

HR Practices in Rural Micro Enterprises - An Empirical Investigation

Dipu Varghese*, Chinnu P. B.**

Abstract

Micro enterprises provide a large economic and employment generation platform which makes them unavoidable in any economy. The number of employees associated with micro enterprises in most countries will be a much higher figure than small and medium enterprises. This reflects the relevance of the study about HR Practices in micro enterprises. Employment to the lower layer in the economy is usually provided by the microenterprises. It is the hub where unskilled, illiterate and lower income category prefers for a job. In the survey result of fourth all India censuses of MSME, rural enterprises occupy 55.34% of the total MSME's (MSME Annual Report 2016-17). Knowledge about the HR practices prevailing in this area will be highly beneficial for the academic sector for framing much finer practices through which the rural micro entrepreneurs can increase their productivity. The government will be able to design policies and frame rules and regulations in order to protect and utilize the larger sector of employment generation for building up the economy. In this paper the importance of rural micro enterprises in the economy, recruitment sources, selection process, training methods, working hours, employee benefits, health and safety measures, wages provided, Performance appraisal, employee retention and termination of an employee is discussed in detail with the help of an empirical investigation of 35 rural micro entrepreneurs. This will provide a better platform for a further detailed research among the HR practices in rural microenterprises.

Keywords: Rural Micro Entrepreneurs, Micro Enterprises, HR Practices

Introduction

Micro and small enterprises contribute to the economic growth and development of a country by producing

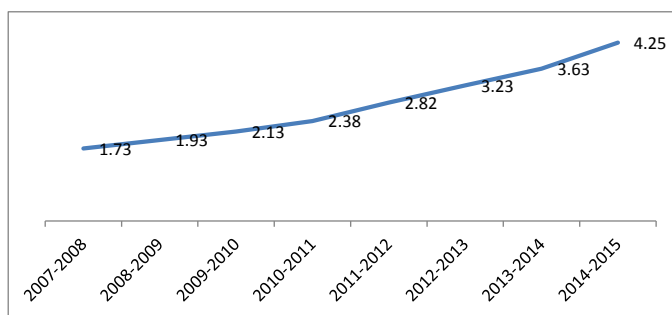
affordable goods/services and making more job opportunities (Frempong, 2009). Micro enterprises are a vital force in the economy. Positive vibrations are created by its action as it holds the major share among the arena of enterprises. Detailed study of any economy will reveal that in most countries small enterprises dominate the economic landscape (Benzing & Chu, 2009). In developing countries, both the micro and small enterprises are plenty such that entrepreneurs from both urban and rural area participate alike to strengthen the economy (Temu & Kessy, 2010). Thus, they contribute to employment generation, economic growth and development of the country (Frempong, 2009).

The number of small and medium enterprises has increased substantially in the UK economy (Curran & Blackburn, 2001). In Australia 47% of total private sector in agricultural employment is provided by the small businesses (OSB, 2000). Two third of employees in EU are from SMEs and that 99.8% of all enterprises are SMEs (Zivkovic et al., 2009). In many countries throughout the world, SMEs are becoming a more important sector in the economy (Storey & Johnson, 1987).

In India situations are not different. Microenterprises own the largest piece in the pie. As per the provisions of the act, MSMEs has to file entrepreneur memorandum at DIC (District Industrial Center). Before starting an enterprises entrepreneurs memorandum (Part-I) is filed and after commencement of the project entrepreneurs' memorandum (Part-II) is filed by the respective entrepreneurs (MSMED Act, 2006). Since 2015, entrepreneurs memorandum (Part-II) has been replaced by Udyog Aadhar Memorandum (UAM).

* Assistant Professor, MET's College of Advanced Studies, Mala, Kerala, India. Email: dipmadath@gmail.com

** Assistant Professor, MET's College of Advanced Studies, Mala, Kerala, India. Email: Chinnuarunkumar143@gmail.com

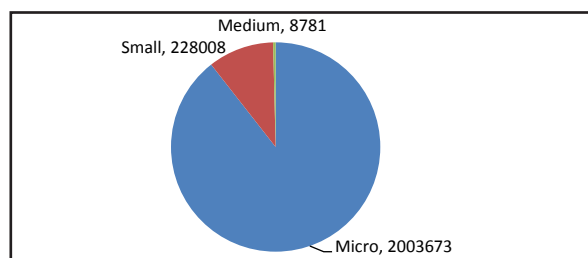


Source: MSME Annual Report 2016-17

Fig. 1: No. of EM-II Filings (in lakhs)

From the figure we can read that the MSME sector is too healthy and continuously progressing withstanding all barriers that came in its path.

