

Human Resource Development as a Tool for Developing the Small and Medium Enterprises

M. R. Islam^{1*} and H. J. Chowdhury²

¹MBA Graduate, Department of Management Studies, Comilla University, Kotbari, Bangladesh.

Email: rafiq.emu618@gmail.com

²Assistant Professor, Department of Management Studies, Comilla University, Kotbari, Bangladesh.

Email: husnejahan81@gmail.com

*Corresponding Author

Abstract: Human Resource Development (HRD) in Small and Medium-sized Enterprises (SMEs) is a significant area of research. As SMEs play an essential role in poverty reduction through employment generation they are playing a vital role for developing the economy of a nation. So it is essential for SMEs to take HRD more seriously as the good practice of HRD will maintain organizational performance and advancement. The aim of this study is to analyze the necessity of HRD in the advancement of SMEs. A sample of 234 respondents has been selected conveniently from all over the country specially Dhaka City of Bangladesh to. SPSS has been used to analyze collected data for descriptive statistics, correlation analysis, ANOVA, testing hypotheses and other general analysis. The result reveals that most of the enterprises are female oriented and sole proprietorship. After analyzing the correlation among the factors of HRD it is noted that there are a positive relationship of Technical and Vocational Education (TVE), training and Organizational Development (OD) with the advancement of SMEs. Study also found some drawbacks of the enterprises like investment of the almost 71% organization is below 10 lakhs and they are not satisfied with the current skills of the employees of the organization and most importantly they are not aware about the Career Planning and Development (CPD) and research. This paper also surveyed various literatures and reports on the concerned field and recommends supporting actions to help this highly prospective industrial sector to operate in a fully yielding manner.

Keywords: Advancement, Development, HRD, SMEs, Training.

I. INTRODUCTION

It is noteworthy to mention that Small and Medium Enterprises (SMEs) are considered as the backbone of the economy in Bangladesh. As SMEs play an essential role in poverty

reduction through employment generation they are playing a very important role for developing the economy of a nation. The world economy has experienced huge amount changes in the sector of innovation and entrepreneurship. Human resources are the main and important aspect for the enterprise to ensure the dynamic and smooth development and forwardness towards the achievement of the organizational goals. Human Resource Development (HRD) is exceptionally important because SMEs know that any improvement and development of an employee is essential to the advancement of the organization, and employees are eager for the opportunities to develop their skills to ensure the advancement of their organizations. This competitive business world focuses more on human factor, since skills of employees has been distinguished as the most important device for the long term growth and advancement of an enterprise. This paper attempts to identify the necessity and the effectiveness of the HRD for developing the picture of SMEs in the developing country like Bangladesh. The reminder of this paper is organized as follows. Section 2 reviews the literature on SMEs, human resource development and importance of HRD in the SMEs. The methodology of the study is proposed and described in section 3. Section 4 provides the data analysis and section 5 provides the discussion and policy implications on statistical analysis from the collected data on different variables. Conclusions and decision implications are presented in section 6.

II. LITERATURE REVIEW

Human Resource Development is a process of rising and relinquishing proficiency through employee training and organizational development for the intention of accelerating performance is called human resource development (Swanson, 2001). According to Human Development Report 2015, Human resource development is a more extensive process which provides more skills to the human resources and provides various opportunities to use those skills. Bangladesh is 8th

populous country in the world which has 2.2% of the world population and less than 0.4% of the world's land with greater growth rate. Overpopulation is a great challenge to a country and to its' natural resources. On the other hand, resource constraint is the main block in the road of HRD. Poverty and unemployment are the main problems in the country at present. In these circumstances, HRD is the great and possible way for solving and managing such kind situation through improving the status and skills of the people. People must manipulate the standard of living and the economic growth of the organization through human resource development. Through HRD people can convert any plan into reality if their skills are developed and their motivation level is improved and HRD is the strongest point of the economy of a country. Rahman (2011) stated that HRD and innovation of a country helps to compete and survive in the world. Jamil (2013) stated that HRD is a sketch for growing knowledge, skills and capacities as well as improving approach of the people through planning, education, training, schooling, supervising and stipulation of opportunities. He also mentioned in his study that HRD is the most significant and fundamental issue of economic growth and has sufficient possibility to boost efficiency and to have positive belongings on economy of the country by removing backwardness, increasing education and improving health standards. Actually HRD is an improvement process which develops skills, increases proficiency and helps to generate more opportunities for the betterment of the organization. It is very necessary for implementing a plan in an effective and efficient manner. Knowledge creation and innovation are very important for the organization and HRD process helps to create new invention for the organization. Jamil (2013) identified that poverty, social justice, good governance, health, population management, technical training & education, literacy & education are some of the vital factors of human resource development.

