Chapter-6

Findings, Suggestion and Conclusion
CHAPTER – VI

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSIONS.

The previous chapter was contributed to analyze the primary data using higher order statistical tools and torrent of results was obtained. This chapter presents the findings of the study relevant to objectives of the research.

Industrial sector in India stretches from the highly organized sector compromising of large and medium and some modern small scale industries to some unorganized sector consisting of traditional industries like village and small industries. While the performance of traditional segment of village small industries have been unsatisfactory in terms of production and productivity. Its modern segment is gaining importance because it serves as the training ground for entrepreneurs.

Emphasis on the development of SME in India has emanated from the belief that the small units serve a multiplicity of objectives such as decentralization of industry, generation of employment, mobilization of resources, distribution of economic power and rural development. The role of small scale industries as an effective instrument for creating employment opportunities within limited range of capital requirement is inevitable. It has been realized in all the developed and developing countries that the SMEs directly helps the needy and poor to develop their economic backround.

Small Scale Industrial sector has stimulated economic activity of a far reaching magnitude and created a sense of confidence among large number of entrepreneurs about their vitality and viability. It is emerging as a self reliant sector and does not depends on subsidies for its existence. The small scale industrial sector has been recognized as an effective instrument in the development of backward and rural areas. Apart from economic aspects, the
social value of small industries sector justified its being given the most significant role in attaining the main objectives such as removal of poverty, attainment of self-reliance, a reduction in disparities in income, wealth and consumption standards and regional imbalances etc. Small scale industries generate a large number of employments.

The fourth chapter is designed to explore the HRM Practices followed by SME units in Chennai a microscopically. It also explains its impact on the development of SME units in Chennai. The entrepreneurial development is also noticed in this district through the developmental activities of SMEs and also providing appreciable scope to solve unemployment problems..

The SMEs in Chennai expect good employment opportunities with minimum capital through SMEs. The SMEs in the three clusters expect various out puts in their SME units.

**The findings** of the study are useful to make an intellectual deduction regarding the hypotheses of the study.

The microscopic analysis of various problems like selection, recruitment, training, compensation, labour and administrative problems revealed that SMEs are facing all these problems equally. A strong human resource policy can alone replace the above problems.

The liberalization and globalization policies of the government posed heavy competition and challenges to SMEs. So it supports the hypothesis that the HRM policies are SMEs friendly.

The employees are informed about the way they are being assessed and the related issues. The main idea is to get an insight into their own strengths weaknesses and work upon it.
The entrepreneurs of SMEs possess poor planning and insincere workers due to financial and other prominent constraints.

The employees are communicated about the correlation between their performance and career path/development opportunities provided in the organisation. Effective implementation of the HRM policies orients the employees to the targets set.

Serious misconducts such as theft and alcoholism are infrequent, while negligence is reported to be the most commonly experienced form of indiscipline.

The system should facilitate continuous communication network to make the free flow of information from superior to subordinate. Periodical reviews and discussions accelerate the flow.

The outcome of HRM policies is taken up as follow up or corrective action for improvement.

The compensation, bonus, incentives and promotion policies are found to have a direct link with performance. The result of evaluation enhances employees’ ambience for growth and development.

They have given their views on training provided, open discussions, facilitating growth, being the result of the steps taken by the organisation.

In this part, an analytic approach towards the three different stages of HRM policies with respect to the implementation is vital.

The employers of SMEs should possess managerial capabilities clubbing to form the factors Prudential Qualities and Goal Adherence.
The employees focus on their positive attitudes and work with high morale and motivation to build up teams and work with clear determination to reach the goals set.

The SMEs openness provides scope for gaining knowledge as to the benefits accruing to the employees, employers and customers. This enables the employees to perceive the three groups benefiting out of HRM policies.

This makes it possible for the perception of employees to move from the stage of design to that of outcome.

The SMEs in Chennai are recruiting fresher from all the sources. At the initial stage they have to give proper guidelines to make the worker acquaint with the environment and then gradual work allotment was done. There is no specific training for the employees of SME Sector.

The employees could realise the worth of effective implementation of HRM policies in their SME.

The outcome of HRM policies to be taken up by the organisation is to have workable solutions to inspire the employees to perfect performance. The employees are provided with vast opportunities to reach the top level through unbiased appraisal and recognition given to the best performers.

The employees contribute to the benefit of the employers by timely delivery of projects, financial planning.