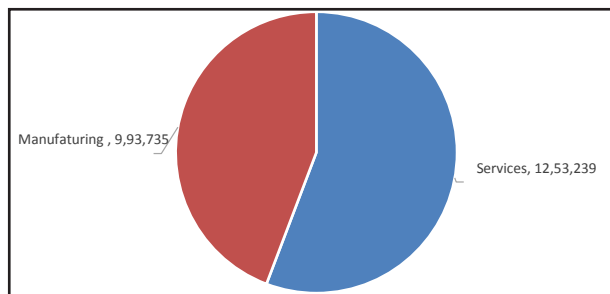
A total of 21, 96,902 EM-II and UAM filing was there between 2007 and 2015. Since 2015 about 22, 40,463 UAM filings have occurred. From both EM II UAM filings, it is evident that MSMEs in India are rapidly climbing the peek and undoubtedly fixing its unavoidable dominance in the economy. Among this, after 2015 when we take total UAM filings, it is found that micro enterprises are dominating the scene.



Source: MSME Annual Report 2016-17

Fig 2: Distribution of Micro, Small and Medium Enterprises

This figure highlights the dominance of Micro enterprises in the Indian economy



Source: MSME Annual Report 2016-17

Fig. 3: Share of UAMs – Manufacturing and Services on December 31, 2016

Even though both manufacturing and service sectors are exploited by the MSMEs, there is a dominance of service sector among the enterprises started in this segment.

When we take the survey result of fourth all India censuses of MSME rural enterprises occupy 55.34% of the total MSME's. Thus it is evident that rural sector cannot be detached from the picture as both urban and rural contributes equally (a bit more by rural) to the MSME's in Indian economy.

Table 1: Summary Results Regarding No. of Enterprises: Fourth All India Census of MSME

Sl.no	Characteristics	Registered Sector	Unregistered Sector	Economic Census-2005	Total
I	II	III	IV	V	VI
1	No. of Enterprises (in lakh)	15.64	198.74	147.38	361.76
2	No. of rural Enterprises (in lakh)	7.07 (45.20%)	119.68 (60.22%)	73.43 (49.82%)	200.18 (55.34%)

Source: MSME Annual Report 2016-17

MSME's are helping the Indian economy by generating employment opportunities which in turn reduces unemployment.

Table 2: Summary Results Regarding Employment: Fourth All India Census of MSME

Sl.no	Characteristics	Registered Sector	Unregistered Sector	Economic Census-2005	Total
I	II	III	IV	V	VI
1	Employment (in lakh)	93.09	408.84	303.31	805.25
2	Per unit employment (in lakh)	5.95	2.06	2.06	2.23

Source: MSME Annual Report 2016-17

Micro Enterprises and Micro Entrepreneur

In this study, for classifying micro enterprises two criteria's were selected. First one is based on the suggestion made by British Chamber of commerce (1998), which classified enterprises on the basis of number of employees.

Table 3: Classification of Firms Based on the Number of Employees

Type	No of employees
Micro	Up to 10 employees
Small	11 to 50 employees
Medium	51 to 250 employees

Source: Johnson (1999). “Skills Issues for Small and Medium sized Enterprises”

The second one is based on the MSMD Act 2006, where the enterprises are divided on the basis of investment in plant and machinery and equipment.

Table 4: Classification of Firms Based on the Investment Made

Type	Manufacturing	Service
Micro	Up to 25 Lakhs	Up to 10 lakhs
Small	From 25Lakhs up to 5 Cr	From 10 Lakhs up to 2 Cr
Medium	From 5 Cr up to 10 Cr	From 2 Cr up to 5Cr

Source: MSME Annual report 2016-2017

For this study both criteria were considered. Thirty-five entrepreneurs who met the above criterion were selected.

HR Practices in Micro Enterprises

Micro enterprises employ less than ten workers sometimes including family members as they have very limited productive assets with a limited capital (Pretes, 2002). HRM deals with how people should be managed as employees in work place (Pinnington, 2000). Many articles say about the absence of formal HRM practices in small enterprises as management deficit (Behrends, 2007).

Micro firms are not using many of the elaborated instruments because the activities are very limited and they don't have separate HR department / experts (Behrends, 2004). Since there are only less than ten employees, the requirement of an HR expert and an HR department can be generally questioned.

Micro entrepreneurs without any assistance of formal learning, do HR practices for excelling in their business. Most of the micro enterprises are owned and managed by a single person and there is no team work as all activities are managed and controlled by the owner

himself. Majority of the micro firm owners do not possess formal management qualification, previous managerial experiences and many have not received any management training before starting their business (Johnson, 1999).

Research Methodology

In order to have a close shave about HR practices in Micro enterprises 35 entrepreneurs were selected using the convenient sampling method. Factors like readiness to share the information, dependability and willingness to cooperate with the study were given prime importance. The researcher prepared a schedule and approached the entrepreneurs personally. Questions were asked to them and their responses were noted in the schedule. During the study a good rapport was created between the researcher and entrepreneurs so that the schedules were complete in all respects. All important information, experiences and views shared by them formed a solid base for this study. The main objective of this study was to familiarize the HR practices that were adopted by micro enterprise in the rural area. For this purpose Annamanada grama panchayath was selected as the area for the study. This place was selected because it was located far from the Trissur and Ernakulum business hubs. Care was given to include entrepreneurs from different sectors like manufacturing and service. For the study micro entrepreneurs who had started business before 20 years and recently started persons were selected to have a much clear and sharp picture of the HR practices performed by them by sealing the so called ‘generation gap’.