III. SMALL AND MEDIUM ENTERPRISES

The explanation of SMEs differs from country to country around the globe. Arafat (2012) stated that SMEs, both in dimension and form are not constant across the worldwide and there is no unanimously accepted explanation of SMEs. It is totally depends on the amount of investment, number of workers, used technologies, production process, required skills of workers and supervisors, usage of products etc. which varies from nation to nation. According to Md. Alauddin (2015), Small Enterprise denotes to the industry which is not a public limited company but complies with the following criteria:

TABLE I: SMALL ENTERPRISE

Serial No.	Sector	Fixed Asset other than Land and Building (Tk.)	Employed Manpower (not above)
1.	Service	50,000-50,00,000	25
2.	Business	50,000-50,00,000	25
3.	Industrial	50,000-1,50,00,000	50

Source: Md. Alauddin (2015)

According to Md. Alauddin (2015), Medium Enterprise refers to the business which is not a public limited company and complies the following criteria:

TABLE II: MEDIUM ENTERPRISE

Serial No.	Sector	Fixed Asset other than Land and Building (Tk.)	Employed Manpower (not above)
1.	Service	50,00,000-10,00,00,000	50
2.	Business	50,00,000-10,00,00,000	50
3.	Industrial	1,50,00,000-20,00,00,000	150

Source: Md. Alauddin (2015)

The SME sector plays a vital role in the labor-intensive economy like Bangladesh. Therefore, SMEs have great contribution to reduce the unemployment and ensuring the socio-economic development. Moreover, it is responsible for 25 percent contribution in the country's Gross Domestic Product (GDP).

IV. HRD IN SMALL AND MEDIUM ENTERPRISES

Rigg and Trehan (2002) stated HRD in SMEs is taking a dissertation in the angle of organizational, education and advancement. A qualitative approach applied to identify the three basics. In this era organizational learning and development depend on attending in the course of formal HRD activity but most of the cases this activity is undermined in the organizational process. As a result, formal HRD movement can serve an indistinct viewpoint single handedly. Furthermore, need for research for the development of SMEs is an indication of HRD. HRD is similarly essential for both small and large scale organization. On the other hand, HRD in SMEs failed to understand the importance for organizational learning and development. Essi Saru (2007) argued in her study about HRD and organizational learning from the viewpoint of small firms. In this study she argued that learning is very important for the development of individual as well as the organization and it is closely associated to the HRD activities of the organization. This discussion figured out that HRD activities are very crucial for the survival and advancement of SMEs. Harrison stated that HRD is vital for directorial strategy, external labor market strategies, labor market needs, and the value system within an organization. Most of the literature reveals to be positing that investment in employees will be enhanced learning and performance. However, the small firms facing difficulties cater appropriate system in the organization due to financial constraint. If the SMEs can overcome this hurdles therefore small firm also can be outperforming. HRD is generally thoughtful with activity and demonstrated that there is a causal link human resource development investment and organizational and business performance. There is emergency need to locate the possible factors of Human Resource Development and their worth for superior economic growth of the Bangladesh. A theoretical framework has been intended to offer the model

of possible factors and their connection with Human Resource Development.

V. RESEARCH OBJECTIVES

The main objective of the study is to identify the HRD factors which are very important in the development of the SMEs in Bangladesh. Based on the original objective, the specific objectives of the study are as follows:

- To identify the current status of HRD in the SMEs.
- To identify the main hindrances in the HRD process of the SMEs.
- To recommend some solutions to overcome the HRD problems.

VI. RESEARCH HYPOTHESIS

H1: There is a significant relationship between technical and vocational education and advancement of SMEs.

H2: There is a significant relationship between training and advancement of SMEs.

H3: There is a significant relationship between organizational development and advancement of SMEs.

H4: There is a significant relationship between career planning and development and advancement of SMEs.

H5: There is a significant relationship between research and advancement of SMEs.

