

[15]
Empirical Study of Human Resource Management Practices in Small Business in Colombo District Urban Areas

Randika, U.D.K.

Area of the Study

SMEs are an essential source of employment opportunities and are estimated to contribute about 35 percent of employment. The SMEs play an important role in promoting inclusive growth. Therefore, this study is aimed to discuss the application of HRM practices in small scale companies in Colombo district.

Problem

The aim of this research is to investigate how HR functions used by the small scale companies to manage their work. Therefore the research problem is; “What are the Human Resource Management Practices in small size business? How it works within organization?”

Research Framework

12 HR functions were used to investigate the real practices of HRM in small scale companies in the Colombo district. The HR functions are job design and job analysis, HRP, recruitment and selection, reward management, performance evaluation, training and development, career management, discipline management, grievance handling, welfare management, employee movements, and health and safety.

Method

The data for the study were collected from the selected small companies in Colombo district and sample size was limited to 50 companies. Most of the companies were handled by the owner and few were handled by in-charge officers. The primary data were gathered through the interview and all interviews were based on pre-determined questions relating to the HR functions. Mainly used the descriptive statistics to analyses the primary data.

Results

Table 01: Data Analysis for the HRM practices in Small Scale Companies

No	Question	Response	
		Yes	NO
Job Design & Analysis			
1	Do Small Businesses identify each Job task, Duties and Responsibilities	70%	30%
2	Do Small Businesses give Proper and Right Working Conditions for each jobs	72%	28%
Recruitment			
3	Whether Small Businesses use Internal Employees Recommendations for Recruitment	66%	34%
4	Do Small Businesses Practice Internal Recruitment for their Job Vacancies	64%	36%
5	Do Small Businesses recruit Applicants through Educational and Professional Institutes	42%	58%
6	Do Small Businesses use Advertisement for Recruitment?	52%	48%
7	Do Small Businesses provide sufficient Information to Job Applicant when they are recruiting	32%	58%
Selection			
8	Do Small Businesses have Systematic Selection Procedure	46%	54%
9	What is the Selection Method which is mostly used in Small Business	Interview Method	
Induction			

10	Do Small Businesses give Proper Orientation Programs	62%	38%
Performance Evaluation			
11	Do Small Businesses have Specific Performance Evaluation Method	32%	68%
12	Do Small Businesses evaluate Employees' Performance on Right Time	26%	74%
13	Do Owners of Small Business set the Objective to Employees at the beginning of the year	42%	58%
14	Do Owners of Small Business supervise the Employees when they are working	72%	28%
15	Whether Supervisors give Feedback on Employees' Performance	40%	60%
16	Do Small Businesses value Employees' Suggestion	42%	58%
Training & Development			
17	Do Small Businesses give Proper Training and Development for Good Performance	72%	28%
18	What type of training mostly provide	General Training	
19	Who are the Trainers of Training Programme	Co Worker and Owner	
20	Do Small Businesses get External Support to Training	16%	84%
Employee Disciplinary Management			
21	Who is Responsible for Employee Disciplinary Investigation	Owner	
22	Do Small Businesses give Penalties when Employees are Guilty	70%	30%
23	Do Small Businesses communicate about Disciplinary Procedure when employees are hired	70%	30%
Employee Welfare Management			
24	Do Small Businesses implement Welfare Programs for their Employees	80%	20%
25	What type of the Welfare Practices mostly use in the Small Business	Annual Trip	
Employee Movements			
26	Do Small Business have Proper Promotion and Demotion Scheme	38%	62%
27	What type of Mechanism use when giving Promotions	Opinion of the owner	
28	Do Small Businesses give Right Working Conditions to retain their Employees	50%	50%
Health and Safety Management			
29	Do Small Businesses provide Personal Protective Equipment	36%	64%
30	Do Small Businesses have First Aid for Emergencies	62%	38%
31	Do Small Businesses give Proper Knowledge about Health and Safety to react on Emergencies	60%	40%
32	Do Small Businesses have Fire Extinguisher	24%	76%
Labour Relationship Management			
33	Whether Small Business's Owner and Employees have Close Relationship	68%	32%
34	Do Small Businesses have Trade Unions	6%	94%
Career Management			
35	Do Employees have Proper Career Advancement Facilities	30%	70%
Grievance Handling			
36	Do Small Businesses have Open Door Policy for Grievance Handling	62%	38%
Reward Management			
37	Whether Employees are satisfied with their Salary	44%	56%
38	Do Small Business adjust Employees pay scale with Cost of Living Index	56%	44%

Findings

1. Small businesses have identified task, duties and responsibilities according to the jobs available.
2. Small business do not practice sound recruitment function. But they also practice recruitment function compatible with their organization context. Most of small businesses use internal employees' recommendations for new recruitments.
3. Majority of small business do not follow systematic selection procedure.

4. Small businesses give priority to conduct orientation programs. But those induction programs are not massive and also most of time it is conducted by owner or experienced worker in the organization.
5. 60% businesses do not follow systematic and specific performance evaluation method to evaluate employees' performance.
6. Small businesses provide proper training for their employees. As percentage 72% small businesses are there. But those trainings can't be compared with large organizations.
7. Small businesses' employees are involved with punctuality mistakes. Those offences are usually considered to be less serious offences. Penalties are depending on seriousness of the offence.
8. Small businesses give major place to employees' welfare programs. 80% small businesses are involved with different welfare programs for their employees.
9. Small businesses are not having proper promotion or demotion scheme for employee movements.
10. More than 60% small businesses do not use of personal protective equipment.
11. More than 68% small businesses' owners maintain close relationship with their employees.
12. Small businesses do not haveng proper career advancement facilities.
13. There is grievance settlement process but it is not a systematic or formal process.
14. More than half of selected organizations do not pay employees at a satisfactory level. However, more than 50% of organizations adjusted cost of living with their salary levels.

Conclusion

The conclusion of the study is that there are no formal HRM practices in the small scale companies. However, they are running their business smoothly and according to the environmental changes without serious issues of HRM.



Randika, U.D.K.

Department of Human Resource Management
University of Sri Jayewardenepura