Back Ground of Rural Micro Enterprises

Human capital attributes like education, skill and experiences of an entrepreneur is considered to be a critical resource for small firms (Pfeffer, 1994). These elements definitely have an influence in the performance of small businesses (Rauch & Frese, 2000). To survive in the world of big giants definitely there should be unique resources which are difficult to be imitated (Barney, 1991). The study about human capital, with regard to the owner, in a micro enterprise should consider the education experience and skills at the time when he entered in to entrepreneurship (Boxall & Steeneveld, 1999).

Human capital in the case of small enterprises is considered to act as a resource (Brüderl, Preisendörfer, &

Ziegler, 1992). That's why human capital theory research is traditionally focused on human capital and its effect on earnings (Becker, 1975). Lot of researches has focused on the relationship between the success and educational back ground of small business owner and success and experience of the small business owner (Dyke, Fischer, & Reuber, 1992; Cooper, Gimeno-Gascon, & Woo, 1994., Lussier, 1995). It has been empirically proved that human capital of a small business owner positively affects the success of the firm (Cooper & Gascon, 1992; Rauch & Frese, 2000). Thus undoubtedly educational background and experience in an area helps them to identify a business. Knowledge in the similar area which is backed well with education plays a finely tuned mantra for establishing and running the enterprise. A close view into the canvas showed that there is continuation of family business along with new enterprises. Most of them saw their father running the small business and get caged into the same thing. There are cases in which the next generation birds had flown to amazing heights, but the same does not come under the scope of this study.

It was quite amazing to find that women in the rural areas were also in the race of entrepreneurship. Among the 35 entrepreneurs 6 were women. Only four entrepreneurs were graduates. This may be because of the tendency that is prevailed in the area of trying for a government or secured job by the educated sector. Another important point to be noted is the number of members in the family. 13 entrepreneurs had 4 members in their family and 5 entrepreneurs had 11 members in the family. This shows that the number of dependents for the rural micro entrepreneurs is a bit more, as most persons have 2 or 3 children. When we consider their monthly income, it is clearly evident that they are able to generate a descent income to support their family.

Table 5: Monthly income of the Respondents

<i>Income</i>	<i>No. of respondents</i>
0-5000	6
5001-10000	6
10001-15000	9
15001-20000	6
20001-25000	3
25001-30000	3
30001-35000	0
35001-40000	0
40001-45000	0
45001-50000	1
Above50000	1
Total	35

Rural micro entrepreneurs who had started business about 10 years ago are still seen in the same level without upgrading to the next orbit. It should be a matter of serious concern for the government as well as academicians to know the hindrances that had chained them in the same status. Thus the matter why they are born in a micro level and still continuing in the micro level should be studied seriously, as when they grow the national economy is actually growing. Continuation in the micro level even after a period of time is really a striking spark.

Table 6: Year in Which the Respondents Entered into Business (Data as on Jan 2018)

<i>Starting year</i>	<i>No. of respondents</i>
1995	1
1997	1
1998	2
1999	1
2000	2
2002	2
2005	2
2006	1
2007	2
2008	1
2009	1
2010	3
2011	2
2012	2
2013	2
2014	1
2015	5
2016	2
2017	2
Total	35

Twenty seven persons are continuing their first business, while 8 persons identified new battle field as they found the first business that they started was not actually the cup of tea meant for them. Here they consider the area that they selected for entry into the business field was wrong. They had found the difficulty in running the business in that area only after realizing the dream of an enterprise. Here two questions arise. One whether he had entered into the business seeing an opportunity or just to satisfy the need of an income to live. The second question is the type of motivation he had to enter into the business. If it was intrinsic definitely he will take all the pains and

hardship for surviving in the business. But if he had extrinsic motivation, when any difficulty comes he will wish to stop the same and enter into a much easier path of earning. This is because it is the circumstances that had made him to select the entrepreneurship (Varghese, 2017). This shows that most of the persons are externally pushed (Varghese, 2017) especially to earn a livelihood into the process of entrepreneurship.

To analyze the family background from which they hail, occupation of their parents, especially the father was asked. It was found that the occupation of the father of majority of respondents were either farming or business. Among ten persons who succeeded their father, eight persons are continuing the business of their father (That means for two generations the enterprise is continuing as a micro enterprise), while two persons remained in business like their father but by changing the area. They found that the business of their father does not have enough demand in the market and lacks earning potential, so they identified new areas which was attractive in terms of demand in the market and earning potential.

