

# Impact of Hrm Practices in Engineering Small Scale Industry

Astha Singh

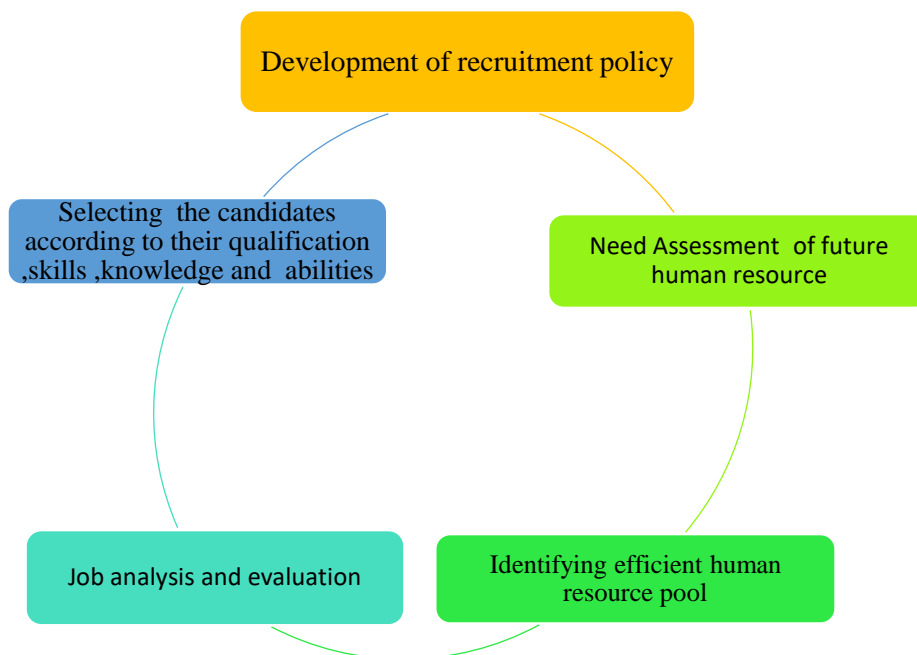
**Abstract:** Workforce is the valuable asset for any organization in achieving organizational goals. In today's era of globalization and technological innovation no organization can survive without effective HRM practices that recruit, select, train and retain the workforce of the organization. One of the important HR functions that decide the future of the organization is recruitment. In current scenario there is need to bring the change in old and traditional way of recruiting in small scale industries. Change is the part of any organization as it cannot disappear or dissipate. Managers and employees will be judged upon their abilities to manage the change effectively. The change or new ideology that can be introduced in recruitment is hiring the right person for the right job. Other factors that raises the organizational performance are remuneration. In this study researcher has used a structured questionnaire to collect the data. 211 respondents have responded to the questionnaire and SPSS (version22) is used for analysis work.

**Keywords:** HRM Practices, Recruitment, Remuneration

## I. INTRODUCTION:

HRM practices play an important role in achieving organizational goals through attracting, developing, motivating and retaining the employees. In the current scenario of globalization and innovation organization with effective HRM practices can gain the competitive advantage

in the market. Pfeffer (1998) emphasizes that, human resource management practice comprises of the formal policies and procedures that are designed to attract, develop, motivate and retain employees who ensure the effective functioning and survival of the organization. One of the important HR functions are attracting and hiring of the suitable candidate for the specific job is known as recruitment. Hiring a suitable and the right person for the right job enhances the productivity, competitiveness of the organisation. This is emotional or psychological contract between employee and employer where job details are shared. All the terms and conditions for the work are made clear. Recruitment is concerned with generating pool of capable and hardworking workforce. Recruitment 'includes those practices and activities carried out by the organization with the primary purpose of identifying and attracting potential employees' (Breaugh and Starke, 2000). Successful recruitment begins with proper employment planning and forecasting. In this phase of staffing process a HR department formulates the plan to fill or eliminate future job openings in the organisation according to the need.