The customers are satisfied with the quality of work leading to increased orders and reduced rework. The organisation helps the customers to reduce the risk through retention policy.
The employees feel that the judging capacity to take right decision at the right time improves their positioning in the market. They have the right perspective of handling stress and sharpening their focus towards vision statement of the organisation

The objectives relating the HRM policies are clear to both the superiors and subordinates. The employees find time to discuss the performance related matters openly to make clear the review process

All the employees with different income are highly satisfied with their HRM Practices and objectives of organization

The employees with technical qualification are more satisfied with safety and negotiation than any other employees.

Factors of HRM Competencies of Employees in SMEs.

1. Three factors emerged out of the HRM competency, achievement motivation namely performance motivation, growth motivation and inspirational motivation. The employees in SMEs are motivated to perform well to reach greater heights in their work. The team leaders inspire them by sharing their opinion about personal achievements, in order to achieve their ultimate goal of becoming successful.

2. The HRM competency team work brought out three factors namely optimistic co-ordination, involvement, and synergy. The team leaders opt for optimistic co-ordination, so that team members work with full involvement and understanding with each other. The hall mark of true team work is synergy.

3. Organizational commitment brought out two factors namely value congruency and emotional attachment. Employees possess high degree
of value congruency with the organization. They are emotionally attached towards the organization and so they willingly accept organization’s demand of reaching high levels of performance.

4. Three factors emerged out of customer orientation namely customer activation, service quality and timeliness. Employees in SMEs try to keep the customers delighted in order to ensure repeat purchases. They enhance their service quality and deliver the product on time to the customers.

5. Empowerment as a HRM competency gave out two factors namely status elevation and improved self-confidence. The feeling of empowerment boosts the employees’ self-confidence which in turn has led to the elevation of their status.

**A Relationship among Factors HRM Competencies**

1. The achievement motivation among employees in SMEs is useful in efficient team work and their commitment in establishing their work activities. Achievement motivation is also playing a vital role in the successful customer orientation process in the SMEs. It also elevates the employees in the industry to greater heights through acquirement of knowledge and skills. This helps them to withstand negations and other pessimistic blows in SMEs.

2. The successful team work of employees in SMEs makes them more committed to the organization. Team work also helps them to serve their customers better as they get timely advice from their team leaders. It also enhances employee’s empowerment and they are able to serve their family and the society better. Teamwork provides them the strength to withstand all the negative aspects in SMEs.
3. The committed employees have better customer orientation, and they are able to create satisfied customers. Their commitment has enhanced employee’s empowerment because of which their status in the family as well as the society has improved. Organizational commitment of employees has helped them to fight against the constraints posed by SMEs.

4. Effective customer orientation enhances employee’s empowerment as their self-confidence improves, and they are able to motivate more employees to join their work.

**Perception of Employees about HRM Competencies.**

1. Employees in SMEs agree that their work is challenging, and they are recognized for better performance. The employees confess that they are periodically informed about their performance, and profoundly agree about the achievement of realistic goals. They feel satisfied by the incentives which they get, and enjoy influencing people to join this work. They confess that this work provides a great opportunity for them to grow.

2. SMEs employees agree that they are a part of a team and the team leader guides them properly. They feel that the team members offering new ideas are appreciated, and they vary widely in their skills, abilities and backgrounds. They opine that this heterogeneous work group has a clear idea about the group’s goals as they are constantly guided and motivated by their uplines. All the employees express a common opinion that edifying the uplines is a code of conduct in this work.

3. They also confess that they put in a great deal of effort to help the organization be successful as they feel that they belong to the organization. They agree that they have value congruency with the
organization, and the organization inspires them for better performance. They feel glad to work for their organization as the organization is more concerned about their welfare.

4. Employees in SMEs recognize their role in creating satisfied customers, and they try to collect adequate information about their customers. They agree that they focus more on customer satisfaction and try to improve their service-quality based on the customer feedback. They also confess that they work earnestly to deliver the product on time and try to add innovative features to the product to increase its value. Most of them agree that they deliver the product even at a short notice.

5. They also agree that their social and economic status has improved, and that they have acquired new skills and knowledge after joining this work. They confess that they have acquired better decision-making capacity in the family and they have gained better self-confidence. They feel that their neighbors respect them and listen to them and that they have motivated more employees to join this work. On the whole — they are confident that they are contributing to the future of their family.

**Classification of Employees Based on HRM Competencies**

1. Three clusters that evolved out of the employees’ perception on achievement motivation are dynamic cluster, consistent cluster and unambitious cluster.

2. Perception on team work brought out three clusters namely energetic cluster, non co-operative cluster, and involvement cluster.

3. Three clusters emerged out of the perceptions on organizational commitment namely diligent cluster, loyal cluster and lethargic cluster.
4. Customer orientation brought out three clusters namely aggressive cluster, focused cluster, un interactive cluster,
5. Empowerment brought out three clusters namely augmentative cluster, passive cluster, and potential imbibe cluster.

