

Training as an Effective Tool for Developing Performance of MSMEs- An Empirical Evidence

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Abstract

The Present paper is concentrated on the importance of Training and development practices to the growth and profitability of SMMEs in the study area. Through the literature review, it is identified that most of the SMEs are concentrating on the other parts of the management instead of considering training as an important aspect in developing human resources and thereby achieving objectives of the organization. At the same time, some of the organizations are adopted training programs based on the requirement and skills required to perform the job. Therefore, the present study put an effort to identify the changes in the skills of employees in the pre-training and post-training period, the study conducted by taking a few organizations and the employees of those organizations. And proved the effectiveness of training practices on the skills of employees in the study area.

Keywords: SMMEs, Training and development, Skills of Employees, MSMEs, training programmes and Human resource development.

Introduction

SMMEs are the major pillars of the economic development of the country. They have a huge scope for improving their productivity. To utilize these opportunities, they need to match their internal resources with available external resources in the environment. For this, it is necessary to develop their internal resources like culture and Human resources. Therefore, it is true that Human resource development is one of the important tools for improving the performance of the organization. But the perception of the proprietors and HR managers regarding the training need analysis and also adopting training policies is not favourable. They show a negative attitude towards training programs and assumes that there are no positive effects of training on the performance of the employees. However, it is reported from the literature that not only in India but in countries like the USA, Japan, South Africa also the perception of the proprietors is the same as in India. Because their priority is in managing other resources and issues. At the same time, many research studies identified that largescale organizations could match their training need with the organizational needs because of the size and operation of their organizations. But the small scale industries are not able to adopt it because of their small size and scale of operations. However, it is also identified by the studies that effective training initiatives can contribute to the development of productivity in the organization irrespective of size and operations.

Concept of Training

Training constitutes a basic concept in human resource development. It is concerned with developing a particular skill to the desired standard by instruction and practice. Training is the act of increasing the knowledge and skill of an employee for doing a particular job.

Review of Earlier Works

Claudette Rabie (2016), in his one of the study, have discussed that SMMEs are not much concentrating on the planned training programs to develop job-related skills and knowledge to their employees due to cost constraints and limited resources. Moreover, the training and development practices at the SMEs are 50% less than the large scale organizations. The reason for this may be the owners of MSMEs underestimates the benefits of training to their organization. Therefore, this study has been undertaken to prove the benefits of the training and development activities to their organization in South Africa the study identified five major areas in which the employees should be trained to add more value to the organization by taking the opinions from the employee group in various organizations. Finally, the study concluded that employee groups also expect their employer to train them in those five areas, which will also help an organization to improve profitability.

Mathew J Manimala (2012), in his study, has discussed the perception of SMMEs about their training needs analysis. The study also concentrated on the factors influencing the training needs of SMMEs in the manufacturing sector. The study pointed out that if the SMMEs need to adopt the facilities available in the external environment, it has to strengthen its internal facilities. The study covered the small and medium scale industries which are into manufacturing field. Finally, the findings of the study showed that the perception of SMMEs about difficulties in providing is not very true related to attitude and behavior. The study concluded that SMEs must utilize the benefits provided by the government in developing the training initiatives by their organizations.

Vidya Rose mary Osei (2017), in her thesis, studied that HRM practices employed by the MSMEs

owners in Ghana by identifying the key areas of HRM like Recruitment, selection, training and development, compensation, and other general HRM arears. Based on the opinion given and analyzed, the study suggested some of the improvements in HRM practices by the organization.

Gurulal Singh Virk (2017), in his study, identified that SMMEs in India are facing cutthroat competition with limited resources and managing growth or stagnancy with limited resources is a challenge in front of promoter sand business leaders now a days at the same time if the organization expands it becomes difficult to maintain this kind of relationship. The study focused on the management and efficient use of HR in SMEs in India. During the period of economic reforms in the country, which bring out the major changes in the structure of the economy, where SMEs operate as an important pillar. The study finally concluded that the strategic use of human resource management plays a crucial role in determining organizational performance.

Statement of the Problem

From the above literature review, it is identified that the MSMEs are an integral part of the economic development of the country. By considering their contribution to the growth and development of the country's economy, the government in all the three tires (Central, State, and local bodies) have formulated policies and practicing it for the development of SMMEs in the concerned areas. But for the development of the SMMEs, the organizations also need to put some efforts in utilizing the important resources like Human Resource, to develop these resources, the organizations need to develop the HRM practices, in that Training plays an important role in hoarding achievement of organizational and individual needs. But the SMMEs are not providing much preference to HRM issues like Training and development as they identify that it is much costlier and not required to the organization. Therefore, the present study is an attempt to prove the benefits of training practices for the SMMEs by collecting the opinions of the employees who are working for training practices adopted SMMEs.

