CHAPTER - 1

INTRODUCTION
Human resource refers to people at work in any organization, which occupies a significant position in today's environment. 'People at work' are considered a resource because of the multi-dimensional benefits they bring in for the organization. The combination of these human resource along with other resources like money, material and machinery play an important role in enhancing organizational effectiveness thus determining the success or failure of any organization. The reason behind the importance of human resource or people at work is that most of the problems are humane in nature and failure to solve these problems or to satisfy them creates disastrous consequences for any organization. People working in the organization consists of different individuals coming from different locations with different cultural, background etc, with high variations of needs, drives and goals. Over and above these many internal and external environmental factors influence human behavior. Among these the main factors include organizational goals, informal group relationships, authority-subordinate relationship, manner of supervision and organizational policies. Thus, management of human resources is a complex function to be performed by every organization. Every employee should be satisfied by the management either through providing monetary benefits or non-monetary benefits, or through adopting other motivational techniques, so that they perform better with the objective of accomplishing organizational objectives. Managers, on their part, should use tactful measures for handling personnel in an organization. Globalization along with rapid industrialization, have thrown up new challenges before the human resource managers. As the very concept of business has changed, resulting in movement of people across the borders, introduction of new organizational designs and more competition, human resource professionals could not just remain content with their traditional practices (remaining restricted to becoming responsible only for the maintenance of the administrative aspect or system), but should spread their tactics and strategies for
bringing the overall business system to a successful halt. Thus, the entire aspect of managing employees within the organization along with concern for their welfare comes within the purview of human resource management. (Beardwell and Holden, 1995)\(^1\) state that human resource management has emerged as a set of prescriptions for managing people at work which seems to be characterized by the following principle - human resource are key organizational assets since organizational performance depends on the quality of employee effort and hence on their ability and motivation. For this, there follows a set of prescriptions, like human resource decisions should be integrated with other key business decisions at a strategic level within the organization in order that the size, structure and deployment of workforce is matched to market led production requirements; human resource policies are integrated with each other; managerial action should aim at ensuring that employees have high level of organizational commitment and motivation; line managers, rather than personnel managers play the main role in developing and implementing human resource strategy and policy. Thus it is well understood that since the human resource department and human resource itself is an integral part of the organization, the human resource objectives designed should be in conformity with organizational objectives since it has a crucial role to play in organizational performance. Coming to the context of the role played by line managers, it is notable that they actually are the main actors in the play. It means that line managers are the ones who are responsible for observing whether effective human resource practices are deployed in the organization.

(Tayal and Jain, 2007)\(^2\) states 'human resource development' to be a process by which the employees of an organization are helped in continuous and planned manner to acquire and sharpen capabilities required to perform various functions associated with their present or future roles. The concept of human resource management covers a wider area of employee aspects including recruiting, selection, training, motivation, compensation and performance appraisal. Over and above these, there are other activities performed by the human resource department. The internal and external environmental aspects and other issues combine together to form the human resource model. It requires intelligent efforts on the part of the human resource manager to co-ordinate these different issues and build a strong workforce. (Aswathappa, 2005)\(^3\) views that the major issues that includes and influences the subject matter of Human Resource Management (HRM) are job analysis, recruitment, selection, training and development, industrial relations, disputes, motivation, participative management,
employee communication, safety and health, promotion and transfer, ethical issues, orientation and remuneration. Thus the human resource manager has to perform a critical task of maintaining and retaining employees in organization. As pointed out by (Budharaja 2008) the different challenges thrown out to human resource professionals include the growing phenomenon of globalization, corporate restructuring, transformation of organizational structure, from bureaucratic to adaptive, from mechanist to organic, from tall to flat structure, changing job profiles etc. Moreover, Budharaja emphasized the role of human resource manager as a leader (high performance leader) who competes for making the organization successful in this highly vibrant, dynamic and techno-savvy environment.

Human resource management (HRM), in Indian organization, is however viewed from a different aspect. The reason behind this is that India has a high growth of population and it is a labour intensive economy. Moreover, it becomes difficult to manage such a population with efficiency and with expectations of high performance, because there is no such theory of HRM having solution to such a problem. (Kishorilal, 2005) rightly states that there is a huge population in India and managing such a crowd of humanity is a big problem. Along with that, another problem is that almost all the models, approaches and theories of the west scarcely use labour, since there is acute labour crisis in those countries which is not the case in India. There is abundance of labour, acute poverty and illiteracy in India and if the models of the west are followed, they become counter productive, which will further multiply the problems. The craze for the Japanese or American style of management have taken leaps but it is well established that these styles are temporary in nature and does not bring perfect results and does not even fit to the problems faced by human resources in Indian organizations. Majority of the people working in Indian organizations do not have a positive attitude towards work. (Rastogi 1998) states that managers of Indian organizations still continue to muster a negative stereotype of workers However, such type of behaviour is generally a result of the traditional background, values, culture and ethics of the workers. Still Indian organizations cannot sit hand in hand without any concern for these problems. They should try to seek out different approaches and methodologies to solve these problems. (Phukan 2007) has stated that the basic strategy for human resource development is to map out and identify those areas of economic activity which are growing sick due to lack of technical, professional and skilled manpower. Most experts even suggest that management culture in Indian organizations should
include certain components of the well known OCTAPACE culture, i.e. openness, understanding, empathy and action.

Therefore, the problem is not the availability of human resources but the utilization of human resources. Measures like rural industrialization, opportunities for productive work, proper educational environment, technological innovation, and conducting of training and development programs are essential for human resource development. The human resource manager has got different functions to perform starting from recruiting personnel, selecting, providing placement, training, motivating, compensating them and then conducting performance appraisal. (Joshi 2008)\(^8\) states that employee turnover is also one of the biggest challenges facing human resource management. Moreover, different studies have emphasized the role of human resource manager as an administrator and a legal advisor. Thus, effective monitoring and control of all these issues helps an organization to remain competitive in the long run. In fact, it is the human factor which helps the organization to survive. The International Labour Organisation Report, 1997 states ‘human resource development and creation of highly skilled and flexible workforce are specially important in a global economy as these enables enterprises and nations to remain competitive.

1.2 HUMAN RESOURCE PRACTICES SELECTED FOR THE PURPOSE OF STUDY

It is already evident that human resources form an integral part of organizational success. Therefore management of human resources requires that the human resource department in any organization should be vigilant in recruiting employees till they set themselves as per organizational demand. The first aspect taken into study is ‘recruitment and selection.’ Recruitment is the first stage of the human resource process which refers to attracting capable applicants to apply for the job, after which the candidate is selected through a long process starting from preliminary interview of the candidate and ending with signing of the contract of employment. It is generally taken to be a positive process because it stimulates candidates having the right potential to qualify. It is important to mention that while recruiting it is essential for the human resource manager to provide job descriptions and job specifications properly so that it becomes easy on the part of candidates to secure the right job. Recruitment policies implemented by the organizations should be in conformity with organizational
objectives, with preference to both organizational and individual needs. Adequate recruitment sources should be selected and criteria for selection as well as preferences should be stated. (Pepper, 1984) views that recruitment programs in India is restricted to internal sources, direct recruitment, media advertisement, campus recruitment, labour contractors and recommendations.

Selection is generally considered to be a negative activity because of mass rejections. It is a process involving and gathering information of the applicants in order to assess their knowledge, skills and attitudes (KSAs) and motivation after which the data is matched with job requirements and organizational climate in order to determine the degree of person-job fit and person-organization fit after which decisions regarding consideration or rejection of employees is adopted. The stages of selection begins with a preliminary interview, conduct of selection tests like polygraph, graphology etc (which differs from organization to organization), reference or background checks, physical examination and providing letter of contract.