**Employees Perception about HRM Competencies**

1. The employee's perception about achievement motivation, a HRM competency leans on lucrative goals and opportunistic growth.

2. The perception of employees about team work, a HRM competency depends mainly on perfect guidance and members' loyalty.

3. The employees perceptions about organizational commitment have emerged out of committed service and feeling of oneness.

4. The employee's qualities perfectly emerge out of customer-centric approach in SMEs.

5. The employee's perceptions go to say that the HRM competency, empowerment mainly depends on prominent contribution and professional up gradation.

**HRM Competencies Attributing to Association among Employees.**

1. Strong achievement motivation is a powerful tool to extract significant team work from the employees.

2. A torrent of motivation helps the employees to achieve a value congruency with SMEs.
3. Achievement motivation has led to customer activation in order to help the employees to enhance their service quality. It has helped the employees to deliver the product on time as their main focus is on customer satisfaction.

4. The achievement motivation of employees has improved their self-confidence which in turn has led to betterment of their status both socially and economically. The motivated employees in SMEs feel empowered because of their economic independence.

5. The optimistic co-ordination in team work has made the employees emotionally attached towards the organization. The team work factor “synergy” has led the employees to have value congruency with the organization.

6. Employee’s entrepreneur’s involvement and optimistic co-ordination in team work lead to customer activation, thereby enhancing their service quality.

7. Synergy, which is the hallmark of true team work, has led to better decision-making capacity among employees which makes them feel empowered.

8. The feeling of value congruency in employees has led to the improvement of their service quality as the main focus is on customer satisfaction in SMEs.

9. The value congruency and emotional attachment of employees have improved the self-confidence of employees which in turn has led to the elevation of their status.

10. The enhanced service quality of employees improves their self-confidence leading to status elevation in the society.
SUGGESTIONS AND RECOMMENDATIONS

1. Since the employees in the age group 18 – 30 possess moderate motivational aspects regarding SMEs, it is suggested that the team leaders should conduct weekly team meetings to motivate the young employees to increase their steadfast dedication and courage to meet the challenges in SMEs.

2. Employees with school level education possess lower levels of HRM competencies and so, the team leaders should try some measures in order to improve their communication skills and self-confidence.

3. Time is a major constraint for employees in joint families, and so the team leaders should motivate them and make them learn efficient time management in order to excel in this work.

4. Employees having lesser number of dependants are highly indecisive, and so the team leaders must encourage them to come together and realize their power as a group so that they function as instruments of social change.

5. The analysis reveals that employees having moderate income possess lower levels of HRM competencies, and so the team leaders should inspire confidence in them and motivate them to work with other members in the group in order to satisfy the economic goals of the team.

6. Employees in the lesser turnover SMEs possess lower levels HRM competencies, and so the team leaders should provide them opportunities to acquire multiple HRM skills in order to excel.

7. The team leaders should focus on the empowering style of leading and developing the capacity of others, as the people with whom they are
dealing are employees with no formal experience, generally housewives, who wanted to demonstrate their ability to be productive.

8. One of the major reasons posed for attrition is that the employees feel that the initial profit is very less. This situation can be rectified, if they start concentrating on retail sales in the beginning. The difference between the distributor's price and the suggested retail price will help them to earn extra income.

9. Profits start accumulating, once the employees become stable in their work by mean their skills and ability. Till the level of stability is reached, they have to concentrate more on the productivity, which in turn leads to more profitability.

10. Attending more and more of open meetings and team meetings is suggested, as it will help the employees to learn the intricacies of the work. They can interact with many successful direct sellers, which will boost their self-confidence and improve their communication skills. Continuous interaction with the team leaders (uplines) is suggested in order to climb the ladder of success very effectively.

11. The analysis of HRM competencies of employees reveal that organizational commitment ranks first, followed by empowerment and team work. Companies which follow SMEs should take note of this and try to introduce some measures in order to boost the morale of employees leading to the enhancement of organizational commitment.

12. Success of an enterprise irrespective of the scale of operation depends mainly upon the competitive nature of its managerial efficiency and process technology. For the adoption of improved technology a strong and updated HRM policy is inevitable.
13. Infrastructure development is vital for the development of the small enterprises. As the industry has made remarkable growth in the regions having adequate infrastructural facilities rather than cash subsidies will prove more productive.

14. The technological innovations are generally labour saving which pose a real danger by depriving employment to a large number of persons. Economic wisdom demands employment opportunities in the absence of which man cannot survive and the wisdom lies in the SME sector because of its labour intensive characteristics.

