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THE CONCEPT

1.1 INTRODUCTION

HRD plays a key role in industrial development. The HRD strategies can help to improve the quality at one side and productivity on the other side. HRD can benefit small scale industries on large scale. The Human Resource Development is a framework for the expansion of Human capital within an organization through the development of both the organization and the individual to achieve performance improvement. Prahlad and Hamel have rightly pointed that, 'Good managers are not only effective in their use of economic and technical resources, but when they manage people they remember that these particular resources are special, and are ultimately the most important assets. People are the only real source of 'core competence' and thus of continuing competitive advantage. Good managers also remember that these particular assets are human beings.'

Human resource development plays a key role in the industrial development in the post second world war period. ‘Man is more important than machine’ is a basic principle behind the concept of human resource development. The advanced machinery requires proper and well trained manpower and it requires constant and continuous training. Any industrial unit which has a well-developed HR Department can increase efficiency at one hand and productivity on the other hand. Training and development is a regular phenomenon and it requires a well-
designed program of action in modern world. The middle level staff in any company or industrial unit such as supervisor or quality control officer requires on the job training. Such training can provide insight, skill development and leads to perfection in day to day work. A well-developed network of training, based on trained and sophisticated experts not only can change the profile of workers’, but also can bring awareness about total quality improvement at all levels of production. The magic of human resource development has thus changed the status of industries and has driven them towards excellence.

Small scale industries can get benefit of HR by the intelligent use of managers of corporate as well as small scale industries. ‘HRM is, in David Guest's (1991) words, an 'Optimistic but ambiguous concept’ it is all hype and hope.2 We have to look human resource in a positive manner. Flower rightly pointed that, 'The HRM message to top management tends to be beginningly simple. Don't bother too much about the content or techniques of personnel management, it says. Just manage the context. Get out from behind your desk, bypass the hierarchy, and go and talk to people. That way you will unlock an enormous potential for improved performance.’3 The small scale industries can also improve their performance by the use of HR practices. ‘The role of the HR function is to take initiatives and provide guidance, support and services on all matters relating to the organization's employees.’4

The Human Resource Development Network (HRDN) was conceived by eight like-minded HRD professionals in 1997 (they are called Founder members), it has grown steadily over the years. It originated as a network of professionals and a platform where they could share innovative ideas and emerging concepts globally in the field of
development and then acclimatize and practice them at national, regional & local level. About HR role in SSI this study will be conducted in a systematic manner.

The study of conceptual development of HR is an interesting aspect. The term human resource management was being used by Peter Ducker and others in North America as early as the 1950s without any special meaning, and usually simply as another label for personnel management or personnel administration by the 1980s, however HRM had come to mean a radically different philosophy and approach to the management of people at work.5

There are many scholars who have tried to define HR. However it has been observed that, the definition of human resource management emphasizes the strategic approach to manpower management in an organization. The process calls for a coherent objective to retain and increase employeeehed-count, any organization's most valued asset.6 The SSI units also can be benefited for improving their standards. It has been observed that, efficient and effective Human Resource management is a challenge to all Human Resource professionals. Staffing, training and helping to manage people so that the organization is likely to increase the performance level is imperative to work in a productive manner.7 Productivity improvement can be possible through proper HR support. It has been observed that, evaluation of employees is also an important role of HR. An organization needs constantly to take stock of its work-force and to assess its performance in existing jobs for three reasons.8 Thus small scale industries in India in general and Maharashtra in particular can be benefited by HR support.
In order to summarize the importance of HR, Lain Henderson has rightly observed that, people management is not executive management of individuals and their jobs. Management of specific tasks and responsibilities is the concern of the employee's immediate supervisor or manager that is, the person to whom his or her performance is accountable. So people managers whether personal manager or human resource managers do not have line authority over employees. About the changing role of HR managers it has been observed that, one of the main characteristics of HRM is the devolution of many aspects of people management from specialists directly to line managers.

Now on this background the role of HR in the post globalization era must be examined. Because globalization has brought competition as well as awareness of quality. Both in big as well as small industries. The nature of HR in 21st century has changed drastically groom grass rout level. A new approach is required to face all these challenges for Small Scale Industries in Maharashtra.