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## Recruitment process

Diagram suggested by the researcher

Last step in the above process is the negotiation of the salary with the selected candidate. Remuneration is the pay or other compensation provided in exchange for an employee services performed. Remuneration is traditionally seen as the total income of an individual and may comprise a range of separate payments determined according to different

rules. For example, the total remuneration of medical staff may comprise a capitation fee and a fee for services, or it may include a salary and shared financial risk (Buchan, Thompson & O'May, 2000). Organisation need highly skilled and performing workforce to achieve organisational goals and to deliver quality service or the product.

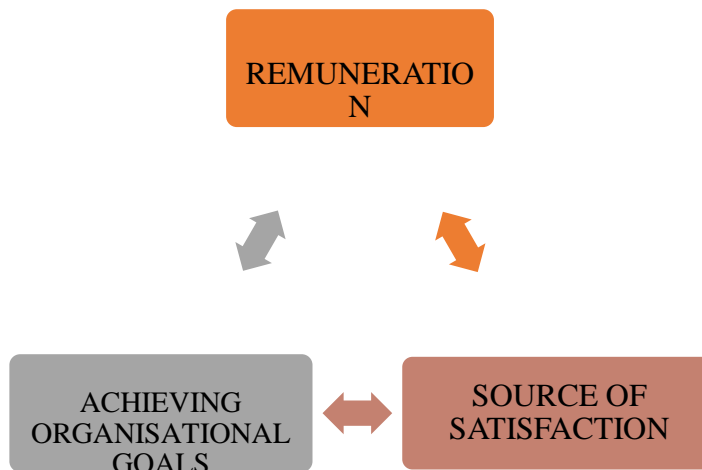


Diagram suggested by the researcher

In the above diagram suggested by the researcher shows that how remuneration or salary can be a motivating factor for the employee. In this study researcher has gone through the field study and survey work that whether the employees of the above engineering small scale industries are satisfied with remuneration or wages they are getting for the work done by them. If workforce is satisfied than their efficiency, productivity and quality of work will be high. Performance is a major although not the only prerequisite for future career development and success in the labor market. Although there might be exceptions, high performers get promoted more easily within an organization and generally have better career opportunities than low performers (Van Scotter, Motowidlo and Cross 2000).

## II. LITERATURE REVIEW:

Cordon & Stevens (2004) states that recruitment and selection (or staffing) is said to be the best represented area of research in people management in smaller, growth, or entrepreneurial organizations with more scholarly work done conducted than other functional aspect of HRM. The recruitment and selection process thus forms the first stage of the psychological contract between applicants and organizations, where information is mutually exchanged and role expectations are clarified and negotiated Herriot (1993). Boxall & Purcell (2003) defines recruitment is primarily concerned with "the process of generating a pool of capable people to apply for employment to an organization". Snell & Bohlander (2010) explain selection as a process of choosing individuals who have relevant qualifications to fill existing or projected job openings. Dutra (2002) defines remuneration as financial or non-

financial received by an employee as a result of its performance. Job satisfaction is employee perceptions of how well a person's job in giving something that is considered important through his or her work Luthans (2011)

## III. RESEARCH METHODOLOGY

Research is the process of finding out new knowledge, facts for future generations. The word research refers to the systematic process of formulating the research problem, drawing the hypothesis, collecting data, analysing data and reaching to the conclusion. According to Greenfield (1996) Research is an art aided by skills of inquiry, experimental design, data collection, measurement and analysis, by interpretation, and by presentation. In this study researcher has taken both secondary data as well as primary data for the analysis. Secondary data has been taken from previous research works, books of different renowned authors, research papers through internet, journals, Reports & Published data from ministry of MSMEs. Primary data is equally important, it is based on:

Questionnaire used for asking the questions among the workers

- Different questionnaire is being designed for staff members
- Interviewing sessions has been carried out for top management
- Likert five-point scaling techniques has been used

**Research Design:** Research Design is the blueprint according to which whole research work is being carried out.

It is required for smooth sailing of all the research operations by making work more flexible with less expenditure. *Research design stands for advance planning of the methods to be adopted for collecting the relevant data and the techniques to be used in their analysis, keeping in view the objective of the research and the availability of staff, time and money.* In this research study exploratory research has been adopted. It is flexible and economical in nature. The main purpose of such study is to investigate the problem on the ground level. For the survey work in this study researcher has adopted a questionnaire method and interview method. The responses are collected from 4 categories of the workforce 1) Top level 2) Managerial Level or Official level 3) Supervisory level 4) Floor level co-workers sample size. The data obtained from the primary instrument is bulky and voluminous and even structured response categories become tedious to interpret. In such cases the researcher has decided to reduce the information into homogenous categories. For categorization and clear interpretation researcher has used a tabulation method.

