

THE IMPACT OF HUMAN RESOURCE PLANNING AND DEVELOPMENT OF ORGANIZATIONAL PERFORMANCE OF SMALL SCALE INDUSTRIES SPECIAL REGION HIMACHAL PRADESH

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Abstract: Human resource management (HRM) is defined as the efficient use of people to achieve a company's strategic goals. Human resources are necessary for a firm to undertake various business tasks, and they must be utilized effectively. The primary goal of this study was to determine the impact of HRM practices on the Small Scale Industries' organizational performance. The data for the study was gathered using a standardized questionnaire. The personnel of small scale units in Himachal Pradesh were the study's target group. HRM methods have a substantial impact on the organization performance of small size enterprises in Himachal Pradesh.

Keywords: HRM Practices, Organization Performance, Small Scale Industries.

INTRODUCTION

The post war period had witnessed the widening of the economic gap between developed and underdeveloped nations and a growing awareness on the part of the latter to bridge this gap. Underdeveloped nations had particularly pinned their hopes on industrialization, which had historically proved itself to be a dependable means to achieve the supreme objective of economic development, namely to elevate the living standard of the people and to promote their social and economic well being. Although the developing countries had generally fared well in the field of industrial development, yet they have done well to accelerate the pace of industrialization in order to reduce the gap between them. It was probably M Visvesvaraya, a prominent Indian engineer and public figure, who in the late 1920 used the term "industrialization" with emphasis on the development of heavy industries. It was considered the main course of the country's economic reconstruction. In the colonial period the period of industrialization were most fully expounded in the documents of the National Planning Committee set up by the Indian National Congress in 1938. The committee declared that industrialization was to be the corn stone of this party's industrial policy. "Without industrialization no country can have political or economic freedom...without industrialization also the rapid and effective raising of the standard of the people is not possible". The main goal of industrialization was to be the creation of a self-reliant economy, based on the domestic market as abolition of the disadvantageous division of labour forced upon India by developed capitalist countries. To achieve this end a policy was put forward that envisaged a priority development of the modern industries (as compared to the handicraft industries) which would reduce imports and make production less dependent on the foreign market. The third plan laid special emphasis on industries, such as steel, coal, oil, electric power, machine building and chemicals. These must grow speedily if the requirement of further industrialization were to be met in adequate measure from the country's own resources. In other words, development of these industries is an essential condition of self-reliant and self-sustained growth. It was also assumed that industrial development would ensure additional employment, a migration from the rural areas to industrial centres and a more harmonious distribution of the national income. The main role in the implementation of this task was given over to the development of small scale production.

SMALL SCALE INDUSTRIES IN INDIA

The term small industry covers a wide range of enterprises and may be explained in a number of ways, for there is no such thing as a "typical" small business. They include sole proprietorship, family business and partnerships and may be incorporated and unincorporated. A definition of a small enterprise has to include such professionals as lawyers, doctors, self-employed, T.V. repairman and auto mechanics. Every sector of the Indian economy is represented in the small scale sectors. There are individual proprietors in the mining and natural resources sector, there are individual prospectors, small mining companies, independent out well drillers, wild caters, saw mill operators etc.

Soon after independence, the National government convened an Industries Conference in December 1947. The conference divided small scale and cottage industries broadly into three categories, namely, those which are auxiliary to large-scale industries for example manufacture of heralds and reeds, pickers, motor cushions etc., those which are engaged in the supply of repair service, for exp. motor repair, locomotive workshop and other small engineering establishments and those which are engaged in the manufacturing of finished goods, such as brass, copper and aluminum ware, furniture, cutlery, iron boundaries, hosiery, soap making, paper baskets, coir rope, preserves, pickles, papad etc. On the recommendation of the Industries Conference, a cottage industries board was set up for promoting small scale industries. Later on it was felt that a single board was inadequate to deal with the problems of the village and small industries sectors which covers a wide variety of industries varying in the nature of products produced by them, techniques and scale of production, locational pattern and marketability channels. Therefore, for

effective planning and development, the village and small industries sector was divided into six broad groups of industries through the line of demarcation between one and another is not always very clear cuts. These six groups were; (i) Handlooms (ii) Khadi and village industries (iii) Handicrafts (iv) Sericulture (v) Coir (vi) Small scale Industries.

