

EMPLOYEE PERCEPTION OF HUMAN RESOURCE MANAGEMENT IN MSMES OF GUJARAT

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Abstract

Human resource development in any organization throughout the world is significant as the role of HRM in managing employees within the organization is crucial. This study aims to investigate the HRM and employee perception of Gujarat MSMEs. The study uses data gathered from surveys conducted on 50 owners of Gujarat MSMEs. The results stated that advancement in the employee management and skills development is significant for growth and development of MSMEs in Gujarat. It can be concluded from the study that the MSMEs need to focus on their employee training and skill development for better performance of the organization.

***Keywords**: Human resource management, Employee perception, MSMEs of Gujarat*

Introduction

Perception is the ability to recognize or comprehend sensory information. Latin words perceptio and percipio, which imply "receiving, collecting, the activity of taking possession, and apprehension with the mind or senses," are the origin of the term perception. It is important to understand how employees feel about HRM since it shows how much the company cares for its people. Support at work, training, rewards, supervision, and performance evaluations are all examples of management that fit this definition. In this study, employees serve as the evaluators of human resource management instead of managers. Even though this approach hasn't been widely used in earlier studies, it has two advantages. First and foremost, HRM benefits the people who work there.

As a result, their information is more relevant and direct than that of managers who prefer to describe the world in idealized terms. For one thing, the chances of a person's unique opinion or interpretation of questions distorting the findings of an employee survey are extremely low. Due to the enormous number of participants, this anomaly will be eliminated. Research and practitioners from a wide range of fields, including mindset, human resources, organizational performance, total quality management or TQM, and so on have been interested in the topic of employee perception. There are numerous studies in literature that examine the word from a variety of angles and in relation to various organizational characteristics (Lund, 2003). In spite of this, there is no specific definition of employee perception that encompasses all these characteristics at once (Judge, et. al, 2005). More and more descriptions underline that workers' job-related perceptions relate their hopes for themselves and what they receive in return. A range of perception characteristics such as pay, promotion, supervisor or coworkers are highlighted by some researchers (Judge, et al, 2005) while others attention on an overall job or even life perception (Judgge, et al, 2005). According to Locke and colleagues (1976), job perception is a pleasant or good sensitive state that fallouts from an evaluation of one’s employment and work experiences. “The employee perception is a function of perceived relation among what one seeks from one’s employment and what one thinks it to deliver,” according to this statement (Locke, 1976).

However, according to Judge et al. (1993), employee perception is positively linked to motivation, work engagement, citizenship behaviors, commitment to the organization, life perception, psychological health, and work productivity, while it is negatively linked to absences, turnover, and perceived stress, and is identified as the mark to which an individual is pleased with his or her job by the authors of this study. In textile products, diamonds, jari, fabric printing, and electronics, Gujarat has attained the status as a pro-MSME state. Due to the Constitution of India’s inclusion of MSMEs on the list of concurrent industries, national policies and laws are used to guide the implementation of development initiatives. Next only to Tamil Nadu in India, Gujarat boasts a big number of MSMEs. There are 369 clusters of MSME in Gujarat’s textile sector, which is India’s largest. More than 75,000 SMEs can be located in Surat and Ahmedabad districts (47,000). While there are some small (14%) and medium (0.61%) units, the vast majority (85%) of the units are micro (or smaller) units. One of the states featured in the first volume of Regional MSMER is Gujarat, which is widely regarded as the center of MSMEs in India. The MSMEs in Gujarat’s organized sector and the discipline in the chaos of the MSME workforce are both unique qualities of the state. In order to contribute to the overall growth of India’s economy, the state of Gujarat aspires to be a major player. More than 800 large industries and more than 4,000 SMEs are found in Gujarat, which has a wide range of industries. There are many investors who make up the state’s industrial base, which will be known as ‘Vibrant Gujarat’ beginning in January 2013. An examination into the performs of human resources and their managing in SMEs in Gujarat was prompted by this study’s distinctive qualities.

