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## Impact of micro, small medium enterprises on human resource management

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### Abstract

Human resources practices like selection, recruitment, performance appraisal, training and compensation and so on top of in a incompetent and arbitrary style. This paper suggests professional approach to an assortment of magnitude of human resource management in the light of an collection of constraints the Micro, Small Resource Management units stumble upon.

Human Resource Management functions, practices and procedures are increasingly becoming important, considering the growth of the knowledge based economy. Human resources in any enterprise, whether MSME constitute an important area of study. Careful human resources management creates good opportunities to ensure efficiency in the production process of goods and services that guarantee a satisfactory level of living in society. If managed effectively and efficiently, HRM studies fulfill the need of a businessman to understand the economy, market, organization or any other related area.

**Keywords:** HRM, function, MSME, businessman, economy, tranning growth

### Introduction

The Micro, Small Medium Enterprises be moderately labour concentrated and thus create more overhaul opportunities per unit of capital working. In this probable to create the employment opportunity condition necessitates effective management of labour strength. The trained management of human resource under its fold would ensure scores of benefit both for the enterprise and human resource, namely ever-increasing productivity, anticipation of accidents, evolving sound earnings of guiding principle in effective training of growing morale and profession satisfaction, checking labour turnover and absenteeism, managing labour indiscipline and effectual accusation management etc.

The paper makes an attempt to study the management and efficient use of human resources in Micro Small Medium Enterprises in India during the period of economic reforms in the country, respectively, making these reforms which enabled major changes in the structure of the economy, where MSME operate as an important pillar. By illustrating a position followed by many economists for a sense of competition and globalization trends, the paper will illustrate human resource management and the dynamics of its development as a key strategy in business development. One such comprehensive reform has made Micro, Small Medium Enterprises to face challenges in their functioning, such as the procedure of human resources management. Such a step. However, has created a good basis to build mechanisms for the functioning of market economy in Macedonia, this necessity, is imposed to managing and using human resources efficiently.

### Micro small medium enterprises management

The Small-Scale Project organization is the specific type of development organization of micro small medium enterprises projects. These projects are characterized by the factors such as short period; low person hours; small team; size of the budget and the balance between the time committed to deliver the project itself and the time committed to overseeing the project. They are otherwise unique; time delineated in addition to requires the delivery of a final amount shaped in the equivalent way as large-scale projects.

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**Research Methodology:** Research methods can be classified in different ways, the most common distinction is between the quantitative and the qualitative approaches. Quantitative approaches were originally used while studying natural sciences like: laboratory experiments, survey methods. and numerical methods. A qualitative study is used when the researcher wants to get a deeper understanding on a specific topic or situation. Myers stated that the qualitative approach was developed in social sciences in order to support the researcher in studies including cultural and social phenomena. Sources included in the qualitative approach are interviews, questionnaires, observations, documents and the researcher's impression and reactions. The chosen approach is qualitative.

This study typically takes the form study of secondary data available on Human Resource Management system in Micro Small and Medium organizations. The reports on the study topic have also been collected to understand and conclude the effectiveness of the HRM process.

In order to achieve the objectives of present study requires both primary and secondary data. Accordingly, a field survey has been conducted to obtain primary data adopting a sampling design of "two stage purposive sampling with the selection of industries at the first and industrial units at the second stage. For this purpose an aerial survey of the district headquarters has been done. Various cottage and small extent manufacturing units were visited and informal meeting and consultation was conducted with the owners and workers of these units. A total of 120 units have been randomly selected as sample units. The entire eight districts have been included in the sample according to the relative strength of their existing industrial units. Care has been engaged to include the maximum number of trades and activities in these groups so that we can illustrate results for each and every solitary the categories.

### Objectives

Objectives of study are as given below

- To find out the Human Resource Management System in MSME organizations
- To find out the Role for HRM in MSME organizations
- To evaluate Functions of HRM in MSME.

### Review of Literature

The current study be conducted in a single industry to control for between- industry differences.

A thorough review and survey of related literature forms an important part of research. It deals with the critical examination of various available and unpublished works associated to the present study. Knowledge of related research enables the researcher in the direction of define the frontiers of his fields; it helps in comparing the efficiency of various procedures and instruments used Further review of journalism avoid unintentional duplication of previous study and in addition places the researcher in a better position in the bearing of interprets the significance of his own results. In the early literature resting on economic growth and development, industrialization as a source of employment and capital accretion has been recognized by various economists. Here I highlight the assessment of moving parts by various authors as fighting robust as dissimilar working group cleverness related to the diminutive scale in adding up to small enterprises at international, national and local levels.

### HRM Challenges of MSME

**Lack of training and skill development program-**It is very important challenge for MSMEs. Because technology is changes very day, in the company they are not aware about that so they have training and skill development program. So they improve their skill otherwise they may get loss in business.

