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## HUMAN RESOURCE MANAGEMENT CHALLENGES IN MSMES

Chandan G.B\*<sup>1</sup>

\*<sup>1</sup>Assistant Professor And HOD Of B.Com Dept, Davan Institute Of Advanced Management Studies, Davangere, India.

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### ABSTRACT

In India Micro Small and Medium enterprises are plays crucial role in economic development of a country. They are act as source of employment and entrepreneurs. In India where unemployment is a main issue, Micro Small and Medium enterprises gain a special attention in the industrial employment. Because of their ability to use labor force and generate new an employment. But now day's Micro Small and Medium enterprises facing serious issues and challenges in management of human resource. Hence these enterprises enter into globalized era, new challenges begins such as high labor turnover, lack of motivation, lack of leadership skills, economic constraints and other issues. Therefore this paper attempts analyze the human resource challenges in Micro Small and Medium enterprises.

**Keywords:** Human Resource, Challenges, Micro Small And Medium Enterprises, Employment.

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### I. INTRODUCTION

The importance for Micro Small and Medium enterprises in India is significant. Now MSMEs sector recognized as future of the country's economy. There is no doubt that the Micro Small and Medium enterprises made a valuable contribution to the economic development by providing employment opportunities to the nation people. This eradicates the unemployment problem. The standard of living of nation's people can be improved. Since the Micro Small and Medium enterprises are going on uptrend. The nations governments start to pay the attention towards growth of this sector. Although they are facing so many problems and development issues in the way of their growth. The MSMEs sector play an important role in developing nations like India. Generally MSMEs having strong positive impact on the economic development of the India. This paper intends analyze the human resource challenges in Micro Small and Medium enterprises. The word human resource management changing drastically. According to changing business environment human resource managers are facing constant challenges. The duties of human resource manager in an organization have become broader and more strategic. There is a need for the strategic human resource management in small enterprises. They wish keep their HR practices as informal, by that they will be able to increase their productivity.

### II. OBJECTIVES OF THE STUDY

- To know the challenges faced by the SBEs regarding human resource in their business.
- To study the concept of Micro Small and Medium enterprises.

### III. NEED FOR THE STUDY

Today all Micro Small and Medium enterprises are facing extreme challenges in managing human resource. The changing dimensions of business environment always significantly influenced on workforce management in Micro Small and Medium enterprises. The economic as well as technological environment changes are in very important in the management of organization. Globalization, technological advancement, liberalization, downsizing are the major HR challenges are need to be address as it is important function of any organization. Therefore this paper attempts analyze the human resource challenges in Micro Small and Medium enterprises.

### IV. CONCEPT OF MICRO SMALL AND MEDIUM ENTERPRISES

In India Micro Small and Medium enterprises are plays crucial role in economic development of a country. They are act as source of employment and entrepreneurs. In India where unemployment is a main issue, Micro Small and Medium enterprises gain a special attention in the industrial employment. Because of their ability to use labor force and generate new an employment. The Micro Small and Medium enterprises are privately owned small scale enterprises, with partnership or sole proprietorship having fewer workers, a small size of capital investment and have limited revenue. MSME are having the concepts of self-employment, and entrepreneurship. MSMED Act 2006 define MSME based on investment in plant, machinery and equipments. Under the Act, the enterprises have been categorized into those engaged in (i) manufacturing, and (ii) providing

/ rendering of services. Both categories have been further divided into micro, small and medium enterprises, based on their investment in plant and machinery (for manufacturing) or in equipment (in case of service enterprises) as shown in the below Table.

**Table 1:** Classification of MSMEs by Investment Limit (in Rs. million)

S.N	Category	Manufacturing (plant & machinery)	Service(equipment)
1	Micro	up to 2.5	up to 1.0
2.	Small	From 2.5 to 50	From 1.0 to 20
3.	Medium	From 50 to 100	From 20 to 50

### V. HUMAN RESOURCE CHALLENGES IN MSMES

Now in modern era the technology expects new knowledge and skills for workers and professionals to managing practical tasks Micro Small and Medium enterprises. In addition to this there are number of workforce issue enumerated and have been constrained management problems. In a Competitive world major HR challenges are recruitment ,employee selection, extensive training and development , workers motivating, knowledge enhancement, workforce compensation.

**Legal Compliance:** considering with the changing labor rules and laws time to time is a difficult task for business owners. The Changing regulations relating to labor laws is the key challenge to management of workforce.

**Organization changes:** A entity grows over time, its organization structure, and internal processes grow with it. Some labors have a problem with these changes.

**Informality:** In India most of the Micro Small and Medium enterprises are informal in nature. So this is one of the big challenges to manage the workforce.

**Performance appraisal:** In informal MSMEs sector, is can difficulty to understand how & when to measure performance of the workforce.

**Workforce training and development:** Investing in the extensive training & development of workforce is another common human resource management problem. If the changes are adopted, organization needs to provide extensive training & development.

**Workforce Compensation:** Many Micro Small and Medium enterprises are the struggling with how be structure workforce compensation. Because of informality existence MSMEs do not have any HR policy.

**Lack of knowledge and skill:** Micro Small and Medium enterprises located in a remote backward area may not have problem with respect to unskilled labors, but skilled labors not available.

**Worker retention:** Labor turnover is common in the Micro Small and Medium enterprises. Here there is no HR policy and these units are informal in nature. Worker retention is the key challenge in MSMEs sector.

### VI. CONCLUSION

Workforce plays a key role in the success of business either small or big organization. Workforce is the people that staff and operate the activities of the entity. Micro Small and Medium enterprises deals with the people and issues related to people such as compensation, hiring, performance management, and training. The human resource professional must learn how to manage effectively through planning, organizing, leading, and controlling the human resource and be knowledgeable of emerging trends in training and employee development.

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