

CHALLENGES OF HUMAN RESOURCE PRACTICES IN SMALL AND MEDIUM ENTERPRISES OF POST COVID19 PANDEMIC IN INDIA

Mr. SANJAY J. KASABE

Department of Commerce
Sundarrao More Arts commerce
and Science College, Poladpur Raigad (MS)

Dr. BHARAT V. PATIL

Department of Commerce
Matoshree Bayabai Shripatrao Kadam
Kanya Mahavidyalaya, Kadegaon

Abstract

The global pandemic caused by COVID – 19 is a blatant obvious fact that not only exists on the planet but also appears to be omnipresent. The situation is wreaking havoc on India’s small and medium businesses, and employers, employees, and daily wage earners are blatantly insensitive to the situation. The manufacturing sector of SMEs is on the verge of collapsing. Human resource practices are a soft solution to the sinking ship of SMEs and will aid in the re-establishment of human relationship trust at work. Because SMEs are the most important part of the economy, their recovery can help domestic national operations. Employee morale will be boosted, and labourers’ tears will be wiped away by innovative HR practices. As a result, this paper will aid in resolving the situation of recurrent losses experienced by SMEs, and HR practices will aid in promoting and encouraging the development of exit strategies. SMEs that are fighting the war neatly prove that the scourge of post Covid-19 is a boon for the Indian economy.

KEYWORDS:-Human Resource Management, HR practices, SME’s, POST COVID-19 challenges

Introduction

The COVID-19 is regarded as the worst pandemic in human history, with a magnitude greater than the Spanish Flu of 1918, the Great Depression of 1929, and the Great Recession. It has not only had a significant impact on global health, but it has also wreaked havoc on people’s economic, financial, social, emotional, and mental well-being, as well as almost every sector of the economy globally, nationally, and locally. COVID-19 has been declared a pandemic by the WHO. World leaders have made it compulsory for people to engage in social distancing. Leading COVID-19 is regarded as the worst in human history, with a magnitude greater than the 1918 Spanish flu, the 1929 Great Depression, and the Great Recession. Not only has it had a negative impact on global health, but it has also left a deep wound in the economic, financial, and social spheres, as well as the emotional and mental well-being of people and almost all sectors of the economy worldwide, nationally, and locally. World leaders have ordered a person to practice social distancing, which has resulted in the closure of companies and factories.

SME's in India are at the mercy of 2020, fighting for survival and being severely mutilated. The time has come for entrepreneurs/owners of SMEs to put in a tremendous amount of effort to bring them back bluntly in order to avoid being perished. After leaving the land of "karma" and migrating insanely, daily wage earners become jobless and pathetically ruined. Though the Ministry of Labour and Employment has requested that "companies avoid employee termination and wage reductions, which could deepen the crisis and hamper their morale. Such a tragic event has prompted HR managers and departments to work diligently in order to save the company from the backlash mockery caused by Pandemic 2020. For the first time, the wealthy, powerful, and poor are all facing the threat of death and survival. Employees, SMEs, and especially the manufacturing sector have been hard hit by the pandemic disease. According to UNCTAD, the impact of the corona virus outbreak on India's trade could be around US \$348 million. (March 5, 2021, (The Economics Times). The electrotonic manufacturing sector is in jeopardy due to a significant supply of it coming from China, and what has already arrived requires a high level of sanitization. Micro, small, and medium-sized enterprises (MSME) are viewed as an engine for economic growth and long-term development in India, and they constitute a larger part of the ecosystem. The MISDEED Act of 2006 establishes the first legal framework that recognizes the concept of business (including both manufacturing and service entities), defines medium-sized enterprises, and integrates the three levels of these enterprises, namely micro, small, and medium. There are approximately 63.4 million micro enterprises that employ one to two workers on average, 0.33 million small businesses that

employ 8-10 workers on average, and 5000 medium-sized enterprises that employ 25-30 workers on average, all of which contribute to 11 crore jobs. Their contribution to GDP is 29%, and their contribution to exports is 48%.