Table 7: Occupation of the Father

Occupation	No. of respondents
Government	2
Private	1
Self employed	3
Farmer	11
Daily wages	5
Business	10
Any other	3
TOTAL	35

Number of Employees

Most of the researchers focus on the fact that microenterprises are mainly a one man show. They try to do all activities by self. At a point they may employ others but the fact is that both the employee and employer will be inseparable in such a manner that they work together. The number and intensity of the contact points thus evolve into a level where informal employee employer relationship is reflected in almost all levels of work. Thus lesser number of employees in micro enterprises leads to harmonious and close working relationship (Bird, 1989). In certain cases

there will be a time gap between starting the enterprise and appointing the first employee. Nine persons have appointed their first employee after a time gap which ranges from a minimum of 1 year to a maximum of 14 years. The number of the employees will be, of course less and in some cases they even employ family members (Pretes, 2002). Most of them even encourage temporary employees. Temporary employees are engaged only when some immediate needs like unloading or loading of goods, arrival of a bulk order to be catered in short time, festival sales, etc. arises and will serve them only at that particular point. For this study only full time employees are taken. Thus in rural microenterprises the employees may be from a single segment or a combination of two, three or four of the different options addressed in the figure below.

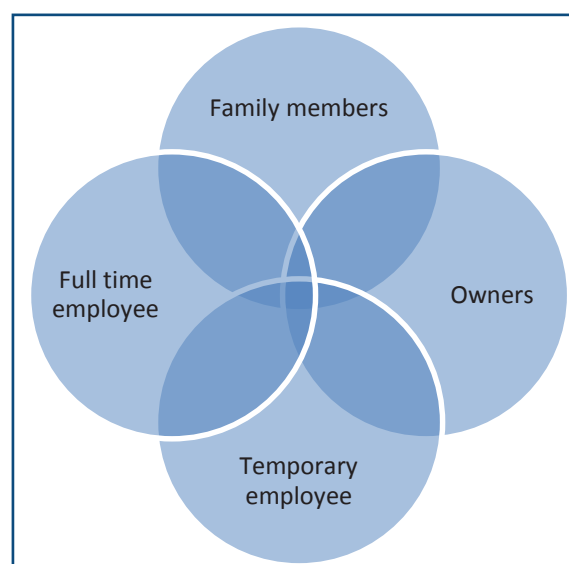


Fig. 4: Types of Employees in a Rural Microenterprise

From the study it was revealed that 26 entrepreneurs appointed staff during the initiation of the enterprise. The number of employees appointed varied based on the type of business they are doing. Later deviation in the number of employees had occurred by adding or reducing employees. Eleven persons have increased the number of employees in due course of time. The reason cited for increasing the employee base was business expansion, increase in the business volume, time saving, reducing stress, for help, to have sufficient workforce (to run the business uninterrupted) etc. Three persons have reduced the number of employees due to decrease in business (2 persons), and implementing technology (one person).

Table 8: Number of Employees Appointed During the Initiation of the Enterprise

<i>No. of employees</i>	<i>No. of enterprises</i>
0	9
1	13
2	4
3	3
4	1
5	2
6	1
8	1
10	1
Total	35

Identifying Potential Employees (Recruiting)

Recruitment cannot be considered as a simple process as, Once bill gates said that they were facing great difficulty in recruiting staff in their research team (Dutton, 1997). Smaller enterprises rarely use any man power requirement planning (Behrends, 2007). The owner himself will be involved fully in the recruitment practices. Since they have less money and expertise, it is advisable to keep away from highly differentiated and elaborate recruitment policies especially from an economic perspective (Williamson, 1984). One more thing to be noted at this point is whether they should have

an HR department or not. The requirement of a separate HR department is necessary only when the number of employees exceeds approximately 50 (Behrends, 2007). In smaller companies the organizational recruitment is largely supported by its employees (Behrends, 2007) and the owner himself. The owner will be trying to recruit from the known sources. When the existing employees also join the process definitely the recruitment sources are widened. Seriously piercing into this option reveals that the employee employer relationship will influence the same. So the quality of relationship between the employer and employee has a higher impact on the success of the recruitment in small organizations.

Most of the small enterprises lack resources for advertising the vacancies present in their firm. (Singh & Vohra, 2005). Some microenterprises even take print outs in A4 sheet papers and paste in bus stops and other public gathering places. It is not advisable to a microenterprise to advertise vacancies in a higher platform than this. Even if they can advertise they will be not be able to afford good quality employees as they cannot pay salary in the range what larger organizations provide for similar post (Singh & Vohra, 2005). Thus most of the small firms largely depend on informal recruitment sources like word of mouth from family, friends or trusted employees (Carroll, Marchington, Earnshaw, & Taylor, 1999).

Table 9: Sources of Recruitment in a Microenterprise

<i>Sources of recruitment</i>	<i>Reasons</i>	<i>No. of respondents</i>
Family	Known person, Trust	2
Friends	Known person, Trust, Availability and recommendations	12
Neighborhood	Known person	2
Local community	Known person, Trust, Experienced candidates, Competitive persons, Easiness to travel in the sense that their residence is within proximity of business location	15
Manpower suppliers	Competitive persons, Easily Available	2
Gate applications	Availability	2
	Total	35

From the table it's evident that rural micro entrepreneurs prefer potential employees from the local community and friends circle due to the above mentioned reasons.

