6.15 Employee Reactions to Human Resource Management in SMEs; Evidence from Gampaha District in Sri Lanka

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ABSTRACT

Small and medium enterprises (SMEs) play a vital role in the economy of Sri Lanka. Despite the ethnic unrest prevailed in the country, SMEs have shown a striking progress over the past two decades. The practice of effective human resource management (HRM) is one that has shown to be an integral part of small business success. Therefore, the goal of this paper was to examine employee reactions to human resource management (HRM) in small and medium enterprises (SMEs) in Gampaha District. The study adds to the literature that helps the understanding of HRM policies and practices in SMEs in Sri Lanka. This emphasizes the importance of exploring employee reactions towards HRM policies, procedures, practices, and other aspects of HRM. For this purpose, a survey of 100 employees drawn from ten small organizations in Gampaha District was conducted. The survey investigated HR practices in six major areas of recruitment, selection, training and development, rewards, promotion, performance evaluation and health and safety. Data was collected through a questionnaire developed by researchers. Furthermore, on-site interviews were carried out with managers, CEOs, and owner managers in SMEs. The findings from the study indicated a positive attitude of employees towards HRM practices such as promotion from inside, staffing, equal employment opportunity, quality of training, reasonable compensation and paid vacation and sick days. Moreover, under this phenomenon the evidence also showed that productivity has been increasing while employee turnover, absenteeism, and grievances are low. However, the evidence also revealed that training in many SMEs was not integrated in a planned way to employee career development in SMEs.

Key words: Employee attitudes, Human resource management, Policy, Procedures, Practice, SMEs