

A Study on Employee Attitudes Toward HR Development in Gujarat MSMEs: Challenges and Opportunities

Jomon T.K

PhD Scholar, Department of Management, Sikkim Professional University/VMSU (SPU),
Gangtok, East Sikkim, India

Received: 17th September 2024 / Accepted: 19th November 2024 / Published: 26th December 2024
© The Author(s), under exclusive license to AimBell Publication

Citation: Jomon T.K (2024). A Study on Employee Attitudes Toward HR Development in Gujarat MSMEs: Challenges and Opportunities, Journal of Global Management Perspectives, 1(1), 035-040
DOI: <https://doi.org/10.54646/jgmp.2024.06>

Abstract: This study explores employee attitudes toward Human Resource Development (HRD) in Micro, Small, and Medium Enterprises (MSMEs) in Gujarat, India, focusing on the challenges and opportunities associated with HRD initiatives. The research employs a multiple case study approach to analyse various MSMEs and utilizes thematic analysis to identify key themes. Findings reveal that formalization of HR practices significantly impacts organizational performance, with larger organizations and their associations with bigger firms adopting more structured HRM practices. Despite this, many MSMEs rely on informal HR practices due to cost constraints and cultural factors, leading to inefficiencies and missed opportunities. The study highlights the importance of employee engagement, noting that HRM practices such as performance appraisals and participation in decision-making positively influence job satisfaction. Key challenges include limited training transfer and insufficient performance coaching, which hinder the effectiveness of HRD programs. The study concludes with recommendations for adopting modern HR practices, improving training mechanisms, and enhancing employee engagement to better leverage human capital and improve organizational performance.

Keywords: *Human Resource Development; Micro, Small and Medium Enterprises; Employee Engagement; HRM Practices; Formalization; Training Transfer; Job Satisfaction; Gujarat MSMEs.*

INTRODUCTION

In the modern world an organization's ability to advance maintain talent retention increase productivity and stay competitive depends on its investment in human capital. Human capital includes employee's skills knowledge and talents. However, the management of human resources (HRM) in large public sector organizations is very different from that of MSMEs or micro small and medium enterprises which are the main players in the industrial sector in many nations. Previously regarded with suspicion because of their alleged detrimental effects on the economy MSMEs are now acknowledged for their capacity to propel economic and industrial expansion. They work as vital conduits between the public and private sectors making substantial contributions to exports manufacturing and employment—especially in states like Gujarat where they create millions of jobs. Despite their significance MSMEs must closely examine their HR procedures because of issues like unorganized labor an unskilled workforce and inadequate management. Given the informal nature of the MSME sector it is imperative to comprehend labor-friendly HR practices in order to improve employee satisfaction loyalty and productivity. The chapter explores the evolution of HRM practices and how competition globalization and technological advancements have impacted them highlighting how crucial it is to treat employees as valuable assets for the success of organizations [1].

HRM Procedures

HRM practices include all policies guidelines and practices pertaining to the administration of human resources including hiring paying employees assessing their performance and providing training. Utilizing distinct and unique human capital to create long-term competitive advantages is emphasized by the resource-based view (RBV) of HRM [2]. Finding and

developing these human resources to support organizational objectives is a critical task for managers. Organizations are seen by institutional theory on the other hand as social entities that use HRM practices to secure their survival and acquire

legitimacy. Though widely researched in developed nations HRM practices have received little attention in developing countries such as India. Due to resource limitations and the lack of skilled HR professionals HRM in small businesses varies greatly from that in larger organizations. These variations make it difficult to implement HRM practices especially when it comes to hiring and upholding organized HR procedures. Effective HRM procedures however may boost worker productivity organizational expansion and competitiveness in small enterprises. In order for businesses of all sizes to succeed in a competitive climate the chapter emphasizes the significance of HRM in strengthening corporate identity raising market value and developing a motivated workforce [3].