Objectives of Study

1. To investigate how HR in SMEs deals with labour and employee issues and problems.
2. To investigate the impact of lockdown on SMEs' HR practices in post covid.

Research Methodology

The study is conceptual in nature, as it attempts to investigate various HR practices in SMEs in India during the Covid-19 period. The purpose of this study is to examine the role of HR in dealing with current and post-pandemic Covid-19 crises, as well as the direct impact of these crises on internal and external factors affecting SMEs in India, with a focus on the manufacturing sector. The study is based on a thorough understanding of the various stages of HR practices that SMES use to stay strong and manage crises. Furthermore, previous research and secondary data aided in the establishment of a link as well as the framing of conclusions and analysis.

Need to study

India's SMEs will emerge from the pandemic with a bang, reviving the economy. Though this is a time of jolts and fear for SMEs, schemes like "Atmanirbhar Bharat" and the Rs 20-lakh-crore stimulus package could bring the positive side of the manufacturing sector of SMEs in India, encouraging Indian-made local product and substituting market demand. The true role of HR or SMEs owners will be to brainstorm existing manpower rather than being self-brainwashed with

fear, to encourage them financially, and to provide assurance of security.

Literature Review

In India, SMEs have taken on a strategic role in the economy and will continue to be a valuable source of nation-building. (Sarita Satpathy and colleagues, 2017). SMEs contributed 48 percent of Indian exports, employing nearly 40 percent of the Indian workforce, contributing 29 percent to the country's GDP, and creating 11.10 crores of jobs. (MSME Annual Report 2018-19 and 2019-2020 Economic Survey) SMEs, which were mushrooming in a myriad before COVID-19's wrath, clearly hold a

burgeoning importance to the nation's growth. Sonia Mukherjee (2018) investigated the challenges that MSMEs face in India. The importance of government and other stakeholders' participation in terms of increased investment in infrastructure development, human resource development, and digital technology transmission was highlighted in this study.. Shah, Tarak (2011) The main problem of insufficient financing for SMEs necessitates immediate attention, including adequate lending to SMEs, better risk management, technological advancements in banks, particularly public sector banks, and a shift in bankers' attitudes The table below summarises the most recent changes to the definition of MSMEs,

Table No 1: Revised Definition of MSMEs

Enterprise	Existing Criteria for MSME		Revised Criteria for MSME
	Manufacturing Investment in Plant & Machinery	Service Investment in equipment's	Manufacturing and Service Composite Criteria Investment and Turnover
Micro	Up to Rs. 25 lakhs	Up to Rs. 10 lakhs	Investment <1 cr and Turnover < 5 cr
Small	Above Rs. 25 lakhs up to Rs. 5 crore	Above Rs. 10 lakhs up to Rs. 2 crore	Investment <10 cr and Turnover < 50 cr
Medium	Above Rs. 5 crore up to Rs. 10 crore	Above Rs. 2 crore up to Rs. 5 crore	Investment < 20 cr and Turnover < 100 cr

(Source: Ministry of Micro, Small & Medium Enterprises, Atmanirbhar Presentation Part-1, Business including MSMEs 13-5-2020)

The Government of India decided on a further upward revision of the MSME Definition on June 1, 2020. Medium-sized businesses will now require an investment of Rs. 50 crore and a loan of Rs. 250 crore. (June 3, 2020, PIB)

