

**Impact Of Human Resource Practices In Small Scale Industries In Thoothukudi
District Of Tamilnadu**

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Abstract

In the economic growth of a country, the human factor plays a vital role. The study has been made to study the growth of small scale industries in the development of human resource management practices of in Thoothukudi district. The study has the following objectives.

1. To study the socio-economic outline of the small scale industry owners.
2. To understand the nature of management of the small-scale industry.
3. To find out the motivational factors for starting small-scale industries.
4. To analyse the average income generated by different activities by the small scale industry owners.
5. To examine impact of human resource management practices on innovation.

This study conducted in Thoothukudi District in Tamil Nadu. A total of 250 sample small scale industries owners are selected for primary data collection. The reference period of the survey is 2018-19. The data to be collected from primary and secondary sources is to be analysing with the help of some statistical tools like average, percentages, standard deviation, t test, ANOVA test and Garrett's ranking techniques. The study reveals that a large portion of the (44.40 percent) small scale industries respondents are the sole proprietors. Further, 24.40 per cent of the small scale business likes partnership business. 4.40 per cent of the respondents of the small scale industries who have derived their business from co-operative societies 3.60 per cent of the respondents in small scale owners established with private limited, and the remaining (23.20 percent) is the small scale industries respondents who have been running their company as a family partner. According to the study, the impact of human resource management practices on innovation was found low in the variables namely training and development, reward and recognition, entertainment at the workplace, employee wellness, knowledge management, compensation and fringe benefits, leadership support and commitment.

Key words: economic growth, entrepreneurial development, small scale owners, human resource management, innovation.

INTRODUCTION

An entrepreneur is one of the essential inputs in the economic development of a country or regions within the country. The small-scale industrial sector and business are entirely left by private entrepreneurs. Even the developed nations like USA, UK and Japan have now realised the need to promote entrepreneurship for their economic development¹.

Efficient management of human resource is a crucial factor in determining the growth and prosperity of a business enterprise. This is particularly factual in the case of small industry where owners are forced to have a close and more individual association with their employees. It is accepted that there exists a lack of professional approach towards human resource and the managers unaware of the development that is taking place in the management field, generally, and human resource management in particular. In small full-scale industries are having somewhat apathy towards human resource management practices.

The human resource management covers all functions of human resource manager, i.e. human resource planning, recruitment and selection, training and development, employees placement, promotion, demotion and transfer, incentives and remunerations and basic amenities like canteen, dining halls and restrooms, travel facility, educational facilities, recreation and health and safety measures².

Human resource management tries to secure the best from people by winning their wholehearted co-operation. It is the art of developing, procuring and maintaining competent workforce to achieve the goals of an organisation efficiently³. Human resource management fulfils the criteria of the profession on small-scale industries hence more and more people viewing to human resource management as a career and taking an interest in human resource management⁴.

In India, small scale industries play a vital role in the whole industrial economy of the country. It is assessed that, in terms of value, the segment accounts for about 39 per cent of

¹ Prabhakar Rao J.V. – Entrepreneurship and Economic Development, Kanishka Publishers, Distributors, New Delhi, p.34.

² George T. Milkovich and John W. Boudrew (2002) - Personnel/Human Resource Management, John, Wiley and Sons, Singapore, p.24.

³ VSP Rao (2011), Human Resource Management, text and cases, excel books, pp.3-5.

⁴ Pravin Durai (2010), Human resource Management, Pearson Publication, pp.11-13.

the manufacturing productivity and around 33 per cent of the total export of the country⁵. Small scale sector employs an estimated 31 million persons spread over 12.8 million enterprises and the labour intensity in the small and medium sector. It is estimated to be almost four times higher than the large enterprises⁶.

A strategically proactive human resource creates a corporate culture of innovation and creativity, not one that is only necessary for executing business strategies⁷. Innovation cultural values of small scale industries do not compromise the pursuit of quality and efficiency⁸. Everyone has the probable to be creative, and innovation can come from anywhere within an organisation. People have creative styles that tend to make them better at producing one kind of innovation or the other⁹.