Selection of Employees

In small firms the selection is normally based on the judgment of the owner following a face to face interaction \

interview with the potential employees (Kotey, 1999). They normally judge based on other criteria rather than formal education qualification or previous work experience (Carroll et al., 1999). They will be mostly checking the willingness to do the entire job rather than a specialization. To be more specific a small clinic will be looking for a doctor who can treat all types of patients and

a multispecialty hospital will be looking for a specialist in an area. It will not be practical in any sense for a small clinic to appoint specialist in all areas, so it looks for a general physician. Thus small organizations do not have any systematic and professional approach for selecting new employees (Behrends, 2007). They rarely use any formal selection tools except job interviews (Behrends, 2007) as in most cases the potential employee and the 'owner employee' will have an informal interaction before selection. Definitely large firms and SME's differ in the employee selection process (Barber, Wesson, Roberson, & Taylor, 1999). Lot of studies especially in UK (Bartram, Lindley, Marshall, & Foster, 1995) and US (Heneman & Berkley, 1999) have revealed that smaller organizations rarely use formalized techniques for selection of employees to their organization.

While selecting employees nineteen persons concentrate more on the previous experience of the potential employees, Three persons gives priority to the opinion shared about the candidate by others, four persons conduct a formal interaction for selecting the best one by concentrating on the knowledge and skill they possess in performing a particular job, eight persons conduct an informal interaction for employee selection which is just a casual talk where they concentrate more on the dominance they can wield upon the potential employee and one person gives priority for the willingness to do any work. Since the owners are being totally immersed into the business even as an employee, they will be reluctant in selecting highly potential good employees as they consider them as a threat to their independence or dominance (Stanworth & Curran, 1989). After all in their firm they have to be the ruler.

Salary of the employees are normally fixed on the basis of three criteria the experience they have (17), salary paid for the job by other similar businesses (8) and based on the business made by them (10). In the third case there will not be a fixed monthly salary and they give payment as commission for the business they do or as a piece rate, i.e. an amount will be fixed for one unit of job and will be multiplied with the number of units done.

Four persons ask for bonds from the selected employees either in the form of cash deposit (2) or written bond (2) to ensure that they will continue with the firm for a specified time period.

Training for Employees

Training and development is important as it is not likely to get specific and unique skilled potential employees for a specific job from the labor market (Lepak & Snell, 1999). Training enables a person to change his/her behavior, change the perception regarding his/her activities and enhance his/her ability to perform better (Temu & Kessy, 2010). Thus training can modify a selected employee based on the entrepreneurial requirement. Comparison between the 1997 (Cosh & Hughes, 1998) and 1991 Cambridge survey shows that there is a wider 'training gap' between micro businesses and larger enterprises within the MSME sector (Johnson, 1999). Training helps an employee to sharpen his skills and finely tune his methodology to evolve into the next orbit. But researches show that employees have a greater likelihood of receiving training if they work for a larger firm than a small firm (Harris, 1999). Thus employees in a microenterprise cannot dream for high quality training from industrial and academic experts. They will be trained mainly by the owner himself while performing the job. Even from an economic perspective only internal training will be viable for a microenterprise. Thus training in small firms is mostly informal and they follow on the job training method (Loan-Clarke, Boocock, Smith, & Whittaker, 1999). The 1997 SBRC survey also confirms that internal training is the preferred form of training by micro businesses (Johnson, 1999). This creates a strong fencing around their employees which prevent them from acquiring most developed and accepted management strategies that are in practice in good established firms. Since owners are mainly providing training it will be short term in outlook (Hill & Stewart, 2000). In the study conducted by Kotey and Sheridan (2004) small and medium firms were more likely to provide orientation training for new employees than micro firm. In most micro organizations, the owners directly take the responsibility for employee training and the methods that are employed (Timmons, 1999).

Small enterprises are mostly practicing informal on the job training method (Curran, Blackburn, Kitching, & North, 1996) and the amount of training and the formality of training depends up on the size of the organization (Gray 1997). If a manager or owner gives training they cover business functions like health and safety, product knowledge, working methods, etc. (Curran et al., 1996). From the case of rural micro entrepreneurs under study,

it was found that the induction and training for the employees are given by the owner directly (25) or by an experienced employee (10).

Fixing the Work Hours

In microenterprises the owner will be spending more time in the enterprise which will definitely makes the employees also to follow. Even though the study conducted by David and Christopher (2006) states that hour's spending by the owner in his firm has a weak significant positive impact on earnings, the owners spend more time. This may be because of lack of expertise in handling certain issues, lack of skills, lack of human resources etc. The working hours of micro entrepreneurs significantly differ in different countries from 72 working hours per week in Pakistan (Hussain & Yaqub, 2010), 45 working hours for Kenya and 38 working hours for Ghana (Chu, Benzing, & McGee, 2007). This difference in working hours may be due to the difference in cultural and economic needs of small business owners (Hussain & Yaqub, 2010). When going to a busy city one can see certain shopkeepers waiting for customers even at late nights. They have a firm stand that more time they spend more business they will get. There are shop owners who leave home by early morning to open their shops especially to sell packet milk in cities and return back late night.