HR practices in SMEs

Demonstrate the importance of organization in SMEs; however, it is cautioned that the failure of SMEs may result in unemployment and social tensions (Saini & Budhwar, 2008). HR's role in improving

a company's efficiency and effectiveness is well known (Upasna A Agarwal and Sumi Jha 2015). Human Resource practices in SMEs are extremely important and will aid in the effective understanding of SMEs. The global pandemic caused by COVID – 19 is a ruthlessly obvious fact that is not only limited to one sphere of the earth but also appears to be omnipresent. Human Relation practices are a soft solution to the sinking ship of SMEs and will aid in the re-establishment of human relationship trust at work. Because SMEs are the most important part of the economy, their recovery can aid domestic operations. Employee morale will be boosted, and labourers' tears will be wiped away by innovative HR practices. HR practices in SMEs demonstrate the importance of organization in SMEs As a result, this paper will aid in resolving the situation of recurrent losses experienced by SMEs, and HR practices will aid in promoting and encouraging the development of exit strategies. Small and medium-sized enterprises (SMEs) are fighting for survival, and the scourge of Post Covid-19 will undoubtedly prove to be a boon to the Indian economy.

Charting the evolution of HR practices during COVID-19:- Despite warnings from the World Economic Forum and Harvard Global Initiative, the 101-year-old Spanish Inuenza failed to teach the world about the 'Humane' in Human Resources,

The Health Institute's-HRM may be able to restore the human factor to the dreadful working conditions of sinking SMEs. The HR department/owner of the company can have a significant impact on the lives of employees.

SME's working conditions:-HR management should ensure a smooth flow of operations across

all departments of SMEs, as well as their employees' productivity metrics.

.Motivational programmes:-Motivational programmes are a necessity of the hour for SME entrepreneurs. Entrepreneurs need to be motivated to provide managerial and technical knowledge.

Training programmes:-Training programmes must be made available in order for SMEs to gain a competitive advantage.

E-Practices SMEs believe incorporating technology into business operations is a costly endeavor. HR software has always improved and simplified the operation of businesses.

Self-Reliant India- The Government of India has put together a package to help various segments of society, including SMEs and labourers.

DISCUSSION AND RESULTS

During Covid-19, India's SMEs were a source of concern. The most significant source of concern for SMEs during the lockdown period is, of course, labour and employee migration. According to the National Sample Survey (NSS) 73rd round conducted between 2015 and 2016, the manufacturing sector of SMEs employs 11.10 million people, resulting in a large number of households reliant on 0.33 million small and 0.005 million medium units. (2018-19 MSMEs Annual Report) During the 2018-19 fiscal year, this sector accounted for 1/3 of Indian manufacturing output and 48.10 percent of exports. (Govt. of India, Press Information Bureau, July 2019) All of this occurred at a time when Indian manufacturing units were mushrooming in a myriad with a good statistical figure, making themselves concert, but the pandemic backlashed the manufacturing sector of SMEs so hard that they may not recover easily.

Labour, employees and bleeding SMEs:-In the midst of the world's worst economic downturn, China is a less-than-welcome gift. COVID-19 is more than just a looming foe who rings the death and worry bell. Bringing back the workers/labourers is critical at this time, and they must have faith in their safety on the job. As a result, the International Labour Organization (ILO) has issued two guidance documents for creating safe and effective return-to-work conditions during the COVID-19 pandemic, which begins on May 22, 2020. It's an infuriating picture of the labour market: since the outbreak of the COVID-19 pandemic, 1/6 of young people have stopped working, while those who remain employed have seen their working hours cut by 23%. (ILO, 2020). Migrant workers, particularly semi-skilled and unskilled workers, have returned to their hometowns in large numbers. The movement of materials, as well as fuels and people, has essentially come to a halt. Because only a small portion of the workforce is employed, the manufacturing sector has come to a halt. With the uncertainty of manpower, which will be a constraint, SMEs estimate that 70% of the workforce has already returned to their hometown due to a loss of income, food, and other necessities for their livelihood. (Economic Times, April 25, 2020). In SME units, where recruitment is a dead end and managing people to work from home, making labour stay and stick to work is a must, bringing HR practices into the 21st century is a pressing need. Creating a New Normal, Convincing, Cooperating, and Communicating are practices that HR in SMEs should follow..