Employee Engagement

The way how employees interpret and comprehend different facets of their jobs and workplace is referred to as employee perception. Its roots are found in the Latin word's perception and perception which indicate apprehension with the mind or senses or receiving. Knowing how employees feel about the company is essential because it affects areas like support supervision training incentives and performance reviews. It also shows how much the company values its workers. Employee perspectives are the focus of this study which provides more pertinent and direct insights than traditional studies where managers assess HR practices [4]. Numerous academic disciplines have examined employee perception emphasizing the effects it has on psychological well-being motivation organizational commitment job satisfaction and productivity. Many factors that impact perception have been found by researchers including overall job satisfaction pay promotion and supervision. There is no one definition that covers every facet of employee perception despite the topics widespread interest. All parties agree though that it has to do with what workers really expect from their jobs and what they really get in return. Negative correlations exist between employee perception and stress absenteeism and turnover and positive correlations exist between employee perception and motivation and work engagement. It also highlights the importance of taking a comprehensive approach to HR development by discussing HR practices in various nations.

HRM and Employee Perception

Employee perception is a feeling that arises from how employees see various aspects of their work and HRM practices have a big impact on it. These opinions are greatly influenced by a number of factors including compensation chances for advancement relationships with coworkers and work environment. High job satisfaction and organizational commitment are correlated with effective HRM practices according to research. Clear communication participation in decision-making and job rotation are some of these procedures that can strengthen workers bonds with the company and lessen employee boredom [5]. Not all HRM techniques however have beneficial outcomes. For example, collaboration can worsen conflict by lowering individual autonomy and fostering peer pressure. Research indicates that HRM practices have a positive impact on how people view jobs in a variety of settings including the public sector in the Netherlands and regional authorities in the UK. Self-managed teams and delegation of authority foster empowerment which is also associated with higher job satisfaction. Work rotation a popular HRM practice enhances overall job satisfaction by assisting employees in learning new skills and gaining a deeper understanding of the company. Previous research indicates that formalizing HR practices can positively impact organizational outcomes. For example, formalization often leads to improved HRM practices, better training and development, and enhanced employee engagement. However, many MSMEs in Gujarat continue to operate with traditional and informal HR approaches, which may hinder their growth and performance.

This study seeks to examine employee attitudes toward HRD initiatives within Gujarat's MSMEs, focusing on the challenges faced and the opportunities available for improving HR practices. By analyzing various case studies and identifying key themes through thematic analysis, the study aims to provide insights into how MSMEs can better implement HRD strategies to improve organizational effectiveness and employee satisfaction.

Objectives of the Study

1. To assess employees' perceptions of Human Resource Development (HRD) within MSMEs in Gujarat.
2. To identify and evaluate the challenges of Human Resource Development initiatives in MSMEs in Gujarat.

CASE STUDIES

CASE 1: Importance of HR Practices

The case examines the methods used by Gujarat's Micro Small and Medium-Sized Enterprises (MSMEs) in Human Resource Management (HRM). It was discovered that the size of the organization and its affiliation with larger firms have a significant impact on formalization and that formal HRM practices are positively impacted by these factors. The lack of a significant correlation between formalization and labor union presence however suggests that unions might not be particularly important in this situation. MSMEs face difficulties because they must rely on informal HR procedures because of financial limitations and cultural differences. This dependence is linked to inefficiencies and lost chances to make effective use of human resources. In order to bridge the gap between potential benefits and actual practice it was also emphasized that MSMEs must adopt more formal and structured HR policies in order to improve organizational performance and employee satisfaction. The present condition of Human Resource Management (HRM) in the Saurashtra regions MSME sector. The results indicate that this industry's HRM practices are mainly conventional and devoid of contemporary methodical management techniques. In support of a change in the way human resources are viewed and managed the authors stress the necessity for major improvements. In particular the study emphasizes the significance of improving hiring skill-building and staff training procedures in addition to lowering employee attrition and changing public perceptions of human resources. The study observes that although traditional practices still prevail these MSMEs have either purposefully or inadvertently adopted certain contemporary HR concepts. These progressive measures like following departmental procedures point to a gradual but constructive transition to a more organized approach to HR management. The study emphasizes how MSMEs in the Saurashtra region must adopt more modern HRM techniques in order to raise employee satisfaction and organizational effectiveness as a whole [6, 7].

