

A STUDY ON PERFORMANCE APPRAISAL OF MICRO SMALL AND MEDIUM ENTERPRISES (MSMEs)

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ABSTRACT

The MSME sector is the sector that is most in demand, the most active, and the most dynamic. It also provides a considerable contribution to the total industrial output, employment, and exports of the nation. Due to the fact that it includes more than 80 percent of all enterprises in the economy, the labour intensity of this sector is much higher than that of any other large company. This is the case since it is the sector that incorporates the most companies. The sector of micro, small, and medium-sized companies is an important one for the economy of India. At the present time, the microenterprise industry accounts for the overwhelming bulk of the MSME industry. This shows that new people are being welcomed into this business, and that they are being given the chance to generate money and become financially independent via the many programmes that this industry offers. As a direct consequence of this, the major focus of this paper will be dedicated to an analysis of the financial performance of the MSME sector. The sector of the Indian economy known as Micro, Small, and Medium-Sized Enterprises (MSME) has become a powerful pillar of the economy and is making major contributions to the economy of the whole country. The study is trying to measure the performance of the MSME units in Chennai city with the following objectives to measure the financial performance of the sample MSME units. The performance of the MSME are measured in empirically. The study is also in descriptive in nature. It is has been carried in Chennai city during the month of September 2022 with 100 sample units. The survey method is used to collect the data from the entrepreneurs of the MSMEs. The sample size consists of 64 micro units, 26 small units and 10 medium scale units. The performance of the sample units are measured and compared in finance, marketing and human resource

aspects. The data were collected using questionnaire. It is concluded that the performance of HR depart in the medium scale unit is better.

Keywords: Performance appraisal, micro small and medium enterprises, Capital formation, Operational cost

Introduction

MSME are crucial to the development of any nation's economy. It is one of the most important industries because of the significant amount of money it contributes to the GDP and the number of jobs it creates. If we want to see healthy economic development and long-term stability, we need to focus more of our attention on this industry. MSME businesses are widely recognized as the primary contributors to economic expansion around the globe. Companies whose employee count is lower than a certain threshold are considered to be small and medium enterprises (SME), also known as small and medium-sized businesses (SMB) and variants of these names. In the European Union and other international institutions, like the World Bank, the United Nations, and the World Trade Organization. The number of persons who are employed by small businesses is much higher than that of workers at major corporations. Many areas of the economy are believed to be driven by innovation and competition thanks, in large part, to the activities of small and medium-sized businesses. It is common knowledge that micro, small, and medium-sized businesses. MSMEs play an important part in the economic and social growth of the nation. It plays a vital role in the (GDP), manufacturing output, exports, and job creation of the nation. It is the breeding ground for entrepreneurial endeavors, which are often fueled by the individual's creativity and invention. In Europe, various EU member states have developed their own definitions of what defines a small or medium-sized enterprise (SME). Aruna, (2015), [2]. For instance, according to the criteria, the maximum number of workers allowed in Germany was 255, whilst in Belgium the maximum number of employees allowed was 100. The European Commission announced in July 2011 that it will begin accepting public comments on the definition of SMEs in the year 2012. The micro, small, and medium-sized enterprise sector has a position of prominence within the Indian economy. The contribution that micro, small, and medium-sized businesses make to the development of the country's economic and social infrastructure is of the utmost significance.

The role of SMEs

It is not debatable and is widely acknowledged that small and medium-sized businesses (or "SMEs") play an important role in growing and rising economies. As a group, small and medium-sized businesses (SMEs) provide a higher level of employment than large firms do; as a contributor to the reduction of poverty and the advancement of rural areas. Therefore, it should not come as a surprise that the formation and promotion of small and medium-sized businesses (SME's) around the world has taken on an increasingly important strategic role. MSMEs, which stands for micro, small, and medium enterprises, have significance in a country like India that has a large number of job opportunities, and various strategies are being developed to progress the sector. Analyzing MSME data from a variety

