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A study on capacity building of human resources in MSMEs with special reference to Tamil Nadu state

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Abstract

Every organization needs to have well trained and experienced people to perform the activities that have to be done. If current or potential job occupants can meet this requirement, capacity building is not important. When this not the case, it is necessary to raise the skill levels and increase the versatility and adaptability of human resources (employees). Capacity development is a process of change, and hence is about managing transformations. People's capacities and institutional capacity and a society's capacity change over time. A focus on what development policies and investments work best to strengthen the abilities, networks, skills and knowledge base cannot be a one-off intervention.

Keywords: Capacity building, MSMEs: human resources, micro, small, medium enter prices

1. Introduction

Every organization needs to have well trained and experienced people to perform the activities that have to be done. If current or potential job occupants can meet this requirement, capacity building is not important. When this not the case, it is necessary to raise the skill levels and increase the versatility and adaptability of human resources (employees). It is being increasing common for individual to change careers several times during their working lives. The probability of any young person learning a job today and having those skills go basically unchanged during the forty or so years if his career is extremely unlikely, may be even impossible.

In a rapid changing society employee capacity building is not only an activity that is desirable but also an activity that an organization must commit human resources to if it is to maintain a viable and knowledgeable work force.

The importance of human resources is not an invention. It has been specially honoured by the first leaders of political and economic thought. People are the main source of enterprise development and are the key to their development, so human resources need to be closely linked with Micro, Small and Medium Enterprises (MSMEs) and for them investments are the most important part in achieving strategic objectives and plans. Therefore, all the entrepreneurs are responsible for the realization of the profit, they are also responsible for the development of human resources, by bringing together the continuous capacity building opportunities in various forms.

Resources can be in the money, fixed resources, resources for exploitation, resources for certain use and human resources. "Money resources are universal resources that can be exchanged with any resource. Natural resources are materials that people pick up and process for use. While human resources are the most important and irreplaceable resource that nature has created. He/she is a being who has consciousness, has interest in learning, has ideas on how to strengthen his/her skills, which he/she will need to face the environment and survive in it.

The entire project talks about the capacity building of human resources in theoretical as well as new concepts, which are in trend now. Here we have discussed what would be the input of capacity building if we ever go far and how can it be good to any organization is reaping the benefits from the money invested in terms like (ROI) i.e return on investment. What are the ways we can identify the need of capacity building of any employee and how to know what kind of capacity building strategy he can go far? Capacity building covered in different aspects like integrating it with organizational culture. The best and latest available trends in capacity building method, the benefits which we can derive out of it.

How the evaluation should be done and how effective is the capacity building all together. Some of the MSMEs practicing capacity building in unique manner a lesson for other to follow as to how to develop and retain the best resource in the world to reap the best out of it.

2. Statement of the Problem

Capacity building is the important characteristics during public enterprises reforms the teamwork of human resource management cooperation is need for capacity development programme and the two-way genuine and trusting relationship is important for human resource management.

Human resource management policies and practices had a positive contribute high organizational performance, and thus organizations can take initiatives to introduce innovative better HRM practices to enhancing overall performance of the organization. Small business units do not have formal HRM policies in place, but they follow some of the practices like recruitment, selection, training, and motivation and performance evaluation. The capacity building develops uniform system of promotions, remuneration and behaviour patterns which can socialize the employees without any group conflicts and ideological clashes. The employees must understand their surroundings. They should learn to behave according to basic philosophy of business. MSME's cannot succeed for a long if it has not given proper capacity building programmes to its employees. MSME's can grow without strong commitment of its employees to the cause of an organization. There is no specific study to explore the status of capacity building practices in MSMEs in Tiruchirappalli district. Hence the present study is focused on the issues of capacity building practices in MSMEs of Tiruchirappalli district to explore the present condition. Capacity building has its own ability to attract, develop and keep talented people. Capacity development is the result of individual efforts. It is also the intention of the researcher to project the research gap that has been existing in this area and to focus on the areas that have received priority and attention in this regard. Due to the busy schedule, employees are not clear about the topic. Thus the researcher try difficulty to make them to understand the core of the study and also the respondents were convinced to give clear response to the researcher. The researcher wants to do the research in MSME's with independent variables such as Management Policy, Approach of Top Executives, Organizational Resources, Training, Motivation, Organization Structure, Role of Superior, Organization Culture, Technical Assistance and Involvement of employees.