Small scale industries, which provided a supportive innovation context for creativity, tend to reap more significant benefits from employees who are innately creative¹⁰. Organisational innovation is a combination of the creative process, person, situation, and how these components interact together¹¹. Innovative companies, through the design of attractive compensation packages, attract the best-skilled employees¹².

⁵ Bhattacharjee, D. (2001) – The evolution of Indian industrial relation: a comparative perspective, Indian Industrial Relations, The European Journal of analysis, Policy and Practice.

⁶ Nayyar D. (2001) – Industrial Development in India: Growth or Stagnation? In: A.K. Bagchi and N.Banerje (Eds.), change and choice in Indian Industry, Calcutta.

⁷ Brockbank, W. (1999). If HR were really strategically proactive: present and future directions in HR's contribution to competitive advantage. Human Resource Management, 38, 337–352.

⁸ Miron, E., Erez, M., & Naveh, E. (2004). Do personal characteristics and cultural values that promote innovation, quality, and efficiency compete or complement each other? Journal of Organizational Behavior, 25, 175–199.

⁹ Amabile, T.M. (1998). How to kill creativity. Harvard Business Review, Vol. 76, pp. 77-89.

¹⁰ Cummings, L. (1965). Organizational Climates for Creativity. Academy of Management Journal, 3, September, 220–227.

¹¹ Woodman RW, Sawyer JE, Griffin RW(1993) Toward a theory of organizational creativity. Academy of Management Review, 18(2):293–321.

¹² Turbin, M.S., and Rosse, J.G. (1990). Staffing Issues in the High Technology Industry, in

Human resource management of any organisation with co-operatives aims at improving the welfare of an employee as an individual in the organisation so that he may give his best to the enterprise and to maintain good human relations within the organisation¹³.

Human Resources are adopting the most innovative managerial tools, HR techniques, methods and processes, such as benchmarking, teamwork, total quality management, quality circles, business process reengineering, and just in time concepts, to improve their efficiency and effectiveness¹⁴.

Thoothukudi district has been experiencing rapid commercial and industrial growth in recent years. It is endowed with numerous facilities for the favourable development of small scale entrepreneurs when associated with other districts in Tamil Nadu. So it is sensed that this district is suited for a study on small scale entrepreneurship.

The study which aims in understanding the entrepreneurial development among small scale owners highlights their current status, their motivational forces and relationship between the socio-economic background of entrepreneurs and motivational factors. Thus, an attempt has been made to study the growth of small scale industries in the development of human resource management practices of in Thoothukudi district.

OBJECTIVES OF THE STUDY

The study has the following objectives

1. To study the socio-economic outline of the small scale industry owners.
2. To understand the nature of management of the small-scale industry.
3. To find out the motivational factors for starting small-scale industries.
4. To analyse the average income generated by different activities by the small scale industry owners.
5. To examine impact of human resource management practices on innovation.

METHODOLOGY

Organizational Issues in High Technology Management, eds. L.R. Go´mez Meji´a and M.W. Lawless, Greenwich, CT: JAI Press, pp. 227–242.

¹³ K.M.N. Elayath, “*Management of Personnel’s in Co-operatives, An Essential Pre-requisite*”, *Urban Credit*, Vol. 4, June 1972, p. 14.

¹⁴ Anuradha Sharma, Aradhana Khandekar, ‘Strategic Human Resource Management’, Response Books, 2006.

This study conducted in Thoothukudi District in Tamil Nadu. The small-scale industries registered as such in the District Industries Centre as on 31.03.2013 which consists of 10,078 units. These units were classified into ten categories, namely food and food products, hosiery and readymade garments, wood and wooden products paper and paper products, leather and fur products, rubber and plastics, chemical and products, construction materials, electrical machine and parts, transport equipment and spare parts industries which included all other industrial ventures. For this study, 25 owners from each category are randomly selected.

In this study, the researcher considers the small scale industries owners (entrepreneurs) are practices in human resource management. In order to evaluate the human resource management practices of the small scale industries in Thoothukudi District, every 25 owners (entrepreneurs) from the ten categories of small scale industries were selected by adopting the proportionate probability random sampling method. Hence, for the present study, a total of 250 sample small scale industries owners are selected for primary data collection. The reference period of the survey is 2018-19. Secondary data collected from various Government reports, research reports, journals, libraries, magazines, books, newspapers internet and various institutions. The data to be collected from primary and secondary sources is to be analysing with the help of some statistical tools like average, percentages, standard deviation, t test, ANOVA test and Garrett's ranking techniques.