**Statistical tool:** Chi -Square

**Interpretation of data:** The researcher has used SPSS software for analysis of the data which has been used for factorization and testing of hypothesis. The bar diagram and pie chart is used to make findings clear and understandable.

**Discussion:** In the above studies researcher has focused more on the importance of the recruitment and remuneration. The process of recruitment followed in small scale industries and their future impact. Other aspect of the HR that has deep impact on the satisfaction of the workforce and enhancing their productivity, efficiency and quality which will help in achieving goals is remuneration. It act as a motivational factor for the workforce. In this survey researcher has studied the satisfaction level of the

employees for the remuneration they are getting and changes that are required

**RESEARCH OBJECTIVES:**

1. To investigate the effect of adopting new methods of recruitment on the future of the organization
2. To study the satisfaction level of the employees with the remuneration they get

**HYPOTHESIS**

**H<sub>0</sub> :** The adoption of new methods of recruitments will not improve the future of the organisation.

**H<sub>1</sub> :** The adoption of new methods of recruitments will improve the future of the organisation.

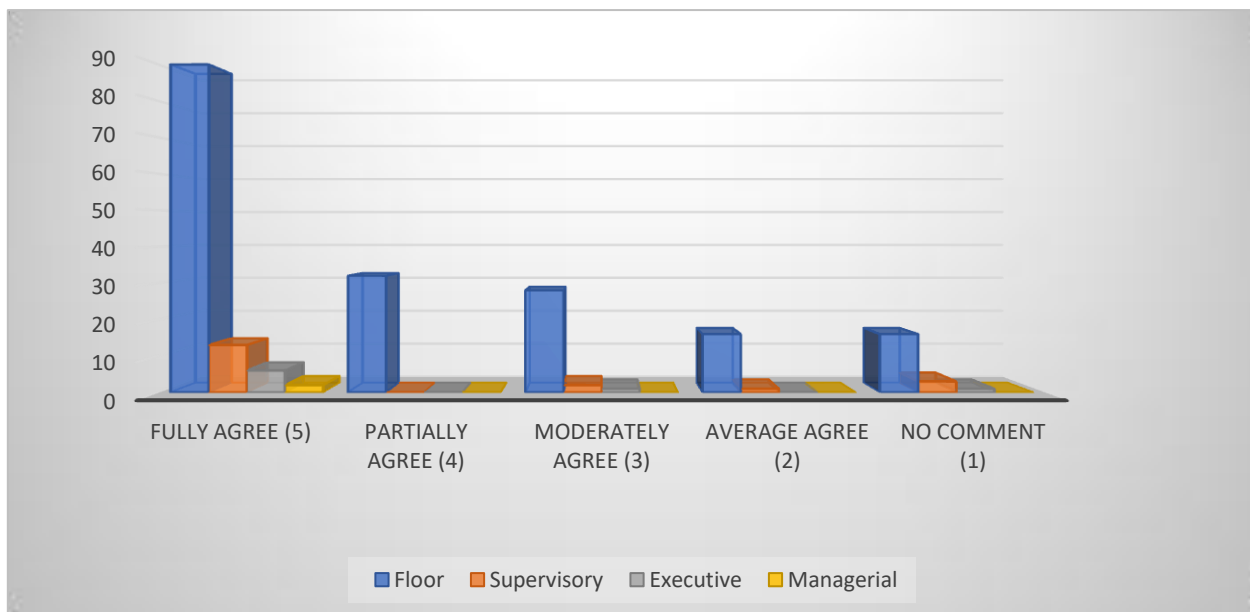
**H<sub>0</sub> :** The remuneration paid for the work done by the employees are not satisfactory