ORGANIZATIONAL STRUCTURE OF SMALL SCALE INDUSTRIES

The organizational structure of small scale industries differ from that of other business organizations. Its main features are the outstanding character of the organization and management. The first and foremost question in organizing a small scale industries is that of ownership, which is represented by the right of an individual or a group of individuals to acquire legal title to assert for the purpose of controlling an industrial operation and employ the gains or profits following from such activities.

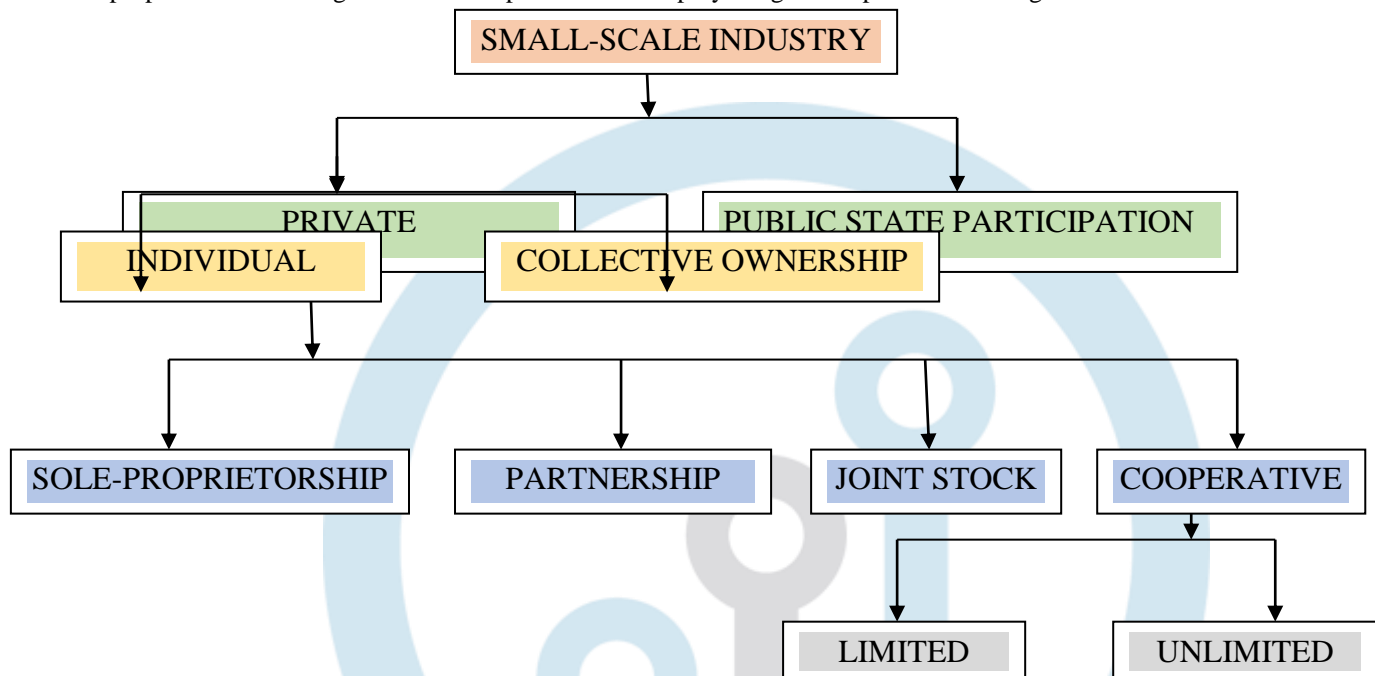


FIGURE: 1 CLASSIFICATION OF SMALL SCALE INDUSTRIES ON THE BASIS OF OWNERSHIP

SMALL SCALE INDUSTRIES IN HIMACHAL PRADESH

Himachal Pradesh is endowed with beautiful natural resources of water, forests, herbs, hydropower, and minerals, cool and dust free environment. All such factors provide favourable conditions for setting up agro-based, forest based, food processing, beverage and electronic industries in the state. In the earlier years of planning era, the emphasis was laid down on the development of infrastructure like communication, link roads, bridges, power etc. But simultaneously steps were taken to develop the secondary and tertiary sectors of economy especially to generate new and alternate outlets of employment. Initially a good start was made in this direction by the development and modernization of the traditional cottage and handicraft industries. This has made the base for subsequent industrial development in the state. Visualizing the pre-independence time, spinning, handicrafts and weaving were the most common secondary occupations almost in all locations. During those days village communities had potters, blacksmiths, gold smiths, weavers, carpenters and leather workers. These artisans were paid in kind, especially the agricultural produce for their work. The number of main industrial units was almost non-existent. During those days unsuccessful efforts had been made to run woolen textile mills under the names of "The Mandi State Industries Ltd." and School Slate manufacture by machines under the name of "Northern India Match Factory, Jogindernagar" in Mandi District, which were liquidated subsequently. In spite of the abundant natural resources the main causes of industrial backwardness were the rugged topography, low density of population, lack of means of communications, lack of adequate finances and above all illiteracy among masses. Industrial backwardness was so much that after independence the employment in the industry on an average was around 5 per cent in 1951. Industrialization in the state of Himachal Pradesh is comparatively a recent phenomenon. The small scale industries have been given priority in successive Five Year Plans in view of the advantages in terms of low investment, high potential for employment generation and dispersal in rural and urban areas. The number of small scale units had risen to 750 in the state by November 1966. The government had set up nearly 60 training-cum-production centres for crafts such as shawl making, footwear, caps and carpets etc. in the state during this period.

