

**Dynamism of HR Practices with Satisfactory Acclamation in Small Medium Enterprises**

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**Abstract**

The present study made a powerful effort to study the **DYNAMISM OF HR PRACTICES WITH SATISFACTORY ACCLAMATION IN SMALL MEDIUM ENTERPRISES**. Thus, study result shows that especially workers give more fondness to HR Practices, satisfaction, development, status, internal factor tool and managers capabilities in reduction of factor analysis. In Factor analysis, as well those similar variables are factorized under four categories as planning and development, internal factor, manager capabilities and as an alternative hr practices tool which are highly correlated to each other in right of way order. This study also evidences that employees are highly correlated in “High-impact HR organizations tend to commit themselves to creating work environments that enable employees to thrive both as individuals and as contributors to business success. They strive to create positive employee environments and clearly communicate these expectations in the HR philosophy and mission. The most effective philosophies focus on fostering innovation and collaboration, or creating the best place to work, while the least effective philosophies focus narrowly on efficiency or cost-cutting efforts.

**Keywords:** Human Resource Management, Practices, SME, Satisfaction

**Introduction**

India is a powerful force in today’s global marketplace. As the second fastest growing economy, right behind China, India is one of the largest consumer markets worldwide, with a rapidly expanding middle class in a population of more than 1.2 billion people. In recent years, with the influence of many multinational corporations in India, Western and global business values are permeating the Indian society and workplace, causing a shift in Indian human resource management (HRM). There is intense competition for talent in India’s corporate sector, and at the same time, the need to balance local and global HRM policies and practices in a country where tradition continues to play a large part in people’s lives.

Corporate India and HR Management provides both the non-Indian and Indian audiences of HR professionals and other business leaders, learning about HR in India and/or expanding into the Indian marketplace, with a better understanding about India and Indian HRM. The topics covered were selected in view of their importance in the Indian corporate landscape for people management and business strategy today.

To better understand the dramatic change occurring on the Indian management front, as well as appreciate the role of tradition and culture, this book explores human capital in India and closely examines a number of Indian corporations in a wide range of industry sectors. SHRM interviewed Indian HR executives from well established multinational corporations to Indian companies working to gain a solid foothold in a rapidly changing marketplace, each with their unique challenges to attract, develop, and retain talent.

Corporate India and HR Management presents examples of the increased strategic focus of Indian corporations by examining individual companies and hearing directly from Indian HR leaders about their respective opportunities and challenges, including key aspects

that contribute to the value proposition of their organizations and core corporate foundations that give them a competitive edge.

In addition, to better understand important concepts in the background of Indian management and the workplace, the book offers a glimpse into the unique Indian environment, from demographics and socio-economic factors to cultural influences and drivers that make the Indian marketplace unique.

### **Review of Literature**

**Isaac Wisikoti., (2012)** in his work entitled “The Significance of the Human Resources Role in the hotel sector in Harare, Zimbabwe”, found that the important resources i.e. human capital to increase their competitive advantage HR function’s involvement in retention programmes is lacking. Retaining the most important resource which is the human capital is critical considering that the sector thrives on skilled manpower. This compromises the resourcing process in that it creates a gap between the HR function’s recruitment efforts and the retention of important skills the gap might give rise to poor or non – existent career structures, low remuneration and labour turnover. **Anastasios Zopiatis., (2012)** in his research work entitled “Job involvement, commitment, satisfaction and turnover: Evidence from hotel employees in Cyprus”, analysed about the causal relationships of job involvement, organizational commitment (normative and affective), and job satisfaction (intrinsic and extrinsic), with the intention of hospitality employees in Cyprus to either remain at or leave their job. Utilizing structural equation modeling, positive associations were found between job involvement, affective and normative commitment, and intrinsic job satisfaction. Positive associations between affective and normative organizational commitment, and intrinsic and extrinsic job satisfaction were also found. In addition, negative associations between affective organizational commitment, extrinsic job satisfaction and turnover intention were revealed. However, a negative association between intrinsic job satisfaction and turnover intention was not supported. The implications of these results for future research are also discussed. **Anh Ho., (2012)** in his work entitled “How are hotel managers utilizing the training evaluation tools available to them?”analysed how hotel managers evaluate training, and what a practical training evaluation process should possess. It also gives researchers an understanding of the perceptions of managers from different sized hotels. **Chan sooyin ., (2012)** in his study entitled “ A study of employee satisfaction and its effects toward loyalty in hotel industry”, analysed about the relationships between four variables and the employee loyalty which can reduce the employee turnover rate in the hotel industry. Based on the past study, there is a significant relationship between four variables and the employee loyalty. In the research, there has some evidence which can prove that employee loyalty is reliable to these four variables. So, organization needs to focus more on career development, compensation and rewards, job security and workplace environment to improve their employees’ loyalty towards the hotel industry. **Chong Chynwah., (2012)** in his research work entitled “A perception of employees on human resource practices towards organizational performance in hotel industry”, found that the human resource practices have significant positive relationship with organizational performance. The human resource practices that are tested in the research, which are selective hiring, training and development, performance appraisal and compensation are applicable in enhancing the overall organizational performance of hotel industry. Thus the result of the research should be used as guidance when formulating human resource practices for organizations in hotel industry. Lastly, the result of our study can be used as a reference for future researches on human resource practices and organizational performance.