**H<sub>1</sub> :** The remuneration paid for the work done by the employees are satisfactory

**IV. RESULT ANALYSIS**

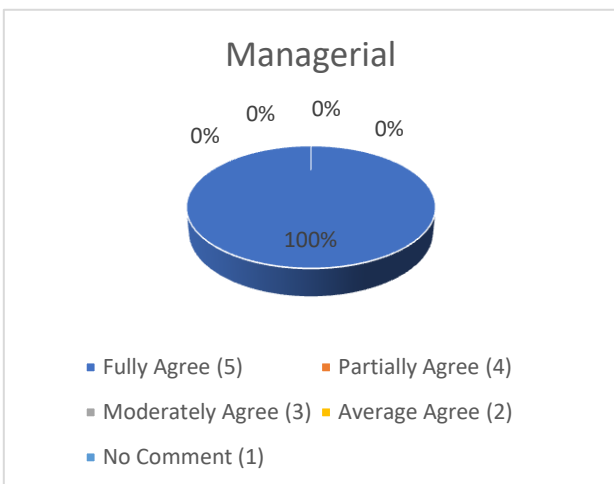
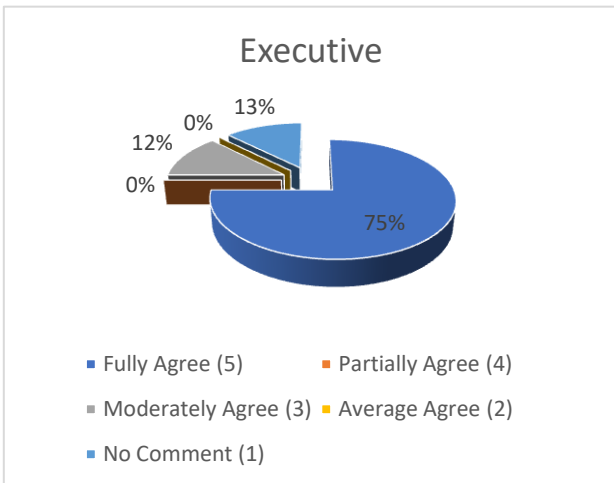
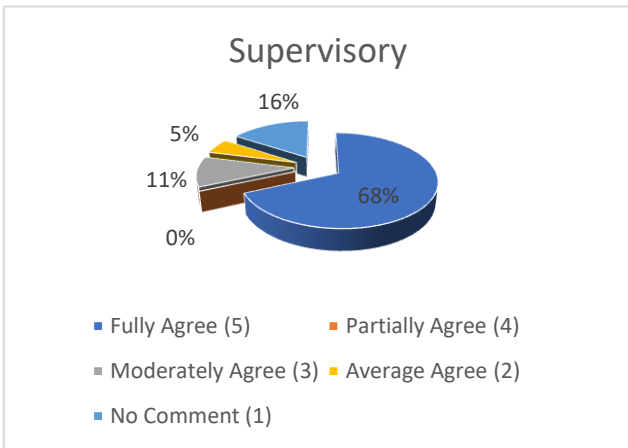
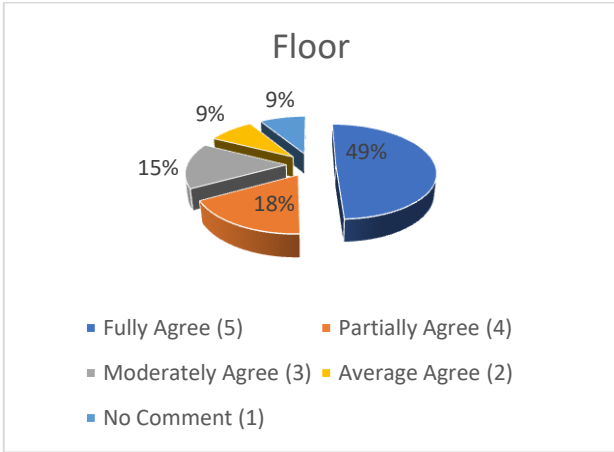
**Introducing or adopting new methods in recruitment will improve the future of the organisation**

Q1	Full y Agree (5)	Partia lly Agree (4)	Moderat ely Agree (3)	Avera ge Agree (2)	No Comm ent (1)
<b>Floor</b>	90	32	28	16	16
<b>Supervis ory</b>	13	0	2	1	3
<b>Executiv e</b>	6	0	1	0	1
<b>Manager ial</b>	2	0	0	0	0