of sources, this section demonstrates that the structure of assembling MSMEs has undergone significant change in the most recent decade: the supply of capital-oriented enterprises in output has increased, while work efficiency remains low, with the possibility of work being replaced by capital. (Ashoka 2019)[3]. The value of micro, small, and medium-sized enterprises (MSMEs) cannot be overstated in a country like India, which has an abundance of available jobs. A large number of benefits have been reported for micro, small, and medium-sized enterprises (MSMEs) as part of the 'Make in India' campaign that was launched in 2014 with the intention of advancing Indian production. These benefits include reimbursement of the costs incurred in acquiring technology, rollover assistance from capital increases expense, and measures to encourage the flow of formal back to the sector, in addition to sector-specific activities.

Review of Literature

The contemporary economy's power centers are now the micro, small, and medium-sized businesses. In all established and emerging countries, the micro, small, and medium-sized businesses (MSMEs) make a major contribution to the growth of the industrial, economic, technical, and regional sectors. With the development of new financial products, the model for financing micro, small, and medium-sized businesses is gradually shifting in favour of specialized, target-specific financial services. This change is being brought about by an evolution of the financing model. The financial institutions, such as SFCs and SIDCs, as well as the public sector banks, are getting ready to provide a diverse range of services to a variety of different target groups. These services will include venture capital, leasing, equipment financing, export finance, and factoring services. Finance, which has been properly defined as the life blood of industry, is a necessary for the mobilization of actual resources in order to coordinate production and marketing. Finance has been aptly described as the life blood of industry. The availability of financial resources is a critical factor in the growth of small-scale enterprises. The private sector banks are also working on developing specific creative schemes in order to entice the more productive SSIs, particularly the export focused units. However, when seen in the perspective of rural regions, programmed commercial banks have not lived up to the expectations that were set for them and have not played a significant part in the development and progress that has occurred in metropolitan areas. Through a programme called the SHG-bank linkage initiative, microfinance has been encouraged with the intention of closing a current gap in the financial network and expanding access to banking services among economically disadvantaged people in both rural and urban settings. Microfinance is primarily geared for companies that have a limited need for financial resources. It is geared for very specific target groups, which may consist of individual consumers or very small businesses.

ZiaAfroz (2014),[12] micro, small, and medium enterprises play a catalytic role in the process of developing most economies in any nation. In a similar fashion, micro, small, and medium-sized enterprises have emerged as a primary driver of economic expansion in India. Due to the extremely big and vital contribution that it makes in terms of production, exports, and employment, micro, small, and medium enterprises (MSME) now occupy a highly important place within the Indian Economy System. After agriculture, the sector of micro,

small, and medium-sized enterprises (MSMEs) is the largest supplier of employment, with approximately 32 million people holding jobs. Since the liberalization of the Indian economy in 1991, the author conducts a detailed analysis of the expansion and development of the Indian MSME sector. In addition to this, it investigates the current state of micro, small, and medium-sized enterprises (MSMEs) as well as the obstacles they encounter, such as problems with financing, marketing, and the licensing.

ShripadMarathe (2017),[9] India is the world's second most populous nation, and as a result, the demand for products differs greatly from one region to the next. There are occasions when large company houses are unable to satisfy those requirements, and this is when the role of micro, small, and medium companies comes into play. The Micro, Small, and Medium Enterprise sector is a particularly significant one for the Indian economy; it is responsible for over 90% of the growth in the industrial sector and approximately 21% of the employment growth. The paper concentrated on the financial performance of MSMEs in the past and the present scenario, and it also attempts to determine whether or not the financial crises of 2007-08 had an effect on MSME by employing the structural break modal chow test. Following the agriculture industry as the sector that employs the most people overall is the micro, small, and medium-sized enterprise sector. Employment is one of the most important aspects of micro, small, and medium enterprises, since it helps lift people out of poverty and reduce inequality while also providing income sources and facilities for the less fortunate members of society. It is necessary to do an in-depth analysis taking into account the current pandemic condition in order to comprehend the economic success of this industry over the course of the previous years.

