

**HUMAN RESOURCE MANAGEMENT IN SMALL SCALE  
PHARMACEUTICAL INDUSTRY IN MADHYA PRADESH**

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**ABSTRACT**

In the rapidly changing management scenario, HRM has an important role to play HR is a highly productive corporate asset and the overall performance of companies and corporations depends upon the extent to which it is effectively developed and utilised. Human resource is certainly important even in this age of extensive use of computer technology. This is because machine cannot be used as a substitute for human brain which has capacity to think, assess and react. It is correct to say that man is a power rather than man has a power. Progressive managements invest huge funds on training and development of human resource and this suggests the important of human resource management and its contribution in industrial and economic development in India. The present study attempts to review the value added and non-value added activities within the human resource policy adopted in small scale Pharmaceutical Industry located in Madhya Pradesh. It also highlights the strategic manpower planning of an enterprises, training and development programme, performance appraisal, welfare and reward system and industrial relations etc. that interface with recruitment and selection process. Finally, this paper suggests some policy measures for enhancement of industrial environment as well as long-term success of the recruitment and selection process in HRM through initiating necessary changes of the small-scale Pharmaceutical Industry in Madhya Pradesh.

## **INTRODUCTION**

Every business unit needs human resource (manpower) for the conduct of different business activities. In fact, no organisation can exist or operate efficiently without the support of human resource. Such human resource includes top level managers, executives, supervisors and other subordinate/ employees. A business enterprise has to estimate its future manpower needs and adjust its manpower planning and development programmes. Human resource management is also described as manpower management.

Human resource is not important resource in management and needs to be used efficiently. It is necessary for success of an enterprise. HR is a highly productive corporate asset and the overall performance of companies and corporations depends upon the extent to which it is effectively developed and utilised. It is the most delicate factor of production and need not be treated merely as a commodity to be bought and used in factories. The importance of manpower in business management is now universally accepted. According to Pigors and Myers "Good management means getting effective results with people." This suggests the importance of human resource management.

The following remark of Shri Dhirubai Ambani, Chairman of Reliance Industries Ltd. (Made in the 21<sup>st</sup> AGM held on 03/08/95), is worth noting in this regard. "Our people. People are assets you can never show on a balance sheet. Our company has a human resource asset of around 12,500 people, 3000 of which constitute scientific and technical manpower. Every year we add over 450 young professionals. These motivated and well trained people are the backbone of our business. The team is young in spirit conscious of its responsibilities and committed to building world class assets for the country."

Efficient management of human resource is a crucial factor in determining the velocity of growth and prosperity of business enterprises. This is particularly true in the case of small industry where the owners are forced to have a close and more personal association with their employees. For a large scale organization, the untimely loss of an employee can be frustrating,

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but in a small-scale unit it can be devastating. Important people in small firms are likely to assume more responsibilities than they do in large scale organization.

The present study focuses on some of the most important HR practices, which form of the core of human resource management. The areas, which are picked up are.

- ❖ Staffing (including human resource planning, recruitment, selection and induction).
- ❖ Training and Development (including worker and management development)
- ❖ Performance Appraisal (including all managerial activities of the employees)
- ❖ Organizational Development and
- ❖ Welfare (including social security of the employees)

The study focuses all these dimensions of HR Practices are still more important when the same are explored and applied in small scale industry. Today's SSI's inspite of their seeming resource constraints need such practices in order to excel in all the areas of industrial excellence same as some of the enlightened Indian large scale units and multinations.

#### Objectives

The major objectives for which this study is being undertaken are as follows :

1. To study the sources of manpower used by the small scale Pharmaceutical units for recruiting the required personnel.
2. To see what are the types of training techniques being used at various levels of the employees.
3. To examine the Performance Appraisal system is existing or not ? If existing, whether this system is open and self appraisal based or is confidential.
4. To find out OD is proved to be beneficial if it is practiced in the SSP units.

5. To analyse the existing welfare measures taken in the present units and how for they are in compliance with statutory provisions.

### **RESEARCH METHODOLOGY**

The research design adopted for the study is descriptive in nature. The study covers all the small pharmaceutical units situated in M.P. the total number of SSPU Units in these area is around 350, which all together constitute universe for the purpose of the study. In order to have the descriptive study sampling design of 50 units were chosen from the universe, in such a way that units from each industrial areas of M.P. in the sample representing the cross section.

There are many methods of data collection which is used for this study. Different data collection method have different advantages and are more suitable for different studies. In the process of data analysis, various statistical tools and various well defined statistical formulae are applying in this research study. On the basis of data obtained conclusions were drawn regarding the current scenario of HR practices in SSPI. Characteristics of the sample - The sample consisted of 1000 employees belonging to different categories from a sample of 50 units.