(Kossek and Block 2000) states that recruitment and selection is not a one way process in which organizations have complete control and make all decisions, rather applicants, too, are recruiting organizations that they would like to work for selling their KSAs, and finally selecting where to work based on their needs and demands. Training and development is another concept assuming significance in the whole human resource development process. It is an organizational strategy involving issues like career development, personal and professional growth, monitoring, evaluation and the like. The objective of conducting training and development programs is multi dimensional ranging from improving job performance, improvement of team skills, supervision skills, leadership skills, communication skills, team and management skills alongwith building of employee commitment towards the organization. Training and development programs may vary from organization to organization depending on the needs of employees both at the operative and executive level. This may involve communications training, human relations training, computer skills training, quality training etc. Although the concept of 'training and development' used as one, still it is important to note that 'training' is generally imparted to lower level employees, basically classified as training for unskilled, semi skilled and skilled employees. The supervisory level also need training for preparing themselves for undertaking responsibilities at higher managerial levels and for improvising their technical competence. On the other hand, development programs aim at improving the managerial
effectiveness of an individual. This type of program is a must for executives in order to make them effective for adjusting themselves with the changing technical and social environment, intense competition, organizational complexities etc.

Another factor influencing the effectiveness of human resource practices in an organization is the factor of compensation, which includes both direct compensation in the form of wages and salaries, and indirect compensation including accident and health insurance, retirement benefits etc. Executive compensation also includes bonus, perquisites and incentives, over and above the regular salary and allowance. 'Incentives' as defined by International Labour Organisation (ILO) is 'payment by results.' and wage incentives are the most popular type of remuneration provided in Indian industries for the sole purpose of increasing the productivity of Indian labour. An investigation done by the study group of the National Commission on Labour (NCL) states that 'under our conditions, a wage incentive scheme is concerned with an effective utilization of manpower which is the quickest, cheapest and surest means of increasing productivity.' Over and above this, fringe benefits are provided. (Sharma 1977)\(^\text{11}\) states that 'collectively, the term 'fringe benefits is used which includes those benefits, which in the first place are computable in terms of money, the amount of which are not pre-determined, and for which no contract indicating when the sum is payable exists.' Medical facilities, canteen facilities, recreational services, legal services etc are the other benefits provided. Last, but not the least, is the factor of motivation. The Merriam-Webster Online Dictionary defines motivation as the 'act of motivating,' the condition of being motivating,' and 'a motivating force, stimulus or influence.' Motivation is a complex activity, which affects and is affected by a host of factors. This workforce have inherent in them a multitude of needs which influence their behaviour in the organization which again automatically affects organizational performance. Thus, it is important for the managers to know why people behave in the way they do and what will actually motivate the workforce to perform better. In order to retain workforce in the organization for a long period of time, managers should think of ways to attract workforce towards the work. (Katz and Kahn, 1966)\(^\text{12}\) opined that organizations have three behavioral requirements, viz, people must be attracted not only to join the organization, but also to remain in it; people must perform the tasks for which they are hired, and must do so in a dependable manner; people must go beyond this dependable role performance and engage in some form of creative, spontaneous and innovative behaviour at work.
Thus workers hired should be provided with opportunities for performing varied jobs in a healthy environment. For most of the managers, it is a common assumption that workers leave the job in search for opportunities for higher pay. However to some extent other factors like employer behavior, degree of match between employee talent with the job, hours of work, giving due recognition, importance to personnel problems influence employee behaviour. Research have been conducted among employees in an American industry where the supervisors were given to imitate themselves as workers and they were given to rank a number of factors which will indicate what workers generally want from their jobs. The workers themselves were also asked to rank the same factors. The result was as follows:

Chart 1 (a) : Ranking of factors indicating what they want from their jobs, by supervisors and workers:

<table>
<thead>
<tr>
<th>Factors</th>
<th>Supervisors</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good working conditions</td>
<td>04</td>
<td>09</td>
</tr>
<tr>
<td>Feeling ‘in’ on things</td>
<td>10</td>
<td>02</td>
</tr>
<tr>
<td>Tactful disciplining</td>
<td>07</td>
<td>10</td>
</tr>
<tr>
<td>Full appreciation for work done</td>
<td>08</td>
<td>01</td>
</tr>
<tr>
<td>Management royalty to workers</td>
<td>06</td>
<td>08</td>
</tr>
<tr>
<td>Good wages</td>
<td>01</td>
<td>05</td>
</tr>
<tr>
<td>Promotion and growth with company</td>
<td>03</td>
<td>07</td>
</tr>
<tr>
<td>Sympathetic understanding of personal problems</td>
<td>09</td>
<td>03</td>
</tr>
<tr>
<td>Job security</td>
<td>02</td>
<td>04</td>
</tr>
<tr>
<td>Interesting work</td>
<td>05</td>
<td>06</td>
</tr>
</tbody>
</table>

Source : Adapted from Lawrence Lindahl, ‘What makes a good job?’ Personnel, 25, January, 1995

It was observed that supervisors thought that incentives directed towards satisfaction of psychological and safety motives were more important for workers.
However, when rankings of workers were examined, it was observed that they opted for factors like full appreciation for work done, feeling ‘in’ on things and sympathetic understanding of personnel problems. Thus organization should consider workers as future resources, and should work for their development in the long run. Workers should be given opportunity for participating in decision making activities of the government. This apart from enhancing individual as well as organizational performance, creates a healthy working environment and initiates belongingness of the workers towards the organization.

1.3 EVOLUTION OF AN INDUSTRIALISED ERA

In the way to economic development of the nation, industries have played a significant role. On one hand, they are enhancing production through utilization of various resources, and on the other hand creating employment opportunities on a rapid scale. The history of Indian industries can be traced back to early as 2000 B.C when the Egyptian mummies used to be wrapped by Indian muslins of the finest quality. During the eighteenth century India was a great manufacturing country and Indian handicrafts were supplied to the markets of Asia and Europe. Fine linens and calicos, cotton piece woods, woolen and silk manufactures, jewels and embroideries were items that were generally traded. During the Mughal period, trade and business flourished and the country earned due prestige because of its incomparable richness. Report of Industrial Commission, 1988 stated ‘At a time when the west of Europe, a birthplace of modern industrial system was inhabited by uncivilized tribes, India was famous for the wealth of her rulers and for the high artistic skills of her craftsman. And even at a much later period, when the merchant adventures from West made their first appearance in India, industrial advancement of this country was at any rate, not inferior to that of the more advanced European nations.’ (Gadgil, 1959) viewed that with the advent of British rule in India, Indian traditional industries began to decline due to reasons like low-priced British goods, changes in tastes and habits and fashion of Indian people and unwillingness of the Indian craftsmen to adapt to changing conditions.

However, with the decline of the old Indian handicraft industry, modern industrial plants also began to grow simultaneously. The first cotton textile mill was established in Calcutta in 1818, followed by another textile mill set up by a Parsi, Cowasjee
Nanabhoy Davar, in Bombay, in 1854. This was followed by the setting up of a textile mill in Bombay, during 1880. Out of 96 textile mills existing in 1915, 43% were set up by the Parsees, 24% by Hindus (Brozen, 1954-55), 10% by Muslims (Spodek, 1965) and 23% by British citizens (Sayigh, 1962). Later the Parsees also took interest in other sectors like iron and steel industry. Jamshedjee Tata was the first Parsee entrepreneur who established the first steel industry in Jamshedpur during 1911. The industrial scenario of India was also influenced by the emergence of the managing agency system which introduced a distinct method of management in which management remained in the hands of the firm than that of the individual. India's industrial structure was significant in the overall growth of the industrial sector. The structure can be discussed in the following way:

A. EMPLOYMENT BASED STRUCTURE

Industries, in India are categorized from the past as mainly tiny, small, medium and large on the basis of numbers of workers working. For instance: from 1958 to 1991, small scale units are those units where the number of workers employed is 50, if using power and 100, if not using power. However, in the present context the definition have undergone changes.