3. Review of Previous Studies

The present study is based on the data collected from the questionnaire based on capacity building of human resources in MSMEs located in Tiruchirappalli district. A number of studies have been conducted previously about capacity building.

4. Scope of the Study

The scope of the study covers in depth, the various capacity building practices, modules, formats being followed and is limited to the MSMEs in Tiruchirappalli district. The different capacity building programmes facilitated in MSMEs through its faculties, outside agencies or Professional groups. It also judges the enhancement of the

knowledge and skills of human resources and feedback on its effectiveness. The managerial problems should not be allowed to continue indefinitely. If entrepreneurial programmes and policies are to yield better results, there is a need to develop low-cost training facilities that would enhance or facilitate the development of basic management skills (both operational and strategic) for this sector. Vocational capacity building programmes should be tailor-made to meet the needs of the MSMEs. While reasons for this effect have not been explored, it could be because of a lack of awareness about the role of consultants, or it could be that consultants are inaccessible to or too expensive for this sector. Whatever the reason may be, there is need to involve consultants in the development of managerial capabilities in order to enhance MSMEs competitiveness. Further the scope of the study is limited to the analysis of MSMEs in relation to capacity building of human resources in Tiruchirappalli district. Methodologically it is limited to a descriptive analysis of sample selected through a structured survey questionnaire.

5. Objectives of the Study

- To find out the factors responsible to maintain capacity building.
- To find out socio demographic characteristics of the respondents.
- To analyze the association between socio demographic characteristics and capacity building.
- To study the changes in behavioural pattern due to capacity building in MSME's in Tiruchirappalli district.
- To find out the problems faced by the respondents to improve and maintain capacity building in MSME's in Tiruchirappalli district.
- To suggest the measures to improve the capacity building programmes in MSME's in Tiruchirappalli district.
- To analyze the role and importance of MSME's in rural economic growth due to capacity building.
- To study the effectiveness of capacity building in the MSME's of Tiruchirappalli district.

6. Hypotheses

The following hypotheses have been formulated that various independent variables such as age, gender, level of education, type of family, area of residence, designation in the organization, experience, type of organization, location of the organization and nature of industries do not influence the following dependent variables.

- a) Opinion of the respondents on the management policy prevailing in MSME's.
- b) Opinion of the respondents on the approach of top executives prevailing in MSME's.
- c) Opinion of the respondents on the organizational resources prevailing in MSME's.
- d) Opinion of the respondents on the training prevailing in MSME's.
- e) Opinion of the respondents on the motivation prevailing in MSME's.
- f) Opinion of the respondents on the organization structure prevailing in MSME's.
- g) Opinion of the respondents on the role of superior prevailing in MSME's.
- h) Opinion of the respondents on the organization culture prevailing in MSME's.

- i) Opinion of the respondents on the technical assistance prevailing in MSME's.
- j) Opinion of the respondents on the involvement of employees prevailing in MSME's.
- k) Opinion of the respondents on the training facilities prevailing in MSME's.

7. Operational definition of concepts

7.1 Capacity building

"It is the process by which individual and organizations obtain, improve and retain the skills and knowledge needed to do their jobs competently. Capacity building and capacity development are often used interchangeably: however some people interpret capacity building as not recognizing people's existing capacity whereas capacity development recognizes existing capacities which require improvement".

Cotonou Agreement can define "Capacity building as the process aiming to facilitate, in conjunction with the stakeholders, a consolidation of their capacities at an individual, organizational sectoral level to allow them to evolve and adapt to the new contextual requirements and fulfill their role within a governance structure".