Statement of the problem

A company's financial resources are its lifeblood and its nerve center. Just as the circulation of blood is crucial to the human body for the maintenance of life, so too are financial resources highly important to the efficient operation of a company. It has been appropriately labelled a universal lubricant, and it is responsible for maintaining the enterprise's dynamic nature. Without a proper level of financial backing, it is impossible to launch a company of any size, whether it large, medium, or tiny. Sudarsana Murthy. (2016).[10] From the very beginning, when an idea is first conceived all the way through the process of starting a business, financing is required in order to promote or establish the business, acquire fixed costs, conduct investigations such as market surveys, etc., develop product, keep men and machine at work, encourage management to make progress, and create values. Even a fascinating company could need more funding in order to implement necessary upgrades or grow its operations. The Micro, Small, and Medium-Sized Enterprise plays an essential role in India's economy. The expansion of the industry has been hindered by a number of important obstacles, including limited market connections and inadequate infrastructure. The most significant obstacle has been the inability to get timely and appropriate access to financial resources.¹

¹RBI, SIDBI, Sa-Dhan, Annual Reports of NBFCs , SME Times-2010, Primary Research, IFC-Intellectual capital Analysis

Research Objectives

The study is trying to measure the performance of the MSME units in Chennai city with the following **objectives**

1. To measure the financial performance of the sample MSME units
2. To analyze the performance in marketing of MSME units
3. To study the performance of the MSME in human resource management

Methodology

The performance of the MSME are measured in empirically. The study is also in descriptive in nature. It is has been carried in Chennai city during the month of September 2022 with 100 sample units. The survey method is used to collect the data from the entrepreneurs of the MSMEs. The sample size consists of 64 micro units, 26 small units and 10 medium scale units. The performance of the sample units are measured and compared in finance, marketing and human resource aspects. The data were collected using questionnaire.

Findings

Out of the 100 sample respondents 84 respondents are male and 16 respondents are female. The distribution is given below in table 1.

Table 1: Distribution of respondents based on gender and size of units

Gender	Size			Total
	Micro	Small	Medium	
Male	50	25	9	84
	59.5%	29.8%	10.7%	100.0%
Female	14	1	1	16
	87.5%	6.2%	6.2%	100.0%
Total	64	26	10	100
	64.0%	26.0%	10.0%	100.0%
Chi-Square	4.769	Df - 2	Sig.	0.092

The classification of respondents based on the gender shows that 84 male and 16 female respondents have been taken. Majority of the respondents from male (59.5%) and female (87.5%) are taken from the micro sample units. The distribution of the respondents across the scale of units does not differ much. Hence the Chi-Square value (4.769) for the degree of freedom 2 is insignificant (p=0.092).

Performance of the MSME units

As discussed in the objectives of the study, the performance of the MSME units are analysed in three aspects, i.e., financial management, marketing management and human resource management. They are given below.

1. Financial performance

The financial performance of the business units are measured from the capital formation, earning capacity, expenditures as given below.

Table 2: Distribution of respondents based on capital formation and size of units

Capital formation		Size			Total	
		Micro	Small	Medium		
Level	Highly insufficient	15	2	0	17	
		88.2%	11.8%	0.0%	100.0%	
	Insufficient	19	4	1	24	
		79.2%	16.7%	4.2%	100.0%	
	Moderate	21	9	3	33	
		63.6%	27.3%	9.1%	100.0%	
	Sufficient	8	9	4	21	
		38.1%	42.9%	19.0%	100.0%	
	Highly sufficient	1	2	2	5	
		20.0%	40.0%	40.0%	100.0%	
	Total		64	26	10	100
			64.0%	26.0%	10.0%	100.0%
Mean		2.39	3.19	3.70	2.73	
SD		1.033	1.059	0.949	1.127	
F		10.480		Sig.	0.000	
Chi-Square		19.723	Df - 8	Sig.	0.011	

Majority of the respondents from the highly insufficient (88.2%) and insufficient capital formation (79.2%) and moderate (63.6%) are in the micro units and high percentage of the sufficient (42.9%) of the respondents from the small scale units and 40% of the respondents from the highly sufficient from the small and medium scale units each. The Chi-Square value (19.723) is significant (p=0.011) at 5% level. The mean values show that the capital formation by the medium scale units is high (3.70). Hence, it is concluded that the capital formation is easy and favour for the medium scale units. The choice for the micro units is very difficult.