Human resource development is a well developed science of systematic training and it has a tremendous impact on the capacity building program of industrial production. The time table schedule and actual program of implementation has been prepared by HR section and it has a continuous impact on company’s performance. The various aspects such as cost reduction, time management and resource management are important benefits which HR provides to industries. A totally well evolved and well developed network of HR can be effective if it is well planned and well designed. A new outlook is required for healthy performance building of companies.
The main function of HR is man power planning. HR can help to understand various aspects such as understaffing loses the business economics of scale and specialization, order, customers and profits. On this background it would be interesting to study the importance of HR in 21st century.

In this chapter the concept of HR, SSI, will be elaborately discussed. The economic status of industries in Maharashtra in general and SSI units in particular will be highlighted. Further objectives, significance, and future line of study will also be pinpointed.

1.2 HRD IN 21ST CENTURY

HR in 21st century has a good appreciation of what the people management function in contemporary organizations comprises. There is a need to understand and recognize some of the key themes of HRM in the early twenty-first century. HR is playing a dynamic role in the 21st century for bringing a total change in the patterns of management. It has been observed that this process has been accelerated by a more recent development which adds to the burden of the line manager while increasing the effectiveness of the organization as a whole. Outstanding of large areas of the traditional personnel management department's routine functions is happening on a massive scale.

In the 21st century HR has become significant in the communication viewpoint. It will be more important than ever for line managers to communicate effectively with HR specialists and be able to wake up their advice in an intelligent and knowledgeable manner and to do that they have to speak the language and understand the concepts of the expert.
Staffing objectives of HR are firstly concerned with getting the right people in the right jobs at the right times. i.e. the recruitment and selection of staff, but increasingly these days also advising on subcontracting and outsourcing of staff.¹⁶

HR can elevate recruitment, contracts and conditions of service, performance, attendance and training, ensuring organizational compliance with legal requirements, for example in employment law and employee relations and health and safety.¹⁷ In HarvardBusiness review article Devid Ulrich rightly observed that, a new mandate for human resources which have helped to shape human resources in the new century. After acknowledging that some commentators had been calling for the abolition of HR on the grounds of serious doubts about its contribution to organizational performance.¹⁸ The importance of HR in 21st century is thus increasing in the following areas.

Firstly HR should become a partner with senior and line managers in strategy execution.

Secondly it should become an expert in the way work is organized and executed, delivering administrative efficiency to ensure that costs are reduced while quality is maintained.

Thirdly it should become a champion for employees, vigorously representing their concerns to senior managers and at the same time working to increase employees’ contribution that is, employees’ commitment to the organization and their ability to deliver results.

Finally HR should become an agent of continuous transformation, shaping processes and a culture that together improve an organizations
capacity for change. HR can bring a new culture work in the industries. A totally new approach has been accepted in the new world.

Ulrich's model of the HR role as set the agenda for people management in the twenty-first century as being essentially about its contribution to organizational performance. About the changing role of HR in 21st century Linda Holbeche, the director of Research and Policy for the CIPD, recently wrote that building organizational capability is HR's heartland, and she added that HR managers can help make capitalism human. HR in 21st century has totally changed in its approach, functioning as well as various dimensions of socio cultural change.

Human Resource Management is a strategic and coherent approach of managing an organization's most valued assets the people working there who individually and collectively contribute to the achievement of business objectives. Thus HR is changing the profile of industries in three ways i.e. by involving people in the company, by persuading the goals and objectives of the companies about its mission statement and to bring a total transformation in the company whatever it may be small medium or big.

The concept of human resource development when took birth in Japan and later developed in USA, has been rapidly changing in 21st century. The HR has become a specialized area in the corporate industries. The manpower is also an asset and it is known as “Human Capital”, which requires up-to-date training and orientation. The entire modern business world is adopting HR strategies for focusing the change of quality in the new age of globalization. The entire network of training human resources
has been developed by industries in a systematic manner. Like corporate industries SSI units are also adopting the HR practices as per their needs and suitable conditions. These efforts must be appreciated for creating quality in its practices and services of SSI units.

The small scale industries not only meet needs of consumers but also they enhance the strength of national economy. Hence the quality of these units depends on how they get training in their organizations. It is true that the operators of SSI units are small and limited. In spite of their limited resources they spare time and money for training purpose. They can develop their own small training units or they can invite some experts for seeking proper training. They can seek consultancy services as per their needs to face the challenge.

