

Impact of HR Practices on small firm performance in Satna (M.P), India

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Abstract - This paper analyses the Impact of Human Resource Management practices on small firms Performance. Human Resource Management Practices play an important role for employees 'and organizational performance. This study based on small manufacturing sectors under Satna city Madhya Pradesh. This study investigate fewer HR Practices operated by small firms and their impact on employees and firm performance. Data collection on the bases of training program, performance appraisal, incentive and bonus, working environment and job security. This research give impact on how fewer practices work in positively towards employee's and outcome of their result.

Index Terms - employee satisfaction. Organization performance.HR Practices.

1.INTRODUCTION

Human useful resource control could be very plenty crucial within the small-scale industry zone in India. Entrepreneurs should broaden the abilities of personnel. Setting up a small-scale industry is extraordinarily clean for an enterprising individual. However, handling it properly and developing the business is much more difficult. Furthermore, many small organizations fail to make a mark within the enterprise inside the long term. Because they fail to alternate or increase themselves and their talents with the changing need of their businesses. Entrepreneurs normally have an excessive degree of perseverance, hazard-taking capacity, enterprise motivation, self-respect, confidence, and a want for independence. Also, they will be inclined to paintings hard, taking personal duty for the entirety, and have a preference for doing maximum matters themselves.

As a result of working hard from the idea to beginning manufacturing, they turn out to be workaholics. And the maximum unintended result is you may fail to let others within the agency take private duty, experience feelings of contribution and achievement. Thus, your

personnel emerge as depending on you and paintings simplest out of loyalty and fail to enhance their personal talents and proportion the weight. Here in this newsletter, we intend to discover why human aid control is vital within the small-scale sector. To get success in small business you have to discover ways to delegate duties. In addition, you have to pick out a few strategic people from among the personnel. Develop them as their 2d and the third line in command. In addition, you should discover your very own competence. There are so many crucial departments like diversification and growth, finance, advertising, production, recruitment, etc. In the commercial enterprise. Keep one or two of the key features and educate others to deal with the relaxation. However, you may need to expand interpersonal agree with and can need to domesticate trusting some of the subordinates.

1.2 Role of HRM and firm performance:

In the present business environment, the majority of commercial enterprise entities has nicely mounted human aid departments inside the predominant company structure or in other situations the organisation can also choose to outsource human resource features from specialists and specialists in the specific field. Specifically, Human Resource Management (HRM) is involved with the human's measurement in management. Since every business enterprise is made of people, acquiring their offerings, growing their competencies and abilities, motivating them to higher stages of overall performance and ensuring that they preserve to hold their commitment are critical to accomplishing organizational goals and goals (Aswathappa, 2005). Therefore, HRM is more often than not worried with making sure that proper practices and rules among others personnel or human useful resource making plans, recruitment and selection, education and development, employee

loyalty, worker motivation, overall performance appraisal, general praise or compensation and blessings are installed location and will help the company attain its commercial enterprise success. The function of Human Resource Management plays an essential position in assuring employee satisfaction, superior business productiveness and performance. As a end result, this could offer the company with a clean aggressive area and overtly make contributions to the organizational success in standard.

Valuable HRM exercise and policies allow groups to deal with human useful resource problems in a strategic manner. This allows the labour force offer high best services, regardless of both inner and outside barriers to the employer. Adequate human useful resource management policies facilitate enterprise entities prioritize their whole business strategies. The feature of Human Resource Management is also vital inside the sense it makes it easy for the enterprise to attract a new, practical and talented team of workers and preserve incredibly performing and capable employees; supports managers and distinctive institution of employees whilst they may be adapting to organizational exchange and enables the usage of understanding to decide how the process goes to be completed.

Even though there are sure businesses that do not regard Human Resource Management as a key feature of management, you possibly can admit that human aid is of superb assist and make a contribution immensely to the largely achievement of numerous corporations in recent times. The labour force (or personnel) represents surely the agency's maximum vital asset because the personnel are properly concerned within the commercial enterprise operations and also permit the decision-making process to take area. In addition, it is able to be stated that personnel are the maximum highly-priced asset because of the fact that roughly 70% of a organization's budget is allotted to the personnel.

Hence, because personnel are such precious property who can make a commercial enterprise profitable and evolved, there is a need to discover the right Human Resource policies and practices on which any enterprise entity can depend in a bid to put up its achievement in the enterprise. The success of the organisation can truly be assessed by using how these specific Human Resource polices can assist business strategies and lead the corporation to more desirable

performance. To accomplish this, it's miles truly important to understand and hire the fine Human Resource policies and practices and comprehend the resulted outcomes from a larger attitude. This needs to facilitate the agency draw unique and relevant conclusions.