B. OWNERSHIP BASED STRUCTURE

The classification of industries in India are also viewed from the basis of ownership. Industries maybe formed on the basis of sole proprietorship, partnership, company or co-operative form. Sole proprietorship concerns are owned and managed by a single person with limited capital investment. This form is appropriate for tiny enterprises. ‘Partnership’ form of business organizations are formed by an agreement between two or more partners to share profit, and is regulated under Partnership Act, 1932. This form is suitable for small firms where limited capital investment is necessary. Again, ‘Company’ form of business organizations are associations of two or more individuals and are regulated under Companies Act, 1956. This is the most popular form of ownership structure adopted by most business enterprises. Lastly, ‘Co-operative’ structure is a form which is regulated by Co-operative Societies Act, 1912, with the main objective of providing service. Certain industries are based on this form.
C. CAPITAL BASED STRUCTURE

Industries have also been classified on the basis of capital investment on plant and machinery. For instance, at present, ‘micro enterprise’, ‘small enterprise’ and ‘medium enterprise’ in the manufacturing sector are considered to be those enterprises having investment in plant and machinery not exceeding Rs.25 lakhs, between Rs.25 lakhs and Rs.5 crores and between Rs.5 crores and Rs.10 crores respectively. Changes in the industrial structure normally gets reflected in the fundamental changes in the economy. Observers and professionals have disaggregated the goods sector into primary, secondary and services sector, which are largely interrelated and complementary to each other.

1.4 CONCEPT AND ADVENT OF SMALL AND MEDIUM ENTERPRISES (SMEs): A strategy to economic development

Small and Medium Enterprises (SME) contribute to almost 50% of GDP and 60% of the total employment generation internationally. Almost 7500-8000 products are being manufactured in the SME sector in India among whom food products, leather products and hosiery garments are the sole products exported. The term ‘SME’ does not have a clear cut definition. Every country defines a SME on the basis of their industrial structure, employment pattern, investment and other variables. For instance, in Czechoslovakia, ‘SMEs’ are those enterprises where the number of people employed are between 1-500, Poland and Hungary defines enterprises having employment between 1-100 as ‘small sector’ and between 100-500 as ‘Medium sector’. Australia defines units having less than 20 employees as SMEs. Belgium categorize SMEs as units having annual staff average of 50 employees, Canada, as having less than 200 employees and China defines units having less than 100 employees as well as capital investment in plant and machinery upto 30 million yuan as SME. Denmark, France, Germany and Greece defines SME as units having employment of less than 500, 10-499 employees, less than 500 employees and between 100-500 respectively. Italy, Sweden, Thailand and Vietnam defines SMEs as having employees less than 200. SMEs have also been categorized as units having less than 300 employees or asset
capitalization less than 100 million yen in Japan, having employees less than 300 for manufacturing units in Korea, less than 75 full time workers or with shareholder’s fund less than RM 2.5 million in Malaysia, between 10-100 employees in Mexico and Netherlands, less than S$12 million in fixed assets in Singapore, between 100-499 employees in U.S. There is no fixed definition of SMEs in U.K and Switzerland as relevant from available information.

Table 1.1: Definition of SMEs in different countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Industry Type</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>SME</td>
<td>depends on product group usually. &lt; 100 employees, investment Ceiling 30 million yuan</td>
</tr>
<tr>
<td>Denmark</td>
<td>Manufacturing</td>
<td>&lt; 500 employees, production Units with more than 5 employees</td>
</tr>
<tr>
<td>France</td>
<td>SME</td>
<td>10 – 499 employees</td>
</tr>
<tr>
<td>Germany</td>
<td>SME</td>
<td>less than 500 employees</td>
</tr>
<tr>
<td>Greece</td>
<td>Small enterprises Medium enterprises</td>
<td>&lt; than 50 employees 50 – 500 employees</td>
</tr>
<tr>
<td>Indonesia</td>
<td>SME</td>
<td>less than 100 employees</td>
</tr>
<tr>
<td>Ireland</td>
<td>SME</td>
<td>less than 500 employees</td>
</tr>
<tr>
<td>Italy</td>
<td>Small enterprise</td>
<td>less than 200 employees</td>
</tr>
<tr>
<td>Japan</td>
<td>Manufacturing</td>
<td>&lt; 300 employees, or asset Capitalization</td>
</tr>
<tr>
<td>Korea</td>
<td>Manufacturing Services</td>
<td>&lt; 300 employees &lt; 200 employees</td>
</tr>
</tbody>
</table>

[11]
<table>
<thead>
<tr>
<th>Country</th>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malaysia</td>
<td>SME</td>
<td>&lt; 75 full time workers or with Shareholder’s fund upto RM 51akh</td>
</tr>
<tr>
<td>Mexico</td>
<td>Small enterprise</td>
<td>15-99 employees, gross income USS 17,500</td>
</tr>
<tr>
<td></td>
<td>Medium enterprise</td>
<td>100-249 workers, gross income USS 5,00,000</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Small enterprise</td>
<td>&lt; 10 employees</td>
</tr>
<tr>
<td></td>
<td>Medium enterprise</td>
<td>&lt; 10-100 employees</td>
</tr>
<tr>
<td>Singapore</td>
<td>Manufacturing</td>
<td>&lt; S$12 million fixed assets</td>
</tr>
<tr>
<td></td>
<td>Service</td>
<td>&lt; 100 employees</td>
</tr>
<tr>
<td>Sweden</td>
<td>SME</td>
<td>autonomous firms with less than 200 employees</td>
</tr>
<tr>
<td>Switzerland</td>
<td>SME</td>
<td>no fixed definition</td>
</tr>
<tr>
<td>Thailand</td>
<td>labour intensive sectors</td>
<td>&lt; 200 employees</td>
</tr>
<tr>
<td></td>
<td>Capital intensive sectors</td>
<td>&lt; 100 employees</td>
</tr>
<tr>
<td>U.K</td>
<td>SME</td>
<td>no definition</td>
</tr>
<tr>
<td>U.S</td>
<td>small enterprise</td>
<td>20-99 workers</td>
</tr>
<tr>
<td></td>
<td>Medium enterprise</td>
<td>100-499 workers</td>
</tr>
<tr>
<td>Vietnam</td>
<td>SME</td>
<td>generally less than 200 Employees</td>
</tr>
</tbody>
</table>

The above table provides a clear picture of the different definitions of SMEs prevailing in different countries. It is observed that definitions are basically based on two criteria – capital investment and the number of person employed.

In India however, the concept of ‘SME’ is still in its infancy. The term ‘Small and Medium’ Enterprises came into force only after passing of the Micro, Small and Medium Enterprises Development Act in the year 2006. As per this act, MSMEs are broadly classified into two sectors, viz, manufacturing sector and the services sector on the basis of capital invested on plant and machinery and equipment respectively. Both these sectors consist of all these three types of enterprises. For the manufacturing sector, ‘Micro enterprise’ is one where investment in plant and machinery is not more than Rs. 25 lakhs, ‘Small enterprise’ is one where investment is between Rs. 25 lakhs and Rs. 5 crores and a ‘Medium Enterprise’ as having investment between Rs. 5 crores to Rs. 10 crores. Again, for the services sector, ‘Micro enterprise’ is a unit having investment not exceeding Rs. 10 lakhs, ‘Small enterprise’ as unit having investment between Rs. 10 lakhs to Rs. 2 crores and ‘Medium’ as having investment between Rs. 2 crores to Rs. 5 crores. Before passing of this act, the term ‘Small and Medium’ was not prevalent.’ Small scale industries’ and ‘Medium scale industries’ existed separately. The Small and Medium enterprises sector has been playing a vibrant and dynamic role in the industrialization process as well as in the development of economy as a whole. On one hand, it is enhancing the utilization of indigenous resources to its optimum, and on the other hand, it is creating employment opportunities. (Mitra, 2009) views that Indian MSMEs contributes around 39% of the total manufacturing output and around 33% of the total exports. The unique characteristics of SME sector which plays a significant role in its growth includes the following:

- Both small scale and medium scale enterprises can be formed by even a single individual.
- SMEs mainly deal in indigenous resources, thereby, enhancing utilization of local resources to the maximum extent possible.
- SMEs can be formed with minimum investment.
- SMEs are flexible to adapt to new technological changes and it has lesser gestation period.
- This sector acts as a seedbed for innovation.
- This sector enhances entrepreneurship growth.
For these reasons small scale sector is found to be in existence in almost every country. In India also, this sector has significantly contributed towards the economy with respect to employment, production and exports.

