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Abstract: The small businesses are playing pivotal role in the economic development of many countries. It is also true for India. Small businesses are constantly contributing in economic development by providing large scale employment, increasing export trade and contributing to GDP significantly. The success of small scale industry is dependent on management of human resources in it. As small scale industries are labour intensive, the success of a firm is dependent on optimum utilization of human resource rather than the management of raw materials, machines and capital. The small scale industry is taken as a case study in this paper. A list of 187 small scale industries is taken from DIC, Hooghly, West Bengal. The small scale industries are enlisted under Udyog Aadhaar Memorandum. A sample of 50 units is selected randomly. A questionnaire is designed for the purpose of collecting data. The first part of the questionnaire contains questions on HRM practices and the second part consists of questions measuring HRM outcomes. The data are collected in five point Likert Scale. Linearity, multicollinearity, homoscedasticity and reliability of data are measured. Pearson Product Movement correlation is drawn to test the hypotheses. It is found that data are linear, free from multicollinearity and homoscedasticity and the scale is reliable. The findings of the study are that there is positive relationship between firm performance and HRP, recruitment & selection, training & development. The firms should engage in good human resource management practices to increase performance.

Key Words: Human Resource Planning, Recruitment, Selection, Training, Human Resource Management, Small Scale Industry, Firm Performance.

The small businesses are backbone of modern economy of any nation. It is also true for India. Since independence small businesses have been encouraged by Indian government. Small businesses play important role in the development of Indian economy from the point of employment generation, export and significant contribution to GDP. Entrepreneurship provides large scale employment. More than 60 million people are employed by small entrepreneurs. They promote overall growth by giving stress on both rural and urban areas. There are nearly 26 million SMEs in India. It increases country's export trade & reduces import by achieving self-sufficient by producing as many productions as possible. India's 40% export is from SME sector (Source: Official Website of Ministry of Micro, Small & Medium Enterprises, Govt. of India). It encourages effective resource mobilization of capital & skill which might otherwise remain unutilized & idle. It also solves socio-economic problems by empowering women & weaker sections of the society & improve standard of the living. Nearly 32.82% are women entrepreneurs. (Arakeri, Women Entrepreneurship in India).

Most of the studies have generally done on the economic conditions of small industry and its role in the development of Indian economy. There are some empirical studies on the management of small scale industry and problems of small scale entrepreneurs. A large no of research has been developed on the MSMEs of India (Lalchandani, 2007). If existing literature are considered it would be seen that there are very few literature on HRM practice of Entrepreneur. HR researchers consider that HRM is the only matter of large organization(Wilkinson, 1999) and work force in SME is invisible (Curran, 1986). HRM research on SME is still neglected. There has been no research in this regard in West Bengal.

As small scale industries are labour intensive, the success of a firm is dependent on optimum utilization of human resource on the management rather than the management of raw materials, marketing, machine, capital. For this HRM has been given priority as compared to other management. Manpower procurement ensures the flow of right number of people in the organization. Training is provided to improve skill, knowledge and behaviour of the employees. The right number of talented and trained employees ensure the success of the organization. The optimum utilization of machine, capital, and material by talented and trained people determine the success of SMEs. Hence, a tremendous need is felt for research work on training and procurement practice of small businesses in the state of west Bengal.

Review of Literature :

