

AN ANALYSIS OF HUMAN RESOURCE DEVELOPMENT PRACTICES IN SMALL SCALE STARTUPS

Dr. R. Gopinath¹ and Dr. T. S. Poornappriya²

¹ D.Litt. (Business Administration) - Researcher, Madurai Kamaraj University,
Madurai, Tamil Nadu, India,

² Data Scientist, Tech Mahindra Bengaluru, Karnataka, India

ABSTRACT

Human Resource Development (HRD) has been researched for over 30 years and is well-known for its impact on organisational performance. Nonetheless, the mechanism of its impact is still a topic of debate in the profession. The goal of this research is to look into the function of human resource management (HRM) in startup growth. As a result, HRD practises in startups are investigated from the standpoint of staff level selection. The goal of this research is to look into the function of human resource management (HRM) in startups growth.

Key words: Human Resource Development (HRD), Small Scale Industry, Startups, Human resource management practices, Growth of startups

Cite this Article: R. Gopinath and T.S. Poornappriya, An Analysis of Human Resource Development Practices in Small Scale Startups, *International Journal of Advanced Research in Engineering and Technology (IJARET)*, 11(11), 2020, pp. 2475-2483.
<https://iaeme.com/Home/issue/IJARET?Volume=11&Issue=11>

1. INTRODUCTION

Every year, thousands of new startups emerge with the hope of succeeding and becoming one of the firms that achieve enormous success in a short period of time [1]. This appears to be a highly positive event when pure ideas are offered that lead to economic value generation. However, the issue arises when we examine statistics on startup success and failure and discover that many firms have failed and have been forced to exit the market after a period of time. Startups, despite their status as small enterprises, create jobs and spur innovation and competition, and, in addition to its symbolic relevance to economic progress, their quick expansion benefits their owners, employees, and investors [18]. Startups have different growth models, and each has its own growth model that is susceptible to change over time [2].

Startups are inevitably confronted with many obstacles and impediments from the start to the stage of their growth, and as they become older, their simple structure changes, necessitating the specialisation of operations, highlighting the necessity of HRM in these circumstances [18].

As a result, HRM becomes more critical for startups as they get more complicated and must give good results to stakeholders [3]. Here, the need of a more intense focus on human resources as a key aspect in acquiring a competitive advantage and distinguishing organisations from one another becomes increasingly obvious, and companies that recognise the value of human resources are more productive than others [4][5]. When it comes to human resources for startups, this means that proper HRM missions and practises should be established to address and try to meet the company's short- and long-term demands [19].

HR management is considered as a strategic method to efficiently employing and developing extremely dedicated and competent personnel in order to meet a company's goals. HRM has mostly concerned the recruiting, selection, staffing, retention, and release of employees since the early 1980s[20].HRD is another key function that deals with professional education, learning, and training of individuals and teams; this function has a big impact on a company's growth and performance [6][7]. Following an exhaustive assessment of the literature, the following main human resource development objectives were identified:

- improving the efficacy and function of individuals and groups;
- enhancing the efficacy and performance of the company;
- developing knowledge, skills, and abilities; and
- improving the potential of human resources and personal development

Personal development (competences), team development (collaboration), and organisational development are the three functional domains of HRD (structure and processes)[21].

2. BACKGROUND STUDY ON HRD

Human resource management at startups can take many forms, and the success of a startup is dependent on its human resources. Furthermore, to maximise the influence of persons on startups, HRM methods should be more scientific and suited to the demands of the company [8]. Attracting and retaining great personnel is today's biggest problem for businesses. When startups compete with giant corporations for great talent, HRM practises can help these organisations attract and retain top people in the most efficient way possible so that they can continue their operations. As a result, failures and bottlenecks in HRM processes, such as deficiencies in various parts of recruitment, incentive systems, performance reviews, and so on, are issues in startups, and HRM may offer value to organisations in such a competitive climate.

Understanding the growth and success of startups might help motivate the next generation to start their own business. HRM, on the other hand, does not receive enough attention in startups for a variety of reasons. This issue exists on a worldwide scale and may be witnessed in our own country. Understanding the opinions of entrepreneurs and employees on the role of HRM in startup growth can assist entrepreneurs in taking steps to align employees' viewpoints with the company's HRM mission and practises. Entrepreneurs' awareness of the firm's HRM deficiencies, on the other hand, might be a strategy to strengthen the HRM practises in the organisation [9] [10].