**Interpretation:**

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**Interpretation:** The above table depict that adopting new methods in recruitment can bring improvement in the organisational performance and it's reputation .In the questionnaire, they are provided with five satisfactory levels and their responses are categorized under four levels of group in a Micro Scale Industry. From the Floor Level Respondents, we get the answers marked as 90 (49 %) Fully Agree, 32 (18 %) Partially Agree, 28 (15 %) Moderately Agree, 16 (9 %) Average Agree and 16 (9 %) chooses No Comment. In the same manner, the Supervisory Level Respondents marked their answers as 13 (68 %) Fully Agree, 0 (0 %) Partially Agree, 2 (11 %) Moderately Agree, 1 (5 %) Average Agree and only 3 (16 %) chooses No Comment. Likewise, the Executive Level Respondents marked their answers as 6 (75 %) Fully Agree, 0 (0 %) Partially Agree, 1 (12 %) Moderately Agree, 0 (0 %) Average Agree and only 1 (13 %) chooses No Comment. Above all, the Managerial Level Respondents marked their answers as 2 (100 %) Fully Agree, 0 (0 %) Partially Agree, 0 (0 %) Moderately Agree, 0 (0 %) Average Agree and 0 (0 %) chooses No Comment. In the above table it can be seen that majority of workforce think that new methods in recruitment would not any major changes. As the job market becomes increasingly competitive and the available skills grow more diverse, recruiters need to be more selective in their choices, since poor recruiting decisions can produce long-term negative effects, among them high training and development costs to minimise the incidence of poor performance and high turnover which, in turn, impact staff morale, the production of high quality goods and services and the retention of organisational memory (Margaret A. Richardson)

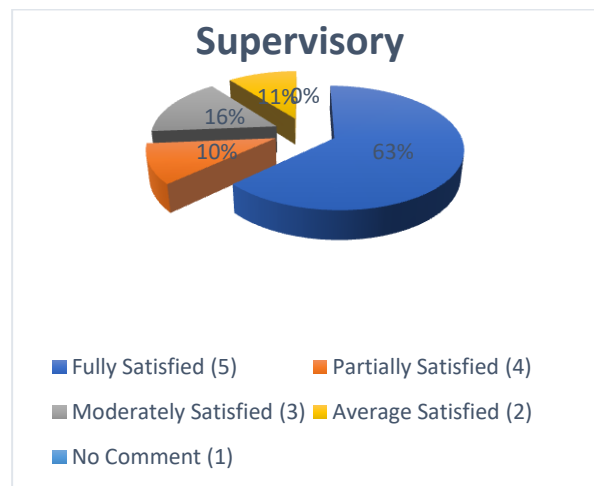
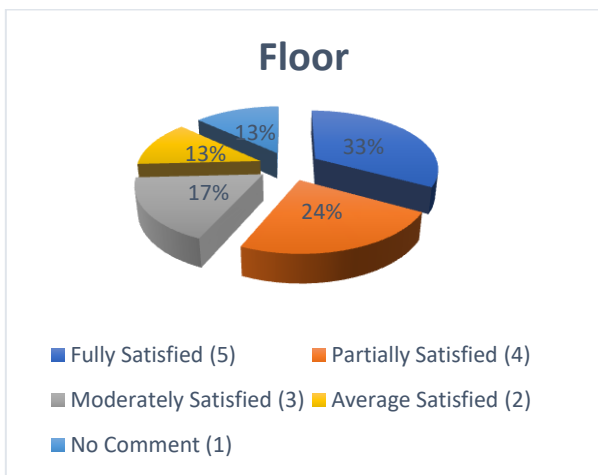
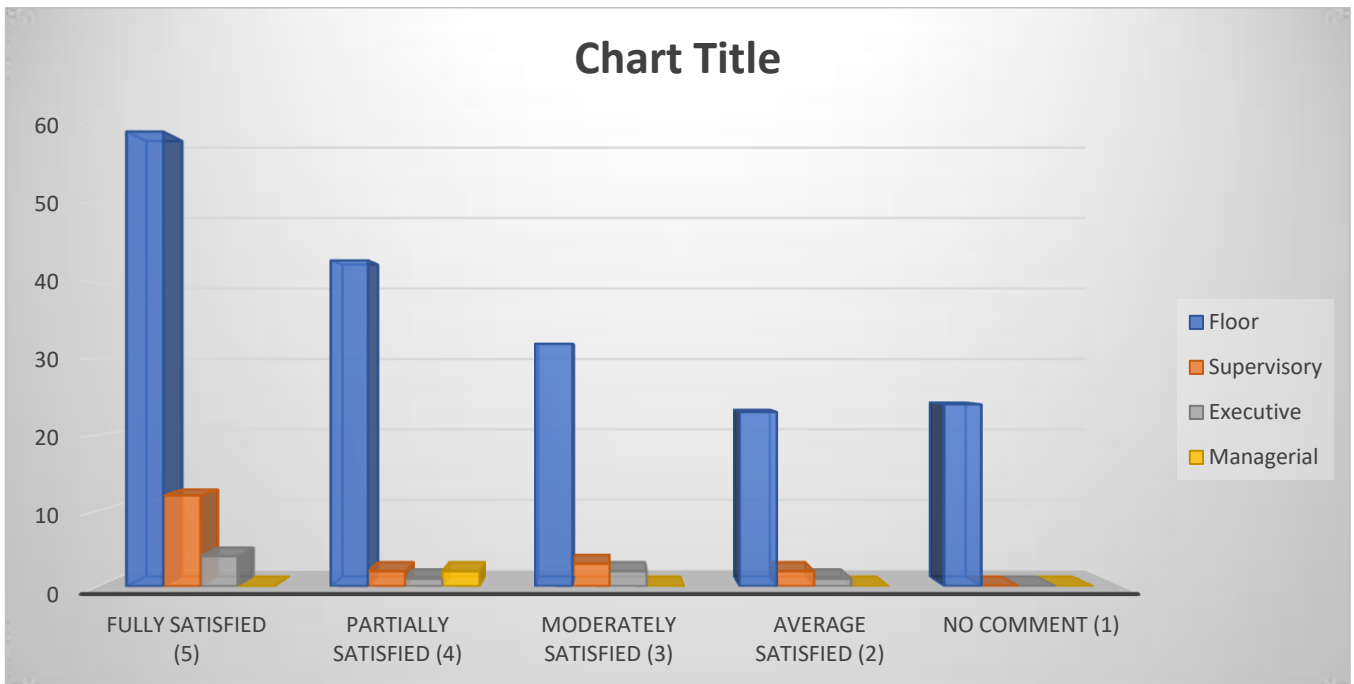
The collected data has statistically evaluated through Chi-square test.