1.3 Human Resource Management in Small Business: Delegate The Responsibilities

To get fulfilment in small enterprise you have to learn how to delegate responsibilities. In addition, you ought to discover some strategic individuals from most of the personnel. Develop them as their 2nd and the third line in command. In addition, you must perceive your personal competence. There are such a lot of critical departments like diversification and enlargement, finance, advertising and marketing, manufacturing, recruitment, and so forth. Within the enterprise. Keep one or two of the key capabilities and educate others to handle the rest. However, you'll need to increase interpersonal consider and might need to cultivate trusting a number of the subordinates.

Share Your Thoughts In a small-scale organisation, you need to spend big time along with your employees. And you need to proportion your lengthy-time period and short-term plans and vision closer to the commercial enterprise with them. You have to meet the personnel periodically and concentrate to them and their troubles. Also, you ought to proportion the issues and problems of the business enterprise. This pastime allows to generate a feeling of assets in the organization. As a end result, you'll get greater commitment and loyalty from the personnel.

Talk To Everyone

Generally, a start-up business enterprise begins with 2 to ten personnel. And glaringly, your enterprise won't have an expert HR branch. So, you're the person that wishes to attend to your personnel. Individually interact with as many personnel as possible. You don't ought to use any problematic formal performance appraisal. However, you need to speak with every man or woman his function, overall performance, strengths, weak spot, possibilities for increase, and so forth.

Have A Budget for Employee Development?

It is worthwhile for small commercial enterprise proprietors to maintain a small budget for worker improvement and motivation cause. You can inspire

them to adopt a number of the HRD activities. The list consists of education, area visits, visitor lectures, company day celebrations, awards, and so forth. A small commercial enterprise offers enough scope for proper human useful resource control for growing employee capabilities. However, here you will need to play the role of the HR Manager. And consequently, the chances of fine consequences are particularly high on your business.

1.4 Literature Review of relation between Human Resource practices and their firm

Along the same line Abhay, May-chiusn and Maw (2009) concluded that two components of HR Practices namely training and development and information technology have direct impact on organizational performance. Tessema and Soeters (2006) examined how, when and to what extent HR practices affected performance in Eritrea; Africa's youngest and poorest country. They reported that successful implementation of HR practices is strongly and positively related to organizational performance. Daud Normala Binti (2006) in his research paper titled "Human Resource Management Practices and firm performance: The Moderating Roles of Strategies and Environmental Uncertainties" explains the HRM Practices could positively influenced profitability and growth and negatively influenced employee turnover. In another recent study conducted by Purang (2008), it was found that there exists a positive relationship between the dimensions of HRD and the organizational commitment of the managers; the results of the study showed that four dimensions of HRD, viz., Career Planning, Employees' performance appraisal, Job Enrichment and Organization Development were found as strong predictors of organizational commitment. Ashok Som in his study of 194 organizations in India found that innovation of HR practice is positively related to organizational performance. study of performance appraisal systems (PAS) of eight manufacturing organizations of India, Jain and Kamble (2005) revealed that HRD department does follow up work on training needs as identified through PAS. In the study of Jain and Chatterjee (2006), "HRD oriented institutional climate across the selected eighty-eight academic institutions of higher education sector" was found as 'moderately favorable' and communication as regards to the

selected seven dimensions was also found as 'moderately favourable'.

1.5 Objectives of the Research Study:

1. To understand the emerging trends of HRM spreading in the manufacturing sectors and service sectors performance.
2. To identify the HRM practices in the small firms in the Satna city.

1.6 Research Methodology:

The research methodology is the systematic, theoretical analysis of the procedures applied to a field of study (Kothari, 2004). It involves procedures of describing, explaining and predicting phenomena so as to solve a problem; it is the process or techniques of conducting research. Research methodology simply refers to the practical "how" of any given piece of research. More specifically, it's about how a researcher systematically designs a study to ensure valid and reliable results that address the research aims and objectives.

Population and Sample Design

Sample area: Satna city small manufacturing firms

Sample techniques: simple random sample and convenience sampling

Total respondent: 100 employees

Data collection and instrumentation- The part of insights in exploration is to work as an apparatus in planning research, examining its information and reaching inferences there from. In the current examination, the significant factual estimates will be utilized basic percentile technique for realizing the investigation in regards to alternatives of specific inquiries.

Primary data - The essential information is those which are gathered a new and interestingly and subsequently end up being unique in character .in this examination work information is gathered through survey strategy and organized perception technique. Likewise, we applied meeting strategy for certain businesses like individual meeting and telephonic meeting.

Secondary data - The optional information is those which have just been gathered by another person and which have just been gone through the measurable cycle. Here the exploration study will predominantly

be upheld by Primary Data which will be gathered through Structured Questionnaire by individuals working in the two areas and auxiliary information which will be gathered from old examination paper, books with the assistance of web and so forth.

