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“Literature review on study of human resource challenges in MSMEs with special reference to pune city”

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Abstract: Small and Medium Enterprises (MSMEs) continue to play an immens important role in Indian economy. While MSME as a sector is on a growth trajectory, it is also facing several new challenges on the way. There is phenomenal growth in HR practice in MSME sector with increase in the number of employees and the consequent need for more efficient employee management to achieve organizational goals.

Keywords: MSMEs, HR Challenges, Empolyees, HR practice.

1. Introduction:

Human Resource Management is the process of recruiting, training and development, developing policies related to employees and developing strategies to retain them. Even now the presence of HR Manager in the organization is very important and there are skills needed for HR Manager is time management, multi-tasking, achieving success at any job, strategic planning and ethics that follows in organization.

Small and Medium Enterprises (MSMEs) continue to play an immens important role in Indian economy. While MSME as a sector is on a growth trajectory, it is also facing several new challenges on the way. There is phenomenal growth in HR practice in MSME sector with increase in the number of employees and the consequent need for more efficient employee management to achieve organizational goals. Infact, now HR policies are customized to suite the requirements of this sector and the challenges faced by it on HR management front. This paper is an attempt to find out the scope and prospects of HRM in small industries also.

Now- a-days, everyone wants to establish new MSME. The startup business is the unique opportunity. But the MSME faces many challenges:

- Corporate culture
- Roles and responsibility
- Communication issues
- Compensation issues
- Competition
- Rapid growth
- Adding talent
- Fast-paced market.

And this will impact on the nature of the organization. MSME should mainly focus on the work environment of the organization. HR Agenda in MSME:

- Set up recruitment process
- Set up internal communication with employees

- Design compensation structure.

In fact, the issues vary from the smallest to the biggest tasks and entirely depends how the founder or founders handle the given situation

While much of our knowledge concerning traditional HR topics (e.g., recruiting, compensation, or performance management) in large firms may also apply in small or emerging organizations, evidence suggests that new ventures are different and that management of people within them may not clearly map to management within larger, more established organizations. This paper reviews extant research on managing people within small and emerging ventures and highlights additional questions that have not yet been addressed. Our review suggests that as scholars, our understanding of the HR issues important to small and emerging firms is limited. While we have begun to understand how these firms should hire, reward, and perhaps even motivate their employees, we lack much of the theory and data necessary to understand how small and emerging firms train their employees, manage their performance, promote or handle organizational change, or respond to potential labor relations and union organization issues. The existing literature presents an often-confounded relationship between size and age, between the issues important to small firms and the issues important to young ones. Given the potential early HR decisions have to impact the organization's downstream success, it is important that we understand how these functional areas of HR (as well as their integration and evolution) affect small and emerging firms, and how the HR decisions made during the formative stages of firm development impact the firm's long-term goals.

Agency theory assumes that employees and employers have different goals, act in a self-interested manner, and are willing to assume varying degrees of risk. In this paper, we argue that cultural differences may attenuate those assumptions and thereby temper agency theory predictions. Culture may align goals between employers and employees, change a company's preference for behavior- versus outcome-based pay, require higher incentives before employees will accept outcome-based pay, and lower the moral hazard concerns associated with outcome-based pay. Based on those arguments, we develop propositions that can be tested empirically.

2. Literature Review:

Prof. Archana Surywanshi (2013). In The Article “HR Challenges in MSME” states that today’s managers are having many challenges in the competitive world due to globalization privatization and legal and also forecast to recent the right candidate at right time and right place. And they have to adopt the change in their work environment and culture of the organization and should maintain the low attrition, focus on organisational cost pressures economic and job changes, talent management and development, technology expansion etc.

Vinisha Panwar (2015) in the article “Role of Human Resources In MSME” states that attract best talents and retain it. Dynamic challenges of the emerging companies have been changed. The newly emerging companies cannot try to compete with already established companies. The challenges faced by MSME are to maintain employee hand book containing and work place discrimination policies etc. They should communicate organization goals to the newly hired employees in boarding check list. They should give platform to communicate and share knowledge with the organization.

Theresa Johrston (2015) in the article “People Challenges Can Sink MSME” states that should work right things earlier. They should listen to the employees and see change in the organization. They should build an open culture with giving feedback with the employees about values and behavior. And seek out HR experienced employees can teach best practices to grow-up motivate grow and manage people. They should give required look for employees to be used effectively.

In this article “New Business face many HR Challenges” states that should bring out of a business. They should have creativity, innovation and should implement surgent policy. The company should maintain all laws and shouldn't abound the rules. And should keep the employees happy that they are fulfilled with work environment of the organization. If the problem is arises from employee, we understand situation and we should documented all occurrences. And they should have a sick leave. HR policy for each employee in the organization.