HRD is characterised as a blend of organised and unstructured learning activities, as well as performance-based activities, that improve individual and organisational competency, capability, and capacity to cope with and manage change [22]. HRD programmes are created and implemented to help employees develop their abilities so that they can perform successfully and fulfil performance goals. In a similar vein, it is hypothesised that firms use HRD techniques as a key strategic mechanism for encouraging positive behaviour in individuals and influencing their knowledge, skills, and attitudes, all of which can boost productivity and performance [23]. HRD interventions, it is argued, increase employees' capabilities and performance over time by

utilising existing training, career development, performance appraisal, and management practises, as well as the organisational development component of HRD [24]. Training and development, organisational development, employee assistance programmes, career development, performance appraisal, remuneration, employee relations, recruitment, and employee outplacement are all examples of HRD practises. [11][12].

Employee Competencies: It is impossible to identify or impute a cohesive theory or to arrive at a definition capable of accepting and reconciling all of the numerous ways that the term is used since there is so much misunderstanding and controversy about it.

Organizational Effectiveness: The concept of organisational effectiveness is crucial to organisational theories, and it is likely the most important dependent variable in all organisational investigations. Despite its importance, the construct has yet to be defined clearly. The net satisfaction of all constituents in the process of accumulating and translating inputs into outputs in an efficient manner is characterised as organisational effectiveness [25]. Five major techniques to evaluate organisational performance have been identified by researchers: goal attainment, system resource approach, strategic constituency approach, and competing values approach.

Human Resource Development Contributions to Organizational Effectiveness: Providing employees with additional or new information and skills has been linked to good organisational outcomes in several studies. The best-fit model, best-fit approach, best-practice model, combination of best-fit approach and best-practice model, and stakeholders' perception based on five major ways in studying the HRD, organisational effectiveness, and performance nexus[26].

Human resource development practices and employee competencies: It asserts that HRD techniques aid in the development of employees' skills and competencies, resulting in enhanced productivity and corporate performance. Organizations should create and implement HRD strategies to enable employees to work successfully and meet performance standards through improving individual competences, according to the authors.

Training and Development and Employee Competencies: Several authors have advocated for the importance of training and development in the promotion of employee competencies and organisational development. They argue that training and development improves employees' skills and competences, which increases their productivity and performance.

3. HUMAN RESOURCE MANAGEMENT (HRM) AND STARTUPS

Human resource management (HRM) was first introduced in academic papers in the United States, and it has since become more widely used. HRM is a strategic, integrated, and cohesive approach to the recruitment, development, and welfare of employees in organisations, and it contains a set of policies aimed to meet the organization's desired goals based on management decisions [13].

The company's HRM practises must manage human resources in order to achieve optimal goals and a sustainable society. HRM techniques can be a smart and efficient way to recruit acceptable personnel, motivate and engage them, increase flexibility, and improve profitability, assuming that the fundamental purpose of any firm is to increase profits or develop and supply desirable services. As a result, the goal of HRM practises is to manage people in order to achieve organisational goals and improve performance. Job design, employee recruiting and selection, performance review, training and development, career planning, compensation, labour relations, and involvement are all examples of HRM activities [14].

Various studies have been undertaken on the impact of HRM on company performance and competitive advantage, indicating the need for organisations to pay attention to HRM practises.

Unlike practice-oriented discussions that assume human resources are a source of sustained competitive advantage, this research used theoretical concepts to discuss how human resources meet the criteria for sustained competitive advantage in that they are valuable, rare, inimitable, and non-substitutable. They eventually highlighted human resources as a significant source of long-term competitive advantage. A study on the impact of HRM practises on employee performance was done. In this study, 150 employees from various small-scale industries were given a 25-item questionnaire to fill out in order to collect data.