1.5 ADVANTAGES OF SMALL SCALE ENTERPRISES: ITS SIGNIFICANCE IN AN ECONOMY

Regarding the high benefit potential of small scale industries, it is considered as one of the highest developing sector in today's industrial scenario attracting maximum state attention. Apart from characteristics like local resource utilization and employment generation, other factors like lesser gestation period, intensiveness, flexibility etc, contribute to its growth and development. The advantages of the sector can be easily understood from the arguments that are put in favour of its rationale. These generally include:

i) Employment Argument:

The employment argument states the fact that small scale industries are the torch bearers in creating large scale employment opportunities and within a short span. (Venkataraman, 1993) rightly observed that while the output employment ratio is the lowest in the small scale sector it is eight times than that of the large scale sector.

ii) Equality Argument: The equality argument states that the small scale sector encourages equitable distribution of income and prevents concentration of economic power in the hands of a few. This is possible because of the fact that small scale industries are widely dispersed in both rural and backward areas and their ownership pattern is varied in nature.

iii) Decentralization Argument: This sector is having another advantage that it is decentralized in nature, which means that they are and they can be located in any area, whether it is rural or urban, thereby promoting balanced regional development.

iv) Latent Resource Argument: Last, but not the least, this argument states that small scale industries are capable of employing unutilized resources to its optimum.

However, it should be noted that although the small scale sector presents many arguments in favour of it, there are certain critics who do not agree with these
arguments. For instance (Dhar and Lyndall, 1961) opposed the employment, equality and latent resource arguments. Thus from the above discussion, it can be observed that small scale industries are indeed serving as a milestone towards industrialization besides creating a new class of entrepreneurship, endowed with sufficient skill, talent and initiativeness.

1.6 SMALL AND MEDIUM ENTERPRISES IN INDIA

The concept of SME is still in its infancy in India. Previously, the term 'small scale enterprise' and 'medium scale enterprise' were used separately. However, due to similarity in certain aspects like raw material requirements, infrastructure and ownership pattern, the terms were clubbed together to form small and medium scale enterprise. The small scale sector in India comprising of khadi and village industries, handlooms and handicrafts, sericulture and coil fiber under 'traditional sector' and power looms and small scale enterprises falling under 'modern concept' have got tremendous headway after independence. Most of the Five Year Plans as well as Industrial Policy Resolutions (IPRs) enacted from time to time provided emphasis to the growth of small scale enterprises as well as medium scale enterprises. Assistance in the form of establishment of industrial estates, provision of leasing and hire purchase facilities, setting up of financial institutions, providing marketing and consultancy services, various subsidies as well as special reservation for manufacture of certain articles in the small sector were provided which enhanced the performance of the small scale sector. The growth in the medium and large sectors was also impressive. A variety of products including many sophisticated manufacture, complete self-sufficiency in many items etc are the result of rapid growth of large scale manufacturing. With the enactment of Micro, Small and Medium Enterprises Development Act 2006, the concept of SMEs received a new thrust. The act gave separate definitions for 'Micro Enterprise', 'Small scale enterprise' and 'Medium Enterprise', further classifying it into 'manufacturing' and 'service' units.

1.7 MANUFACTURING ENTERPRISE: Its importance

(Viswanadham and Raghavan, 1997) defines manufacturing enterprise as a collection of interrelated, flexible, optimized business processes delivering value to the customers through high quality products and services, faster than competition. The Micro, Small and Medium Enterprise Development Act 2006, has classified all
the sectors into manufacturing and service units. The manufacturing units are those
which are engaged in processing of goods, which includes converting raw materials
into finished or semi-finished goods. With the rising importance of service units in
today's competitive business world, the manufacturing units are trying to cope up
with the present situation. Major problems like lack of finance, raw materials, power
and credit facilities, marketing assistance etc are effecting the performance of
manufacturing units set up in the small sector. However, inspite of these problems,
the manufacturing units has contributed significantly to the industrialization process
with respect to exports. The share of industrial manufacture in exports from traditional
items to capital and engineering goods have increased. Valuable orders from foreign
countries like West Asia and Gulf countries have been secured by Indian entrepreneurs.
According to Quick results of 4th All India Census of MSMEs(2006-07) there are
2.61crores MSMEs in 2006-07, out of which 28% are in the manufacturing sector
and 72% in services.

1.8 SMALL AND MEDIUM ENTERPRISES IN ASSAM

Situated in the heart of North-East India, Assam is a land of fertile valleys,
dense greenery and mighty rivers. Assam shares its boundaries with Bangladesh and
Bhutan, while it serves as a gateway to the South-East Asian markets. The economy of
Assam is linked to the rest of the world from ancient times as evident from the trade
activities transacted with Egypt and Rome. The state has an extensive resource base,
whether it is natural resource or human resource. Both these resources are contributing
significantly to the development of Assam's economy. Alongwith these, the different
sectors, viz, the industrial sector, the agricultural sector and the like are playing
significant role in promoting economic development of the state.
Table 1.2: Comparative data on Per Capita Income at constant and current prices between Assam and India.

<table>
<thead>
<tr>
<th>Year</th>
<th>At Current Price</th>
<th>At Constant Price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Rs)</td>
<td>(Rs)</td>
</tr>
<tr>
<td></td>
<td>Assam</td>
<td>India</td>
</tr>
<tr>
<td>2000-2001</td>
<td>10718</td>
<td>16707</td>
</tr>
<tr>
<td>2001-2002</td>
<td>11132</td>
<td>17947</td>
</tr>
<tr>
<td>2002-2003 (P)</td>
<td>12074</td>
<td>19040</td>
</tr>
<tr>
<td>2003-2004 (Q)</td>
<td>13139</td>
<td>20989</td>
</tr>
<tr>
<td>2004-2005 (Adv)</td>
<td>13925</td>
<td>23308</td>
</tr>
</tbody>
</table>

P: Provisional  Q: Quick estimate  Adv: Advance estimate

Source: Directorate of Economics and Statistics (Assam), Central Statistical Organisation, Govt of India

The per capita income of Assam at constant (1993-94) prices has been worked out at Rs.6520 in 2003-04(Q) as against Rs.6221 in 2002-03(P) and Rs.6066 in 2001-02. At current prices, the same was Rs.13139 in 2003-04 as against Rs.12074 in 2002-03(P) and Rs.11132 in 2001-02. Therefore, the per capita income at constant (1993-94) prices showed an increase of 4.81 p.c in 2003-04(Q) over 2002-03(P) as against an increase of 2.56% in 2002-03(P) over 2001-02. At current prices, the same recorded an increase of 8.82% in 2003-04(Q) over 2002-03(P) as against 8.46% increase in 2002-03(P) over 2001-02. As per advance estimates, for 2004-05 the per capita income is expected to be Rs.13925 at current prices and Rs.6756 at constant 1993-94 prices. However, although the per capita income is increasing, still it is very low as compared to national statistics. Industrial sector in Assam, contributes a significant portion of the total GSDP of the economy.
Table 1.3: Shares of Agriculture, Industry and Service in total GSDP at constant (1993-94) prices (as a percentage of GSDP) for 1999-2000

<table>
<thead>
<tr>
<th>States</th>
<th>Agriculture (in %)</th>
<th>Industry (in %)</th>
<th>Service (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arunachal Pradesh</td>
<td>34.11</td>
<td>23.29</td>
<td>42.60</td>
</tr>
<tr>
<td>Assam</td>
<td>35.80</td>
<td>25.02</td>
<td>40.21</td>
</tr>
<tr>
<td>Manipur</td>
<td>27.22</td>
<td>23.90</td>
<td>48.88</td>
</tr>
<tr>
<td>Meghalaya</td>
<td>25.48</td>
<td>22.06</td>
<td>52.46</td>
</tr>
<tr>
<td>Mizoram</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Nagaland</td>
<td>30.44</td>
<td>12.82</td>
<td>56.74</td>
</tr>
<tr>
<td>Tripura</td>
<td>29.48</td>
<td>14.68</td>
<td>55.84</td>
</tr>
<tr>
<td>Sikkim</td>
<td>19.88</td>
<td>22.77</td>
<td>57.35</td>
</tr>
</tbody>
</table>