CASE 2: Employee Engagement and HR

Employee engagement has been identified as another important case. The study emphasizes how much employee engagement affects how they view HRD initiatives. Employee dissatisfaction and engagement are negatively impacted in many MSMEs by the absence of formal HR structure. Employee disengagement makes it less likely that they will invest in or fully benefit from development opportunities so this lack of formalization can reduce the impact of HRD programs. Therefore, optimizing the efficacy of HRD initiatives requires addressing these problems by strengthening training transfer mechanisms and raising employee engagement through organized HR practices. Singh and Shilu (2020) investigate the connection between HRM practices and employee job satisfaction in small and medium-sized iron and steel companies in Gujarat India. Based on an analysis of 45 employees' responses from 17 different companies the study finds several HRM practices that have a big impact on job satisfaction. Remarkably it was discovered that involvement in decision-making and performance reviews had the greatest positive effects on job satisfaction. This suggests that employees job satisfaction rises significantly when they feel valued and accepted in organizational decisions. Job satisfaction was also found to be positively impacted albeit to a lesser degree by other HRM components such as empowerment training and development and pay. These procedures further augment workers overall job satisfaction by fostering their personal development independence and financial security. However, due to their low statistical significance the study finds that practices such as job rotation self-directed work teams and recruitment and selection have little effect on job satisfaction. It can be inferred from this that although some HRM practices are essential for improving job satisfaction others might not have the same impact.[8]

CASE 3: Need for Formalization

India's EDI (2023). highlights the urgent necessity for Micro Small and Medium-Sized Enterprises (MSMEs) to formalize their Human Resource Management (HRM) practices. It emphasizes how uneven employee perceptions and decreased job satisfaction are frequently caused by the absence of formal HR policies. The report recommends the creation of formal HR procedures that support the organizations strategic objectives in order to address these problems. Small and medium- sized businesses (MSMEs) can enhance their organizational performance and boost employee satisfaction by putting these organized HRM practices into practice. This formalization is essential to guarantee that HR procedures are effective and that they also favorably impact MSMEs overall performance and sustainability [9]

CASE 4: Challenges in implementation of HR

Highlights critical challenges in the implementation of Human Resource Development (HRD) within Micro, Small, and Medium Enterprises (MSMEs). One major challenge is the limited transfer of training, with research showing that only about 50% of training is effectively applied in practice. This low rate of transfer can be attributed to several factors, including insufficient performance coaching and varying levels of employee agility. These factors impact the ability of employees to translate training into actionable skills, thereby reducing the overall effectiveness of HRD programs.[10]

RESEARCH METHODOLOGY

Research Design

This study adopts a qualitative research design, utilizing a multiple case study approach to explore employee attitudes toward Human Resource Development (HRD) in Micro, Small, and Medium Enterprises (MSMEs) in Gujarat. The multiple case study method allows for a detailed examination of various MSMEs to assess employee perceptions and identify challenges and opportunities associated with HRD initiatives. Thematic analysis will be used to analyse the data collected from these cases, allowing for the identification of common themes and patterns across different organizations.