15. The technological progress should have trickle down effect by creating additional job opportunities in the related activities. However, the irony is that much of the success in technological progress has not benefited the humanity even in the developed countries, which are now facing the problem of increasing unemployment as they have failed to manage the technological progress.

16. The SME units avail various benefits provided by the center and state government for the promotion of small scale industries should be asked to provide information periodically to the respective directors to identify the pattern of their growth.

17. Increased use of information and communication technology (ICT) by SME sector to be encouraged since it can significantly improve their global competitiveness.

18. For any strategy the key is to measure the progress vis-à-vis the predetermined goals. Hence, a set of performance indicators need to be set up as well as a monitoring mechanism.
19. The HRM practices encompass the various developmental activities like performance assessment, potential appraisal, training and development, job rotation, and career planning. They should also incorporate the new mechanisms like stress management, competency mapping and retention strategies. SME must try to apply the above strategies.

20. The employees SME should be educated to the Transformational Practices and equipping themselves for the present organisational environment. They must be ready enough to imbibe the qualities to materialize the policy enforcement of their organizations.

21. The learning programs in SME are an indispensable tool to upgrade the employees. So, the SME may invest more funds on arranging the learning programs both theoretically and practically.

22. The HRM Practices in terms of Promotional practice develops core competencies, capabilities and capacities of the employees. The strategies must be employed immediately in all the organizations to improve the interpersonal relationship and to maintain competitiveness and capabilities.

23. The career growth is not an independent phenomenon but it depends upon proper training and perfect evaluation of skills. So, a flawless rigid system must be mechanised in every SME to monitor the growth of the individuals and organisations simultaneously.

In general the Govt. should give more assistance to SMEs towards modernization of their units, furthermore they will be given necessary technical support to incorporate the up to date knowledge in all their affairs.
In the case of import, they must be given necessary financial assistance so that they can able to concentrate on their production function without any delay.

The export oriented unit should be given necessary incentives if it is there they can concentrate more on the export which will surely help the exporter as well as the Govt.
CONCLUSION

The World Competitiveness Report rated India's human resource capabilities as being comparatively weaker than most of the SMEs in Asian nations. The recognition of world class human resource capability as being pivotal to global success has changed Indian HRM cultures in recent years. While the historical and traditional roots remain deeply embedded in the subjective world of managers, emphasis on objective global concepts and practices are becoming more common. Three very different perspectives in HRM are evident. Firstly, Indian firms with a global outlook; secondly, global firms seeking to adapt to the Indian context; and thirdly, the HRM practice in public sectors undertakings. As the Indian economy becomes more globally linked, all three perspectives will move increasingly towards a cross verging strengthening. Interestingly, within the national context, India itself is not a homogenous entity. Regional variations in terms of industry size, provincial business culture, and political issues play very relevant roles. The nature of hierarchy, status, authority, responsibility and similar other concepts vary widely across the nations synerging system maintenance. Indeed, organisational performance and personal success are critical in the new era.

Today, there is a greater awakening among employees. Given an opportunity, they will deliver the results. In education, they have not only excelled but also become top rankers. Likewise, in office and industry, many have shown brilliant results. Even in rural India, with education, employees have shown better performance. Educating employees is absolutely essential in strengthening their personality. The need of the hour is to provide an opportunity in a conducive atmosphere free from gender differences. The need for awareness and motivation to be an active member of the society and courage to correct the faults of male counterparts are great challenges today.
The Small Medium Industry has a tremendous stake in this effort and it cannot afford to miss opportunity. The global market is a judge and the Indian participants will be tested as per the rules of the game in a ruthless manner. The Small Medium industry has to respond to this challenge and given a reasonable time-frame, it should be possible to succeed.

In India, the promotion of small Medium industries with adequate HRM Practices has continued to be an important element in the national development strategy, particularly because of their very favorable human capital output ratio and high employment intensity.

Although the prospects for small Medium industries are plenty, the new industrial policy hampers its sustained growth in the nineties. On the contrary, the policy is oriented towards development of large-scale industries, in particular, multinationals based on technology as well as finance imported from advanced countries, while showing lip sympathy to the small-scale sector. The need of the hour is an appropriate industrial policy conducive for the development of the small-scale sector is yet to be properly understood and analysed.

In the 62 years of independence, the small Medium sector has acquired a prominent place in the socio-economic development of the country. Its performance is creditable, yet a proper and innovative approach still alludes. The sector needs many corrective would lie in looking at the globe as a means to get into the global market place and succeed out therefore which SME entrepreneurs have to formulate and follow a clear-cut HRM Policies otherwise it is somewhat difficult to face the future challenges.