Source: Domestic Products of states of India 1960-61, Economic and political weekly, Research Foundation, Mumbai, June, 2003, pp-38-39

It can be observed that the share of agriculture, industry and service is the highest in Assam as compared to other north eastern states. The industrial scenario of Assam consists of all the industrial sectors, viz, micro, small, medium and large sectors. Out of these, the small and medium sectors have been playing an important role. Due to advantages like utilization of local resources and local technology, creation of employment opportunities and low capital investment, the SME sector is growing rapidly and it accounts for almost 96% of the total industrial units, more than 45% of the total value or output emerging from the manufacturing sector and 60% of the total exports and imports of the state. The growth of SMEs in Assam is a result of the five year plans and Industrial Policy Resolutions enacted by the state periodically. Over and above these, the government adopted a significant step in enhancing the industrial process by approving a package of fiscal incentive and other concessions for North-Eastern Region, namely the North Eastern Industrial and Investment Policy (NEIIP) announced on 24.12.97. It was made effective from 1st April, 07 and covers all the north eastern states, including Sikkim. Under this policy, incentives were provided to new and existing units going for substantial expansion unless otherwise specified, and commencing commercial production within 10 year period from the date of notification of NEIIP 07, irrespective of their location within the North Eastern Region.
Incentives for power generating units will be continued as per Sec 18A of Income Tax Act. Moreover, other incentives and subsidies were added from time to time according to needs and requirements of the industrial sector of this region.

Regarding financial assistance, mention can be made of All India Financial Institutions like Industrial Development Bank of India (IDBI), Industrial Financial Corporation of India (IFCI), General Insurance Corporation of India (GIC), Life Insurance Corporation of India Limited (LICI), Industrial Reconstruction Corporation of India Limited (IRCI) etc which provides both financial and non-financial assistance to this sector. Over and above this institutions, some nodal institutions were set up at state level to examine the development of industries and for providing the required assistance. The important among them is Assam Industrial Development Corporation (AIDC) Ltd, established on 21st April, 1956 under the Companies Act, 1956. The major objectives of this corporation includes identification and promotion of medium and large scale industrial projects in the state, implementation of the state government’s package for incentives, rehabilitation of sick industrial units and provision of financial and managerial consultancy services. The AIDC has funded over twenty projects till date. Some of them have been already completed and some are still under completion. Secondly, Micro Small and Medium Enterprises Development Institute (MSME-DI) looks after the development of micro, small and medium enterprises. Commercial banks and other private sector banks are also playing important role in the field of credit availability. There is a rapid growth of both these type of industries and more significantly in the case of small industries owing to different measures taken by the government for developing these industries.
Table 1.4: Comparative statistics of growth of SSIs in Assam and India.

<table>
<thead>
<tr>
<th>Years</th>
<th>Assam</th>
<th>India</th>
<th>p.c. of 2 to 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>12429</td>
<td>1378485</td>
<td>0.90</td>
</tr>
<tr>
<td>1991</td>
<td>12805</td>
<td>1498193</td>
<td>0.85</td>
</tr>
<tr>
<td>1992</td>
<td>14354</td>
<td>1637812</td>
<td>0.88</td>
</tr>
<tr>
<td>1993</td>
<td>15814</td>
<td>1772485</td>
<td>0.89</td>
</tr>
<tr>
<td>2001</td>
<td>41875</td>
<td>1375000</td>
<td>3.04</td>
</tr>
<tr>
<td>2004</td>
<td>48557</td>
<td>1753000</td>
<td>2.76</td>
</tr>
<tr>
<td>2005</td>
<td>50694</td>
<td>1871000</td>
<td>2.70</td>
</tr>
</tbody>
</table>

Source:
3. Economic survey, India, 2006-07
4. Economic survey, Assam, 2006-07

We can observe from the above Table 1.4 that there is a continuous growth of small scale enterprises along with its increasing share in the country's total number of small scale units. However, it is a fact that although the increase in the number of units is significant, at present, the number of working units becoming sick is also evident. Reserve Bank of India (RBI) has defined a sick industry as 'a unit which has incurred losses for a year, and in the judgement of the bank (financial institution), is likely to continue to incur such losses for the current year as well as for the following year, and in which has imbalance in its financial ratio such as current ratio of less than 1:1, worsening debt-equity ratio. Again, ILO defines a sick unit as 'a unit which is working below 25% of the installed capacity. In Assam, the number of rural based working units according to 2004 statistics is 6947 which is higher than all other states. However, the number of closed units is 4632 which is also higher as compared to all other states. Again the number of urban units in working condition is 7442 and non
questions. He observes that when employees perceive that desirable outcomes are attained as a result of their full commitment to a training and development programs, then only the training and development programs will be maximized. (Fuchberg, 1993)\textsuperscript{23} in his paper, ‘Taking control’, observes that in today’s global context, evaluation of both economic and non-economic benefits and investments associated with training and development programs is crucial to determine how such initiatives contribute to corporate performance. (Saxena, 1997)\textsuperscript{24} in his paper, ‘Training Evaluation for Results’, cited a study conducted by American Society of Training and Development, which reported that the actual practice of evaluation do not often follow the recommendations of evaluation literature. Moreover, he also undertook a study on the role of evaluation of training in designing training programs in institutions of government, public, private and banking sectors. Structured and unstructured questionnaires were provided to 100 employees and it was found that: the institutions and HRD centers defined the scope of training evaluation from trainee’s development level to the organizational effectiveness level; training institutions were clear about the purpose of evaluation of training programs; lack of adequate evaluation methodology, lack of expertise, and fear of exposure to weakness were cited as the constraints for attaining, collecting and evaluating data; training institutes concentrated their evaluation efforts mostly on reaction and learning levels; Training institutions and HRD centers were found to have plans to improve the courses by effective evaluation procedures. (Kotey and Slade, 2005)\textsuperscript{25} in their paper ‘Formal Human Resource Management Practices in Small Growing Firms’ used data from micro, small and medium firms in Australia and examined the rate of adoption of formal HRM practices with increasing firm size. The result demonstrates a move towards division of labour, hierarchical structures, increased documentation and more administrative process as the number of employees increase. The adoption of formal practices begins in the early growth process initially at a rapid rate (as a significant percentage of firms adopt these practices) and then at a slower rate” (as fewer new firms adopt these practices). The paper concludes that static models cannot be used to portray HRM practices in small firms and that management training and advise for small firms must recognize the diversity of practices associated with various firm sizes. (Yadapadithaya and Mamatha, 2005)\textsuperscript{26} in their project, ‘Training Evaluation: Literature review and Research agenda’ focuses on the different concepts of training and have collected different literature reviews on training and its evaluation. Evaluation has been defined by them as the comparison of objectives (criterion
behaviour) with effects (terminal behaviour) to answer the questions of how far the training has achieved its purpose. They suggested that a sound training and development program should contain certain specific, measurable, achievable, relevant, timely (SMART) objectives based on a systematic training need analysis conducted at 3 levels, viz, individuals (acquisition of proper knowledge, skills and aptitudes), operational (what an employee must do to meet organizational objectives) and organization (organizational objectives, resources and its allocation). (Deb, 2006) in his study 'Training and Development, Concepts and Applications' has stated that with increasing globalization of economy, marketplace has become increasingly competitive and transformational. Competitive advantage makes the difference between success and failure of an organization. Human resource is the only reliable source of competitive advantage and to attain this, organization require to provide training and development facilities to all employees which is crucial in achieving the level of cost-effectiveness. The author presents the entire conceptual framework of Training and Development in a refreshingly new style related to its fundamentals, overview, methods, learning environment and conditions, need identification, evaluation teaching aids for training and non-formal methods of development. (Campbell, Dunnette, Lawler, and Weik, 1970) in their paper 'Managerial Behaviour, Performance and Effectiveness' has stated that much of the existing literature on training and development has lamented the failure of organizational efforts to significantly improve the skills, knowledge, attitude of employees or affect business performance. (Sharma, 1993) in his book "Industrial Landscape of North East India" focuses the mutually interlinked areas and the various issues common to the states in the region and unfolds a wider spectrum of relevant materials from early British days till the present time, landscaping the gradual move in the region in the industrial horizon. It features mainly the small scale sector that has occupied an important place in the economy of the region and highlights the movement program of industrial estate which are meant to support these sector in a prominent way. (Arya and Tandon, 1998) in , "Human Resource Development" (HRD) brings together the views contributed by various experts in the field of human resource development. The experts have analyzed the concepts and issues involved in the subject matter of human resource development. They assessed the requirements of manpower and how to generate the corresponding supply to build up an educational training and information structure, the achievement of proper health standards so as to preserve the manpower and measurement of cost
working condition is 5706, both of which is higher when compared to all other states. Another study-report prepared by Assam Industrial Development Corporation (AIDC) reveals that most of the private limited companies registered under this corporation have been sold out, taken over or liquidated due to various reasons. Examples can be cited of Assam Oxygen Private Ltd which carried on production of oxygen and nitrogen gas, was closed down.