"Capacity building well done in the nonprofit sector, I believe, is a critical answer to the extraordinary uncertainty we face and also to the tremendous political pressure under which most nonprofits are operating. Capacity building right now is arguably the most important investment the nonprofit sector can make." Paul Light

There are many definitions of capacity building suggested by practitioners who work with nonprofit organizations, they emphasize strengthening nonprofits and achieving sustainability; enabling nonprofits to achieve their mission is usually mentioned, along with increasing organizational effectiveness; and they identify specific areas of organizational capacity that should be addressed. The following definition captures the strengths of many definitions:

"Capacity building refers to intentional, coordinated and mission driven efforts aimed at strengthening the management and governance of non-profits to improve their performance and impact. This occurs through organization development activities, such as leadership development, strategic planning, program design and evaluation, board development, financial planning, management and others".

Connolly & Lukas define it as "a wide range of capabilities, knowledge and resources that nonprofits need in order to be effective." In reviewing definitions, there are also those that encompass notions of capacity that extend beyond organizations. Capacity can also be built at the individual and community level, and therefore definitions need to include these concepts". The United Nations suggests that capacity building can be defined as:

"The process by which individuals, groups, organizations, and communities increase their abilities to: perform core functions, solve problems, define and achieve objectives and understand and deal with their development needs in a broad context and in a sustainable manner."

8. Period of the Study

The primary data was collected during the period of October 2016 to April 2017.

9. Limitations of the Study

- The sample size was quite large owing to the nature of

the study and difficulty in collecting data from the respondents.

- The present study concentrated only on capacity building. Therefore, the findings in the research are purely based on the opinion of the respondents working in MSMEs only and may not hold for the other type of industries.
- The study is based on the data imparted by the respondents which may be biased.
- Obtaining fullest information from employees is tedious out of present research due to time constraint.

10. Methodology

Respondents were selected through stratified random sampling technique. The entire study is based on primary data and secondary data. For collecting primary data, questionnaire schedule was used. Websites, books and journals are used in collecting the secondary data. The questionnaire was administered to only those employees who had a minimum of one year work experience in their respective MSMEs industrial unit. This has been done in order to avoid new employees who had no sufficient information about the capacity building of the MSMEs.

11. Sampling Design

Tiruchirappalli District is purposively selected for this study because of cluster of industrial units. There are many micro small and medium enterprises in Tiruchirappalli District, which were registered under District Industries Centre, Tiruchirappalli. Tiruchirappalli District was selected because it has registered many numbers of micro small and medium enterprises in Tamil Nadu and its convenience for the data collection.

12. Field Work and Collection of Data

A total of 500 employees from different MSME's are working in different levels and positions like managers, technicians, supervisor and other executives were approached for data collection. The total units are taken this research is 2510. The field work for the collection of data was undertaken during the month of October 2016 to April 2017. With the help of human resource managers in the MSMEs, the data were collected. Mostly, respondents were contacted during their convenient time. Many times the respondents were not readily available and therefore repeatedly visits were made to contact them for the data collection. Help was sought from the friends, Managers, Supervisors and Administrative sectional officers to contact and get information from the respondents.

13. Data Processing

The collected data were further classified for the research work by tabulation and graphical presentation. For this, "master table" was prepared and filled with the data relevant for the study. Later separate tables were made for individual classification of data. The collected data were entered into excel sheets and get the results from the SPSS package. Then, the researcher made interpretation.

14. Frame Work of Analysis

The collected data were scrutinized, edited, analyzed and interpreted. The following statistical techniques were used to analyze and interpret the tabulated data like Mean Percentage, T- Test and ONE WAY ANOVA.

15. Conclusion

Capacity development is a process of change, and hence is about managing transformations. People's capacities and institutional capacity and a society's capacity change over time. A focus on what development policies and investments work best to strengthen the abilities, networks, skills and knowledge base cannot be a one-off intervention. There can be short-term results. And often in crises and post conflict situations there is a need for such.

But even short-term capacity gains, such as increase in monetary incentives or introducing a new information system, must be supported by a sustained resource and political commitment to yield longer term results that truly impact on existing capacities. Capacity development is about who and how and where the decisions are made, management takes place, services are delivered and results are monitored and evaluated. It is primarily an endogenous process, and whilst supported and facilitated by the international development community, it cannot be owned or driven from the outside. At the end of the day, it is about capable and transformational states, which enable capable and resilient societies to achieve their own development objectives over time. The results of the present study will be the sources for further development in Capacity building in micro, small and medium level enterprises especially in Tamil Nadu State.

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