A purposive sampling method was employed to select Cases that represent a variety of industries, sizes, and levels of HRD implementation. The selection criteria were ensured diversity in organizational characteristics to capture a wide range of experiences and perceptions. Data was collected through cases focusing on employees' perceptions of HRD initiatives, their experiences with training and development, and their views on the challenges and opportunities presented by these programs. In addition, relevant things such as HR policies, training records, and employee feedback reports, will be reviewed to supplement the primary data. The collected data was analysed using thematic analysis, which involves identifying, analyzing, and reporting patterns (themes) within the data. The study adhered to ethical guidelines to ensure the confidentiality and anonymity. While the multiple case study approach provides in-depth insights, it may limit the generalizability of the findings to all MSMEs in Gujarat. However, the diversity of cases selected aims to mitigate this limitation by capturing a broad range of experiences and perceptions.

DATA ANALYSIS AND DISCUSSION

A number of important themes regarding Human Resource Development (HRD) in Gujarat's Micro Small and Medium-Sized Enterprises (MSMEs) are revealed by the thematic analysis of the case studies. These themes include the importance of employee engagement the effect of formalization on HRM practices the necessity of structured HR policies and the difficulties in putting HRD initiatives into practice. Every theme focuses on a different facet of HR procedures and how they affect the productivity of the company and the happiness of its workforce.

The Effect of Formalization on HRM Procedures

The case studies demonstrate how important it is to formalize HRM procedures in order to improve organizational performance in MSMEs. According to [6 and 7] an organizations size and relationships with larger companies have a positive impact on the adoption of formal HRM practices. The lack of a substantial correlation between formalization and labour unions however raises the possibility that unions are not particularly important in this situation. Because of financial limitations and cultural differences informal HR practices are frequently relied upon which results in inefficiencies and lost opportunities to maximize human capital. The results of [9] which emphasize that structured HR policies are crucial for addressing divergent employee perceptions and enhancing job satisfaction lend even more weight to the need for formalization. Formal HR practices are implemented in a way that is in line with the strategic objectives of organizations which improves their overall sustainability and effectiveness.

HR Procedures and Employee Engagement

Employee engagement is crucial for HRD initiatives as shown by studies conducted by [8] and [10]. According to Singh and Shilu's research job satisfaction is greatly impacted by HRM practices like performance reviews and decision-making

involvement. Employee engagement increases the likelihood that they will gain from HRD initiatives and support the success of the company. The absence of formal HR structures on the other hand lowers employee satisfaction and engagement in many MSMEs which in turn lowers the efficacy of HRD initiatives. Only about 50% of training is applied effectively according to [10] which highlights issues with training transfer. A few things like inadequate performance coaching and different employee levels of agility are blamed for this low rate of transfer. Optimizing HRD outcomes requires addressing these problems with better training programs and raising employee engagement through organized HR procedures.

Structured HR Policy

The analysis shows that MSMEs must implement more formal and structured HR policies. The need for substantial improvements is highlighted by the conventional and frequently informal HR practices found in the Saurashtra region as mentioned by [7]. The adoption of contemporary human resource concepts and methodical management techniques has the potential to yield favourable outcomes in terms of organizational efficiency and employee contentment. Further highlighting the need of formal HR policies in coordinating HR practices with organizational objectives is done by [9]. Effective use of human capital can be facilitated by structured HRM procedures which raises employee satisfaction and improves organizational performance.

Problems with the Implementation of HR

According to [10] analysis of implementation challenges related to HRD initiatives employee agility variations and inadequate performance coaching frequently serve as barriers to training programs efficacy. These difficulties affect workers capacity to convert instruction into practical abilities which lowers the overall efficacy of HRD initiatives. Enhancing training transfer procedures and employee support both during and after training are key to addressing these issues. MSMEs can enhance the efficacy of their HRD initiatives and attain superior results by tackling these issues.