1.9 RATIONALE OF THE STUDY

Most of the studies attributes the reasons for industrial sickness and closure to various factors such as location, lack of power, capital and raw material, inflexible government policy, changing business environment, poor management, inadequate quality control, faulty marketing and the like. In this context, one of the major factors which requires significant study and research is the factor of human resource management which plays an important role in the success or failure of business enterprise. In a state like Assam, human resources are available in plenty. Assam records a significant growth in population which is even higher than the national growth rate of population in India. Therefore, it is important to study whether this resource is properly utilized and the rate contribution towards the industrialisation of Assam. It has already been discussed that even if the state has observed a rapid industrialization pace but the number of sick industries is also increasing day by day. Thus, it is important to observe that in the presence of available human resources and growing employment pattern what is hampering the industrialization process in the state.

1.10 LITERATURE REVIEW

There are several studies which have been observed to be conducted in the aspects of Small and Medium Enterprises and Human Resource Practices. Like (Waxley and Baldwin, 1986) in their paper, ‘Management development’ criticized traditional training and development system for its lack of accountability and rigorous evaluation. Traditional training was thought to be a paid perquisite or free time for the employees devoid of daily stress or distraction of the workforce on one hand, and a wasteful expenditure of the management on the other. (Mumford, 1988) in his study, ‘Developing for Managers’ observed that prior to participating in any training and development experience, the participants are overwhelmed and ask themselves many
and benefits of existing human resource development programs from both short term and long term point of view. (Rohmetra, 2005)) in, “Human Resources development, Challenges and Opportunities”, addresses some of the vital issues relating to international human resources, cross cultural management and training and leveraging the potential of information technology. (Chakraborty and Das, 2007)) in their volume, ‘Human Development-Experiences of North East India,’ presents a collection of articles which deals with different aspects of human development and attempted to analyze the various linkages between globalization, environment, education and human development. (Sisson and Storey, 2000) in their book, ‘Managing the Employment Relationship’ discusses certain critical issues related to HRM which involves restructuring, involvement and participation, recruitment and selection and other themes associated with managing human resources in a highly competitive environment. (Ahmed, 2007)) in his book, ‘Industrialization in North Eastern Region’ diagnoses different issues related to industrialization during the reforms regime which is significant in the industrially backward north east region. It is a collection of research papers contributed by eminent scholars from different institutions and universities. The paper examines the relevance of various industries by fostering the economic development of the region. (Tiwari, Philip, and Pandey, 1991) in their book, ‘Small Scale Industry, Success and Failure,’ presents the finding of a research study on comparative analysis of factors causing and contributing to the success of small scale industries on one hand, and those responsible for failure of small scale units on the other. The study examines the various operative problems faced by small entrepreneurs in setting up and management of the units. It also provides useful guidelines for the review and restructuring of promotional policies and the schemes of financial and promotional support of the small scale industrial sector. (Bhatt, 2000) in his paper, ‘Modern Small Scale Industries and Industrial Sickness’, analyzed in depth the interdisciplinary character of sickness with the support of empirical findings. Causes of sickness have been studied from multi dimensional angles. The study has identified the major factors that are crucially responsible for sickness in the small scale industrial sector. These are lack of finance, diversion of funds, inflexibility of entrepreneurs for adapting themselves to the changing business environment, inappropriate project planning with regard to market analysis and selection of appropriate technology, besides the lack of raw materials, inefficient management practices and power shortage. (Reddy, 1983) in his book, ‘Sickness in Small Scale Industries’, starts with the history of
industrial development in India, and then indicates the cause of sickness. It also deals with the preventive measures using the information system that prevails in the institutions. It has been suggested that an appropriate system should be there for revival of sick units. (Verma, 1989) in his book, ‘Industrial Development in India’ involves a study of an industrial development corporation that serves as a nucleus of medium and large scale industrialization. Practice of management and transfer of technology and productivity as an integral part in the process of industrial growth was stressed in this study. The book is divided into three parts—the first part deals with problems and prospects of large and medium scale industries. The second part deals with problems and prospects of small scale industries and the third part ‘A Treatise on Business and Management’ embodies discussion of important topics like efficiency in a business unit, fringe benefits and welfare programs, causes of sickness, concept of productivity, training and management development and lastly international trade. The book deals with industrial production in national context and prescribes rehabilitating measures. (Grant and Smith, 1977) in their book, ‘Personnel Administration and Industrial Relations’ describes the techniques and systems of personnel management and industrial relations. Here, reference is made to the insights, theories, concepts and research findings of behavioural scientists. (Singh, 1985) in his research paper titled, ‘Industrialization in India,’ attempts to study the psychological effects of industrialization in urban, as well as rural settings through a comparative study between industries in both rural and urban areas. (Barrow, 1993) through his book, ‘Industrial Landscape of North East India,’ brings into focus the mutually interlinked areas and the various issues common to the states of the region and unfolds a wider spectrum of relevant materials from early British days till the present time, landscaping the gradual move of the region in the industrial horizon. It features mainly the small scale industrial sector and highlights the movement program of industrial estates. (Hague, 1979) in ‘Executive Self Development-Real Learning in Real Life Situations’, attempts to take a fresh look at management training by showing that the most effective and useful manner in which a manager can learn and develop is not through external seminars and courses, but rather within the context of his daily problems and his own organization. The author shows how learning from real situations can be a highly efficient formula for all levels of management training and development. (Rae, 2000) in her book, ‘Effective Planning in Training and Development’ describes the steps necessary in planning and designing process to prepare a training and development program.
(Srivastava, 1999) states in 'Human Resource Training Paradigms, Need for change', that to develop human resources, there are many ways out of which training is considered as the primary mechanism and strategy. However, he gave importance to the fact that there has been no effort to identify training needs at governmental and institutional level for specific manpower categories. Through this book, he tries to fill the gap and also provides a better understanding of the issues, needs and evaluation process required for assessment of training needs both at micro and macro level. (Gopal Ji, 1985) through his text, 'Personnel Management in Indian industries' makes an attempt to conduct an empirical study in developing appropriate personnel policies and practices. Discussions made in this book is in the context of relevant theories drawn from the West. Apart from analyzing changes that are taking place in the existing and traditional personnel functions, the book tries to present systematically the results of a survey on personnel practices in selected manufacturing industries in India. (Srivastava, Girdhar and Gyani, 1999) through their volume, 'Training Manual on Human Resource Management and Organizational Learning' provides a study on all aspects of human resource management and development that is required by all those who are involved in managing people and getting work out of people. Human resource management and organizational learning together are an integral part of the human resource development practices which indicates that better management of organizations and developing efficiency and effectiveness in the human resource functions requires insightful understanding of the human resource development and organizational development process. The manual aims at developing a thorough understanding of organizational behavioural process with reference to human resource management and organizational learning. The manual has been divided into seven parts which includes human resource management and organizational learning. Developing human resources, integrating human resource functions, sectoral thrust and focus to human resource functions, training and development concepts, steps, process, identification of training needs, methods and techniques, management development, behavioural modeling and evaluation, learning curves and linkages of learning with training and learning, instruments on learning organization, essentials for developing a learning organization, Total Quality Learning (TQL) and learning organization, formal and informal organization, organization culture, organization change, organization development and Instruction building, self and others awareness and development, transactional analysis and interpersonal styles, interpersonal relations, employee
involvement and participation, quality circles, Kaizen & 5S, team building and development, organizational development through team building, motivation and job satisfaction. (Burchill and Casey, 1996) in their book, 'Human Resource Management, The NHS: A case study', focuses on the human resource practices adopted in National Health Services (NHS), the largest employer in Europe and one of the most complex. It provides original researched case study material that gives a clear insight into the practice as well as related issues. (Saini and Khan, 2000) through their volume, 'Human Resource Management-Perspectives for the New Era' presents a series of articles by different contributors who provided lucid and intensive analysis of traditional personnel management and the corrective and proactive interventions planned by the proponents of human resource management. They have also mapped the changes that are taking place in human resource management related policies and strategies. Their detailed expositions of the impact of human resource management on labour management relations are fascinating and amply supported by real life examples. They examine the ways in which Indian companies in the public and private sectors can evolve appropriate human resource policies, which would help them to prosper and compete. The role of web economy is also assessed innovatively in the new corporate context. (Lynton and Pareek, 2000) in their book, 'Training for Organizational Transformation', places special emphasis on broadening perspectives on training strategy as well as advocating the issues of widening the trainer's role to include consultation with participant organizations, especially to match participant selection with organizational changed strategies and to ensure organizational support for improved performance subsequent to training. The chapters of this book are grouped in three sets. Firstly it surveys the position training has in operating systems and its tasks. It ends with mapping the available approaches and strategies and their specifications and likely outcomes. Secondly, the chapter deals with establishing particular objectives to aim at quite concrete action outcomes, scans the range of methods to consider for reaching different objectives and the staff, time and other specifications for each, and ends with designing programs. Another viewpoint is about managing programs, developing a group and climate, trainers and styles, building in the required post training supports and evaluating the training and modification programs in the light of it. The final chapter deals with action research. (Sogani and Mehta, 1996) through their anthology, 'Training For Change' provides a collection of essays on different dimensions of organizational behaviour with a primary focus.
on the role of training in facilitating goal directed change. It contains different studies on training and development conducted by fifteen different experts which highlighted different themes like philosophy, strategies, relevance, leadership, ethics, effectiveness, evaluation etc. In most of the essays, training is considered as an integral component of a holistic organizational system and therefore, should have dynamic interlinkages with various sub systems of an organization.