All of this will have a negative impact on manufacturing productivity and quality, adding to the financial concern. "Small and medium scale enterprises have recently begun to consider

workforce-related solutions, with the help of communication networks with workers (including those who have returned to their home state), the establishment of buddy systems (potentially with retired employees and/or client technical staff), and engagement with industrial training institutes," according to the report. (United Nations Industrial Development Organization, 2020). With the above guidelines in place, the HR department's job will be made easier in terms of developing convincing, dependable conversation programmes to re-energize the workforce. When it comes to the manufacturing sector of SMEs, HR practices need to be updated and provide innovative and well-developed communication programmes. During COVID-19, it's now a virtual ride through HR on how to manage HR practices.

A Business Recovery Process in the Wake of the POST COVID-19 Pandemic

Immediate Action: Is it possible for employees to return to work? What are the current movement-related guidelines? Is there anything

Preparing for Recovery: Would you be able to cancel contracts with your providers if you couldn't legitimately continue with your production or if requests from your clients had been

Examining the situation: Do you have enough cash to cover due debt and payables in the coming months? Is it possible to convert your stock into

Owners' Assessment: Regardless of whether functions are delegated to assigned managers, SMEs are simply managed by the owner or rely entirely

Recovery strategy Would you be able to embrace new innovations and procedures as part of your recovery strategy? Is it possible to reduce operating costs and overhead expenses?

Funding and Financing: Are you able to persevere and resurrect your company? Is it possible to find the money?

Reopen:-All employee inquiries, areas of inquiry, hardware and equipment questions, stock, promoting and evaluating.

SMEs' Post-Covid 19 Challenges

1. Due to the existence of COVID-19, there is a high level of uncertainty in all aspects of business until the right vaccine is found.
2. Keeping COVID-19 from spreading further in the workplace by limiting people's movement, as well as materials It may be subject to some limitations.
3. MSMEs are going over their labour limits because workers aren't returning home to their villages.
4. Reduced demand for non-essential goods has a negative impact on some MSMEs. Different tools and instrument channels will be required to stimulate various groups of industries.
5. In terms of technical and financial literacy, there is a knowledge gap.
6. strategies and market identification.üIn effective marketing

Conclusion

"In order to contain the spread of Post COVID-19, SMEs must change their business operations," said Nitin Gadkari, Union Minister for MSME. This industry must demonstrate a paradigm shift in how it conducts business by ensuring the safety of human resources, from food shelter to maintaining social distance norms, while also combating the Chinese market and expanding

the range of Indian products. Joining forces with the government, promoting recent government schemes such as Atmanirbhar 2020, and ensuring the country's self-sufficiency, thereby boosting Indian trade. The owner, the entire and sole proprietorship of SMEs, or the company's existing HR department should ensure that technology is fully utilized by digitizing HR practices in order to work more efficiently and effectively, reducing the mundane task of manual labour and reducing unnecessary and underutilized manpower. Integration of various departments so that they can work together and have a ready-to-use data plan in the event of a crisis With the MSME government's liberal infrastructure and simplified and beneficial registration procedures, India's economy should grow significantly, creating more job opportunities through import substitution and export promotion. The owners of most MSMEs are also the managers. They don't have enough The only way to avoid losing money is to be prepared. Employee conversion rates are often low in SMEs, particularly in the manufacturing sector, due to unskilled labour that needs to be upgraded. For better operations and organizational output, HR practices should emphasize e-Training, e-learning, machine learning (ML), video learning (VL), and artificial intelligence (AI). This will eventually assist SMEs in returning to work after this period. This is, without a doubt, the best time for SMEs to think creatively and to establish their own company websites in order to be more easily accessible.