CONCLUSION

HRD is essential for improving employee satisfaction and organizational performance especially in MSMEs (micro small and medium-sized enterprises). MSMEs in Gujarat have particular difficulties because of their size lack of resources and customs. Even though HRD is important a lot of MSMEs still use unofficial HR procedures which can result in inefficiencies and lost opportunities to use human capital. Many important findings that are in line with the study's goals have been brought to light by this investigation into employee attitudes regarding human resource development (HRD) in Gujarat's Micro Small and Medium-Sized Enterprises (MSMEs). The case study analysis highlights the necessity of formalizing and updating HR procedures in Gujarat's MSMEs. The effect of formalization on HRM practices the value of employee engagement the requirement for organized HR policies and the difficulties in implementing HRD are some of the major themes. MSMEs can improve employee satisfaction HR procedures and organizational performance by addressing these themes. The study finds that the formalization and structure of HR practices within MSMEs have a significant impact on employee perceptions of HRD initiatives. Research reveals that although formal HRM practices have a positive effect on organizational performance a lot of MSMEs continue to use informal HR methods because of financial and cultural reasons. This dependence results in inefficiencies and lost opportunities to properly utilize human capital. In addition, research indicates that HRM practices such as decision-making and performance reviews significantly improve job satisfaction highlighting the significance of employee involvement in improving HRD results. The report highlights a number of significant obstacles to HRD initiatives in MSMEs. Only about 50% of training is effectively applied in practice which presents a significant challenge. This problem is linked to elements that make it difficult for HRD programs to be implemented effectively like a lack of performance coaching and a range of employee agility levels. To address these issues formalized and structured HR policies are essential. According to a study a lack of formal HR policies frequently results in erratic employee perceptions and lower job satisfaction underscoring the necessity for MSMEs to implement more methodical and planned HR procedures. The results point to various ways that Gujarat's MSMEs might enhance their HRD procedures. Adopting structured HR policies and contemporary HR concepts is obviously necessary to improve employee satisfaction and organizational effectiveness. Research suggests that a shift towards more systematic HR management is occurring as certain modern HR concepts are being implemented despite traditional practices. MSMEs can maximize their

HRD initiatives and attain better results by putting formal HR practices into place strengthening training transfer mechanisms and increasing employee engagement. According to the study's findings strengthening HRD initiatives in Gujarat's MSMEs requires formalizing and modernizing HR procedures resolving issues with training transfer and raising staff engagement. MSMEs can enhance employee happiness increases organizational performance and more effectively utilize their human capital for long-term success by concentrating on these areas.

REFERENCES

1. Lewis K, Massey C, Ashby M, Coetzer A, Harris C. Business assistance for SMEs: New Zealand owner-managers make their assessment. *J Small Bus Enterp Dev.* 2007;14(4):551-66.
2. Ismail WKW, Omar R, Bidmeshgipour M. The relation of strategic human resource practices with firm performance: Considering the mediating role of resource-based view. *J Asia Pac Stud.* 2010;1(3).
3. Barrett R, Mayson S. Human resource management in growing small firms. *J Small Bus Enterp Dev.* 2007;14(2):307-20
4. Wang Y, Kim S, Rafferty A, Sanders K. Employee perceptions of HR practices: A critical review and future directions. *Int J Hum Resour Manag.* 2020;31(1):128-73.
5. Ansari NG. Employee perception of HRM practices: Impact on commitment to the organization. *South Asian J Manag.* 2011;18(3):122-49.
6. Bhattacharjee S, Sinha A. People First: Formalisation of HRM in MSMEs of Gujarat, India. *People.* 2015;7(10):10-20.
7. Borad TD, Patel S. Human Resource Management in MSME in Saurashtra Region. *Hum Resour Manag.* 2020;4(6).
8. Singh CP, Shilu VM. Effect of HRM Practices on Job Satisfaction-A Study on an Iron and Steel Firm in Gujarat. *Res J Humanit Soc Sci.* 2018;9(4):824-32.
9. EDI India. Need for Formalization: Preliminary Pages and Contents [Internet]. 2023 [cited 2024 Sept 16]. Available from: <http://library.ediindia.ac.in>.
10. Emerald Insight. Challenges in HRD Implementation: Limited Training Transfer and Employee Engagement in MSMEs [Internet]. 2023.