

PROBLEM OF LABOUR TURNOVER IN SMALL SCALE INDUSTRY- A STUDY

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Abstract

Small scale industries play a very vital role in the development of economy. They are a vital segment of Indian economy in terms of their contribution towards country's industrial production, exports, employment and creation of an entrepreneurial base. These industries by and large represent a stage in economic transition from traditional to modern technology. But now this sector is facing labour turnover problem. The retention is very difficult without job satisfaction and motivation. The present study is an attempt to highlight the problem of retention of employees and to make suggestions to overcome this problem in SSI. The retention of employees saves lots of human resource costs to the firms which otherwise becomes an additional burden. The study also suggests the employers to identify the needs of employees and meet them accordingly.

Keywords:- SSI, Production, Training, Job rotation, Employment, Profit Sharing

Introduction

Small scale industries play a very vital role in the development of economy. A small scale industry (SSI) is an industrial undertaking in which the investment in fixed assets in plant & machinery, whether held on ownership term or on lease or hire purchase, does not exceed Rs. 1Crore. However, this investment limit is varied by the Government from time to time. In a developing country like India, Small Scale Industries play a significant role in economic development of the country. They are a vital segment of Indian economy in terms of their contribution towards country's industrial production, exports, employment and creation of an entrepreneurial base. According to report, they contribute to the tune of 45 per cent to the total industrial output and 40 per cent to the total exports of industrial products to various countries of the world. In India also SSI employed 42 million people and creates a million of jobs every year. These industries by and large represent a stage in economic transition from traditional to modern technology. Small industry plays a very important role in widening the base of entrepreneurship. The development of small industries offers an easy and effective means of achieving broad based ownership of industry, the diffusion of enterprise and initiative in the industrial field.

Many firms have failed to stop the labour turnover on account of poor treatment of employees. These firms had given more importance to management of capital instead of managing employees in such a way to reduce the labour turnover ratio. The higher priority has been given to human resources over other factors of production from 19th century onwards. Many experts of management like Murray and Elton Mayo have suggested for motivation of employees in organizations through financial and non-financial incentives on the basis of their requirements to boost morale. However, the managements of some firms have recognized the significance of humanly treatment of employees.

Review of Literature

Small-scale industries have been given an important place in the economy of both developing and developed countries. The economic development achieved by many developed countries can be linked directly to the growth of this sector. In India, the small-scale industrial sector has registered rapid growth. In view of the importance of small-scale industrial sector, the growth and development has attracted a good deal of academic attention.

Jamuar (1992) in his study discusses the development of small-scale and cottage Industry in India and the role of small-scale Industry in India, the present position and problems of small-scale Industry with special references to Industrial sickness, government policy and measures to develop small-scale and cottage Industry and new Industrial policy on small-scale and cottage Industry.

Venugopal (1993) observed that Governmental agencies set up for promoting village and cottage Industries are inactive and their performance is below the level of expectations. He argues that the survival of village and cottage industries depends on their ability to become competitive. Their efforts should be to reduce cost and improve quality through technological up gradation.

Ramabijoy (1993) in his study analyses government support, capacity under utilisation marketing and financing power and transport of small-scale Industries and also the entrepreneurship and management of sickness.

Biswanath Goldar (1988) in his study on productivity of the small scale sector found out that the SSIs have low labour productivity while capital productivity very high. But the overall total factor productivity has been less.

Goldar in his studies also further emphasized that the SSI should not be relied upon as a source of efficient employment generation.

Kulkarni and Kaveri (2000) examine the need for support and extension services in accelerating its growth such support and extension services include, market intelligence, marketing services, modernization, technology up gradation, quality testing etc. It is also attempted to discuss the available institutional network in India to provide support and extension services.

The limited literature review shows that small-scale industry development is dynamic and a comprehensive one-time study is not possible,

Objective of the Study

The present study is an attempt to examine the problem faced by SSI in retention of employees and to find out various strategies to overcome the problem of turnover of employees. This study also tries to find out financial incentives and non- financial incentives which can help the industry to retain the employees and saves lots of human resource costs to the firms.

Methodology

The present study is based on primary data collected through questionnaires. The data were collected from 80 employees by selecting them as randomly sample Yamunanagar district. The collected data were analyzed by using statistical tools like classification, tabulation and percentages. Further, secondary data like newspapers, journals and books were used for the present study.

Finding

- Every employee has been working for satisfying some basic needs. To satisfy their basic needs, they must be paid with sufficient amount of salary and other allowances on time. However, many SSI of sample have adopted the practice of paying less salary than expected by the employees and same is paid with delay. Further, the service industries are comparatively better as compared to other industries in payment of salary to the expectation of employees.
- It is also found that no firm of sample is following the practice of profit sharing. Employees are not receiving any share in profits which do not create the interest of employee to put best efforts in production.
- The employees usually expect appreciation and recognition from their employers as and when they perform good work. Therefore, employers must appreciate and recognize the best work of their employees at right time through good words. In present study, it is found employees work has been appreciated by their employers. But, the appreciation percentage is not high.
- Doing same work continuously for longer period leads to monotony. In the present study, it is found that work of employee was not rotated.

- Analysis of sample data reveals that there is lack of proper training of employees. Some time due to lack of training they are having the fear of accidents in their mind.

Suggestions

- The cost of living has been rising regularly day by day due to inflationary trends in the country. Therefore, there is a need of increase in salary of employees at least once in a year if not twice to cope with changing cost of living. If possible, employers may pay bonus at least once in a year to induce their employees for hard work for greater effectiveness.
- Many companies in India have been following the practice of sharing profits with employees to make them to work hard for higher profits. The sharing of profits creates interest in employees to put best efforts for higher result. However, very less percentage of sample employees of SMEs received share in profits from their employers.
- The non financial incentives are needed to satisfy socio-physiological needs. Non financial incentives like Job rotation, training, participative management and good behaviour, etc are generally expected by the employees.
- The competent employees never remain competent forever. Skills deteriorate and become obsolete. Hence, it is necessary to impart timely training to employees at the beginning of assignment and at the time of every new assignment and in accordance with change in the technology to increase productivity and performance. Further, it is also not right on the part of employers to expect more from employees without giving proper training by suitable method.

Conclusion

The financial incentives motivate employees for hard work. However, employees are also expecting non monetary benefits along with monetary benefits from their employers. So, the problem of high labour turnover can be dealt if we identify the needs of employees and SSI firms provides friendly atmosphere to employees by having good relation with everyone in the firm. The low turnover ratio of workforce improves the productivity and profitability of SSI firms.

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