VII. RESEARCH METHODS

The population of the study includes the owners and executives of the SMEs operating in the whole country. A sample of 234 respondents is surveyed from those SMEs. The selected respondents from each sample SME have been provided with structured questionnaire. The random sampling technique was used for the survey in collecting data. The study utilized multiple techniques for collecting primary data related to the HRD activities and its importance in the SMEs of Bangladesh. The questionnaire and the interview techniques were used to collect data from the field. The questionnaire was alienated into 6 (six) sections to include all aspects of investigate. In order to evaluate the relationship between HRD activities and

Correlation Analysis

the development of SMEs Karl Pearson correlation techniques and linear regression analysis were used. Furthermore mean, median, maximum, minimum and standard deviation was used for data analysis. The data analysis in this study was conducted using the Statistical Package for Social Sciences (SPSS) software.

VIII. DATA ANALYSIS

The main objective of the study is to analyze the relationship of different independent variables with the dependent variable as well as to see the real impacts on the development of SMEs. The results of different variables and significance in accordance with the responses and the relationship between these variables were analyzed by descriptive statistics. Demographic features and the results are summarized.

Demographic Statistics

TABLE III: DESCRIPTIVE STATISTICS OF "DEMOGRAPHIC VARIABLES" (N=234)

Measures	Frequency	Percentage
Gender		
Male	56	24
Female	178	76
Total	234	100
Education		
SSC	0	0
HSC	33	14
Graduation	141	60
Master	54	23
Others	6	3
Total	234	100
Skills of Current Staff		
Excellent	42	18
Fair	107	45
Good	80	34
Bad	5	3
Total	234	100

Source: Field Survey, 2018.

TABLE IV: CORRELATION ANALYSIS

Correlations						
	Technical and Vocational Education	Training	Organizational Development	Career Planning and Development	Research	Advancement of SMEs
Technical and Vocational Education (TVE)	1	.625**	.384**	-.323**	-.629**	.691**
Training	.625**	1	.486**	-.130*	-.337**	.463**

Correlations						
	Technical and Vocational Education	Training	Organizational Development	Career Planning and Development	Research	Advancement of SMEs
Organizational Development (OD)	.384**	.486**	1	-.158*	-.324**	.256**
Career Planning and Development (CPD)	-.323**	-.130*	-.158*	1	.538**	-.413**
Research	-.629**	-.337**	-.324**	.538**	1	-.332**
Advancement of SMEs	.691**	.463**	.256**	-.413**	-.332**	1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Field Survey, 2018.

On correlation analysis, our attempt is to find out the direction of relationship of several variables. Pearson correlation analysis is conducted on the variables. The results are shown in above table. TVE, Training and OD have positive and significant correlation with the Advancement of SMEs at 1% level of significant. On the other hand CPD and Research has

a negative relationship with the Advancement of SMEs at 1% level of significant. CPD has a negative relationship with the TVE (at 1% level of significant), Training and OD (at 5% level of significant). Research has also a negative relationship with TVE, Training and OD at the 1% level of significant.

Linear Regression Result

TABLE V: MODEL SUMMARY OF REGRESSION ANALYSIS

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.763 ^a	.582	.573	.31793

a. Predictors: (Constant), Research, Organizational Development, Training, Career Planning and Development, Technical and Vocational Education

Source: Field Survey, 2018.

TABLE VI: COEFFICIENTS OF REGRESSION ANALYSIS

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.144	.442		2.586	.010
	Technical and Vocational Education (TVE)	.745	.065	.766	11.478	.000
	Training (T)	.062	.059	.062	1.054	.293
	Organizational Development (OD)	-.008	.051	-.008	-.155	.877
	Career Planning and Development (CPD)	-.406	.059	-.351	-6.888	.000
	Research (R)	.341	.060	.357	5.701	.000

a. Dependent Variable: Advancement of SMEs (AoS)

Source: Field Survey, 2018.

TABLE VII: ANOVA

ANOVA ^a						
	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	32.103	5	6.421	63.518	.000 ^b
	Residual	23.047	228	.101		
	Total	55.150	233			

a. Dependent Variable: Advancement of SMEs

b. Predictors: (Constant), Research, Organizational Development, Training, Career Planning and Development, Technical and Vocational Education

Source: Field Survey, 2018.

From the above result, the regression equation is written as:

$$\text{AoS} = 1.14 + 0.75 \text{ TVE} + 0.6 \text{ T} - 0.01 \text{ OD} - 0.41 \text{ CPD} + 0.34 \text{ R}$$

Here, AoS, TVE, T, OD, CPD and R indicate the advancement of SMEs, Technical and Vocational Education, Training, Organizational Development, Career Planning and Development and Research respectively.