REFERENCES:

1. Aatmanirbhar Presentation Part-1 Business including MSMEs 13-5-2020.pdf. <http://164.100.117.97/WriteReadData/user?les/Aatmanirbhar%20Presentation%20Part->

- 1%20Business%20including%20MSMEs%2013-5-2020.pdf
2. Chitra Balasubramanian, 2020. Building immunity in employees: mental health and productivity. SMEs world April 2020 page 16-17.
 - 3 Pooja Dixit, (2017). Digitalization-An Emerging Trend in Human Resource Practices. 3
 4. <http://www.onlinejournal.in/IJIRV3I4/368.pdf>
 - 5 Economic Survey 2019-2020. <https://www.indiabudget.gov.in/economicsurvey/>
 - 6 Economic Times 29/05/2020. 44% of MSMEs feel the stimulus package is not good enough. <https://economictimes.indiatimes.com/small-biz/sme-sector/44-msmes-feel-stimuluspackage-not-good-enough/articleshow/76082351.cms>
 7. Gagandeep Kang, George Perkovich, Shruti Sharma, (2009), India's Pandemic Preparedness and Response, December 06,2019
 8. ILO: More than one in six young people are out of work due to COVID-19. (2020). http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_745879/lang=en/index.htm.
 9. Pranjali Singh, (2017). Impact of digitalization on small and medium enterprises in India. Paripex> indian journal of research: Volume: 6 | Issue: 4 | April> 2017.
 10. Puplampu, B. (2005) toward a framework for understanding the distressed organization – insights from practitioner r-based organisational interventions in an emerging economy. Consulting Psychology Journal: 57 (4) :246-258.
 11. Saini, D.S. and Budhwar, P.S. (2008) 'Managing human resources in Indian SMEs: The role of indigenous realities', Journal of World Business, Vol. 43 No. 4, pp.417-434.
 12. Sarita Satpathy, M.L.Nagajyothy and P. SailajaRani (2017), Issues and Challenges of Micro, Small And medium Enterprises; An Exploratory Study Of Indian SMES.Indian Journal of Commerce and management (IJOCAM) volume 3 issue 6. June 2017
 13. The Economic Times, 26/02/2020, Trade in the time of Coronavirus: Sectors overdependent on Chinese imports face a grim reality. [https://economictimes.indiatimes.com/small-biz/sme-sector/trade-in-the-time-of-coronavirus-sectorsoverdependent-on-Chinese-imports-face-a-grim-reality/article show/74312184.cms](https://economictimes.indiatimes.com/small-biz/sme-sector/trade-in-the-time-of-coronavirus-sectorsoverdependent-on-Chinese-imports-face-a-grim-reality/article-show/74312184.cms)
 14. The Economics Times, (27/02/2020). Trade in the time of Corona virus: Sectors over dependent on Chinese imports face a grim reality. [https://economictimes.indiatimes.com/small-biz/sme-sector/trade-in-the-time-of-coronavirus-sectors-overdependenton-Chinese-imports-face-a-grim-reality/article show/74312184.cms?from=mdr](https://economictimes.indiatimes.com/small-biz/sme-sector/trade-in-the-time-of-coronavirus-sectors-overdependenton-Chinese-imports-face-a-grim-reality/article-show/74312184.cms?from=mdr)
 15. TheMinistry of Labour and Employment. Monday, March 23, 2020-[https://economictimes.indiatimes.com/small-biz/sme-sector/trade-in-the-time-of-Corona-virus-sectors-over-dependent-on-Chinese-import-face-a-grim-reality-articles/ show/74312184-cms](https://economictimes.indiatimes.com/small-biz/sme-sector/trade-in-the-time-of-Corona-virus-sectors-over-dependent-on-Chinese-import-face-a-grim-reality-articles/show/74312184-cms)

16. Upasna A Agarwal & Sumi Jha (2015). Human Resource Practices in Indian – AnExploratory Study. 50 (4), 16. The Indian Journal of Industrial relations Volume 50, no 4, April 2015
17. www.wikipedia.com
18. www.smechamberofindia.com
19. www.emeraid.com
20. <https://smallbusiness.chorn.com>
21. <https://hr.economictimes.indiatimes.com>