**Cynthia Oduro Nyarko., (2013)** in his study entitled “Assessment of Performance Appraisal Techniques by Small and Medium Size Hotels in Central Ayawaso Metropolitan Area”,

analysed about the performance appraisal among small and medium hotels. A cross-sectional survey design was used for the study and data were obtained from sixty managers of small and medium size hotels in the Ayawaso Central Sub-metro of the Greater Accra Region of Ghana, using questionnaires. The study established performance appraisal was mainly done on daily basis and training need determination. The hotels used HRM practices that were cost effective and less time consuming instead of the available sophisticated HRM practices. **Alaa Nimer Abu Khalifeh., (2013)** in his contribution entitled “Human Resource Management Practices on Food and Beverage Performance - A Conceptual Framework for the Jordan Hotel Industry”, analysed about the human resource management practices of food and beverage services. The performance is measured by the turnover rate for managerial and non-managerial employees, labor productivity, and its return on assets. This study discusses the HRM practices model, and explains Cho’s HRM item’s framework of HRM practices in the area of Food and Beverage and its application to Jordanian hotels. The conceptual model suggests applications of the HRM practices in the Food and Beverage department and encourages hotels to improve its management to better satisfy their employees. **Chan Konlian., (2013)** made a study on “The impact of human resource management practices on job satisfaction in hotel industry”, The scope of study is focused on the employees in the hotel industry in Pulau Pinang, Kuala Lumpur and Johor. In the research, a total of 450 questionnaires are prepared and distributed to the hotel employee. In order to analyze the data, Statistical Package for Social Science (SPSS) computer software program version 16 was used for data analysis. Finally, this research was concluded with the discussion and limitations in conducting the research study. Furthermore, recommendations for future research were provided. **Milind A. Peshave., (2013)** in his study entitled “Impact of Employment Practices Adopted by Hotels on Productivity of its Employees”, analysed the Productivity Management System adopted by the hotels along with the employment practices followed by them with an objective to analyze the impact of such employment practices on employee productivity. In an effort to do so, a survey in the form of a questionnaire and interviews was conducted from the sample comprising of 100 hotel employees from the management and the associates categories to understand their views on the subject. The responses received were represented graphically and analyzed using basic analytical tools. The findings of his research states that although the industry is concerned with the issues related to employee productivity, the implementation of the productivity management system is not very effective. Also, there is a positive impact of employment practices on employee productivity. Practices related to ‘Monetary Benefits’, ‘Work-life Balance’, ‘Training and Development, have the highest impact on enhancing employee productivity. **Okpanachi Joshua., (2013)** in his research work entitled “Budget Target Setting and Effective Performance Measurement in Nigerian Hospitality Industry”, found that the budget target setting plays an effective performance measurement in Nigerian hotel industry. The survey research method was adopted for this study. The study population consisted of all the managers, Accountants, Account and Finance, personnel and other hoteliers of hotels located in Kaduna state. The sample size consisted of fifty respondents drawn from ten selected hotels using convenient sampling method whereby only those hotels whose managements were willing to participate in the study were chosen. The primary method of data collection used for this study was the questionnaire administration. A total of fifty (50) sets of questionnaire were distributed to the respondents out of which only forty six (46) were completed and returned. The method of data analysis used was the simple percentages while the research hypotheses were tested using chi-square statistic. This study found that the budget target setting procedure in the hotel industry in Kaduna state is not well articulated and focused whereas budget target setting is an effective tool for effective performance evaluation of individuals and units in the hospitality industry. It is, therefore, recommended that hotels management should make the necessary efforts to strengthen their budget formulation process viz- a- viz target setting to meet achievable set goals.

**Factor Analysis**

The data obtained from the study were analyzed by using factor analysis for identification of the key factors that influences workers in small medium enterprises. Factor Analysis identifies common dimensions of factor from the observed variables that have a high correlation among the factor. Principal Component Analysis is the commonly used method for grouping the variables under few unrelated factors. The reliability of the samples collected was tested for internal consistency of the grouping of items in below Table 1 by KMO test and Bartlett's test of sphericity.