Objectives

- To investigate employee perception of Human resource management in MSMEs of Gujarat
- To identify the significance of HRM in Gujarat MSMEs

Literature review

To better understand the influence of HRM practices on business performance, Lee and Lee (2007) conducted a study of Taiwanese Steel Industry, focusing on six HRM practices on business presentation. The participants feel that HRD's primary goals are to improve employee performance, meet the needs of companies, and facilitate organizational change. Organizational knowledge, social skills, cognitive capacity, job expertise, and self-competence were all thought to fall under the purview of HRD practice. On-the-job learning, line engagement, empowerment, life span development, whole person development and equal opportunity for growth were among the seven approaches to HRD identified by the participants. Thai HRD practice has been described as chaotic and disorganized due to the lack of concern among stakeholders, as well as the profession's lack of recognition and comprehension, as well as a general lack of professionalism. As a result, four potential directions for Thai HRD practice have been identified: It's possible to improve the status of HRD as a profession, to elevate HRD practitioners' technical skills, and to refocus HRD in Thailand by employing the following tactics. Thai management and HRD practitioners should assume a more holistic approach to HRD practice, and all parties involved should work together to develop others and themselves, and there should be more emphasis on establishing a learning environment for both individual and organizational growth. HRD practitioners are becoming more aware of their position as strategic business partners, as one participant put it: "to come to the forefront to work along with the management team."

Ferris et al. (2008) showed that performance review is one of the most important human resource strategies. Almost every HRM task, Ferris determined, might benefit from performance evaluation data. HR managers can use a fair performance evaluation as a basis for determining the best plan for a more successful end.

Royuela and Surinach (2008) performed a poll in Spain and found that happiest workers were those who had more say in how decisions were made.

Human capital can be used to maintain an organization's competitive advantage, according to Marimuthu et al., (2009). In order to establish the connection between human capital and company performance, the authors devised a model. Training, education, and other professional activities are all examples of human capital investment. The participants feel that HRD's primary goals are to improve employee performance, meet the needs of companies, and facilitate organizational change. Organizational knowledge, social skills, cognitive capacity, job expertise, and self-competence were all thought to fall under the purview of HRD practice. On-the-job learning, line engagement, empowerment, life span development, wholeperson development and equal opportunity for growth were among the seven approaches to HRD identified by the participants. Thai HRD practice has been described as chaotic and disorganized due to the lack of concern among stakeholders, as well as the profession's lack of recognition and comprehension, as well as a general lack of professionalism. As a result, four potential directions for Thai HRD practice have been identified: It's possible to improve the status of HRD as a profession, to elevate HRD practitioners' technical skills, and to refocus HRD in Thailand by employing the following tactics. Thai management and HRD practitioners should assume a more holistic approach to HRD practice, and all parties involved should work together to develop others and themselves, and there should be more emphasis on establishing a learning environment for both individual and organizational growth. HRD practitioners are becoming

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more aware of their position as strategic business partners, as one participant put it: "to come to the forefront to work along with the management team."

In their study, Rognes J and Schei V (2009) proved that an integrative strategy can be effective for a variety of conflict outcomes. In order for an organization to flourish, the authors argue that employees must be motivated and have positive working relationships. When a conflict arises within an organization, it is often possible to resolve it in an effective manner. Using an integrative approach, the authors found that quality, fairness, satisfaction, and trust can all be measured using this model. It was found that an integrated approach to conflict management was linked to higher levels of agreement quality, a sense of justice, satisfaction, and trust among participants in five research. Individual characters are equally significant as demographic characters in an integrated approach, according to the findings of all the studies.

A study by Aman (2010) of Saudi Arabian employees indicated that 75% of those surveyed were extremely content with their positions due of the company's significant career advancement chances, and 68% of those surveyed were satisfied with the company's development opportunities.

David (2010) found that employee training has become a major issue in many businesses today. As competition heats up, businesses are realizing the need of employee training in maintaining and growing their operations. Providing employees with the necessary skills or assisting them in improving their performance is what we mean when we say "train the workforce." Training's primary goal is to fix faults or increase one's performance. Clear and realistic goals are essential to the success of any training program.

Pre-determined guidelines for human resource management policies were investigated by Silvia Dominguez –Martinez and Otto H Swank (2011). Employee self-image and motivation are influenced by HR management actions, according to a model under consideration. Managers are reluctant to differentiate between employees based on their ability if there are no guidelines in place. In addition to managers' reluctance to fire employees who are still on probation, an organization gains by subscribing to stringent regulations for two frequent practices in human resource management.

Methodology

Results from primary and secondary research is obtained using qualitative or quantitative methodologies. Comparing both quantitative and qualitative methods used by researchers, Bell (2005) states that the quantitative method attempts to collect data and investigate facts, while the qualitative method aims to gain insights. In order to prove or disprove the hypotheses, this study used a quantitative technique. An in-depth answer to any study questions is provided through statistical analysis, as is confirmation that the studies' goals have been realized. It is possible to isolate the impacts of any external factors that may be influencing the variables using quantitative tools, and thus, the results can be interpreted in a more objective manner and can be used to guide future study. Sampling and data gathering strategies are used in this descriptive and quantitative investigation.

