

A Synopsis

On

**"ASSESSING THE NEED FOR PUBLIC-PRIVATE
PARTNERSHIP PERTAINING TO FORMAL EMPLOYEE
TRAINING IN SMALL-MEDIUM ENTERPRISES"**

(A STUDY ON TEXTILE INDUSTRY, BHILWARA)

Submitted by:

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1. Title of the Research

"Assessing the Need for Public- Private Partnership Pertaining to Formal Employee Training in Small- Medium Enterprises"

(A study on Textile Industry, Bhilwara.)

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2. Location

3. Importance of Proposed Investigation

Small - Medium Enterprises are an important and integral part of Indian economy and have played significant role in economic crisis. They are not only contributing in GDP but also have great contribution in industrial growth, industrial output, exports and employment. The following points will enumerate more:

a) Employment

Small-Medium Enterprises are the only source of employment in poor regions and rural areas. They tend to employ poor and low income workers and generate more jobs for them

b) Growth and development of rural area

Small-Medium Enterprises increase rural industrialization and link it with more organized urban sectors and provide an opportunity for rural people to generate income and personal growth.

c) Direct foreign investment

They provides economical semi finished good to large organization working at international level and they attracts multinational and conglomerate for investment

d) Contribution towards the nation development

Small-Medium Enterprises help to achieve fair and equitable distribution of wealth by creating nation wide non-discriminatory job opportunities as well as play vital role in developing countries where poverty is severe.

e) Export revenue

Small-Medium Enterprises contributes significantly to export revenue because of low cost labour intensive nature of their product.

In India Small-Medium Enterprises have their presence in almost all major sector of Industry. Among these textile sector is one of the India's oldest industry which ranks next to agriculture. In textile industry, there is a shift from labour intensive to technological dependence and with this phenomenon the need for highly skilled workmen is increasing at rapid pace. On the contrary, the supply of such type of labour is very low. As a result there is huge gap between demand and supply of requisite labour. This situation is hampering the performance of industry as a whole.

So, there is an urgent need to give more emphasis on effective formal training in an industry for the skill up gradation along with knowledge & potentiality of these workmen. But, on the other hand, there are also lots of other issues such as SMEs lacks of funds to be employed in conduct of such training programmes. They also lack of risk culture in investing on human resource and so on. Public- Private Partnership can be a way to solve these problems.

Public-Private Partnership is basically collaboration between government and private sector through legally binding contract to share responsibility, risks, reward etc. In this partnership generally services are delivered by private sector and resources are provided by public sector.

As Bhilwara is one of the most important textile centres, consist of around 600 textile industry has encouraged researcher to have detailed study on "**Assessing the Need for Public- Private Partnership Pertaining to Formal Employee Training in Small Medium Enterprises**"(A study on Textile Industry, Bhilwara) so that the

performance of these textile units can be enhanced with the help of its significant resource named as human. Moreover, it is expected that the result of the research work would help Small-Medium Enterprises (Textile) to assess more appropriately about the need as well as importance of formal training of workmen working at shop floor towards overall performance of the organization.

4. Scope

The finding of this research would be very important as they will help us to comprehend the training practices adopted by Small- Medium Enterprises & its impact on industrial growth along with productivity. Generally Small- Medium Enterprises have limited provision of training but the present phenomena depicts that Small-Medium Enterprises too are interested in providing formal training to the employees so that their skills can match with fast changing technology. Further, as they have now understood that it would not only provide competent manpower but also give them competitive advantage in this furious global challenging business environment.

But, it is also true that most Small-Medium Enterprises have lack of enough funds to sphere for training to their employee's. Thus, there is urgent need for identifying alternative method to train people both existing as well as aspiring, as skilled workforce can only help an organization to sustain and growth, and Public-Private Partnership can be one of them. This research would lead us to identify need of Public-Private Partnership in formal employees training.

It will also throw the light on various aspects of Public-Private Partnership and whether this type of model can be used for other purposes leading to overall sectoral growth as well as to other industrial sectors falling in Small-Medium Enterprises category.

This research could also put forth various aspects of training which may be very significant for small-medium enterprises in general and textile industry in particular to maximize the output of their Human Resource.

Moreover, it is also a visible fact that Small- Medium Enterprises in India play a significant role in overall industrial development of the nation but apathy is that on one hand it lacks fund and on the other most of the workman working in these

organization come from rural India and largely are unskilled creating many new hindrances in the higher performance of the organization.

The present study would help us in identifying the more effective role that government can play in partnership with private sector so that their efficiency can be enhance

5. Review of work already done on the subject

Zaini Jamuludina and Fazilah Mohamad Hasun points out that training is an one of the most important investment for the enhancement of human potential because skilled employees not only perform efficiently but also provide quality in output. They also includes that training is very important and essential for building the necessary skills among employees for better performance. In the support of Zaini & Farizlah Storey (1994) says that those Small-Medium Enterprises who have higher investment in human capital are more aware in time saving, valuable & specific training. In this context Sandra Kind Kauanui (2004) also concludes that both formal & informal training have a positive impact on SME's performance.

In continuity Tan, West head & storey (1996) state that Small-Medium Enterprises are unable to compete in global market because of insufficient training provided to the owner and staff members. He also points out that skill upgrading activities should not be only part of top level management but all other level should also be connected with training for better output. Jones (2005) also agree on the view point of Tan, West head & Storey say that those Small-Medium Enterprises who are putting great effort in training leads to high revenue, Sales & growth. Further more Storey and West head (1994) says that it is quite difficult to measure qualitative forms of training & development so it would be better to more emphasis on training input & less on the output of the training process. Caroline Dominguez, Joao Varajao& Leonel Morgedo in the support of West head, Tan & Storey (1996) says that competitive economy and globalization demands personal, team management, business and technical competencies in managers as well as better training solution for reducing the gaps of their knowledge & skills.