ANALYSIS AND INTERPRETATION

TABLE 1
AGE-WISE ANALYSIS OF THE RESPONDENTS

Sl. No.	Age (in years)	No. of Respondents	Percentage
1.	Below 30	29	11.60
2.	30 – 40	51	20.40
3.	40 – 50	118	47.20
4.	50 and above	52	20.80
	Total	250	100.00

Source: Primary Data.

It inferred from Table 1 that, the majority of the owners (47.20 percent) go to the age group of 40 to 50 years, followed by 50 years, above (20.80 percent). 20.40 percent of the owners belong to the age group of 40 to 50 years and (11.60 percent) below 30 years. The mean age of owners worked out to be 42.72 years. Thus, it may conclude from the analysis that the majority of owners belong to 40-50 years in small scale industries.

TABLE 2
SEX-WISE ANALYSIS OF THE RESPONDENTS

Sl. No.	Sex	No. of Respondents	Percentage
1.	Male	191	76.40
2.	Female	59	23.60
	Total	250	100.00

Source: Primary Data.

From Table 2, it has inferred that out of 250 respondents in the small scale industries, the majority of 191 (76.40 percent) are male and rest 59 (23.60 percent) is female, respectively. Thus, it may conclude from the analysis that the majority of owners are male in small scale industries.

TABLE 3
EDUCATIONAL QUALIFICATION OF THE RESPONDENTS

Sl. No.	Educational Qualification	No. of Respondents	Percentage
1.	Illiterate	17	6.80
2.	School Level	128	51.20
3.	College Level	52	20.80
4.	ITI/Diploma	32	12.80
5.	PG/Professional	21	8.40
	Total	250	100.00

Source: Primary Data.

From Table 3, it revealed that out of 250 respondents, a maximum of 51.20 percent of the small-scale industry owners is having school level education, followed by 20.80 percent with College Level. 12.80 percent of the small-scale industry owners have Technical level education 8.40 percent of the small-scale industry owners have PG/Professional education; only 6.80 per cent of the small-scale industry owners are Illiterate. Thus it may conclude that majority of the respondents studied school level education in small scale industries of Thoothukudi district.

TABLE 4
NATURE OF MANAGEMENT OF THE SMALL-SCALE INDUSTRY

Sl. No.	Nature of management	No. of Respondents	Percentage
1.	Proprietorship	111	44.40
2.	Partnership	61	24.40
3.	Co-operative	11	4.40

4.	Private Ltd.	9	3.60
5.	Family Partner	58	23.20
	Total	250	100.00

Source: Primary Data.

Table 4 informs that a large portion of the (44.40 percent) small scale industries respondents are the sole proprietors. Further, 24.40 per cent of the small scale business likes partnership business. 4.40 per cent of the respondents of the small scale industries who have derived their business from co-operative societies 3.60 per cent of the respondents in small scale owners established with private limited, and the remaining (23.20 percent) is the small scale industries respondents who have been running their company as a family partner.

TABLE 5
MOTIVATIONAL FACTORS TO START SMALL-SCALE INDUSTRIES

Sl. No.	Motivational factors	Average Score	Rank
1.	Inheritance	45.68	VIII
2.	Gaining social prestige	40.01	IX
3.	Self-employment	61.43	IV
4.	Make use to technical skill and experience	64.22	III
5.	Possessing managerial qualifications and experience	49.64	VII
6.	Risk-taking nature	52.88	VI
7.	Make money	71.51	I
8.	Ambition	56.03	V
9.	Dissatisfaction with the previous job	68.45	II
10.	Leisure time activity	36.23	X

Source: Computed from Primary Data

It is evident from Table 5 the prioritised motivational factors for starting small-scale industries by the sample respondents. It is inferred that by using Garrett's score.

In the case of small scale industries, the first rank for selecting small-scale industries assigned to make money followed by dissatisfaction with the previous job. Third and fourth

ranks were given to make use to technical skill and experience and self-employment, respectively. Ambition and risk-taking nature were ranked fifth and sixth, respectively. The seventh rank was given to the motivation of possessing managerial qualifications and experience followed by inheritance, gaining social prestige and leisure time activity, respectively.