For the employees, most of the rural micro entrepreneurs had fixed eight hours (26), seven hours (1), nine hours (5) and more than or equal to ten hours (3). This can be considered as the influence and awareness among them regarding the legal matters related with labor. They consider eight as the accepted time limit a person can work in a day. Whenever the time exceeds eight they pay an overtime allowance for them.

Payment for Employees

It is said that micro entrepreneurs play a significant role in absorbing unemployment (Shaw, 2004) in any economy. But the fact is that micro enterprises are considered as an aid to exit from poverty by the poor clients especially in semi-urban areas (Shaw, 2004). Thus microenterprises are mostly self-employed or household activities were, in general, unpaid family members are employed (Orlando & Pollack, 2000). It can be noted that microenterprises do

generate jobs in the most successful activities (Mosley, 2001). The employment generated by microenterprises are low paid, part-time and of very poor quality (Shaw, 2004). For a very large proportion of microenterprises, the minimum wage is not applied and is evaded (Garcia, 2007).

Seventeen persons are providing overtime payment on an average of one hundred rupees per hour when the employees work for more than the stipulated hours. Payment of salary is done daily (2), weekly (12) or monthly (21). Most of the rural micro enterprises provide monthly salary. Some of them offer weekly payment or 'Saturday payment'. Every Saturday they pay the salary for that week.

Benefits for Employees

Work load of more than 60 hours per week will result in increasing work related stress (Carr & Tang, 2005). Most of the private establishment with fewer employees very rarely provides certain benefits like health insurance, retirement benefits etc. (Braden & Hyland, 1993). Providing different types of benefits to the employees will increase the labor costs. Then also certain benefits can be provided to the employees in the microenterprises, since they are paid less when compared to small, medium and large enterprises. Cases where both parents are working is becoming common now and their problem of handling their children (where elder care is required) is becoming a really big issue. There are situations where these employees cannot pay for child care facility. In such cases assistance of any form can be rendered by the micro entrepreneurs to put their employees in a comfortable zone.

Sunday is normally a holiday and all employees thus get a weekly off on that day. However two persons conduct business on all seven days of the week and they give the freedom of selecting the off day to the employee.

Only ten persons have the habit of giving casual leaves for their employees which are normally one or two days in a month. All others provide leave by considering it usually as loss of pay leaves, however based on the situations and conditions they sometimes consider it as paid leave especially during festivals and sickness. It is solely based on the discretion made by the owner.

Monitoring the Employees

Employers monitor the work activities of their employees (Dennis, 1998). To get better results it is said that the entrepreneur himself should undertake the task of supervision (Eswaran & Kotwal, 1986) as the workers may prefer leisure to labor leading to an inherent tendency to avoid or neglect the duty or responsibility assigned to them. That's why in most microenterprises owners directly monitor human resources (Timmons, 1999). The microenterprises will have certain objectives to be fulfilled. The owner will be directly monitoring the same as it is said that the monitoring system should be in closely parallel with the objectives of the firm (Honing, 2000). The monitoring system will be usually informal and unique to each microenterprise as it is evolved from the individuality of the owner.

About 18 persons use customer feedback as a main tool for monitoring the performance of their employees. Four persons have employed supervisors for the same. Eight persons monitor their employees directly. Some micro entrepreneurs seek the assistance of technology like CCTV cameras (4) and biometric punching system (1). Five persons solely depend on customer feedback while others use a combination of two or three of the above said methods like direct supervision and customer feedback, through supervisor and direct supervision, Customer feedback and punching machine, through CCTV, customer feedback and direct supervision etc. Here it is seen that the rural micro entrepreneurs have evolved from the traditional so called direct supervision to a monitoring mechanism integrating technology, customer feedback and direct supervision.

Performance Appraisal

Kotey (1999) stated that few owner managers have formal and professional policies relating to promotions, incentives etc. But these policies are having minimal documentation so that when the owner manager is forced to keep away from the business due to unavoidable reasons like sickness; these policies are blocked leading to lack of continuity in the enterprise (Kotey & Sheridan, 2004). Performance appraisal is aimed at assessing the extent to which an employee has fulfilled the assigned task and responsibilities of the job (Stanciu, 2014). The study conducted by Stanciu (2012) in SMEs in Romania reveals

that they conduct the appraisal annually. Majority of them use information from a single source for appraising the performance (usually the source is owner manager himself in case of microenterprises) which is followed by administrative decisions like salary increasing/decreasing and promoting/downgrading an employee (Stanciu, 2012).