In the absence of proper records and registers regarding, payment of wages and benefits, the collection of data proved to be a Herculean task. The research had to depend on the opinion of the employers and employees. HR practices, an area which is given the least importance. Only reason crunch is the most prominent research due to which HR practices could not flourish in organizations.

### **SMALL SCALE INDUSTRY IN M.P.**

Madhya Pradesh, the third largest, Indian state covering 9.5% of the country's area is endowed with rich natural resources and fertile agro climatic conditions. The economy of the State is largely agrarian, employing 77% of the total work force and contributing 40% to the state domestic product. continuous efforts have been made towards industrialization of the state. Table 1 exhibits economic structure of the M.P. and Table 2 exhibits the growth of Pharma Industry. In M.P. around 350 pharmaceutical units situated in the industrial area in Dewas, Pithampur, Ujjain and Ghatabillod, Banmore in Morena, Govindpura in Bhopal and so on. Thus over all more than 350 major pharma units are located. Besides these mainly over 200 Auyurveda medicine units and some 50 Homeopath medicine units are also operational. The pharmaceutical industry in M.P. in particular has shown tremendous progress with technological development.

#### Findings

- ❖ SSI in general are having somewhat apathy towards HRM practices. Lack of resources and more importantly lack of will leads to non-existence of such practices. In many cases small entrepreneurs are even not found to be aware of them. The HRM policy is a neglected area in majority of the units in this sector. Whatever such a policy existed it was mostly related to fulfilling government statutory requirement. Mostly leave rules, rules relating to expected behaviour within the premises, tour and travel policy and policies concerned with PF, gratuity, superannuation, grievance handling are found to be existing which are mostly defined by statutes. In very few units employee training and development policy, recruitment and selection policy are framed and followed although not very religiously.
- ❖ Small Scale Industry in general is having somewhat apathy towards HR practices. Lack of resources and mor importantly lack of will leads to non-existence of such practices. In many cases small entrepreneurs are even not found to be aware of them. The personnel policy is a neglected area in majority of the units in this sector. Wherever such a policy

existed it was mostly related to fulfilling government statutory requirement. Mostly leave rules, rules relating to expected behaviour within the premises, tour and travel policy and policies concerned with provident fund, gratuity, superannuation, grievance handling are found to be existing which are mostly defined by statutes. In very few organizations employee training and development policy, promotion policy, transfer policy, recruitment and selection policy are framed and followed although not very religiously.

- ❖ HRP is another neglected area. With the development of the concept of contractual / agency staff HRP has become still more discarded activity. As and when needed manpower agencies are contacted they provide the required personnel immediately and at a relatively much cheaper rate. In case of technical staff of course HRP is devised really sincerely. The reason being scarcity of trained, skilled and experienced technical manpower. Without such planning the survival of the units in SSI sector would be in jeopardy.
- ❖ As employed turn over is found to be very high, especially among non-supervisory employees due to their rural orientation, in almost all the units studied, so recruitment has become one of the most active areas and it seems to be perennial function. In spite of it even this area is ignored where not much effort and thought is given to understand and overcome the problems for the procurement of quality manpower. Although hardly in any unit visited, a full time person was available to act as a Recruitment Manager of the like but the top management is found to be spending a substantial time in recruiting for the so called manager owner is the only person having all decision making power concentrated in himself. It is found that lower level employees are recruited mainly through labour to labour contacts followed by casual callers or applications on the gate. The case of higher order manpower, advertisement is the most vital source, although employee contacts and employee referrals are also important to a little extent.

## **TRAINING AND DEVELOPMENT**

- ❖ Training in an area, which had to face apathy of even the large industrial sector so it goes without saying that it is also discarded in small- scale unit. Paucity of time and other resources especially money are most important reasons for its negligence. The training activities if they at all exist are restricted to only technical training for all strata of supervisory and non-supervisory employees, and the most popular mode of training is non other than On- the – Job training (OJT). In not a single unit HR and conceptual training is found to be imparted. Even people were not aware of the feasibility, possibility and utility of such training.
- ❖ Training infrastructure is mostly undeveloped or under developed in as majority of units. Only in few of the units surveyed training classrooms are were found out with few audio visual aids like LCD projector and other presentation kits. But even in such units where training facilities are developed they are rarely being utilized. Mostly these facilities are being used for internal conference and meetings. But majority of SSPU are having very obsolete training infrastructure for them it means only the work shop which they feel is the only place where manpower can be trained and chiseled and they very well recognize the futility of spending even a farthing in developing any training infrastructure whatsoever.
- ❖ Performance Appraisal is another area where not much is done in SSPUs. In an many as 98% of the units surveyed no formal PA system was noticed. In these organizations as promotion, transfer, salary increment and other administrative and HR decisions are not frequently taken which are often based on PA data so it is not discerned as essential and inevitable function. There are very few organizations where the performance of the employees is recorded and kept for future reference. The owner manager is again found to be the only decision maker who does not need such a formal system. The PA system, wherever available, is of closed type only based on the confidential remarks of the

seniors. In less than 1% of the organizations even open appraisal in combination with self appraisal is found to be prevalent. But a major portion of these appraisals is based up on trait based rating scales, which might not be very objective, truly reflective and without personal predilections.