Furthermore, Chi Rimi Hussain (2006) also state that the success of firm totally depend upon the resources like good organizational culture, latest technology,

high quality of raw material & productive human resource. Among them human resource is the most important.

Cecilia Wong, J. Neill Marshall, Neil Alderman & Alfred Thwaites (1997) points out that there are so many factors in organization which influence the training like infrastructure, ownership, location factor, product/market structure, HR supply and so on but understanding of their influence is very important because it creates difficulty in setting objectives & budgets.

Coopers & Lybrand (1985), CBI (1989), IFF (1993) points out that Small-Medium Enterprises are well aware of training need but the problem is that there is a gap between awareness towards need to train their workforce and actual commitment to training. They also state that sometimes they get fail to make link between training, profitability and competitiveness.

Ron Chuen Yeh (2009) says that training has a positive impact in extending life of SME's and team based philosophy in training ensure better result & give better opportunity for exposure. At the same time outside based guidance, company revenue, shareholder funds, net profit have a significant impact on longevity of enterprise. He also concludes that longevity of Small-Medium Enterprises both in service and non service sector benefited from outside based capacity building in their first to third year of operation. Kaufmann and Parlmeyer (2002) notices that Small-Medium Enterprises facing many barriers during growth period like inefficient market, high legal requirements, corruption, lack of managerial skill, lack of information etc.

Johnson (2002), Kitching & Blackburn (2002) & Gibb (1997) state that Small-Medium Enterprises confronting two basic problems in the implementation of formal training like cost of training & development, cost of employee's time when they attend training event. They also points out that manager are unwilling to invest in external training because it does not focus on firm's specific problems, priorities and work practices. Furthermore they also includes that Small-Medium Enterprises have very limited provision of training which does not mean that training is not taking place.

Rova Rabemananjara and Chris Parsley (2006) in their literature points out that Small-Medium Enterprises are less likely to provide training to their employees

because of lack of time, high cost and lack of information. They also points out that Enterprise are more interested in on the job training and their decision of training is related with business strategy. Turcotte et. Al (2003) also supports their views and state that those firms who are emphasizing on HR strategy are more interested to sponsor training. Betcherman, Leckis & Mc Mullan (1998) in the favor of Rova and Chris says that cost is the major obstacle for training in Small-Medium Enterprises. Because of that reason small-medium enterprises prefer on the job training which is less structured & accessible and improves the performance of firms in terms of profitability, productivity & revenues.

Colin Grey (1995) says that Small-Medium Enterprises are attracted towards the training only because of higher earning. It means training help the owner of enterprises to secure personal economic survival but fails to support.

Renee S. Reid and Richerd J.D. Harris points out that training expenditure can be determined by some important range of HRM functions rather than workforce characteristics, an external environment, size & the impact of change in ownership.

OECD Organization for economic co-operation and development (2003) state that in this knowledge base economy there is need to update the skills of workers as well as manager for the better performance of firm. It also says that quality of management is very important for the success of SME's. With storey D.J. (1999) it also state that when training is funded by public sector, the absence of careful evaluation make it difficult to judge effectiveness.

Karl Pajo, Alan Coetzer and Nigel Guenole(2010) notices that those employees who are participating in more training events are less interested to leave their employer & less likely to engage in neglectful behaviors. They suggest that participation in formal training enhance the positive perception of employees towards the organization & this leads to job satisfaction & lower neglectful behavior like turnover intention.

Rita K. almedia and Reyes Aterido in their paper state that Small-Medium Enterprises are less interested in job training because of three reason, first is expected

return on investment, second is lack of financial resource to invest, and third is less of information & co-ordination.

Jules Lichtenstein(1992) state that training is one way to bring less qualified employees up to acceptable standards of performance and increase their productivity in an era of rapid technological innovation and global competitiveness.

Jameson (2000) states that in order to meet the demand of the fast changing work environment, its very important for enterprises to attract, retain & motivate high quality employees with effective transferable skill through the training.

6. Research gaps identified in the proposed field

Several review has been done in training related to their important, impact on firms performance & role in firms productivity & profitability But till date no work has been done on assessing the need of Public-Private Partnership in conducting formal employee training in enhancing the productivity of the SMEs as a whole which may lead increased contribution of Small-Medium Enterprises in Gross Domestic Product. And, also supply of more matching workforce which can cope with the fast changing technology. This all has encouraged researcher to work on "Assessing the Need for Public-Private-Partnership Pertaining to Formal Employee Training in Small-Medium Enterprises".

7. Objective

- 1) To study the role and contribution of Small- Medium Enterprises in Indian economy.
- 2) To study the role of Textile industry in industrial development.
- 3) To study the existing employee training method prevalent in Small- Medium Enterprises and their contribution towards overall employee skill development, organizational productivity and profitability.
- 4) To study the role and contribution of existing government training center towards formal employee training.
- 5) To study the role of Public-Private Partnership and its significance in the present state of economic environment.

- 6) To assess the need of Public-Private Partnership in formal employee training in small -medium enterprises.
- 7) To study the role that Public-Private Partnership can play in generating requisite skills among the workmen

8. Research Design

- a) Sample size - Approximately 100 units would be selected for Research.
- b) Data collection - Primary data would be collected through interview-cum Questionnaire method. Secondary data would be collected through general, magazines, books, published reports, newspapers and internet.
- c) Tools & Technique- The appropriate statistical tools and technique would be used for analysis the data which shall include Tabulation, graphs, various tests etc.

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