3.1. The role of HRM in Startups

HRM has an impact on all elements of an organisation since it supports employees, which are a company's most valuable asset. As a result, from the start, entrepreneurs must be mindful of HRM decisions [16]. Interviews with employees and entrepreneurs of the five firms were performed as part of a study on the function of HRM in startups. His findings showed that HRM may play a variety of roles in the growth of startups, ranging from strategic to non-strategic. In a study on the evolution of HRM practises in small and medium-sized businesses, a case study was undertaken from the perspective of entrepreneurs and CEOs in the field of strategic HRM and labour relations. According to the findings, small businesses rely on several sorts of networks for recruitment throughout their early years. Despite the fact that the companies in this study had faced earnings fluctuations, they had provided formal training since their inception. They emphasised psychological benefits rather than money rewards when dealing with the problem of financial resource scarcity. The importance of HRM in the new economy is investigated. According to some critics, the goal of forming well-managed businesses has fallen out of favour. "Building to flip" has supplanted "building to last," with entrepreneurs and their financial backers on the lookout for the next big thing in technology. In a world that functions at internet speed, the renderings of the new economy portray organization-building as (at best) unimportant or (at worst) a source of organisational drag, a pointless diversion of leaders' time and energy from more urgent and immediate matters that should be addressed. It has been suggested that retaining talented people in a labor-intensive, demanding, and fast-paced work environment is a major challenge for all businesses, particularly startups [17].

As startups attempt to enter the market with a new product or service, they face numerous challenges, including problems dealing with competition, uncertainty about the product's future, irregular earnings in the early stages, changes in tax policies and regulatory framework, high salaries paid by competitors, and so on, all of which contribute to employee retention issues in startups. As a result, proper motivational tactics for retaining staff are required. As their research revealed, a frequent issue that almost all companies encounter is their personnel juggling many positions and duties as a result of attrition. Furthermore, it is believed that an organization's ability to stay competitive in today's fast-changing environment is determined by the presence of the greatest talent. As previously said, it is not only vital who is employed, but also how the person is handled and retained. Hiring and maintaining a qualified team is a significant issue for new organisations to overcome, and this is due to the unpredictable organisational climate.

4. ANALYSIS OF HRD PRACTICES IN SMALL SCALE STARTUPS

Human Resource Development methods are necessary for leveraging and improving employee competencies, as well as for developing employee motivation. Human resource development is the goal of HRD practises. The unrestricted expression of ideas, thoughts, and opinions (openness) is encouraged in a healthy HRD practise. Collaboration is encouraged among multiple individuals, teams, and departments. People that can be trusted speak what they mean and do what they say. There is a point system for initiative, innovation, and pro-activity.

Individually or collectively, problems are diagnosed, tackled, and solved. Every senior feels it as his obligation to help his subordinates grow. Seniors back up their juniors, and juniors back up their seniors. Problems, errors, and tough situations are dealt with in a learning-oriented manner. It is advised that you participate. Every occurrence is viewed as an opportunity to learn. Work gives people a sense of accomplishment. People experience a sense of belonging and that they are cared for. The goal of HRD practises is to develop a regular diagnostic and appropriate intervention (actions and activities to achieve the desire changes).

4.1. HRD Practices on Top-Level Executives in Startups

An examination of the top-level executives' personal profile, age, education, monthly income, total work experience, and current job experience in small scale startups companies. The examination of the personal profile of top-level executives in startups is shown in Table 1.

Table 1 Analysis of the Top-Level Executives Personal Profile in Small Scale Startups

Personal Details	Classification	Frequency	Percentage
Age	a. Below 25 Years	9	18.0
	b. 26-35 Years	12	24.0
	c. 36-45 Years	11	22.0
	d. 46-55 Years	13	26.0
	e. 55 Years & Above	5	10.0
	Total	50	100.0
Education	a. UG	21	42.0
	b. PG	17	34.0
	c. Professional	12	24.0
	Total	50	100.0
Monthly Salary	a. 20000-30000	23	46.0
	b. 30000-40000	18	36.0
	c. Above 40000	9	18.0
	Total	50	100.0
Total Work Experience	a. 10-15 Years	18	36.0
	b. 15-20 Years	26	52.0
	c. Above 20 Years	6	12.0
	Total	50	100.0
Work Experience in the Present Company	a. Less than 5 years	22	44.0
	b. 5-10 Years	15	30.0
	c. Above 10 Years	13	26.0
	Total	50	100.0

According to table 1, around 36% of top-level executives were 45 years old or older. In terms of education, the majority of top-level executives have a UG degree (42%), a PG degree (34%), or a Professional degree (24 percent). Top Executives hold 56 percent of professional and PG degrees. It has been shown that 46% of top-level executives earn between \$20,000 and \$30,000 per year. Around 54 percent of top-level executives earn more than \$30,000 each year. Before creating or joining businesses, they worked in a variety of public and private enterprises. It was discovered that 36% of them have more than ten years of experience in the field. 64 percent of top-level executives were found to have extensive experience.