Though, there is significant number of research available on HRM practices of large firms, the research on HRM practices of small business is very limited (Tansky & Heneman, 2003). Heneman et al. (2000) collect data from small and medium scale enterprises and a number of literature is reviewed. They find the gap between their actual finding and findings of literature. De Kok & Uhlaner, (2001) in their research explains the relationship between organization contextual variables and human resource management (HRM) practices in small firms. The companies having large firm association involve in training activities. Company size is directly related to formal Human resource Management activities. Cassell, Nadin, Gray, & Clegg, (2002) have made an empirical research on the usage and efficacy of Human Resource Management practices in small and medium sized enterprises. The conclusion of this research is that small businesses adopt different HRM practices in their business. Golhar & Deshpande, (1997) in their research compare human resource management practices between large and small manufacturing companies. . The conclusion of this research is that there is no difference in the perceived importance of workforce characteristics in regard to firm size. The job posting and bidding are used excessively irrespective of firm size. The internal source of recruitment is mainly used in the firms. One-on-one interviews are mainly taken at time of selection by both type firms. The written tests and panel interviews are mainly used by large firm. Hornsby and Kuratko (2003) have conducted a research on small businesses. The conclusion of the study is that there is little progress of human resource management practices in small business in compare to one decade ago. Tanova (2003) has conducted a research work in north Cyprus. The finding of the research is that small firms use informal methods of recruitment more. The researchers fail to establish the linkage between recruitment method and human resource management outcomes such as employee turnover rate. Macpherson & Jayawarna, (2007) in their research tries to find out the influence of many contingent factors that affect the approaches to training in manufacturing SMEs. The conclusion of this study is that formal training is suitable for small and medium businesses. [Jayawarna](#), [Macpherson](#), [Wilson](#), (2007) have made a investigation on management development and training activities on manufacturing SME and their effect on performance. The conclusion of this study is that the formal training has more effect on performance than informal training.

The researches on human resource management practices in small business are still in exploratory stage. There is very little research on particular HRM practices like procurement and training. If India

is considered, there is no such research at all. So research on procurement and training practices in small business is unique.

Research Methodology: The research is done on small scale industries. According to development commissioner, Micro, Small and Medium Enterprises, small scale industries are defined in following ways:

Enterprise	Manufacturing (Investment in Plant and Machinery)	Service (Investment in Equipment)
Small Scale	More than twenty five lakh rupees but does not exceed five crore rupees	More than ten lakh rupees but does not exceed two crore rupees

A list of 187 small scale industries is obtained from DIC Hooghly, West Bengal. The small scale industries are enlisted in Udyog Aadhaar Memorandum. The SSI which are listed before June 2016, are considered for this research. Out of 187 small scale industries, 50 units are selected randomly. Random sampling is used for this research. A questionnaire is constituted on five point Likert scale where highly dissatisfied indicates one and highly satisfied indicates five. The first part of the questionnaire is designed to collect data regarding HRM practices. The HRM practices are human resource planning, recruitment, selection and training and development. The second part of the questionnaire is designed to measure HRM outcomes. The HRM outcomes are employee retention, reduction in absenteeism, creativity, employee motivation, job satisfaction and employee morale. Three hypotheses are developed. These are

H.1 There is positive relationship between human resource planning and firm performance

H.2 There is positive relationship between recruitment & selection and firm performance

H.3 There is positive relationship between training and firm performance.

Linearity, multicollinearity, homoscedasticity and reliability of data are tested. Pearson Product Movement correlation is drawn to test hypothesis.

Data analysis:

The variables are to be considered normally distributed in normality test when skewness value is within -2 to +2 and kurtosis value is within -7 to +7.

Normality Test: Human Resource Management Practice

Variable	N	Skewness		Kurtosis	
		Statistic	Value	Standard Error	Value
V1	100	-.320	.241	-1.033	.478
V2	100	-.322	.241	-1.112	.478
V3	100	-.217	.241	-1.132	.478
V4	100	-.201	.241	-1.050	.478
V5	100	-.594	.241	-.886	.478
V6	100	-.474	.241	-.864	.478
V7	100	-.780	.241	-.297	.478
V8	100	-.434	.241	-1.202	.478
V9	100	-.973	.241	.047	.478
V10	100	-.891	.241	.436	.478
V11	100	-.618	.241	-.877	.478
V12	100	-.879	.241	-.543	.478
V13	100	-.825	.241	-.023	.478
V14	100	-.388	.241	-.827	.478
V15	100	-.295	.241	-1.200	.478
V16	100	-.480	.241	-.867	.478
V17	100	-.456	.241	-1.028	.478

In the HRM practices, the skewness value is in between -.973 to -.201 and kurtosis value is in between -1.202 to .436. Hence, the variables are normally distributed and any combination of these variables (multivariate) is also normally distributed.