**Complex labor laws and red-tape-** All the laws related to the all aspects of manufacturing and service concern are very complex and compliance with these laws are practically difficult. The various decisions of factory are depend upon the factory commissioner and inspector, so there are so many chances of red tape in the operation of MSME.

**Lack of credit from banks-** The credit is major in every business. It first important element in every business. The MSMEs are presently facing the problem of credit from banks. The banks are not providing the adequate amount of loan to the MSMEs. The loan providing process of the bank is very long and formalistic. The owner of MSMEs has to produce different types of documents to prove their worthiness

**Skill Development:** Elaborating further on the last point mentioned above, MSME often feels having inadequate funds evades them from training their employees successfully because of which they fail to maximize the potential of their employees which eventually leads to failed cases of retention.

**Improper Documentation:** We can't deny that the majority of the MSME units in India lack signs of any proper documentation be it company policies or employee benefits. The result of poor documentation leads to violations and multiple questions are raised by the same employees.

### Internal and external problems

The problems offsetting MSME can generally be divided into two major groups- inside and outside Internal problems are those which are not prejudiced through external armed forces; for the most part crop up on or subsequent to within the industry and can be controlled internally. Most of the internal trouble coupled with external problems position a major threat to the smooth implementation of the MSME units.

The importance is on short word gain even at the cost of quality. There is no reasonable reasoning, proper career plan and physically commanding motivation. Pay weighing machine are normally lower, goodwill and occupation safekeeping is absent.

In many cases, business ideas and exposures are not up-to-date and adequate, rules and set of laws are not complied, product and advertise acquaintance are not up to the mark and commerce remains restricted to the local stage.

### Role of human resources in small and medium enterprises

HRM is concerned with all aspects of employment and management of responsibility, knowledge management, organizational development, securing resources (human resource planning, recruitment and selection. and talent management). Management performance, learning and development, compensation management, employee relations, employee welfare, health and safety and the provision of services for employees.

HRM practice has a strong conceptual basis borrowed and based on the science of organizational behavior and strategic management, human capital and theories of industrial relations. This database was built with the help of a large number of research projects by different researchers in the field of management.

The purpose of this paper is to give a general introduction to the practice and concepts of HRM.

Human resource management in contemporary economics is linked to a company's success measured through numerous organizational measures. The role of HRM in large enterprises is relatively known, especially when the competitiveness and sustainable

### Functions of human resource management

As firms grow, there is a need to administer the HR function. HRM department is considered responsible for executing all HR function in best interest of the firm. Human resource functions can be defined as the way all tasks and responsibilities regarding HRM are organized within organizations. HR-functions include all roles, tasks and responsibilities from the staffing process, to the training and development via the performance planning and appraisal to remuneration and other rewards to finally the termination of employment. The HR-function does not only involve managers in general or at HR departments, but also line management and even the employees themselves. Various organizational contextual factors determine the need for some specific HRM practices causing HR function to play their role effectively.

### Future prospects of HRM in MSME

Until recent past, it was only the big firms investing in HRM but with time even the MSME are considering HR functions seriously. The need for organized HR practices is well realized by most MSME today and they are even ready to implement HRM into their organisations. But the problem they face relates to shortage of funds and expertise required to implement HRM. The solution can take any of the two forms: either outsource the HRM function for a short span till required expertise is gained, or to manage from the available resources for implementing HRM. If HRM is outsourced, though it requires investment in money, the entrepreneurs get enough time to concentrate on strategic issues rather looking after routine HR systems.

### Conclusions

The purpose of this learning was to consider the determinants of whether HRM was supposed as a problem. This is perhaps a different way of looking at HRM in smaller firms prearranged that many studies start from the principle that it is a problem. This is to be debatable other than arise what's more because we do not be on familiar terms with enough about the practice of HRM during smaller firms as "small and medium sized enterprises have been treated as second class populace by authors in the human resource management literature for in addition long", or because could you repeat that? We do know about the put into practice does not easily healthy with the theory and practice of HRM which is additional commonly associated with hefty, fighting fit resourced firms. Moreover enlargement is usually the background within which HRM in smaller firm is explored which may be in terms of fast growth or organizational life cycles. Yet growth is not a

goal for all less important firm owner managers and evidence suggests that the overwhelming majority during any economy will never grow. So this lead to only a partial understanding of when a predicament with HRM may occur and how it might be alive solved.

Research has shown that the strategic use of human resource management is likely to be one of the most important determinants of organizational performance. The success of MSME largely depends upon the enthusiasm, competency, resources and commitment of a single person around whom the enterprise revolves. Since the owners often involve themselves in doing manual work and taking responsibility for employment matters including the determination of pay, people issues are often taken for granted and managed informally.

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