1.3 THE CONCEPT OF SSI

The concept of Small Scale Industries has been developed in a country like India which is the leader of developing countries. Being rural and agro base industries, India has no alternative to small scale industries. About the latest current scenario in the report India 2013, it has been pointed that, The Ministry of SSI and Agro and Rural Industries was first created on 14th October, 1999 and on 6th September 2001, further bifurcated into two separate ministries namely the Ministry of SSI and the Ministry of Agro and Rural Industries.”  

Subsequently to enactment of Micro small and medium enterprises Development Act 2006 by Parliament, the President under Notification date 9th May, 2005 has amended the GOI (Allocation of Business) Rules, 1961.
The Small Industries Development Organization (SIDO) was under the control of the ministry, as was the public sector undertakings National Small Industries Corporation Limited (NSIC). About entrepreneurship in small scale industries encyclopedia Britannica has pointed that, Entrepreneurship is meant the function of seeking investment and production opportunity, organization and enterprise to undertake a new production process, raising capital, hiring labor, arranging the supply of raw materials, finding site, introducing a new technique and commodities. Discovering new sources of raw materials and selecting top managers for day to day operations of the enterprise.

The Small Industries Development Organization is also playing an important role in their development. It is the Office of the Development Commissioner for Small Scale Industries. SIDO was established in 1954 on the basis of the recommendations of the Ford Foundation. It has over 60 offices and 21 autonomous bodies under its management. These autonomous bodies include Tool Rooms, Training Institutions and Project-cum-Process Development Centers.

Various Services provided by SIDO to the SMEs are noted below

* Facilities for testing, tormenting, training for entrepreneurship development.

* Preparation of project and product profiles.

* Technical and managerial consultancy.

* Assistance for exports.

* Pollution and energy audits.
SIDO has also provision for comprehensive range of consultancy services in technical, managerial, economic and marketing areas. The field offices also work as effective links between the Central and the State Governments.

In all these SSI units HR can play a vital role by training orientation as well as a bringing of enterprisers effectively.

About the role of HR to small scale units it has been pointed that, hiring and contractors’ role is still prevailing in India. Gate hiring where job seekers, generally blue collar employees, present themselves at the factory gate and offer their services on a daily basis. Hiring through contractors, recruiting through world-of-mouth publicity are still in use despite the many possibilities for their misuse in the small scale sector in India. The study of HR become significant in small scale industries to avoid such practices.

1.4 THE STATUS OF SSI IN MAHARASHTRA

The SSI units in Maharashtra are undergoing through three stages:

- Stable units: The SSI units which have 100 years history can be described as stable units.

- Developing units: These units are operating for at least 50 years and they have been sustained efficiently through many difficulties.

- Struggling units: The newly established SSI units which are straggling for their existence and they have sustained in odd conditions they can be described as struggling units.
Thus all the three stages of SSI units in Maharashtra can be witnessed in backward regions of Vidarbha, Marathwada and Khandesh also.

The Maharashtra Small Scale Industries Development Corporation Ltd., popularly known as MSSIDC, was established on October 19, 1962 with a view to giving a new orientation and strength to the development of Small Scale Industries in the State of Maharashtra. The main objective of MSSIDC is to aid, counsel, assist, finance, protect and promote the interests of Small Industries. About role of MSSIDC Maharashtra 2012 has pointed that the Corporation renders assistance to approximately 30,000 SSI units in the State. 32

MSSIDC plays a vital role in revival, development and growth of traditional handicrafts of Maharashtra by responding to the diversified needs of rural artisans and marketing their products in India as well as abroad. Further this agency helps the SSI units for their establishment in the backward region. 33

Over the years, MSSIDC has grown to become India’s leading Small Scale Industries Development Corporation, continuously responding to the expanding and diversified needs of Small Scale Industries, Village and Cottage Industries, providing support services like Training and Entrepreneurship Development Programme. For helping small scale units MSSIDC has made a turnover of Rs. 320 cores and further it has assisted more than 2000 SSI units. 34

In every district there is District Industrial Center which clears projects of SSI units and helped them to get grins. Further there is MCED located in Aurangabad which provides training to small scale industries. 35 SSI
units if they are trained properly they can improve their productivity and function well in long well. In Maharashtra 2012, Santosh Dastane has given detailed accounts of SSI units in Maharashtra. He has also highlighted historical development, socio-economic contribution, employment generated by these units, sick units and their health improvement, expansion of SSI on taluka level have been listed properly. Dastane has observed that due to expansion of industrial units on taluka level new opportunities have been created for self employment and productivity improvement.