In short, most of the industries in Himachal Pradesh fall within the categories of small scale industries. The dispersed nature of the population and lack of modernized infrastructure in its vast interiors make it crucial and important for small scale units and household cottage and village industries to develop. These are based on local needs, raw materials and local skills. The most important small scale industry prevalent in Himachal Pradesh is wool weaving. This is particularly popular in tribal areas of Kinnaur, Lahaul Spiti, Bharmour, Pangi and its adjoining tracts along with Kullu, Kangra and Chamba districts. The products of woolen sector are locally known as 'namdas', 'chadars', 'Shawls', carpets and rugs in different designs. The rest of the traditional industries include bamboo crafts, leatherwork, footwear, metal craft, jewellery, gold and silver smithy, weaving of sundry fiber, preparation of garments, wooden articles and structural woodless frames. The survival of woodless and other allied industry is

due to the fact that it not only requires small investment and on the other hand the wool can be spun almost anywhere and anytime. It keeps people busy when they have to confine themselves in their houses during winters in snow bound areas and outside when they are at any other work.

PROBLEMS OF SMALL SCALE INDUSTRIES IN HIMACHAL PRADESH

There are varied problems, which are to be faced by small entrepreneurs from the starting of ventures and making them operational. The entrepreneurs are entangled in a web of problems relating to production, marketing and over all finances required for making an entrepreneur viable. Every entrepreneur has to face these problems at every stage starting from the development of enterprises which starts from the initial stage of setting up of the enterprise till the expansion and modernization of the venture. The degree and intensity of the problems however are different as per the requirement of the concern. Some being acute in the initial stages than at the later stages in the business

LITERATURE REVIEW

There is a large body of research that supports HRM practices and their favorable influence on organizational performance. (Dierickx and Cool 1989, Barney 1991, Wright and McMahan 1992, Amit and Schoemaker 1993 and Pfeffer 1994, Lippman and Rumelt 1982, Huselid 1995, Wright et al 1997, Singh 2000 and Guest et al 2003. The majority of the scholars have worked on effective implementation of HRM practices in small scale industries, which would enhance organizational productivity, reduce absenteeism, increase sales growth, and lead to an increase in the overall performance of the organization, as evidenced by the above studies.

RESEARCH METHODOLOGY

RESEARCH DESIGN

Research design is the basis upon which data is collected for the purpose of research work. Therefore, it helps in carrying out research plan successfully. It starts from the advanced planning of the methods to be adopted for collecting the relevant data. This research presented a conceptual framework for analyzing the link between HRM practices and business performance.