Objectives of the Study

The prime objective of the study is to study the training policies and practices adopted by the organization and also prove the benefits of the training to the development of the performance of the organization.

Hypothesis Tested

H1₀: The effectiveness of training is not identified in the skills of the employees

H1₁: The effectiveness of training is identified in the skills of the employees

H2₀: There is no significant relationship exists between the demographic profile of the respondents and Pre-training skills

H2₁: There is a significant relationship exists between the demographic profile of the respondents and Pre-training skills

H3₀: There is no significant relationship exists between the demographic profile of the respondents and Post-training skills

H3₁: There is a significant relationship exists between the demographic profile of the respondents and Post-training skills

Research Design

For the achievement of the set forth objectives of the study. A questionnaire is prepared and collected data with the employees who are working in the SMMEs of various operations in Machenahalli Industrial area Shivamogga. The sample is limited to 100 employees from different organizations, the respondents are selected by using simple random sampling techniques, and the respondent groups have three types of labors, namely skilled, semi-skilled and unskilled from different educational, family, and social background. A structured questionnaire was used to collect the required data. And the simple percentage is used for descriptive analysis, and a paired sample t-test is used for testing of hypothesis.

Results and Discussion

To study the Training initiatives adopted by the selected organizations in the study area, a structured questionnaire with the required data was provided, and collected information's are analyzed in two parts as descriptive analysis and hypothesis testing, and the same is provided in the below table followed by the detailed analysis.

Descriptive Analysis

Table 1 Showing the Demographic Profile of the Respondents

Socio-Economic Profile						Total
Age	25-30	30-35	35-40	40-45	45-50	
	12	32	28	16	10	100
Gender	Male	Female				
	72	28				100
Education Qualification	Below SSLC	PUC	Degree	Post-Graduation	Professional Courses	
	35	39	26	00	00	100
Association with the Organization	Below 1 year	1-5 Years	5-10 years	10 to 15 years	Above 15 years	
	22	18	25	20	15	100
Monthly Income	Below 10000	10000-15000	15000-20000	20000-25000	20000-25000	
	42	48	10			100
Social Background	Rural	Semi-Urban	Urban			
	44	32	24			100

Source: Survey Data

Inference: The above table exhibits the socio-economic profile of the respondents. The socio-economic profile can be analyzed as below

1. Out of 100 respondents, 32% of the respondents belong to the age group of 30-35years, 28% of the respondents are belongs to the age group

- of 35-40 years, only 10% of the respondents belong to the age group of 45-50 years.
2. In the study area, 72% of the respondents are male, and only 28% of the respondents are female. This is because the nature of the job is suitable to male-only some of the jobs like back-office jobs and HR departments need female employees.
 3. In the study area, 39% of the respondents qualify PUC, and very least of the respondents have the qualification of degree. And 35% of the respondents are below SSLC. This is because the nature of the job in the organization which is selected for the study is suitable for the semi-skilled and unskilled employees and needs not to have a high qualification.
 4. It is found that 22% of the respondents are associated with the organization below 1 year, 18% of the respondents working for the organization from 1 to 5 years, 25% of the respondents are working for the organization from 5-10 years, 20% of the employees are working for the organization from 10 to 15 years, and only 15% of the employees are associated with the organization from 15 years.
 5. From the above table, it is clear that 42% of the respondents are getting a salary of 10000, 48% of the respondents are getting a salary of 10000-15000, and only 10% of the respondents are getting 15000 to 20000 salary. Hence it can be said that the salary is revised based on experience and promotion.
 6. From the analysis of the table, it is clear that 44% of the respondents are from a rural background, 32% of the respondents are from semi-urban, and only 24% of the respondents are from rural areas. The reason behind this is the study area is surrounded by the urban and semi-urban areas and also some of the rural areas surrounded.

Table 2 Opinion of the Respondents Regarding the Pre-training and Post-training Effectiveness on their Skills

Training and Development	Pre Training		Post Training	
Basic accounting skills	58	58%	87	87%
Career development initiatives	52	52%	75	75%
Communication Skills	69	69%	80	80%
Training on Computer Skills	49	49%	71	71%
Customer Services and people handling skills	53	53%	73	73%
Executive/Managerial skills	38	38%	59	59%
Leadership skills	45	45%	65	65%

Source: Survey Data

Interpretation

Some of the basic skills are identified to perform the job at the small scale organizations in the study area at the same time it is asked to the respondents about the skills which they have before the training period and after the training period. With the responses given by the sample employees, it is clear that even though they have the skills required to perform the job, they are not trained, but after providing training to them on the same skill sets, they

opine that they have developed their skills to perform the job better. To further prove the same following hypothesis is set and by using paired sample t-test, which is exhibited in the following table.