1.7 Data collection from small firm regarding Human Resource Practices:

Table :1.7.1

HR Functions	Respondents agree from small Manufacturing sectors	Respondents disagree from small Manufacturing sectors	Undecided group
Recruitment	74%	16%	10%
selection	48 %	38%	14%
Training and development	64%	28%	8%
Pay offered	58%	30%	12%
Reward and Recognition	74%	16%	10%
Performance appraisal	58%	14%	16%
Employee involvement	52%	40%	8%
Career development	48%	28%	24%
succession planning	64%	28%	8%
Welfare provisions	60%	24%	16%
Working environment	62%	26%	12%
compensation system	48%	36%	16%
Job Security	60%	30%	10%

Figure:1.7.1

Graph proven agreed respondent on the important factors of HR Practices:

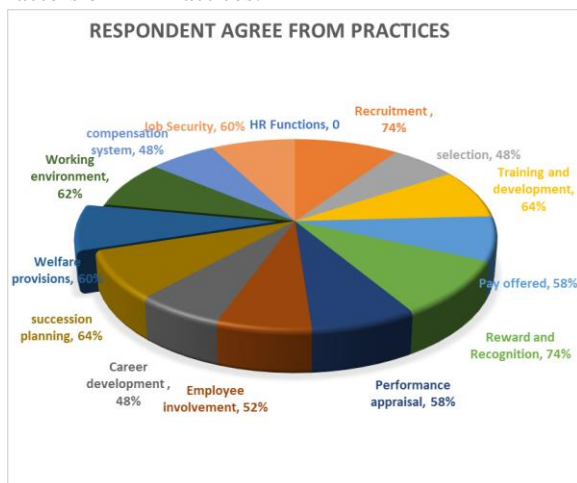
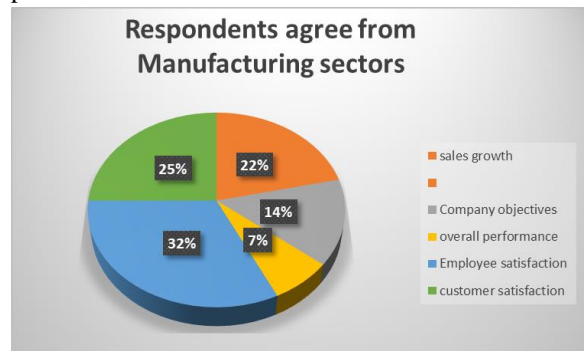


Table:1.8 Data collection from small firm regarding Human Resource Practices leads to Organization Performance:

options	Respondents agree from small Manufacturing sectors	Respondents disagree from small Manufacturing sectors	Undecided group
sales growth	30%	15%	2%
Company objectives	20%	10%	3%
overall performance	10%	3%	1%
Employee satisfaction	45%	10%	2%
customer satisfaction	35%	8%	0%

Figure 1.8.1

Graph proven agreed respondent on the important thing factors of HR Practices leads to firm performance:



2.FINDING REGARDING HRM PRACTICE

HRM Practices regarding basic features like recruitment, selection, Training and development, Pay offered, Reward and Recognition, Performance appraisal, Employee involvement, Career development, succession planning. Working environment, working environment compensation system and Job Security management applied in their firms. From the above data collection, it can be determined that these basic elements of HR Practices performing a positive role of any organization. If firm's owner is not applied basic practices, generate low satisfaction level of employees. under the study it can be determine most of the firms performing well and they applied most of the practices like performance appraisal, job security, training and development, pay offered by firms and working

environment which is basic requirement of employees. On the other hand, some of the firm they do not follow the HR Practices so the growth of firms and employee's satisfaction low.

3.FINDING REGARDING SMALL FIRM PERFORMANCE

HRM play a big role of any firm either it is small or top firm performance. Under the research work on the basis of sales growth, Company objectives, Employee satisfaction, customer satisfaction and overall performance.it can be observe that those organization perform best HR Practices they can leads their growth of firms and employee performance productive so that the outlook of customers also satisfied.

4.CONCLUSION

The effect of recruitment, overall performance appraisals, reimbursement and education make a contribution for my part and together to the performance of the small firm in Satna city. The examiner emphasizes that managers and proprietors are large players in the survival of small companies considering the fact that choice making entirely lies on their accepts. By understanding the supply and call for dynamics of labour within a company, small companies are able to both attract and retain ready people which improve their productivity and competitiveness. The consequences of this evaluation drove us to the advice that small firm required to encourage and put money into HRM for a sustainable boom. For as long as maximum managers consider that people control is simply common experience, small companies will continue to die inside the first 12 months as is the trend till the significance of HRM is absolutely conceptualized.

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