Exploratory and in-depth research was first conducted to gain an understanding of the MSME sector as well as its importance to the Indian economy, with an emphasis on Gujarat. Defining an issue, justifying the need for research, and developing research questions, objectives, and outcomes were all outcomes of this process.

A questionnaire was used to collect primary data in this study, in an effort to determine the degree to which human resource management methods in MSMEs were formalized. In total, Gujarat has 27 districts. As a way to ensure that all districts in Gujarat were represented, 17 districts were selected, which represents 63% of the districts being studied. Gujarat's entire length and width were taken into consideration when selecting the study's districts to include. During the pilot project, 50 owners of MSMEs were given questionnaires and requested to complete them completely. Using Cronbach alpha value calculation and factorial analysis, the questionnaire's validity and reliability were statistically tested.

Result

The companies that were chosen for the study were between four and 40 years old at the time of incorporation. A total of 86 businesses had been in operation for four years or less, 83 for thirteen to twenty-one years, 27 for twenty-two to thirty years, nine for thirty-one to forty years, and 18 for forty years or more, out of the entire sample. According to this data, 75% of the companies were in business for four to twenty-one years, while 24% were in business for twenty-two to forty-one years.

In order to divide businesses into micro, small, and medium-sized, the number of permanent employees is one of the most important factors. More than three-quarters of the organizations surveyed (75%) didn't have any permanent staff members. More than six out of ten of these (64 percent) were micro or tiny organizations. 77 organizations (34.53 percent) had less than 10 permanent employees, and 31 organizations (13.9 percent) had between 10 and 50 permanent workers. Companies with more than 100 employees have a maximum of 17.94 percent of their workforce limited.

9 percent of micro enterprises had no permanent employees, compared to a higher percentage of small businesses (15.2 percent). Organizations with 1-10 full-time employees, on the other hand, performed substantially better. 11.2 percent and 15.2 percent, respectively, for micro and small businesses.

Linear regression was utilized in this study to test the assumptions that were framed. It is possible to forecast the value of the dependent variable using a simple linear regression model. You can use it to see how dependent and independent variables are related in statistical terms. In addition to producing predictions, regression analysis is used to examine if variations in the independent variables may explain changes in the dependent variable. As an added bonus, it is useful to know just how much the independent variable accounts for the dependent one. It's widely utilized in information research and considered a reliable first-generation method (Gefen, et al., 2000). Different organizational characteristics influenced HRM practice formalization, as revealed by linear regression analysis.

According to the hypothesis, the data was entered into a simple or multiple regression analysis using an enter-wise procedure in a simple regression analysis. The correlation (r), R, R2 (Coefficient of determination), variance, analysis of variance (ANOVA), and the t statistics were used to determine how well the model fit the findings. Correlation analysis was used to determine the relationship between variables in a two-way relationship. Organizational size, labor agreement, major business association, and organizational performance were all utilized as independent factors in the study. It was determined that the dependent variable was produced by taking the average of many constructs such as recruitment and selection and training and compensation and appraisal systems. When the standardized co-efficient () was significant, hypotheses were taken to be true, meaning the p value should be less than 0.05 with a 95% confidence level. A variable map depicts the hypothesis that will be tested.

Table 1: Regression analysis

		OS	LA	LFA	HRMP	OP
N	Valid	224	224	224	224	224
	Errors	0	0	0	0	0
Skewness		-0.535	-0.971	-0.828	-0.356	-0.458
Standard error skewness		-0.161	-0.161	-0.161	-0.161	-0.161
Kurtosis		-0.968	-0.061	-1.321	-0.388	-0.976
Standard error kurtosis		0.322	0.322	0.322	0.322	0.322

Table 2: Descriptive statistics

Mode	R value	R sqr value	R square adjusted	Statistical change		Durbin - watsn
				F change	F change significantly	
	0.456	0.209	0.201	57.562	0	1.993

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Table 3: Coefficients

Model	Unstandardized coefficient		Std coefficients	t	Significance	95% confidence interval for B	
	B	Std. error	Beta			Lower bound	Upper bound
(Const.)	1.568	0.032		44.624	0	1.401	1.536
Org. size	0.112	0.017	0.456	7.586	0	0.085	0.144

Table 4: Regression analysis

Mode	R value	R sqr value	R square adjusted	Statistical change		Durbin - watsn
				F change	F change significantly	
	0.105	0.012	0.007	2528	0.123	1.726

To put it another way, the Beta value is (-) 0.104, which indicates that there is no significant association between labor agreement and the formalization of human resource management techniques. Negative values further indicate that there is no meaningful connection between the two variables.