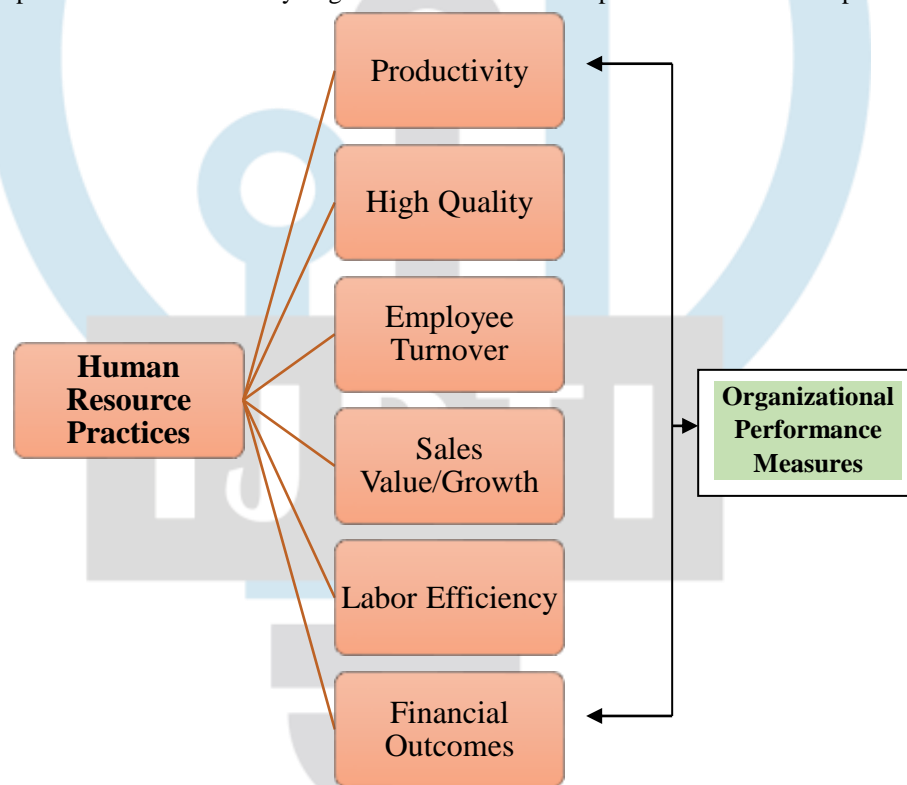


FIGURE: 2 ORGANIZATIONAL PERFORMANCE MEASURES AND HUMAN RESOURCE PRACTICES

INDEPENDENT VARIABLES

The researcher used six different HRM methods in this study.

Recruitment, selection, training and development, compensation, performance appraisal, and employee welfare are all examples of these functions. For these practices, a five-point Likert scale was employed, ranging from strongly disagree (1) to strongly agree (5).

DEPENDENT VARIABLE

Employee absenteeism, employee productivity, and sales growth are the three elements used by the researcher to quantify one dependent variable, namely, organization performance. Respondents were asked to rate the firm's performance on these three criteria using a Likert scale ranging from extremely low (1) to very high (5).

SAMPLE SELECTION

In the present study out of twelve districts in Himachal Pradesh, two districts i.e. Solan and Sirmour have been taken for collection of data as these districts are having maximum small scale industries, Out of the total number of small scale industries in both the districts during the period 2019-2020, fifteen per cent of the total numbers of units have been taken for sampling purpose as it represents the total population. In this way sixteen SSI units of Solan district and eight SSI units of Sirmour district have been selected and data for 2019-2020 have been collected. The units for sampling purpose are chosen on random basis. Questionnaires were issued to ordinary employees in order to learn about the various HRM methods used in their companies and their impact on the company's performance. To assess the impact of HR practices on organizational performance, a 46-item questionnaire was created. It is separated into two sections: HRM practices and the firm's organizational performance.

DATA COLLECTION

The data for the present study is collected both from primary and secondary sources. Although the present study is mainly based on secondary data, but to get financial, production and marketing information regarding the industry and the problems faced by the existing industrial establishments in the two districts, the first hand information has also been collected from the entrepreneurs/promoters of the units with the help of a schedule.