All the rural micro entrepreneurs under study are doing performance appraisal. Some persons depend on a single method for performance appraisal like analyzing business volume (4) analyzing profit (2), customer feedback (4), based on production (1) and based on dealings with customer (1). Others use combinations like analyzing profit and dealings with customer, Production and customer feedback, customer feedback and dealings with customer, Production and analysis of business volume, profit and customer feedback, customer feedback, dealings with customer and analyzing profit etc. The base of the performance appraisal among the rural micro entrepreneurs thus range from analyzing the business volume and profit from the sales side, customers from the market side and volume of production from the manufacturing side. The performance appraisal is provided as incentives (4), Special bonus (9), salary increment (6), extra payment (1), payments at the time of festivals or occasions like going home etc. (15). The performance appraisal is mostly a short term based one. Permanent and long term beneficial salary increment is provided by only six persons. In all other 29 cases the entrepreneur based on his discretion gives a onetime payment and settle the matter. The most interesting thing is that 15 persons show this happiness only on certain occasions like festivals, visit to their home by employees etc. The one who is able to please the entrepreneur gets more. Thus there is a lack of formal approach and standardization in the performance appraisal mechanism among the rural micro entrepreneurs.

Health and Safety Measures

The employee-employer relationship in most of the microenterprises is based on casual employment kinship without having a contractual agreement with formal guarantee (Forastieri, 1999). Due to liberalization, globalization and privatization the world economy is rapidly changing. High quality products and higher productivity at lower cost is the new core theme

(Forastieri, 1999). To remain competitive most firms go for a cost cut. Unfortunately these cost cuts are mainly concentrated on the working condition of the enterprise. Thus microenterprises in order to remain competitive and economically viable usually neglect the health and safety measures that they should provide to the employees. This leads to illness, injury and disability to the employee, which rarely are addressed by the employers. Microenterprises sometimes function with inadequate space, handle hazardous materials without providing required necessary protection etc. The employers mostly consider that providing these types of facilities will increase the expense of the enterprise. The main factor to be considered in this scenario is high level of competition, limited capital and limited resources. Most of the micro entrepreneurs lack sanitary facilities, portable water and have poor waste disposal facility (Forastieri, 1999). It is also said that small firms are dictatorially ruled by the owners, they offer poor working condition leading to health hazards of the employees and the employees have very little involvement in the running of the business (Rainnie, 1989).

It was found that 34 persons provide toilet and sufficient rest place for their employees. 30 persons among the above 34 provides artificial humidification for their employees, 19 persons provides proper ventilation, spittoons by two persons and disposal of waste by one person. Regarding health, they are concerned with basic things like ventilation, rest rooms, artificial humidification and toilets. Some have gone little further by providing spittoons and waste disposals for their employees. Regarding safety, only 17 persons do have any concern regarding the safety of their employees. Working dress, gloves, hair cover, first aid facility, shoes and mask are the safety equipment provided to the employees based on the nature of business. An important point to note is that five rural micro entrepreneurs provide first aid facility for their employees.

Welfare Measures

Lot of welfare measures should be provided by different enterprises for their employees. In microenterprises, since workers come from economically and socially weak category there should be some welfare measures to console them as they are paid less when compared with small, medium and large enterprises for the same

job. Women with children who are unable to afford paid childcare (Klein, Alisultanov, & Blair, 2003) can be provided with the same. Even though high proportion of total employment is provided by microenterprises low productivity, low pay and instability of the microenterprises have an adverse effect on the welfare activities (Garcia, 2007). Job protection or security is an important element of employee welfare (Marchington, Wilkinson, Ackers, & Goodman, 1994) which is unfortunately not addressed by the micro entrepreneurs.

They don't provide a much high level of welfare measures for their employees. It was interesting to see that every employer provides a lunch time break for their employees. In addition to that 22 persons provide additional rest time for their employees mostly in the form of tea breaks. 17 employers have provided a lunch room with tables, chairs and a washing basin. Twenty six employers have provided sufficient chairs for their employees to sit in between. It was a good sight to see shelves provided to their employees for keeping their personal belongings by three persons.

Five persons are providing medical benefits for their employees, especially ESI benefits. Accident assistance in the form of insurance is provided by four persons. Five persons are providing employee welfare fund schemes for their employees. The rural micro entrepreneurs are thus keen in providing ESI, Insurance and employee welfare fund to their employees. This shows that micro enterprises in the rural sector, even though within the restrictions of capital, limited resources, etc., have sufficient knowledge, concern and willingness to provide better standard for their employees

Retaining the Employee

Retaining good employees is essential for the success of a business (Mwobobia, 2012). When firms grow, in order to attract and retain employees a variety of benefits are provided by them (Monahan, Shah, & Mattare, 2011). SME's lack the ability and are unable to attract and retain highly qualified staff in their firms (Omar, Arokiasamy, & Ismail, 2009). In some cases workers can be retained by permitting them to work overtime. When maximum work is given, they get an opportunity to earn more and this process of getting extra earning in addition to the fixed wages will make the employees to remain with the company (Saini & Budhwar, 2008).

