplinary actions; i) Admit his mistake willingly; j) Resume normal attitude and behavior towards the employee, and k) Have the audit over the entire action and situation to correct the employees. If the above steps are taken into considerations, Human Resource Management would become successful in Small Enterprises.

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