As a result, no impact on the formalization of HR practices can be attributed to a collective bargaining agreement.

Their venture success was examined in relation to the MSME's major firm affiliation. The FHRMP and the major company relationship had a significant positive connection ($r = 0.46$; $p = 0.000$). According to the findings of this study, these connections have a substantial effect on the FHRMP ($F= 59.207$; $p = 0.000$). Furthermore, a large business association might account for 21% of the FHRMP's variance, indicating that this is a good indicator of the FHRMP's relationship.

All of the independent variables were evaluated to see if their unstandardized (or standardized) coefficients were equal to zero in the population. When it comes to organization size and large business association, the coefficients are considerably different, according to Table 2 ($t = 6.089$) and Table 2 ($t=6.055$). It was not significant, however, in the case of the collective bargaining agreement ($t = -1.155$).

The Durbin-Watson value, which varies between 0 and 4, was used to test for the assumption of collinearity between the variables, and a value close to 2 is expected. We may conclude from this investigation that there is no collinearity between the variables (p=1.950).

Table 5: Regression analysis

Mode	R value	R sqr value	R square adjusted	Statistical change		Durbin - watsn
				F change	F change significantly	
	0.571	0.327	0.317	35.713	0	1.948

Table 6: Regression result of variables

Hypothesis	R sqr value	F change	Significant F change	Durbin - watson
HRMP, organizational size and performance	0.244	35.783	0	1.865
Large organizations, HRMP and organizational performance	0.245	37.340	0	1.854
Age, HRMP and organizational performance	0.239	36.278	0	1.862
Permanent employees, HRMP and organizational performance	0.252	37.417	0	1.870

It appears that the number of permanent employees (0-100) and size of the firm association have an effect on the implementation of FHRMP, which then increases the performance of organizations, such as micro, small, or medium-sized enterprises. Also, organizations with ages ranging from four years to more than 40 years. In the next chapter, we'll go into more detail on the interpretation of the results.

Conclusion

Human resource management (HRM) refers to all of the actions carried out within an organization with the goal of attracting, nurturing, and advancing the company's workforce (Lado and Wilson, 1994). Human resource management (HRM) isn't just for giant corporations; it can benefit small businesses, too, because it deals with attracting and retaining employees (Carlson, Upton, and Seamon, 2006). According to numerous studies, applying HRM practices in small businesses will have a favorable impact on employee performance, allowing the business to fulfill its objectives and gain a competitive advantage. The goal of HR policies would be to improve the skills of employees, create better working conditions, and achieve a better quality of work-life balance, which in turn would increase competitiveness among smaller businesses. According to existing research, there is a strong correlation between HRM and firm performance, but only a small number of investigations have been conducted on this relationship for smaller organizations. Compared to larger corporations, small businesses have a different sort of HRM in terms of the resources available, the number of employees, and HR-trained employees.

Results demonstrate that micro companies, as their name implies, have no or a very small number of regular employees. A similar pattern could be observed even in tiny businesses, which had the same number of employees in the two groups of "none" and "less than 10." While the increase in the number of full-time employees had a direct impact on the company's bottom line, it was also a function of the company's income. This means that most workers are either on a short-term or long-term basis. The implementation of FHRM was found to be affected by the size, ownership type, age, and major firm association of the business. According to the study, data was collected from 17 districts in Gujarat to indicate an evenly distributed dispersion. Therefore, the findings of this study can be applied to Gujarat. During the interviews with the respondents, it was also discovered that there was a tendency to adopt indigenous HR practices, or, to put it another way, modified versions of the larger firm. Frugal innovation in human resources methods was common. As a result, a solid working relationship is maintained between the leadership and management and their employees. Even though it is unofficial, this culture-based control mechanism ensures worker participation and performance. Initially, this strategy appears to be working well, but over time, the informality of the approach could lead to a breakdown in trust and a perception of a breach in the psychological contract. Oral communication can be easily manipulated by malicious employees and employers alike. As a result, a formalized framework is required. For those companies that were less goal-oriented and focused on achievement, informal HR approaches (e.g., dependence on informal evaluations in recruiting and selection, loose HR planning, and on-the-fly decision making when assessing training needs) were preferred.

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