Regression enables us to understand how well and more crystal relationship is maintained through our model. Also, it helps us to assess whether the causes and effects are acting on which direction and how much the degree effectiveness work.

If the effects of other variables are constant, then AoS will come 8.0 units (significant at 5 percent level of significance). For each unit increase of TVE, AoS will increase 0.75 units. For each unit decrease of CPD and OD, AoS will decrease 0.41 and 0.01 units respectively. Training and research has positive impact which is, for each unit increase of Training, AoS will increase 0.6 units and for each unit increase of research, AoS will increase 0.34 units.

R square value (also called the coefficient of determination) which is the proportion of variance in the dependent variable that can be explained by the independent variables. Our value is 0.582 that means our independent variables explain 58.2% of the variability of our dependent variable. The adjusted R square value indicates the explanatory power of the independent variables which is 0.573 for AoS. It indicates that 57.3% of the variation in AoS is explained by the variation in the independent variables. F statistics is used to testing the overall significance of model result. The F statistics is 63.52 for AoS. From the result of the analysis, the analysis of variance (ANOVA) generates a p-value of 0.010; indicating model is significant for AoS. This shows that the explanatory variables are linearly related to AoS and the model seems to have some validity.

IX. DISCUSSION AND POLICY IMPLICATION

HRD is the topic widely discussed in today's world. Most of the researchers and practitioners in this field have concentrated on the effectiveness of HRD in the organization especially in the large scale organization. The present study aims at

investigating the influence of HRD in the advancement of SMEs of Bangladesh. This study examines the relationship that exists between five HRD factors (Technical and Vocational Education, Training, Organizational Development, Career Planning and Research) and Advancement of SMEs to test the hypotheses proposed in this study. The result indicates that hypothesis one (H1), two (H2) and three (H3) are accepted. There is positive and significant relationship of technical and vocational education, training and organizational development with advancement of SMEs. The result also indicates that there is a negative but significant relationship between career planning and development and research with the advancement of SMEs. So, hypothesis four (H4) and Five (H5) are rejected. According to the finding of descriptive statistics of demographical factors, female participation is much higher and also the Table I shows that the respondents are well qualified and educated. But they are not satisfied with current skills of their staffs. On the basis descriptive statistics results, all of the variables used in this study have significant importance for the development of Human Resource in the Bangladesh. According to the results of correlation analysis results, training, technical education and organizational development are the important factors of the Human Resource Development. And results also depict that research and career planning have no contribution to the human resource development in the advancement of SMEs. The amount of investment in the most of the organization is lower and most of the owners are sole proprietors.

X. LIMITATIONS

This study has a numeral of limitations. At the outmost, the study is focused on only one country and one point at a time. Thus, it is the ability to generalize is limited to that context. At the Second place, the survey instrument was mainly constructed with Likert scale. It further suggested that there could be the chance of central tendency bias, acquiescence bias and social desirability bias. Finally, the study was confined to only 234 respondents of SME sector, Bangladesh and therefore it may not be representative. It was concluded that In spite of these limitations, the findings of the study will reflect the scenario of the HRD practices in SME sector.

XI. CONCLUSION

This article has set a context and rationale for research into human resource development for the advancement of SMEs. Our discussion has focused on the factors of HRD which are very crucial for the advancement of SMEs. Based on the study, we have described human resource development is fundamental for small sized firms to develop. In conclusion, the HRD factors are necessary for SMEs for long term survival. HRD factors such as technical and vocational education, training and organizational development have led toward a better performance and enrich human capital of the SMEs. It is believed that small firms should put in place strategies to enhance knowledge, skills, and expertise. In terms of HRD, these have led to better performance and encouraged individual for higher commitment to the organizational performance. Hill and Stewart (2000) stated that in today's HRD is vital for all forms of organization and not only for SMEs. This study serves philosophy about the definition, background and role of HRD in the advancement of SME and challenges faced by the SMEs in HRD perspective. This study recommends that training and technical education should be ensured by the government and non-government organization. Government should introduce the easy loan for ensuring the sound investment which is very crucial for the advancement of SMEs. Research should be considered as a great needed factor HRD which is very important. The aspects of research should be analyzed. This study may be enhanced by including some other factors that may affect SMEs advancement such as good governance, poverty reduction etc. This study could be further extended to sustainable development of human resources in the small scale industry.

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