Table 3: Distribution of respondents based on earning capacity and size of units

Earning capacity		Size			Total	
		Micro	Small	Medium		
Level	Very low	11	3	1	15	
		73.3%	20.0%	6.7%	100.0%	
	Low	13	2	1	16	
		81.2%	12.5%	6.2%	100.0%	
	Moderate	25	10	3	38	
		65.8%	26.3%	7.9%	100.0%	
	High	14	7	1	22	
		63.6%	31.8%	4.5%	100.0%	
	Very high	1	4	4	9	
		11.1%	44.4%	44.4%	100.0%	
	Total		64	26	10	100
			64.0%	26.0%	10.0%	100.0%

Mean	2.70	3.27	3.60	2.94
SD	1.049	1.185	1.430	1.162
F	4.249		Sig.	0.017
Chi-Square	19.588	Df - 8	Sig.	0.012

The earning capacity determines the success of the business. majority of the respondents from the very low (73.3%), low (81.2%), moderate (65.8%) and high level (63.6%) are from the micro units and the very high possibility of earning profit is highly shared by small and medium scale units (44.4% each). But the mean value of the medium scale units (3.60) is higher than other units. And the F value is 4.249. it is significant. Hence, it is concluded that the earning capacity is more with the medium scale units.

Table 4: Distribution of respondents based on direct cost and size of units

Direct cost		Size			Total	
		Micro	Small	Medium		
Controllable Level	Very low	5	3	0	8	
		62.5%	37.5%	0.0%	100.0%	
	Low	26	5	1	32	
		81.2%	15.6%	3.1%	100.0%	
	Moderate	20	8	0	28	
		71.4%	28.6%	0.0%	100.0%	
	High	10	8	5	23	
		43.5%	34.8%	21.7%	100.0%	
	Very high	3	2	4	9	
		33.3%	22.2%	44.4%	100.0%	
	Total		64	26	10	100
			64.0%	26.0%	10.0%	100.0%
Mean		2.69	3.04	4.20	2.93	
SD		0.990	1.148	0.919	1.112	
F		9.575		Sig.	0.000	
Chi-Square		26.063	Df - 8	Sig.	0.001	

High percentage of the respondents are in very low (62.5%), low (81.2%), moderate (71.4%) and high (43.5%) are in the micro units and very high chance of controlling the direct cost is mentioned by 44.4% from the medium scale units. The Chi-Square value (26.063) is significant is at 1% level. it shows that there is strong relationship between the earning capacity and the size of the units. The mean value of the medium scale units (4.20) is significantly high (F-9.575). It shows that the earning capacity of the medium scale unit is higher than the micro and small scale units.

Table 5: Distribution of respondents based on Operational cost and size of units

Operational cost		Size			Total
		Micro	Small	Medium	
Level	Very high	12	1	0	13

		92.3%	7.7%	0.0%	100.0%
	High	13	9	1	23
		56.5%	39.1%	4.3%	100.0%
	Moderate	26	11	2	39
		66.7%	28.2%	5.1%	100.0%
	Low	10	2	2	14
		71.4%	14.3%	14.3%	100.0%
	Very low	3	3	5	11
		27.3%	27.3%	45.5%	100.0%
Total		64	26	10	100
		64.0%	26.0%	10.0%	100.0%
Mean		2.67	2.88	4.10	2.87
SD		1.099	1.033	1.101	1.152
F		7.530		Sig.	0.001
Chi-Square		25.376	Df - 8	Sig.	0.001

The operational cost is identified more with the micro units. Majority of the respondents saying very high (92.3%), high (56.5%), moderate (66.7%), low (71.4%) are from the micro units. But high percentage (45.5%) of the respondents in saying the very low are from the medium scale units. The relationship is significant (Chi-Square value – 25.376; p-0.001). The average score of the operational cost is found more with the medium scale units (4.10). The difference in the mean is significant at 1% level (F-7.530). It is concluded that the medium scale units are able to control the operational cost than the micro and small scale units.