The Normality Test: Firm Performance

Variable	N	Skewness		Kurtosis	
		Statistic	Value	Standard Error	Value
V1	100	-.976	.241	.263	.478
V2	100	-.534	.241	-.445	.478
V3	100	-.794	.241	-.394	.478
V4	100	-.996	.241	.280	.478
V5	100	-.880	.241	-.044	.478
V6	100	-.421	.241	-1.045	.478
V7	100	-.514	.241	-.710	.478
V8	100	-.697	.241	-.481	.478
V9	100	-.800	.241	-.407	.478
V10	100	-.816	.241	-.439	.478
V11	100	-.841	.241	-.159	.478
V12	100	-.644	.241	.219	.478
V13	100	-1.006	.241	.079	.478
V14	100	-1.170	.241	1.101	.478
V15	100	-.636	.241	-.239	.478
V16	100	-.515	.241	-.276	.478
V17	100	-1.049	.241	.720	.478
V17	100	-.835	.241	-.218	.478

In the firm performance, the skewness value is in between -1.170 to -.421 and kurtosis value is in between -1.045 to 1.101. Hence, the variables are normally distributed. Any combination of these variables is also normally distributed.

Multicollinearity Test:

Correlation matrix is developed to investigate the dependency between multiple variables.

Correlation Matrix: Human resource Management Practices.

		HRP	Recruitment Selection & Placement	Training & Development
HRP	Pearson Correlation	1	.789**	.730**
	Sig. (2-tailed)		.000	.000
	N	100	100	100
Recruitment , Selection & Placement	Pearson Correlation	.789**	1	.772**
	Sig. (2-tailed)	.000		.000
	N	100	100	100
Training & Development	Pearson Correlation	.730**	.772**	1
	Sig. (2-tailed)	.000	.000	
	N	100	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

All variables in Human resource Management practice have correlation values within them more than 0.3. So they are related between them. The correlation value between them is less than 0.9. The variables are not suffering from multicollinearity problem.

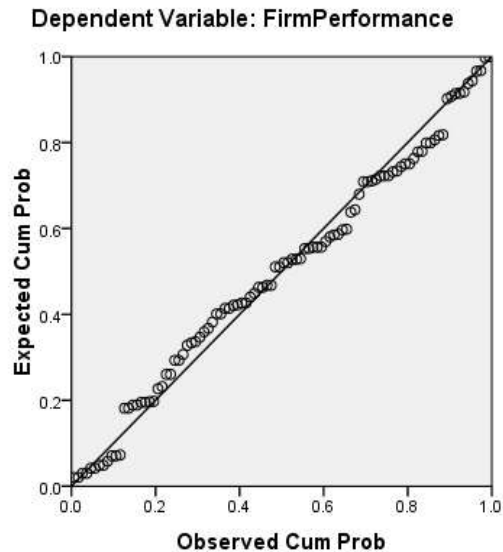
Correlation Matrix: Firm Performance

	Employee Retention	Reduction in Absenteeism	Creativity	Employee Motivation	Job Satisfaction	Employee Morale
Employee Retention	1					
Reduction in Absenteeism	.867	1				
Creativity	.755	.698	1			
Employee Motivation	.678	.764	.616	1		
Job Satisfaction	.739	.791	.664	.855	1	
Employee Morale	.817	.831	.582	.826	.854	1
** Correlation is significant at the 0.01 level (two-tailed)						

All variables in Non Financial Performance have correlation values within them more than 0.3. So they are related between them. The correlation value between them is less than 0.9. The variables are not suffering from multicollinearity problem.