1.11 SOCIAL SIGNIFICANCE OF THE STUDY

The study is basically projected towards a concept which is of vital importance in today’s competitive environment. The concept of human resource management covers a wide area, which is evident from different studies conducted in this field. HRM is not just managing personnel in an organization, but also covers efforts towards their retention and motivation. Organizations that fail to concentrate on attracting and retaining talents may find themselves in dire consequences, as their competitors maybe outplaying them in strategic employment of their human resources. Therefore, while aiming at more productivity and highly profitable outputs, the organization should also take measures for the well-being of the employees. The study focusses on different human resource practices including recruitment, selection, training, motivation and compensation practices followed in small and medium enterprises under study. All these practices starting from attracting applicants for job, selecting the right employees at the right time and at the right job, training them and then motivating them by offering attractive compensation packages, bear significance in the whole organization process, and basically when the question is for retaining quality personnel which influences the future growth of an organization. Out of these human resource practices, training and development practices have been researched in greater detail. The next important aspect of this study is the area to which the study is concerned. It is based on the human resource practices adopted by selected small and medium manufacturing enterprises of Kamrup district (undivided), through which the researcher tries to give a holistic view of small and medium enterprises of Assam. While we discuss about Assam, we already know of its rich past, its culture and the status enjoyed by it. However, with all its gloriousness, there are many factors still hampering the economic development of the state. Social evils like poverty, lack of education, superstitions etc are still prevalent. Population is increasing by leaps and bounds thereby raising the level of unemployment and increasing the unemployed.
rate of unskilled, semi skilled and skilled workers. The per capita income although increasing, is very low when compared to national statistics. The main contributors to per capita income in Assam is basically the agricultural sector and the industrial sector. Assam has a large number of small and medium industries. Different legislations supporting the growth of these industries as well as various industrial policy resolutions passed from time to time have further encouraged its growth. However, it is evident from different sources that although industries have been established with sufficient investment and with no dearth of resources, still most of the industries are becoming sick, which is ultimately reducing its contribution to the per capita income. The study seeks to find out that which are the factors hindering the industrial momentum keeping into view whether lack of quality human resource policies is a major factor in this recessionary travel. In a state like Assam, effective manpower is a must for running the industries, irrespective of the size of industry. This is due to the following reasons:

- Firstly, Assam is a region where diverse tradition and culture co-exists. Effective development of enterprises require that the manpower recruited are well acquainted with these diverse traditions, so that they can easily carry out the communication process. The people of Assam are much influenced towards their tradition and culture. Therefore, marketing products keeping in mind traditional requisites, is required.

- Secondly, development of enterprises require that personnel should be trained to explore and utilize resources.

- Thirdly, enterprises in Assam have to operate in the midst of different problems ranging from poverty, illiteracy and insurgency. Therefore, manpower recruited should be well equipped to deal with such situation.

The question is not availability of human resource, but its utilization potential to the maximum extent possible. It is very essential that to retain and motivate personnel, effective human resource policies should be implemented. Moreover, it is worth mentioning that for the purpose of studying human resource practices adopted in small scale enterprises, the enterprises were selected from the four major industrial estates of Assam, where majority of these enterprises are established. This will assist future entrepreneurs willing to establish their own units to have knowledge about the different benefits available for setting up units in these estates. The study will give readers an insight into the following aspects.
- the quality of human resource policies formulated in the small and medium enterprises under study.
- the nature of human resource practices followed in small and medium enterprises. It will also give an idea as to the different training and development practices conducted by these enterprises for both operative and executive level employees and its impact on performance of employees.
- the kind, frequency and types of training methods used and its effectiveness and to judge whether there is need for any change.
- different subsidies and grants available to industries set-up in these estates.
- difficulties faced by small and medium enterprises in policy implementation if any, and measures undertaken by both the enterprise and the government.
- Assist future entrepreneurs to decide suitable options to set up their industries.
- Assist government to take required steps.

The present study has been taken with following objectives:

1.12 OBJECTIVES

1. To study the human resource practices prevalent in select Small and Medium Enterprises under study.
2. To analyze the training and development practices at different levels of these enterprises.
3. To analyze training need assessment of both operative and executive level employees.
4. To study the training related feedback of employees of the selected enterprises.
5. To examine the difficulties encountered by the employers in imparting training.

With reference to the objectives presented above the following hypothesis have been formulated.

1.13 HYPOTHESIS

H (1): There has been the practice of assessing training needs of employees in small and medium enterprises.
H (2): There are effective training and development practices in both small and medium enterprises under study.

1.14 PERIODICITY

The study covers a period of three years from 2006-07 to 2009-10.

1.15 METHODOLOGY

The study is mainly based on primary data and is conducted in Kamrup district (undivided) of Assam. The district of Kamrup is selected because data provided in the Statistical Handbook of Assam till 2007 reveals that out of all other districts in Assam, Kamrup district is having the highest concentration of small scale enterprises.