According to a comparative analysis of the frequency distribution, top-level executives have a highly skewed range in all of the above-mentioned indicators when analysed under indicators such as age, education, monthly salary, and total experience as bifurcated outside the organisation and within the organisation. In all of these circumstances, the likelihood of auto-correlation and multi-collinearity is nil. As a result of the increase in age, education, and total

experience, top-level executives were at a competitive advantage in terms of all the above components foreseen. The level of satisfaction should be high, and they should be favourably motivated to improve the organization's efficiency.

4.2. HRD Practices on Middle-Level Managers in Startups

In a company, middle management puts top management's plans into action in order to attain pre-determined goals. The middle-level managers must: define concrete targets for themselves in line with organisational objectives and, of course, to enable the achievement of their individual objectives; analyse the role they must play, making it clear and challenging; create awareness among employees about career plans, promotion systems, and so on, in order to motivate them and direct their efforts toward the achievement of organisational goals; and continue to monitor the progress of the organisation. The development programmes assist top management in building efficient middle level managers for the future on the basis of their strengths and helping them to remove their weaknesses. Goal setting, role analysis, career development, performance appraisal, and executive development are among the HRD techniques that the Human resource development programme in the firm focuses on.

Table 2 shows the personal profile of middle level managers in small size startups, which includes age, education, monthly income, total work experience, and current job experience.

Table 2 Personal Profile of the middle level managers in small scale startups

Personal Details	Classification	Frequency	Percentage
Age	a. Below 25 Years	8	16.0
	b. 26-35 Years	17	34.0
	c. 36-45 Years	10	20.0
	d. 46-55 Years	12	24.0
	e. 55 Years & Above	3	6.0
	Total	50	100.0
Education	a. UG	19	38.0
	b. PG	20	40.0
	c. Professional	11	22.0
	Total	50	100.0
Monthly Salary	a. 15000-25000	25	50.0
	b. 25000-35000	21	42.0
	c. Above 35000	4	8.0
	Total	50	100.0
Total Work Experience	a. 10-15 Years	21	42.0
	b. 15-20 Years	26	52.0
	c. Above 20 Years	3	6.0
	Total	50	100.0
Work Experience in the Present Company	a. Less than 5 years	28	56.0
	b. 5-10 Years	15	30.0
	c. Above 10 Years	7	14.0
	Total	50	100.0

Table 2 shows that among small scale businesses, the majority of middle level managers (6%) are over 55 years old. It's also discovered that nearly a quarter of middle-level managers (24%) are over 45 years old. In particular, 16.0 percent of middle-level managers are under the age of 25, and they are hired directly by small-scale businesses. In terms of education, 38% of middle-level managers have a bachelor's degree, 40% have a master's degree, and 40% have a professional degree (22 percent). More than 62 percent of middle-level managers have a master's degree and a professional certification. They make a good living from tiny business

beginnings every month. It has been discovered that half of middle-level managers earn between \$25,000 and \$35,000 a year. They come from a variety of backgrounds in industry and previous organisations. Only 6% of those surveyed have good experience of more than 20 years, whereas 52% have good experience of more than 15 years.

We can deduce from the middle level managers' comparative scheme that they have expressed favourable satisfaction with the metrics. Furthermore, when the two key indicators, total experience and salary, are analysed together, there is a positive association, suggesting that as experience grows, so does the monthly salary. As a result, these two factors are inextricably linked. In addition, there is no inverse correlation or stagnation. As a result, asymptotic relations have a resemblance.

5. CONCLUSION

Among the staff of many small size businesses, management policies play a conscious and effective role. Employees at all levels, from front-line workers to top-level executives, require knowledge, ideas, enthusiasm, and creativity to be successful in today's workplace. HRD methods are adopted in startups with the goal of increasing executive engagement, overcoming employee unhappiness, and lowering absenteeism, turnover, poor quality work, and sabotage [27]. The enhancement of executives in an organisation is the primary issue of small-scale businesses. As a result, the executive role of the organisation conducts a pre-examination of management policy in all sectors.

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