AVERAGE INCOME GENERATED FROM DIFFERENT ACTIVITIES

In order to study whether the average income generated by different activities by the small scale industry owners is the same ANOVA use.

Null hypothesis: The average income generated from different activities is the same.

TABLE 6

Results ANOVA (One-way classification)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8549223744.736	33	259067386.204	125.978	.000
Within Groups	444194695.264	216	2056456.923		
Total	8993418440.000	249			

From the Table, it has been inferred that the value of 'F' is statistically significant; therefore rejects the null hypothesis that the average income generated from different activities is the same. That is, income generated from different activities is different from the small scale industry owners in Thoothukudi district.

TABLE 7

IMPACT OF HUMAN RESOURCE MANAGEMENT PRACTICES ON INNOVATION

Sl.No.	Human resource management practices variables	Mean	S.D	T-test
1.	Recruitment and Selection	3.97	1.8372	3.5347*
2.	Knowledge management	2.13	1.3529	1.1204
3.	Organization Development	4.08	1.9732	3.5813*
4.	Performance Appraisal	4.61	1.7563	3.7615*
5.	Empowerment and social security	2.36	1.1935	2.1031
6.	Employee wellness	2.12	1.0832	2.0219
7.	Financial planning and control	3.72	1.7249	1.6127*
8.	Employee engagement	3.19	1.2641	1.3105

9.	Creativity and innovation in technology	3.69	1.4839	2.8234*
10.	Entertainment at workplace	2.03	1.6014	0.6342
11.	Talent management	3.88	1.5832	1.6379*
12.	Team cooperation	3.78	1.6728	1.8527*
13.	Training & Development	1.38	0.1308	0.1068
14.	Timely communication	2.13	0.3106	0.2349
15.	Compensation and fringe benefits	2.84	1.6427	2.6351*
16.	Risk adoption	3.76	1.9105	2.8316*
17.	Leadership support and commitment	2.87	1.7423	1.5384*
18.	Administrative skill	3.92	1.6918	3.0131*
19.	Crisis identification	4.52	1.8412	2.9324*
20.	Reward and recognition	1.89	1.0352	1.1054
21.	Career planning and development	3.49	1.8312	2.8537*
22.	Feedback and Counselling	3.85	1.6847	2.9106*
23.	Work environment and job satisfaction	3.56	1.7294	3.2253*

Source: Computed Data.

* Significant at 5 per cent level.

According to Table 7, the impact of human resource management practices on innovation was found low in the variables namely training and development, reward and recognition, entertainment at the workplace, employee wellness, knowledge management, compensation and fringe benefits, leadership support and commitment. The mean score values of these variables are 1.38, 1.89, 2.03, 2.12, 2.13, 2.84 and 2.87, respectively.

The impact of human resource management practices on innovation was found high in the variables namely employee engagement, career planning and development, work environment and job satisfaction, creativity and innovation in technology, financial planning and control, risk adoption, team cooperation, feedback and counselling, talent management, administrative skill, recruitment and selection, organization development, crisis identification and performance appraisal. The mean score values of these variables are 3.19, 3.49, 3.56, 3.69, 3.72, 3.76, 3.78, 3.85, 3.88, 3.92, 3.97, 4.08, 4.52 and 4.61 respectively.

The significant difference among the small scale industry owners related to human resource management practices on innovation is found high in all aspects of innovation

except knowledge management, empowerment and social security, employee wellness, employee engagement, entertainment at workplace, training & development and timely communication, since its respective 't' statistic are not substantial at 5 per cent level.

CONCLUSION

The small scale industries are considered as ideal nurseries for the rapid growth and development of entrepreneurs. The need of the hour is the growth of entrepreneurs in the country to accelerate the process of economic growth. From a long-term perspective, however, the capacity of small scale industries to become economically viable, technically progressive and efficient and to develop competitive strength shall be the only justification for their continuance.

The present study will help the planners and the decision-makers who are involved in the development of owners in small scale industries to review the existing policies and to make suitable suggestions to amend the provisions of the act which governs the small scale industries.