2. Performance in Marketing

The price, efficiency in pricing and the role of the middlemen are important things in the marketing management. They are measured as follows.

Table 6: Distribution of respondents based on Price and size of units

Pricing		Size			Total	
		Micro	Small	Medium		
Level	Highly unfavour	6	2	0	8	
		75.0%	25.0%	0.0%	100.0%	
	Unfavour	28	4	1	33	
		84.8%	12.1%	3.0%	100.0%	
	Moderate	24	10	1	35	
		68.6%	28.6%	2.9%	100.0%	
	Favour	5	8	4	17	
		29.4%	47.1%	23.5%	100.0%	
	Highly favour	1	2	4	7	
		14.3%	28.6%	57.1%	100.0%	
	Total		64	26	10	100
			64.0%	26.0%	10.0%	100.0%

Mean	2.48	3.15	4.10	2.82
SD	0.836	1.047	0.994	1.038
F	16.006		Sig.	0.000
Chi-Square	36.700	Df - 8	Sig.	0.000

The price of the produce is the key factor for the earnings and success of the business. high percentage of the respondents from highly unfavour (75.0%), unfavour (84.8%) and moderate (68.6%) are from the micro units. But 47.1% of the favour group respondents are from the small scale units and 57.1% of the highly favour respondents are from the medium scale units. This significant relationship is found the Chi-Square value (36.700) at 1% level. The mean difference is also significant at 1% level (F-16.006). The result concludes that the price is favour for the medium scale units than other sample units.

Table 7: Distribution of respondents based on Determinants of price and size of units

Influence of determinants		Size			Total	
		Micro	Small	Medium		
Level	Very high	10	3	0	13	
		76.9%	23.1%	0.0%	100.0%	
	High	19	1	1	21	
		90.5%	4.8%	4.8%	100.0%	
	Moderate	27	14	4	45	
		60.0%	31.1%	8.9%	100.0%	
	Less	6	6	2	14	
		42.9%	42.9%	14.3%	100.0%	
	Very less	2	2	3	7	
		28.6%	28.6%	42.9%	100.0%	
	Total		64	26	10	100
			64.0%	26.0%	10.0%	100.0%
Mean		2.55	3.12	3.70	2.81	
SD		0.975	1.033	1.059	1.061	
F		7.418		Sig.	0.001	
Chi-Square		20.535	Df - 8	Sig.	0.008	

Regarding to the determinants of the pricing, the majority of the respondents saying very high (76.9%), high (90.5%) and moderate (60.0%) are from the micro units. Most of the respondents from the very less group (42.9%) are in the medium scale units. The relationship between the determinants of the price and the size of the units is found significant (Chi-Square value – 20.535). The mean of the medium scale units is very high (3.70) which is found significant (F- 7.418). Further, it is concluded that the determinant factors of pricing s more for the micro units and less for the medium scale units.

Table 8: Distribution of respondents based on Middlemen and size of units

Middlemen intervention	Size			Total
	Micro	Small	Medium	

Level	Very high	17	0	0	17
		100.0%	0.0%	0.0%	100.0%
	High	18	8	0	26
		69.2%	30.8%	0.0%	100.0%
	Moderate	21	8	1	30
		70.0%	26.7%	3.3%	100.0%
	Less	5	8	5	18
		27.8%	44.4%	27.8%	100.0%
	Very less	3	2	4	9
		33.3%	22.2%	44.4%	100.0%
	Total	64	26	10	100
		64.0%	26.0%	10.0%	100.0%
Mean	2.36	3.15	4.30	2.76	
SD	1.104	0.967	0.675	1.199	
F	17.694		Sig.	0.000	
Chi-Square	37.792	Df – 8	Sig.	0.000	