However improvement of health of sick units is a challenging task. In city like Aurangabad 30% SSI units are sick and Government is providing them packages for their improvement. Promotion of local employment is possible due to SSI units.

1.5 OBJECTIVES

Every research project requires specific objectives. According to Wilkinson and Bhandarkar clear cut objectives help to set proper goals in the future line of action. Objective is a statement of the purpose of research is made in the form of a problem so formulated as to be tackled. Kothari has observed that, the problem to be investigated must be defined unambiguously for threat will help to discriminate relevant data from the irrelevant ones.

The following objectives have been set forth in this work:

1 To study human resource development problems in the healthy development of small scale industries in Maharashtra
To study effectiveness of HR tools and techniques for the future development of small scale units in Maharashtra.

To examine role played by various agencies both in intellectual and financial support to small scale industries and to correlate HR efforts.

To study communication gap between the trainers and entrepreneurs’ regarding HR development.

To understand empirical problems of training and counseling for SSI units and to develop suitable model for local industries.

All these objectives have been examined in this research work in a systematic manner.

1.6 SIGNIFICANCE OF STUDY

Human Resource Development is an emerging discipline in new world. It has been pointed that, In its fullest sense HRM is difficult to apply. To put the concept of HRM into practice would involve strategic, development a coherent and consistent set of employment policies, and gaining commitment. This requires high levels of determination and competence at all levels of management, and a strong and effective HR function staffed by business oriented people.43

In the field of small scale industries, this is absolutely true because small scale industries require HR support. Which must be examined in a systematic manner? It has been rightly pointed that, there is potential tension between the development of a strong corporate culture and employees' ability to respond flexibly and adaptively.44 The potential of
HR are immense and they must be explore properly in 21st century small scale industries can sustained only on the basis of quality and excellence.

The following aspects can be highlighted as significance of study.

1. There is need to study factors contributing the effective development of small scale industries and HR play a key role in human development of SSI. It has been rightly observed that, concepts such as strategic integration, culture management, engagement, and inverting in human capital, together with a unitary philosophy are essential parts of the HRM mode. And this model fits the way in which organizations have to do business and manage their resources in the environments in which they now exist.  

2. The study of HR for improving quality of SSI is important in the age of globalization. White and Gallie in this connection has rightly noted that, the people management policies and practices which are usually termed HRM originated in manufacturing industry in the USA during the late 1970s and early 1980s. These represented a significant break with the personnel management paradigm. A number of factors led to this new management thinking, principally loss of faith in the traditional approach to mass production, the example of Japanese work organization and manufacturing processes, and the realization of the impact of new technology on work practices. Thus HR for small scale industries has been a new idea for developing country like India.

2. HR approach to small scale industries can improve the health of industries both economically as well as in the building of
management patterns suitable to the local conditions. Human resource management is one of the most complex and challenging fields of management. It deals with the people dimension in management. Over the past years, various approaches to human resource management have been adopted by companies. The human resource approach which is currently in vogue, has redefined the way people are treated and managed in the organizational context.47

In small scale industries three things are very important, this can be described below.

i. Small scale units are based on small staff, quality staff and manageable staff which are high quality.

ii. Production must be continuously maintain and updated regularly.

iii. In the age of competition in the post globalization period SSI units have to fight with global products and services and they have to maintain their quality standards effectively.

These three basic principles must be followed to face new challenges.

3. Many small scale industries are sick and lack of training is one of the important factors which can be improved systematically. Sick units are very poor to coordination their production is not of high quality. Man power is also not well trained. Hence, proper training through HR is highly needed. This approach requires that employees or the work force be treated as resources and not just as factors of production or emotional beings with psychological needs. Basically, HRM includes the four functions of acquiring,
developing, motivating and managing the human resources. Thus Small Scale Industries can dynamically changed by the use of HR practices. HRM functions are broadly classified into two categories managerial functions and operative functions. Managerial functions include planning, organizing, directing and controlling. An operational functions are based on actual practices which include production process. SSI units have to change thoroughly for updating their resources, manpower and also use of available technology. As per HRM principles man is more important than machine and man power requires proper training and education, which is continuous process. We have to develop a new strategy in the 21st century overcome problems of sick units in the backward region.