**Table 1**

**KMO and Bartlett's Test**

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.816
Bartlett's Test of Sphericity	Approx. Chi-Square	4345.612
	df	276
	Sig.	.000

The significance value .000 is less than assumed value 0.05. This means that the factor analysis is valid. Inferring the Kaiser-Meyer- Olkin (KMO) coefficient .816 the value is more than 0.05, so this implies that the factor analysis for data reduction is effective. Bartlett's test of sphericity is used to examine the hypothesis that the variables are uncorrelated It is based on chi-square transformation of the determinant of correlation matrix. A large value of test statistic will favor the rejection of null hypothesis. In turn, this would indicate that factor analysis is appropriate. Bartlett's test of sphericity chi square statistic is 4345.612, which show the statements are correlated as shown in below Table 2.

**Table 2**

**Correlation Matrix**

<b>Variable No</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
1	1									
2	.754	1								
3	.689	.858	1							
4	.695	.809	.817	1						
5	.710	.792	.885	.859	1					
6	.721	.748	.773	.904	.795	1				
7	.624	.580	.640	.601	.703	.543	1			
8	.365	.346	.371	.404	.361	.418	.507	1		
9	.422	.462	.519	.532	.529	.534	.655	.604	1	
10	.620	.682	.664	.664	.662	.644	.641	.637	.612	1

**Table 2 (a)**

<b>Variable No</b>	<b>Variable Name</b>	<b>Variable No</b>	<b>Variable Name</b>
1.	Structured governance and business case development	6.	Improving employee-facing HR systems
2.	Developing advanced workforce capabilities	7.	Measuring both HR operational and business metrics
3.	Implementing the “right” HR philosophies	8.	Developing internal HR skills
4.	Reducing administrative work for HR business partners	9.	Improving line manager capabilities
5.	Implementing flexible HR organization design	10	Outsourcing HR services strategically

There are different practices that HR Development in small medium enterprises. 10-factors are generated for measuring respondent’s opinion on 5-point scale towards HR Practices. Factor Matrix and their corresponding factor loading after varimax rotation are presented in the Table 3.

**Table 3**

**Rotated Component Matrix**

Variable Name	Component			
	1	2	3	4
Structured governance and business case development	.779	.277	.165	.060
Developing advanced workforce planning capabilities	.885	.194	.069	.049
Implementing the “right” HR philosophies	.919	.062	.093	.068
Reducing administrative work for HR business partners	.876	.198	.090	.158
Implementing flexible HR organization design	.875	.196	.138	.076
Improving employee-facing HR systems	.824	.179	.190	.184
Measuring both HR operational and business metrics	.622	.179	.191	.410
Developing internal HR skills	.378	-.216	.400	.595
Improving line manager capabilities	.524	.013	.002	.714
Outsourcing HR services strategically	.712	.030	.437	.250
Extraction Method: Principal Component Analysis.				
Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 9 iterations.				

**Table 4**

**Factors named after grouping the variables**

<b>F1 (Planning and Development)</b>	<b>F2 (Internal Factor)</b>	<b>F3 (Manager Capability)</b>	<b>F4 (HR Outsource)</b>
Structured governance and business case development	Developing internal HR skills	Improving line manager capabilities	Outsourcing HR services strategically
Implementing the “right” HR philosophies	Developing advanced workforce planning capabilities		
Reducing administrative work for HR business partners			
Implementing flexible HR organization design			
Improving employee-facing HR systems			
Measuring both HR operational and business metrics			

From the Table 8 clearly indicates that first factor is identified, Structured governance and business case development, Implementing the “right” HR philosophies, Reducing administrative work for HR business partners, Implementing flexible HR organization design, Improving employee-facing HR systems, Measuring both HR operational and business metrics all these factors are grouped under Factor-1 and termed as **“Planning Development”**. The Second Factor is identified Developing internal HR skills and Developing advanced workforce planning capabilities two factors are grouped under Factor-2 and termed as **“Internal Factor”**. The Third Factor is improving line manager capabilities are grouped under Factor-3 and termed as **“Manager Capability”**. The Fourth Factor is Outsourcing HR services strategically these factors are grouped under Factor-4 and termed as **“HR Outsource”**.



## **Conclusion**

The present study made a powerful effort to study the **DYNAMISM OF HR PRACTICES WITH SATISFACTORY ACCLAMATION IN SMALL MEDIUM ENTERPRISES**. Thus, study result shows that especially workers give more fondness to HR Practices, satisfaction, development, status, internal factor tool and managers capabilities in reduction of factor analysis. In Factor analysis, as well those similar variables are factorized under four categories as planning and development, internal factor, manager capabilities and as an alternative hr practices tool which are highly correlated to each other in right of way order. This study also evidences that employees are highly correlated in “High-impact HR organizations tend to commit themselves to creating work environments that enable employees to thrive both as individuals and as contributors to business success. They strive to create positive employee environments and clearly communicate these expectations in the HR philosophy and mission. The most effective philosophies focus on fostering innovation and collaboration, or creating the best place to work, while the least effective philosophies focus narrowly on efficiency or cost-cutting efforts.

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