The role of the middlemen in the business is highly dominant in the market. The big units can be made it successfully without their intervention. Majority of the respondents from the very high (100.0%), high (69.2%) and moderate (70.0%) are from the micro units. But high percentage of the respondents in the low level (44.4%) are in the small scale units and very low (44.4%) in the medium scale units. The difference in the level of middlemen role is found significant with the scale of the business (Chi-Square value – 37.792). The mean of the medium scale units (4.30) is higher than the micro and small scale units. It is significant at 1% level (F-17.694).

3. Performance in human resource management

The human resource management is another important part of the business efficiency. The performance is measured with the function of HRM called recruitment, selection etc. It is given below.

Table 9: Distribution of respondents based on Recruitment and size of units

Recruitment		Size			Total
		Micro	Small	Medium	
Level	Very difficult	6	0	1	7
		85.7%	0.0%	14.3%	100.0%
	Difficult	14	4	1	19
		73.7%	21.1%	5.3%	100.0%
	Moderate	29	8	1	38
		76.3%	21.1%	2.6%	100.0%
	Comfortable	10	9	2	21
		47.6%	42.9%	9.5%	100.0%
	Very comfortable	5	5	5	15

		33.3%	33.3%	33.3%	100.0%
Total		64	26	10	100
		64.0%	26.0%	10.0%	100.0%
Mean		2.91	3.58	3.90	3.18
SD		1.035	0.987	1.449	1.123
F		6.168		Sig.	0.003
Chi-Square		20.531	Df - 8	Sig.	0.009

The recruitment of the talented and skilled employees can be done only with the professional people. The difficulty in recruitment is found more with the micro units. High percentage of the respondents from the very difficult (85.7%), difficult (73.7%), moderate (76.3%) and comfortable (47.6%) are from the micro units. But the 33.3% of the respondents from all the units say very comfortable. The relationship is significant (Chi-square – 20.531). The mean of the medium scale units is 3.90 and F value is 6.168. Hence, it is observed from the result that the recruitment is easy in the medium scale units.

Table 10: Distribution of respondents based on Type of workers and size of units

Type of labours	Size			Total
	Micro	Small	Medium	
Unskilled	34	6	2	42
	81.0%	14.3%	4.8%	100.0%
Semi-skilled	27	15	4	46
	58.7%	32.6%	8.7%	100.0%
Skilled	3	5	4	12
	25.0%	41.7%	33.3%	100.0%
Total	64	26	10	100
	64.0%	26.0%	10.0%	100.0%
Mean	1.52	1.96	2.20	1.70
SD	0.591	0.662	0.789	0.674
F	8.121		Sig.	0.001
Chi-Square	16.826	Df - 4	Sig.	0.002

Types of labours required are classified as unskilled, semi-skilled and skilled. According to the nature, type, scale and technology, the type of labours is decided. The above table indicates that micro units use more number of unskilled and semi-skilled labours. 41.7% of the skilled labours are preferred by the small scale units. It is significant as the Chi-Square value is 16.286 is more than expected value for the degree of freedom 4. The mean of the medium scale units is high (2.20). It shows that the medium scale units use more number of skilled labours. The F value (8.121) shows that the result is significant.