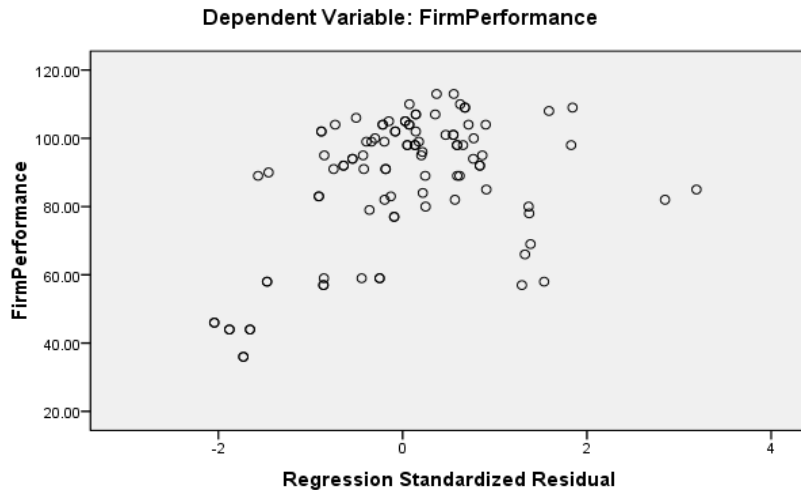
Test of Homoscedasticity, Normality, Outliers and Independence of Residuals:

Normal P-P Plot of Regression Standardized Residual



In the normal probability plot, variables are placed in a nearly straight diagonal line from bottom left to upper right. There is no major departure from straight line. So data are not deviated from normality.

Scatterplot



In the scatter plot of standardized residual, the residuals have taken nearly circular form in their distribution. The maximum number of variables is concentrated in centre nearly around zero.

Case wise Diagnostics ^a

Case Number	Std. Residual	Firm Performance	Predicted Value	Residual
4	3.189	85.00	56.9557	2.80443E1

a. Dependent Variable: Firm Performance

In the Case Wise Diagnostics table, there are one standardized residual which fall beyond the range of +3 to -3. This is 3.189. In the normal distribution only 1 percent standardized residuals beyond this range is accepted.

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	44.4977	110.4430	87.5600	17.79152	100
Std. Predicted Value	-2.420	1.286	.000	1.000	100
Standard Error of Predicted Value	.964	3.431	1.673	.547	100
Adjusted Predicted Value	43.3215	111.1001	87.4995	17.91372	100
Residual	-1.79849E1	28.04428	.00000	8.66046	100
Std. Residual	-2.045	3.189	.000	.985	100
Stud. Residual	-2.074	3.308	.003	1.011	100
Deleted Residual	-1.85050E1	30.18045	.06052	9.13370	100
Stud. Deleted Residual	-2.111	3.496	.005	1.027	100
Mahal. Distance	.200	14.075	2.970	2.869	100
Cook's Distance	.000	.208	.014	.030	100
Centered Leverage Value	.002	.142	.030	.029	100

a. Dependent Variable: Firm Performance

Cook's distance calculates the effect of a given observation having high standardized residuals (above +3 to -3). In residuals statistics, the minimum value of Cook's Distance is 0.00. The maximum value is 0.208. The mean is 0.014. The standard deviation of Cook's Distance is 0.030. The maximum value 0.208 has not exceeded the cut off value of more than 1. The cases having value beyond +3 to -3 have no unwanted influence on the variables. Data are complied with the proposition of normality, homoscedasticity, outlier and independence of residuals.

Reliability test:

Split Half: Human Resource Management

Reliability Statistics

Cronbach's Alpha	Part 1	Value	.949
		N of Items	9 ^a
	Part 2	Value	.938
		N of Items	8 ^b
	Total N of Items		17
Correlation Between Forms			.896
Spearman-Brown Coefficient	Equal Length		.945
	Unequal Length		.945
Guttman Split-Half Coefficient			.939

a. The items are: VAR00001, VAR00002, VAR00003, VAR00004, VAR00005, VAR00006, VAR00007, VAR00008, VAR00009.

b. The items are: VAR00009, VAR00010, VAR00011, VAR00012, VAR00013, VAR00014, VAR00015, VAR00016, VAR00017.