Therefore, encouragements of the growing intensity of motivation amongst educated young employees for coming into the employees’ stream and extended support with scientifically designed package of the technical and financial assistance are needed. The non-governmental organizations have a
bigger role in stimulating and nurturing the spirit of entrepreneurship amongst employees. Towards this end, an integrated approach is necessary for making the movement of employees a success. The role and attitude of employees are critical to the success of SMEs. A long standing, successful relationship with the entrepreneurs allows the SMEs companies to introduce new and improved products relatively easy to market, using an experienced team which knows the local market well.

With the advent of planned economy from 1951 and the subsequent industrial policy followed by Government of India, both planners and Government earmarked a special role for SMEs in the Indian economy. Due protection was accorded to them from 1951 to 1991, till the nation adopted a policy of liberalization and globalization. Certain products were reserved for small-scale units for a long time, though this list of products is decreasing due to change in industrial policies and Climate. By and large, it is observed that SMEs in India met the expectations of the Government in terms of high contribution to domestic production, significant export earnings, low investment requirements, operational flexibility, location wise mobility, low intensive imports, capacities to develop appropriate indigenous technology, import substitution, contribution towards defense production, technology – oriented industries and competitiveness in domestic and export markets Nevertheless, as a result of globalization and liberalization, coupled with WTO regime, Indian SMEs have been passing through a transitional period.

With slowing down of economy in India and abroad, particularly USA and European Union and enhanced competition from China and a few low cost centers of production from abroad many units have been facing a tough time. So there is need to take very suitable and strong decision through policy measures by the government to enable the segment and make them to fit into place in profitable and very constructive manner for the betterment of economy from all aspects.
HRM IN SMEs TOMORROW

The future HRM will be more knowledgeable about people, organization and the total environment. "The future SME will be better grounded in social sciences, world affairs, and the humanities in general. It will effectively integrate the techniques of information technology with human resources available to them.

To meet future challenges professionalism among the SMEs will be on the increase. They will be receiving more formalized educational training in managerial techniques and responsibilities. The SME will also need different types of skills like conceptual analytical and decision making skill. However, all SMEs will be benefited from the development and utilization of skills and abilities in interpersonal relations.

Future Managers of SMEs should develop the ability to be perceptive towards themselves, their seniors colleagues and subordinates their organization, its goals, resources, etc, and many additional elements. They should be sensitive and empathetic to the people, events, and objects around them. They must be perceptive in descending changes in knowledge, attitudes, behaviour, value systems, need levels, technical requirements, etc. They must have the ability to the real heart of the situation.

Because the SMEs will have to constantly encounter the changes, they must be open minded and perceptive to ideas and new operational techniques and innovations. They must also possess patience and tolerance so that they may not only perceive the problems but also diagnose causes, work with other, bear their views and find out suitable solutions. The strength of future SMEs would be in helping others make decision for themselves. This means that it should know how to lead group efforts, how to counsel with individual and how to be a good listener. The personal managers should put more effort on positive motivation- on helping people achieve personal goals while striving towards
organizational objectives. These types of environment induce employees to be more productive because they are forced to perform. At the same time, the manager should not avoid the use of "negative motivational techniques" when they may be useful.

Besides, SMEs staff should be deeply involved in encouraging, participative management or job enrichment, either of which may have a major impact on job design. The SME personal staff should be increasingly concerned with organizational planning, preparation of organization manuals, and advice to the chief executive on overall organizational structure and implementing plan of reorganization.

The future SMEs staff must seek opportunities to be heavily involved in manpower planning, initial selection, orientation, promotional decision, and carrier planning. It should also fulfill several other functions, such as training for change, system counseling, developing new incentives and building collaborative problem-solving terms.

Indian small and medium enterprises (SMEs) are set to go global with opportunities flowing in from all parts of the world. After SMEs from Germany and the UK, the US has expressed willingness to invest and explore possibilities of technology transfer to Indian SMEs. In view of the government's decision to remove the 24 per cent cap on investment in the Small Medium Enterprises (SME) sector, the American Chamber of Commerce in India (AMCHAM), the chamber of all US companies working in India is working to bring India a select group of US SMEs. SME organizations within the UK, called as The Genesis Initiative UK is also in the process of setting up The Genesis Initiative India, the objective of which would be to promote linkages with existing members across the globe and articulate the concerns of the sector. With all these opportunities round the corner, SME associations like the Federation of Indian Micro and Small and Medium Enterprises (FISME) believe that competitive pressures and the push for a technological upgrade will fuel the growth of Indian SMEs.