Hypothesis Testing

H_0 : The effectiveness of training is not identified in the skills of the employees

H_1 : The effectiveness of training is identified in the skills of the employees

Table 3 Table Showing Calculation of Paired Sample T-test

Paired Samples Test									
Skills Trained		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Basic accounting skills - Basic accounting skills	0.29	0.45605	0.0456	0.19951	0.38049	6.359	99	0
Pair 2	Career development initiatives - Career development initiatives	0.23	0.42295	0.0423	0.14608	0.31392	5.438	99	0
Pair 3	Communication Skills - Communication Skills	0.11	0.31447	0.03145	0.0476	0.1724	3.498	99	0
Pair 4	Training on Computer Skills - Training on Computer Skills	0.22	0.41633	0.04163	0.13739	0.30261	5.284	99	0
Pair 5	Customer Services and people handling - Customer Services and people handling	0.2	0.40202	0.0402	0.12023	0.27977	4.975	99	0
Pair 6	Executive/Managerial skills - Executive/Managerial skills	0.21	0.40936	0.04094	0.12877	0.29123	5.13	99	0
Pair 7	Leadership skills - Leadership skills	0.2	0.40202	0.0402	0.12023	0.27977	4.975	99	0

Source: SPSS Output

Inference

Tested at 5% significance level the degrees of freedom are $(n-1) = (7-1) = 6$. For 6 degrees of freedom, the table value is 1.943; hence it can be identified that the table value is more than the calculated value; hence it is proved that the null hypothesis is rejected, and the alternative hypothesis is accepted. Therefore, it is identified from the result that the effectiveness of training is identified in the skills of the employees. Further to prove that other

factors which are co-relates with the skills required to perform the job at the organization following the hypothesis have been formed and exhibited in the following table with detailed explanation.

H_0 : There is no significant relationship exists between the demographic profile of the respondents and Pre-training skills

H_1 : There is a significant relationship exists between the demographic profile of the respondents and Pre-training skills

Table 4 Table Showing Calculation of chi-square Value for Demographic Profile and Pre-Training skills

Pre Training Skills			
Demographic Profile and Pre-Training Skills Cross Tabulated	Value	df	Asymp. Sig. (2-sided)
Age	180.826	28	.000
Gender	86.559	7	.000
Educational Qualification	158.139	14	.000
Association with the Organization	127.309	21	.000
Monthly Income	110.492	14	.000
Social Background	147.713	14	.000

Source: SPSS Output

Interpretation

The above table exhibits the calculation of chi-square value to explain the relationship between the demographic profile of the respondents and the pre-training skills identified to perform the required job at the organization. Tested at 5 significant levels, the table value is less than the calculated value. Hence it is proved that the null hypothesis is rejected, and an alternative hypothesis is accepted. Therefore, it

is said that there is a significant relationship exists between the demographic profile of the respondents and Pre-training skills.

H_0 : There is no significant relationship exists between the demographic profile of the respondents and Pre-training skills

H_1 : There is a significant relationship exists between the demographic profile of the respondents and Pre-training skills

Table 6.5 Table Showing Calculation of chi-square Value for Demographic Profile and Post-Training skills

Post-Training skills			
Demographic Profile and Post-Training Skills Cross Tabulated	Value	df	Asymp. Sig. (2-sided)
Age	216.252	28	.000
Gender	97.520	7	.000
Educational Qualification	119.6111	14	.000
Association with the Organization	130.691	21	.000
Monthly Income	118.090	14	.000
Social Background	132.691	14	.000

Source: SPSS Output

Interpretation

The above table exhibits the calculation of chi-square value to explain the relationship between the demographic profile of the respondents and the post-training skills identified to perform the required job at the organization. Tested at 5 significant levels, the table value is less than the calculated value. Hence it is proved that the null hypothesis is rejected, and the alternative hypothesis is accepted. Therefore, it is said that there is a significant relationship exists between the demographic profile of the respondents and Post-training skills.

Conclusion

Small and medium scale enterprises have gone and touched the heights in job creation and output growth. Even though the small and medium scale organizations have huge opportunities identified, to produce and sell their products. They need to utilize the initiatives taken by both central and state governments, as they are acting as a facilitator to the development of the capacity of small and medium scale organizations in facing the challenges posed by the other players in the market. Governments themselves are acting as an important market place

for SMEs in buying the products produced by them. However, apart from the external environment, SMEs need to improve their internal resources like human resources because they play multiple roles in the organizations. At the same time, HR practices adopted by organizations are also playing an important role in developing efficiency in the productivity of them. In a very small set up training can help them to develop the skills of the human resources, but unfortunately, most of the organizations are not adopted proper training methods, and they consider it as very costly and not required, some of the organizations are identified basic skills which are considered as important to perform the job efficiently and effectively. Given this, the present study considered the organizations who have adopted training programs, and their benefits are measured, and it is suggested to the organizations to adopt training practices to develop their employees on the required skills.

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