Pearson Chi Square	Degree of Freedom	Asymp. Sig. (2-sided)
14.13	12	.292

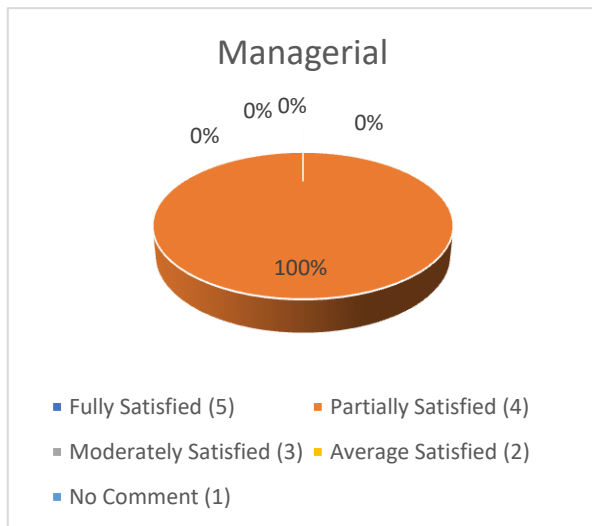
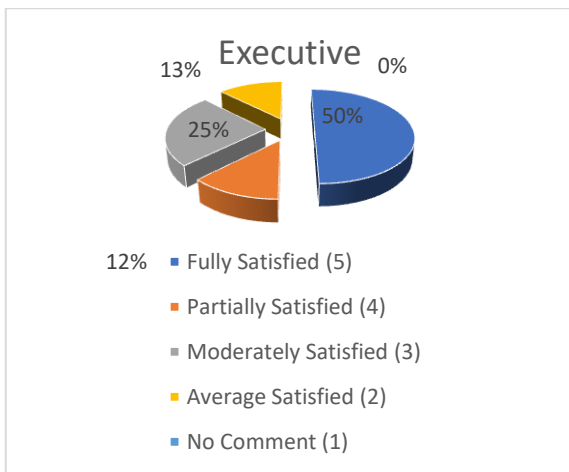
**Inferences drawn from the analysis:** It is clearly interpreted from the chi square table that many employees are less satisfied with opinion of introducing new methods in recruitment will enhance organisational performance. The calculated value of Pearson chi square ( $\chi^2$ ) = 14.13 at  $p > 0.05$ ,  $df=12$ , i.e., a large probability of the observed data is over the null hypothesis of no relationship. The null hypothesis is accepted, since  $p > 0.05$ . A conclusion can be drawn from the above results that new method in recruitment are not the way to improve the conditions of these small units. There are many other problems that are overlooked till now requires the solution to make these units profit oriented.