Rural micro entrepreneurs do some strange measures for retaining their employees like holding a part of their salary (3) and holding their certificates (1). Majority of them does not have a mechanism to retain good talent. The lack of formal performance appraisal mechanisms, benefits and welfare measures make them incompatible for the same. Employees after getting experience in the area show a tendency to migrate to higher level organizations which the rural micro entrepreneurs are unable to address. Thus to retain good employees they should see the 'gap' or reasons why they are migrating to higher firms and try to provide the same in their firms, if possible.

Termination of Employees

In Korea the Labor Standards Act only applies to enterprises that employ more than 5 workers (Faundez, 2009). In Iran, enterprises with fewer than 10 workers may be temporarily excluded from the reach of labor regulation (Faundez, 2009). The Factories Acts of India and Pakistan apply only to enterprises that employ 10 or more workers (ILO, 2001), while in Zimbabwe the threshold is set at 5 workers (ILO, 2006). Argentina enacted measure for terminating an employee. Employers can give shorter advance notice period and companies with less than 40 workers and sales below a certain point are exempted from validation of temporary contracts (Faundez, 2009), in some cases, small firms are exempted from paying compensation for termination (Berg, 2006). Thus the owners based on their personal view or opinion can easily terminate an employee from the service without much legal complications. It may be because of this fact that the economy is largely supported by the microenterprises. Most countries have purposefully pushed out microenterprises from the legal cobwebs. In the study conducted by Bosch (2006) enterprises disclosed that they do not engage in dismissals unless they can dismiss summarily for misconduct involving gross dishonesty, usually in the form of fraud or theft. In such a way they avoid disputes about notice periods and payment in lieu of notice (Bosch, 2006). In certain cases some termination will be a relief to other employees when their morale and productivity is seriously suffered by an employee (Alam, 2015). Forced termination occurs in cases of poor performance of employees, conflict with owner manager or senior officials, violating workplace policies, poor business performance, fraudulent of employees, business

downturn, redundancy, etc. (Alam, 2015). Even though previous researches draw that only in certain unavoidable necessities owners think about expelling an employee, it may not be true in all cases. Less legal complications can even make an owner to squeeze out an employee easily with whom he or she is dissatisfied. Since owners are directly involving in all aspects and in all angles of the business their personal decision will be much projected in the choice to terminate an employee.

They lack a formal procedure to tackle issues related with malpractices of employees. About twenty seven persons give priority for warning them, while one person goes for a formal apology in the written form and others give priority for a straight dismissal. In the case of rural micro enterprises due to the lack of awareness regarding the formal and legal aspects, procedures and practices of termination among the employers and employee, the issue will never go beyond the danger level. Sometimes the employees may leave the organization due to their personal reasons. During this case four persons who insisted for bonds at the time of joining will ask them to serve the bonded period. 15 persons ask for a notice period so that they get sufficient time to replace the employee. All others permit them to leave without any hurdles. They try to hold them for a short period so that replacement can be done, but if they are not ready for that they normally don't force them. It can be seen that lack of formal policies are even exploited by the employees also. Quitting of job without prior proper information is a usual practice by the employees in this sector. Thus separation in a microenterprise is much easier and does not have any formal standardized procedures, practices or policies.

Conclusion

The study was conducted by taking 35 rural micro entrepreneurs in the Annamanada Grama Panchayath located in the Kerala state. The study has provided a clear picture regarding the background and HR practices that are prevalent among the rural micro entrepreneurs. It was revealed from the study that in rural area women also participate in the race of entrepreneurship. There was a lack of highly educated persons in the picture. There were enterprises which were continuing in the micro sector for two generations without upgrading to a higher level. The occupation of the father of most of the persons was either business or farming. Some people appoint their first

employee after a time gap, when he feels that he needs the assistance of another person to smoothly conduct the business. The owner himself also will be involved in the business as employee. They try to recruit potential employees from the local community and friends circle. Selection is mostly based on the previous experience possessed by the potential employees and the salary is fixed usually based on the experience they have. Induction and training is mostly given by the owner himself and in some cases by an experienced employee of the firm. The working hours are mostly fixed to eight hours a day. Payment of salary can be even weekly, mainly on Saturdays, rather than normal monthly payments. They don't have a formal leave policy and most of them do not provide casual leaves. The discretion of an owner plays an important role in deciding a leave to be loss of pay or not. The performance appraisal is usually designed and implemented by the owner himself based on direct supervision, customer feedback and rarely technological assistance. Performance appraisal are mainly short term or better can be called as one time settlements. Toilets and restrooms are normally provided to the employees. Some persons even provide first aid facility depending on the nature of business. ESI, Insurance and employee welfare funds are provided by some to their employees. Rarely unhealthy practices like holding the certificates or a part of the salary are practiced by a few for retaining the employees. They lack standardized formal practices for retaining a good employee or for employee separation.

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