A schedule is the form containing questions of blank table, which are filled by the researcher after getting replies to the questions from the entrepreneurs/ promoters. The questionnaire form is filled by the researcher in her own handwriting. Well-designed schedule has been prepared to get relevant information of industrial units in small sector in both districts. **DATA ANALYSIS**

PERFORMANCE APPRAISAL OF SMALL SCALE INDUSTRIAL UNITS IN SOLAN DISTRICT AND SIRMOUR DISTRICT

ORGANIZATION PERFORMANCE

Staff absenteeism, employee productivity, and sales growth were used to assess the organization's success, and respondents were asked to grade their opinions on a five-point Likert scale ranging from 1 to 5. (Very low, low, undecided, high and very high) Pearson correlation was used to learn about the factors of HRM practices (above table), which revealed positive inter-correlations between the study's various variables.

The effect of independent variables on dependent variables was determined using regression analysis. The study's analysis was based on primary data. Employees of small-scale industries were given a questionnaire to fill out in order to learn about their perceptions of current HRM methods and their impact on their organizations' performance.

TABLE 1 SHOWS THE RESULTS OF A REGRESSION ANALYSIS ON THREE DEPENDENT VARIABLES.

Sno.	R square	INDEPENDENT VARIABLES	Beta	DEPENDENT VARIABLES	F Statistic	Sig.
1.	.322	Recruitment	-.371	Employee Absenteeism	43.650	.000
		Selection	-.176			
		Development and Training	-.204			
		Compensation	-.035			
		Appraisal of Performance	.124			
		Employee Benefits	.039			
2.	.136	Recruitment	-.278	Productivity among employees	14.932	.000
		Selection	-.032			
		Development and Training	.195			
		Compensation	-.085			
		Appraisal of Performance	.287			
		Employee Benefits	.037			
3.	.077	Recruitment	-.012	Increased Sales	8.480	.000
		Selection	-.022			
		Development and Training	.240			
		Compensation	.150			
		Appraisal of Performance	.021			

		Employee Benefits	-.150			
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ABSENTEEISM AMONG EMPLOYEES

R² (coefficient of determination or explained variance) is 0.322 in the table above. The six HRM approaches were shown to be responsible for 32.3 percent of the variance in employee absenteeism. The F statistic is also 43.650, with a significance level of 0. It implies that there is a strong link between employee absenteeism and HR management methods.

PRODUCTIVITY AMONG EMPLOYEES

R² (coefficient of determination or explained variance) is 0.136 in the table above. The six HRM strategies have created 13.5 percent variability in employee productivity, according to the data. The F statistic is also 14.932, with a significance level of 0. It implies that there is a strong link between employee productivity and HR management techniques.

INCREASED SALES

R² (coefficient of determination or explained variance) is 0.077 in the table above. It reveals that the six HRM approaches have created a 7.7 percent variation in sales growth. The F statistic is also 8.480, with a significance level of 0. It implies that there is a strong link between sales growth and HR management methods.

IMPACT ON BUSINESS PERFORMANCE

HRM methods have a favorable impact on the performance of small-scale businesses, according to the study. Employee absenteeism is influenced by performance evaluations and employee well-being. According to the findings, effective HRM practices are likely to reduce employee absenteeism. It was also shown that some HRM strategies have a considerable impact on staff productivity. Employee productivity has been proven to be influenced by training and development, performance appraisal, and employee welfare. The study also discovered that HRM practices have a substantial impact on sales growth. Training and development, salary, and performance appraisal are among the independent variables that have a substantial impact on organizational success.

CONCLUSION

The need for the appraisal of production, marketing and financial performance of small scale industrial units arise because of slow growth and due to several problems faced by these units due to which many of the units fell sick and are at the verge of closure. To get necessary information field study has been conducted in two districts i.e. Solan and Sirmour. Most of the industries in Himachal Pradesh are located in both districts. Different ratios have been calculated to know the short term, long term and profitability position of the concern. Fund flow analysis make easy to know the sources from where the funds are coming and where they are used. According to the findings of the study, HRM practices have a favorable impact on the performance of small businesses. If small businesses wish to increase their performance, they must implement HRM practices. It should improve procedures such as training and development, compensation, performance appraisal, and employee welfare, all of which have a substantial impact on the organization's success.

SUGGESTIONS

On the basis of conclusions drawn in the present study the following suggestions are given for the improvement of performance of small scale industries in Himachal Pradesh:

1. In order to reduce the cut throat competition between small and large scale units, certain more items should be resented for production by small scale industrial units.
2. Government should chalk out a policy of maximum purchase from small scale units and accordingly make purchase from them.

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