Shutterstock (2012) in the article “The Future of HR and Why MSME Student's Reject It” states that stat-ups forced to grapple internal culture problems. And in MSME due to lack of HR the ultimately systematic problems facing working women today like harassment. And without safeguard pockets, this can lead to hostile work environment employees track their world face and take feedback. Though current trend seems to be product oriented.

Georgina (2015) in the article “5 HR Challenge” Faced by Growing Business” states that if there is possibly to outsource HR personnel in the organization. There should be limited staff in organization otherwise a lead to poor performance. Sometimes it's necessary that redundancy will happen in an organization that will effort organization in taking wrong decision. And they should maintain the holiday calculations spread sheets of all employees in organization.

Patil, Kallinath S. (2007) in his study opined that, the service sector plays a vital role in the development of the country. LIC has grown into a living saga. This transformation has not come about overnight. A breakthrough has been achieved on the strong foundation laid by the people of this great institution, which provided confidence and inner strength to explore new frontiers through the program of massive decentralization, development, expansion and diversification undertaken in recent years. The organization is today on the threshold of new vistas, striving and straining for reaching new heights and surging ahead in quest of excellence.

Hemant Rao (2007) emphasized the changing role of HR. There was dramatic change in HR during past five years. This study shows the significant role of human resource managers in various areas like Empowerment of workers, Business process Reenergizing, Total Quality management, Humanization of work, and Quality of work life. It was the challenge of HRM to balance the impact of liberalization and globalization on productivity. Earlier the role of Personnel department was to give advice or support when asked but the changing professional employment scenario emphasized the role of HR professional while dealing with employees of different regions, caste, language and social backgrounds.

Sharma and jyoti (2006) in an article on "job satisfaction" concluded that job satisfaction is an effective reaction to an individual's work situation, and has been described as a positive emotional response resulting from appraisal of one's job. One of the aspects that can lead to 61 Dissatisfaction is one's attitude towards one's job. job attitude can be defined as an overall feeling about one's job or career or in terms of specific facet of the job or career and can be related to specific outcomes, such as productivity.

3. Significance of the study:

It is a myth that only large businesses need human resource management. Human resource management is equally important for the small businesses. To sustain the cut throat competition in the market, even the startup businesses as well as medium scale businesses have started taking up human resource management services for the growth and expansion.

We should not forget that the fact that almost all giant businesses grew from few employees to millions. In the process of the development, they have taken the help of specialized human resource management (HRM) services for recruiting and retaining skilled employees.

Why Human Resource Management Is Important for Small Businesses? HRM is all about managing people. To be in tune with the people, to help them perform better, negotiating the salaries, and recruiting and retaining skilled employees. To keep the employees motivated with awards and recognition and beyond is what HRM does. They are very much involved in helping you establishing a good, well-balanced work environment.

Small businesses cannot afford to lose any chance of growth and development. If you are unable to put together the dedicated in-house HRM team, then outsourcing services from Ultimo will be a wise decision. It provides with various HRM services that are particularly designed for the small businesses. It ensures that the competent candidates are hired; your present employees are comfortable, happy, encouraged, trained and interconnected.

4. Objectives of the study

- To analyze the extent to which MSME give importance to HR.
- To analyze the issues faced by MSME which don't recent HR Personnel
- To find out solutions for various HR issues faced by MSME.

Need for The Study:

HRM can be a challenge for small businesses especially, which typically don't have an HR department to rely on. They may be limited to one HR person, or this responsibility may still belong to the CEO. Regardless, small business owners need to understand the challenges facing them so they're prepared to tackle HR issues as their company, and workforce, grows.

Employees are a company's best asset. Small businesses that invest in their teams will enjoy faster growth and outpace their competition.

Here are just a few more reasons to focus on effective HRM:

- Creates a unique workplace culture
- Emphasizes the rules, expectations, and standards for the workplace
- Helps everyone understand workplace diversity

- Facilitates communication between HR and employees
- Strengthens the importance of training and development
- Eliminates employee uncertainty

It's important to know common HR issues so you can put the right policies and procedures in place now. Understanding the complexities of employee benefits, employment laws, leadership development, and other areas will help you stay ahead of the competition and meet your business goals this year, and in the years to come.

References

Reviewed the following:

Prof. Archana Surywanshi (2013). In the Article "HR Challenges in Startup"

VinishaPanwar (2015) in the article "Role of Human Resources In MSME"

Theresa Johrston (2015) in the article "People Challenges Can Sink MSME"

Shutterstock (2012) in the article "The Future of HR and Why Start-Up Student's Reject It"

Georgina (2015) in the article "5 HR Challenge" Faced by Growing Business"

Sharma and jyoti (2006) in an article on "job satisfaction"

Meeting with Project Director of MITWPU University.

Following libraries were visited:

Pune University

MIT Kothrud University

MMCC College libraries

MITADT University.