- ❖ Over all the PA system is not being taken very seriously as an employee related decision making tool. If it is at all present and practiced then it is not in many cases formalized / structured. So in most of the units the whims and fancies of top management / owners play the only dominating role. Their rating / recommendation is the final verdict in all employee related decisions like transfer, promotion, demotion, termination, development, training etc.

## **CONCLUSION**

Efficient management of human resource is a crucial factor in determining the growth and prosperity of business enterprise. This is particularly true in the case of small industry where owner's are forced to have a close and more personal association with their employees. To develop a strategic plan for small scale pharmaceutical units located in M.P. and improve the present process, recommendations of activity elimination, activity reduction, and activity sharing are suggested. Further more support from the top executive management to create a special department and appointment of HRM and to allocate resource is needed for the efficient implementation and long term success of the ear of business.

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PARTICULARS	INDIA	MP	AP	TN
Agriculture	29%	32%	31%	21%
Industry	20%	25%	23%	30%
Services	51%	43%	45%	49%
Per capita Income	11649	6518	8615	10222

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TABLE-1 ECONOMIC STRUCTURE OF M.P.

Source: Annual Reports of Dept. of Commerce & Industry, India.

TABLE-2 GROWTH OF PHARMA INDUSTRY (RS.IN MILLION)

INDICATORS	1965-66	1994-95	1997-98	1994-95 COMPOUND GROWTH OVER (%)	2008-09 COMPOUND GROWTH OVER
INVESTMENT	1,400	12,000	18,400	53.3%	65.8%
R&D	30	1,400	2,200	57.0%	72.3%

EXPENDITURER					
FORMULATIONS	1,500	79,350	1,20,680	52.0%	66.00%
TURNOVER BULK DRUGS	180	15,180	26,230	72.8%	87.00%
FORMULATIONS	30	9,240	28,050	32.9%	42.3%
EXPORS BULK DRUGS	30	12,607	21,730	58.0%	66.7%
NO.OF MANUFACTURERS	2,000	-----	8,250		

SOURCE:PUBLISHED REPORTS.

TABLE-3 CATEGORYWISE NUMBER OF EMPLOYEES

CATEGORIES	NUMBER OF EMPLOYEES (%)
MANAGERIAL	02
SKILLED/TECHNICAL	67
SEMI/UNSKILLED	21
CONTRACTUAL	10

TABLE-4 AGE OF EMPLOYEES

AGE (YEARS)	SKILLED/TECHNICAL (%)	SEMI./UNSKILLED(%)
20-25	19	15
25-30	38	34

30-35	27	22
35-40	10	18
40-AND ABOVE	06	11

**TABLE-5 EDUCATION QUALIFICATIONS OF EMPLOYEES**

EDUCATIONAL QUALIFICATIONS	SKILLED/TECHNICAL (%)	SEMI. /UNSKILLED (%)
ILLITERATE	02	06
1-5	06	08
5-10	34	34
10-12	32	24
GRADUATION	16	19
POST GRADUATION	10	09

**TABLE-06 EMPLOYEES EXPERIENCE**

EXPERIENCE(YEAR)	SKILLED/TECHNICAL (%)	SEMI. /UNSKILLED (%)
LESS THAN 1 YEAR	07	23
1-3	48	43
3-7	23	19
7-11	13	11
11-15	09	04

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TABLE-07 EMPLOYEES SALARY

SALARY (RS.)	SKILLED/TECHNICAL (%)	SEMI. /UNSKILLED (%)
1500-3500	23	49
3500-4500	35	29
4500-7000	21	14
7000-9500	16	08
9500-11500	03	00
11500-AND ABOVE	02	00

TABLE-08 EMPLOYEES RELIGION

PARTICULARS	MALE(%age)	FEMALE(%age)
HINDU	84	81
(a) UPPER CASTES	33	29
(b) SC/ST	24	31
SSSS(c) OBC	27	21
MUSLIM	14	18
CHRISTIAN	02	01

TABLE-09 FUNCTIONWISE NUMBER OF EMPLOYEES IN THE SAMPLE

FUNCTION	NUMBER OF EMPLOYEES (%)
MARKETING	23
GENERAL ADMINISTRATION	08
PERSONNEL	11
ACCOUNTS/FINANCE	06
QUALITY CONTROL	04
PRODUCTION	48