Table 11: Distribution of respondents based on Selection and size of units

Selection		Size			Total
		Micro	Small	Medium	
Level	Very difficult	7	3	0	10

		70.0%	30.0%	0.0%	100.0%
	Difficult	18	3	1	22
		81.8%	13.6%	4.5%	100.0%
	Moderate	21	8	2	31
		67.7%	25.8%	6.5%	100.0%
	Comfortable	11	6	4	21
		52.4%	28.6%	19.0%	100.0%
	Very comfortable	7	6	3	16
		43.8%	37.5%	18.8%	100.0%
Total		64	26	10	100
		64.0%	26.0%	10.0%	100.0%
Mean		2.89	3.35	3.90	3.11
SD		1.156	1.294	0.994	1.214
F		3.869		Sig.	0.024
Chi-Square		9.895	Df - 8	Sig.	0.272

The selection of the labours is also a difficult process. high percentage of the respondents from the all the levels are in the micro units. Hence, the calculated high Square value (9.895) is not significant. But the mean value of medium scale units (3.90) is high and significant (F-3.869). It is conclude that the selection process is done comfortably in the medium scale units than other units.

Table 12: Distribution of respondents based on Availability of workers and size of units

Availability of labour		Size			Total	
		Micro	Small	Medium		
Level	Very less	13	3	0	16	
		81.2%	18.8%	0.0%	100.0%	
	Less	20	7	1	28	
		71.4%	25.0%	3.6%	100.0%	
	Moderate	13	4	2	19	
		68.4%	21.1%	10.5%	100.0%	
	High	12	9	4	25	
		48.0%	36.0%	16.0%	100.0%	
	Very high	6	3	3	12	
		50.0%	25.0%	25.0%	100.0%	
	Total		64	26	10	100
			64.0%	26.0%	10.0%	100.0%
Mean		2.66	3.08	3.90	2.89	
SD		1.263	1.262	0.994	1.286	
F		4.749		Sig.	0.011	
Chi-Square		10.253	Df - 8	Sig.	0.248	

Availability of labours determines the source of labours. This is found difficult from the micro units. 81.2% of the very less and 71.4% of the less and 68.4% of the moderate, 48.0% of the high and 50.0% of the very high level of availability group respondents are fond from the micro units. Hence, the relationship is not significant (Chi-Square – 10.253, df-8, p-0.248). The mean value of the medium scale units is significantly high (F-4.749). It is understood from the findings that the availability of the labours in the medium scale units is higher than other units.

Table 13: Distribution of respondents based on Management and size of units

Management		Size			Total	
		Micro	Small	Medium		
Efficiency	Very less	12	2	0	14	
		85.7%	14.3%	0.0%	100.0%	
	Less	11	2	1	14	
		78.6%	14.3%	7.1%	100.0%	
	Moderate	25	14	2	41	
		61.0%	34.1%	4.9%	100.0%	
	High	9	5	5	19	
		47.4%	26.3%	26.3%	100.0%	
	Very high	7	3	2	12	
		58.3%	25.0%	16.7%	100.0%	
	Total		64	26	10	100
			64.0%	26.0%	10.0%	100.0%
Mean		2.81	3.19	3.80	3.01	
SD		1.220	1.021	0.919	1.176	
F		3.656		Sig.	0.029	
Chi-Square		13.147	Df - 8	Sig.	0.107	

The efficiency of the human resource management is also studied in the MSMEs. The overall result shows that the most of the respondents from the levels are from the micro units. Hence, the Chi-Square value (13.147) for the degree of freedom 8 is insignificant. But the efficiency mean score is high for the medium scale units (3.80). The F value (3.656) shows the significant difference in the man. It is concluded that the performance of HR depart in the medium scale unit is better.

Conclusion

The economy that is comprised of micro, small, and medium-sized businesses has the highest demand, is the sector with the quickest growth, and is the sector that contributes the most to the development of the national economy. It creates opportunities for members of the general public, who are the nation's key contributors to economic growth and development. The various (MSME) programmes that provide financial assistance and support are really making a significant impact to the overall operation of the organisation. The economic performance of the MSME sector is the key component that led to the success. This industry has exhibited the greatest results during the course of the year. This is mostly attributable to

the policies, inventive programmes, new laws and regulation that have been established in this sector over the course of the last year. It is concluded that the performance of HR depart in the medium scale unit is better. It is an indication that the financial measures are drawing in a bigger number of people and offering a greater number of opportunities from which to choose the best employment.

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