COVERAGE

For the purpose of the study, small scale manufacturing enterprises and medium scale manufacturing enterprises have been taken separately. In case of selection of small scale enterprises, the industrial estates of Bamunimaidan, Rani, Kalapahar and Bonda of Kamrup district is taken because data provided again in the Statistical Handbook of Assam till 2007 reveals that these estates are having the highest concentration of small scale enterprises. There are altogether 150 enterprises located in the industrial estates of Bamunimaidan, Rani, Kalapahar and Bonda of Kamrup district is the universe of the study so far as small scale enterprises are concerned. 60% of these enterprises were already sick. Out of the remaining 60 enterprises, only twenty six (26) enterprises fulfill the criteria as specified below. All these 26 enterprises have been taken for the study. Thus our study relates to census survey or complete enumeration where the population size is 26. In case of medium enterprises, a total of nine enterprises are selected which are located in various locations of Kamrup district (undivided), which fulfill our specified criteria as mentioned below, is taken for the purpose of the study. It is important to mention here that since no exact figure in respect of the total number of medium enterprises in Assam is separately available, therefore judgemental sampling method is adopted while selection of sample for medium scale enterprises.

For both small scale enterprises and medium scale enterprises, selection of enterprises for study purpose is based on the following criterias:
- the enterprises must complete not less than five years of operation,
- the enterprises must fulfill the requirements of being defined as a ‘Small Scale Enterprise’ and ‘Medium Scale Enterprises’ under MSMED Act, 2006,
- the enterprises must adopt minimum human resource practices, and specifically training and development practices.

In case of small scale enterprises, a total of twenty six employers, twenty operative-level employees and another twenty executive level employees were asked to respond to questionnaires presented to them. On the other hand, in case of medium scale enterprises, nine employers, twenty operative level employees and twenty two executive level employees were asked to respond. For both the type of enterprise, executive level refers to those who are just below in position from the actual owner/employer. This is because it has been found that in both small scale and medium scale enterprises, there generally exists three levels of management, viz, the employer at the top, supervisor at the middle and the workers at the lowest level.

DATA COLLECTION

Both primary and secondary data have been used for the study. For the purpose of primary data, the enterprises which fulfill the required criteria have been visited where face-to-face interactions and interviews have been conducted extensively. Moreover, questionnaires having human resource practice related questions have also been distributed to both employers and employees.

For the purpose of secondary data, sources covered for the study include libraries of Indian Institute of Entrepreneurship (IIE), Guwahati, Assam Institute of Management (AIM), National Productivity Council (NPC) and K.K Handique library, Gauhati University. Websites of Small Industries Development Bank of India (SIDBI), Small Industries Development Organisation (SIDO) and North East Development Financial Corporation Limited (NedFi) have been used extensively. Books, brochures, magazines and journals are also consulted wherever necessary.

TECHNIQUES OF ANALYSIS:

For the purpose of the study, ranking technique has been widely used. While conducting analysis for the effectiveness of factors influencing recruitment policies in both small scale and medium scale enterprises, the employers were requested to
award score points starting from '8' to '1', where the various score points indicate the following:

'8' for level of effectiveness 80% and above.

'7' for level of effectiveness 70% and above, but less than 80%.

'6' for level of effectiveness 60% and above, but less than 70%.

'5' for level of effectiveness 50% and above, but less than 60%.

'4' for level of effectiveness 40% and above, but less than 50%.

'3' for level of effectiveness 30% and above, but less than 40%.

'2' for level of effectiveness 20% and above, but less than 30%.

'1' for level of effectiveness 10% and above, but less than 20%.

After allocating score points, the total score points and average (by using arithmetic mean technique) score points have been calculated. Then ranks 1, 2, ..., 8 have been assigned in terms of magnitude of effectiveness in descending order, i.e., rank '1' has been assigned against the highest average score points, rank '2' has been assigned against the second highest average score points and so on.

While evaluating performance of both operative and executive level employees in both small scale and medium scale enterprises after receiving training, similar method as used for analyzing factor effectiveness for recruitment policies have been used. Here, employees have been requested to award score points from '0' to '9', where, '9' indicates for level of effectiveness 90% and above, and 0 indicates no effectiveness or less than 10% level of effectiveness.

After allocating score points, the total score points and average (by using arithmetic mean technique) score points have been calculated. Then ranks 1, 2, ..., 10 have been assigned in terms of magnitude of effectiveness in descending order, i.e., rank '1' has been assigned against the highest average score points, rank '2' has been assigned against the second highest average score points and so on.

Again for examining effectiveness of different motivational techniques (reward, non monetary reward, job design empowerment, participative management, quality of work life, MBO and flexible working hours), on employee performance, opinion of employers and employees of both small scale and medium scale enterprises were taken. In case of employers, they were asked to award score points from 5 to 0, where, '5' indicates highly effective, '4' indicates effective, '3' indicates good, '2' indicates average, '1' indicates poor, and '0' indicates not effective. After allocating score points,
the total score points and average (by using arithmetic mean technique) score points have been calculated. Then ranks 1,2,...,9 have been assigned in terms of magnitude of effectiveness in descending order, i.e, rank 1 has been assigned against the highest average score points, rank 2 has been assigned against the second highest average score points and so on. In case of employees (both operative and executive), they were asked to award score points from 4 to 0, where ‘4’ indicates ‘highly satisfied’, ‘3’ indicates ‘satisfied’, ‘2’ indicates average, ‘1’ indicates ‘somewhat satisfied’ and ‘0’ indicates ‘not satisfied.’ Ranks were then assigned from 1 to 9 in terms of magnitude of influence in descending order and interpreted accordingly.

For examining preference of compensation factors employers were asked to allot score points from 5 to 0 against different compensation benefits, where ‘5’ indicates highly effective, ‘4’ indicates ‘effective’, ‘3’ indicates ‘good’, ‘2’ indicates average, ‘1’ indicates ‘poor’ and ‘0’ indicates ‘no level of effectiveness.’ Percentages were then calculated against number of employers allotting the respective score points.

Besides applying ranking technique, bar diagrams and pie charts have also been used for the purpose of analyzing sources of recruitment, training need assessment of employees and opinion on need of changes in human resource practices adopted in the enterprises taken for the study.

The major human resources taken for the purpose of the study includes recruitment, selection, training, motivation and compensation. Special emphasis have been given to training and development practices adopted in the small and medium scale enterprises.

1.16 LIMITATIONS

The major limitations of the study include as follows

1) A major limitation was encountered is the segregation and identification of small and medium enterprises after 2006. Passing of MSMED Act 2006 resulted in raising of investment limit in plant and machinery of all enterprises, due to which majority of the small and medium enterprises were converted into micro and small enterprises respectively, the published sources of which were not available in any government sources in Assam so far. Therefore, a lot of individual effort had to be undertaken to segregate these enterprises.
2) In case of selection of Medium Enterprises, judgemental sampling had to be used because existing data does not support segregation of enterprises and were instead integrated into Medium and Large Industries only in published sources. This was another limitation.

3) The study is also not free from the normal reluctance on the part of employees regarding sharing their internal information with respect to any human resource practices, although the study is mainly for academic purpose.

4) For the purpose of the study, contractual employees are not taken into consideration.

5) The concept of 'small scale enterprise' exists both under the concept of 'Micro and Small Enterprise' and 'Small and Medium Enterprise.' Therefore, there exists confusion while collection of data on small scale enterprise.

6) There is no uniform maintenance of hierarchy with regard to operative and executive level in a case by case basis.

1.17 CONCLUSION

The SME sector is one of the rapidly growing industrial sectors of the world. This sector has proved to be a highly vibrant and dynamic sector of the Indian economy bringing with it advantages like employment generation, local resourceutilisation, entrepreneurship development and the like. However certain factors like shortage of adequate capital, lack of infrastructure, market etc acted as a major hurdle towards the development of this sector. In the Indian context, human resource practices adopted by industrial enterprises in India seems to be one of the major factor playing significant role in its degradation because of its informal nature. This is more so in a state like Assam, where pace of economic development is very slow, not to speak about industrialisation. The rate of population growth is alarming in the state which indicates that human resources are not scarce in this part of the country. Thus the question is that in the presence of available human resources, what is hampering the industrialisation process in the state. The study, therefore seeks to examine the quality of human resource practices adopted in the small and medium enterprises of Kamrup district, giving special emphasis to training and development practices, and evaluating its role in SME sector development of the state.
1.18 REFERENCES


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