4. There is a need to study myth and reality of ideal small scale unit which is profitable both in financial and productivity perspective. Brake point in production cost and sealing cost can be achieved by quality improvement. It has been pointed that, the operative functions of HRM are related to specific activities of HRM such as recruitment, development, compensation and employee relations. HR policies are based on the organizational culture and objectives and they define the role of HR department in an organization. The SSI units have to develop work culture to face the crisis and they have to maintain high quality performance at every stage. There are two basic factors in quality production.

i. The product should be of high quality its packaging should be neatly made and it should be properly displayed in the market to stable age over other products.
ii. The other aspect is based on marketing and advertising the SSI products are good but they are not aggressively marketed. They lack proper marketing strategies.

The ideal SSI units thus have to establish both profit and social responsibility in the age of globalization. Because competition and connectivity is a new challenge which SSI unites have to face.

5. SSI units require highly developed manpower training. It has been pointed that, they determine the relationship between the management and the employees and the way the employees are treated and valued in the organization. Therefore, they determine the levels of employee satisfaction and motivation. HR procedures help the management in implementing the HR policies. Human resources play an important role in the development of businesses and countries. Attracting, retaining, motivating and developing people with varied interests and expectations area major HR challenge. SSI industries for 30% of national income of India. Hence, their contribution to the national development is a significant factor. Hence, the role of training and development forms an important factor in this process, which has been focused in this study.

6. The new role of HR has emerged in the recent period. It has been pointed that, moreover, challenges posed by the turbulent business environment, rapid technological changes, a diverse workforce, and the changing legal and governmental regulations also affect organizations. In this situation, a new role has emerged for HR function, as a value provider, as a key player in organizational working and as a contributor to organization's strategy.
Thus all these aspects are very important as significance of study.

1.7 THE LINE OF STUDY

In this work there will be seven chapters as under:

Chapter No I: The concept

In this chapter the concept of HR, SSI, will be elaborately discussed. The economic status of industries in Maharashtra in general and SSI units in particular will be highlighted. Further objectives, significance, and future line of study will also be pinpointed.

Chapter II Research Design

In this chapter descriptive research design will be suitably illustrated. Important stages will be discussed. 100 SSI Units will be orally concerned with 10 questions related to HRD. Further primary and secondary sources of data collection will be used.

Chapter III: Review of Literature

In this chapter review of literature will be undertaken. The relevance of review will be highlighted and limitation of earlier scholar will be described.

Chapter IV: SSI Units in Maharashtra

In this chapter current status of SSI units in 2012 will be specifically highlighted. A brief comparison of SSI units in various regions will be made on the basis of SICOM reports. Further information available in Maharashtra 2012 will also be collected from published reports as well as web sites.
Chapter V: HR problems in SSI units

In this chapter HRD problems in the SSI units will be surveyed and various tools and techniques of training and counseling adopted by them will be examined. This chapter will provide graphical review of HR status in SSI units.

Chapter VI: Critical analysis in management perspective

This chapter will be based on 100 interviews of SSI units. The data will provide current picture of HR tools and techniques as well as different counseling methods used by SSI units. This chapter will finally present critical analysis of the problem in management perspective.

Chapter VII: Conclusion

This chapter will be based on chapter summary, and major findings as well as suggestions. A new theoretical frame work will also be presented at the end.

In such a study which is based on two aspects of HR and SSI units to seek support from others is also required. Hence some themes and ideas from economics, sociology and management can also be drawn from other area of knowledge. All these trends can be examined and correlated to the main subject of study. Such interdisciplinary approach is benefitting to understand the research problem in depth.

1.8 SUMMARY

Thus in this chapter the conceptual frame of HR was carefully examined. Various definitions were highlighted and their relevance study was established. Objectives were set forth and significance was
highlighted. About HR relevance in SSI's field Handerson has observed that, In today's and tomorrow's world, sustainable competitive advantage can only come from the skills, experience, creatively, imagination and brainpower of people. In the modern economy it is relatively easy to raise capital to fund a bright idea, but managing the human resources of an organization to turn that idea into a business and achieve sustainable competitive advantage how to create and build the next MDG (millennium development goal’s) is the single most important management challenge in the twenty first century, and that's what ambitious MBAs want to be involved in.

Thus all these aspects are very relevant and significant. In the next chapter research design is explained.
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