Satisfied with remuneration that you are receiving for the work performed by you

Q2	Fully Satisfied (5)	Partially Satisfied (4)	Moderately Satisfied (3)	Average Satisfied (2)	No Comment (1)
Floor	60	43	32	23	24
Supervisory	12	2	3	2	0
Executive	4	1	2	1	0
Managerial	0	2	0	0	0



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**Interpretation:** The above table depicts the satisfaction with remuneration they are receiving for their work performed in above small scale industry.

In the questionnaire, they are provided with five satisfactory levels and their responses are categorized under four levels of group in a Micro Scale Industry. From the Floor Level Respondents, we get the answers marked as 60 (33 %) Fully Satisfied, 43 (24 %) Partially Satisfied, 32 (17 %) Moderately Satisfied, 23 (13 %) Average Satisfied and 24 (13 %) chooses No Comment. In the same manner, the Supervisory Level Respondents marked their answers as 12 (63 %) Fully Satisfied, 2 (10 %) Partially Satisfied, 3 (16 %) Moderately Satisfied, 2 (11 %) Average Satisfied and 0 (0 %) chooses No Comment. Likewise, the Executive Level Respondents marked their answers as 4 (50 %) Fully Satisfied, 1 (12 %) Partially Satisfied, 2 (25 %) Moderately Satisfied, 1 (13 %) Average Satisfied and 0 (0 %) chooses No Comment. Above all, the Managerial Level Respondents marked their answers as 0 (0 %) Fully Satisfied, 2 (100 %) Partially Satisfied, 0 (0 %) Moderately Satisfied, 0 (0 %) Average Satisfied and 0 (0 %) chooses No Comment. In the table it can be seen that majority of workforce are partially satisfied or less satisfied with remuneration they are paid. Qasim et al. stated that monetary rewards play major role in determining job satisfaction. Pay is one of the fundamental components of job satisfaction since it has a powerful effect in determining job satisfaction.

The collected data has statistically evaluated through Chi-square test.

Pearson Chi Square	Degree of Freedom	Asymp. Sig. (2-sided)
16.031	12	0.190

**Inferences drawn from the analysis:** It is clearly interpreted from the chi square table that the workforce of the organisation is satisfied with remuneration they are getting. The calculated value of Pearson chi square ( $\chi^2$ ) = 16.031 at  $p > 0.05$ ,  $df = 12$ , i.e., a large probability of the observed data is over the null hypothesis of no relationship. The null hypothesis is accepted, since  $p > 0.05$ . From the above results a conclusion can be drawn that most of the workforce are not satisfied with the remuneration they are paid. Reasons for less satisfaction is due to low rates of the wages in the above industry according to the market rate this might be due to losses are more as compared to the profit in these small scale unit.

### V. CONCLUSION:

In the above calculations it can be seen that null hypothesis has been accepted in both cases it means workforce in this organization are not satisfied with the remuneration they are getting for the work performed by them. As the wages or remuneration are paid less according to the market rates due to this level of job satisfaction is less among the employees and attrition rate is high. These engineering small scale industries are not profitable units so they need to find the solutions for challenges faced by them in their operations. Employees in this small-scale unit are of the opinion that new methods in recruitment process are not the only way to enhance the organizational performance.

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