The instrument measuring Human resource management practice is divided into two halves. The first part contains 9 items and second part contains 8 items. The value of Cronbach's Alpha in first part is 0.949 and second part 0.938. The correlation between forms is 0.896 which is more than 0.4. The Spearman-Brown coefficient is 0.945 which is more than 0.8. Then the instrument has internal consistency and reliability for measuring Human Resource Management Practice.

Split Half: Firm Performance

Reliability Statistics

Cronbach's Alpha	Part 1	Value	.952
		N of Items	12 ^a
	Part 2	Value	.965
		N of Items	11 ^b
		Total N of Items	23
Correlation Between Forms			.850
Spearman-Brown Coefficient	Equal Length		.919
	Unequal Length		.919
Guttman Split-Half Coefficient			.916

a. The items are: VAR00001, VAR00002, VAR00003, VAR00004, VAR00005, VAR00006, VAR00007, VAR00008, VAR00009, VAR00010, VAR00011, VAR00012.

b. The items are: VAR00012, VAR00013, VAR00014, VAR00015, VAR00016, VAR00017, VAR00018, VAR00019, VAR00020, VAR00021, VAR00022, VAR00023.

The instrument measuring Firm Performance is divided into two halves. The first part contains 12 items and second part contains 11 items. The value of Cronbach's Alpha in first part is 0.952 and second part 0.965. The correlation between forms is 0.850 which is more than 0.4. The Spearman-Brown coefficient is 0.919 which is more than 0.8. Then the instrument has internal consistency and reliability for measuring Human Resource Management Practice.

Hypothesis Testing:

H1: There is positive relationship between human resource planning and firm performance.

Correlations

		HRP	Firm Performance
HRP	Pearson Correlation	1	.756**
	Sig. (2-tailed)		.000
	N	100	100
Firm Performance	Pearson Correlation	.756**	1
	Sig. (2-tailed)	.000	
	N	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

To establish the relationship between Human Resource Planning and Firm’s Performance, Pearson product-movement correlation is conducted. The correlation coefficient is 0.756. The correlation is statistically significant at the 0.01 level (2-tailed) as P value is less than 0.01 (.000). So there is positive relationship between Human Resource Planning and Firm Performance.

H2: There is positive relationship between recruitment & selection and firm performance

Correlations

		Firm Performance	Recruitment Placement	Selection
Firm Performance	Pearson Correlation	1	.895**	
	Sig. (2-tailed)		.000	
	N	100	100	
Recruitment Placement	Selection Pearson Correlation	.895**	1	
	Sig. (2-tailed)	.000		
	N	100	100	

** . Correlation is significant at the 0.01 level (2-tailed).

To establish the relationship between recruitment & selection and Firm’s Performance, Pearson product-movement correlation is conducted. The correlation coefficient is 0.895. The correlation is statistically significant at the 0.01 level (2-tailed) as P value is less than 0.01 (.000). So there is positive relationship between recruitment & selection and Firm Performance.

H3: There is positive relationship between training & development and firm performance

Correlations:

		Firm Performance	Training Development
Firm Performance	Pearson Correlation	1	.721**
	Sig. (2-tailed)		.000
	N	100	100
Training Development	Pearson Correlation	.721**	1
	Sig. (2-tailed)	.000	
	N	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

To establish the relationship between training & development and Firm's Performance, Pearson product-movement correlation is conducted. The correlation coefficient is 0.721. The correlation is statistically significant at the 0.01 level (2-tailed) as P value is less than 0.01 (.000). So there is positive relationship between recruitment & selection and Firm Performance.

Conclusion:

Small scale industries are labour intensive. From the analysis of hypotheses, it is clear that there is direct and positive relationship between HRP and firm performance. The firms should give emphasis on HRP to increase performance. Recruitment & selection and training & development have also direct and positive relationship with firm performance. So to remain competitive in market, the firms should maintain good human resource management practice to increase performance.

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