

**Adecco TISS Labour Market Research Initiatives (ATLMRI)**  
**DISCUSSION PAPER 8**

**Employability in Small Scale Sector**

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## **Abstract**

Historically, small scale sector has been playing a major role in Indian economy and has been a major source of employment. Even today, Small and Medium Enterprises (SME) continue to be a major source employment in India, especially for the marginalized section of the community. SMEs are involved in various economic activities and produce more than six thousand products. After initiation of economic reforms in India in 1990s, and opening of Indian markets, there has been a increased the competition in the domestic markets and also opened new markets for expansion. This has resulted in significant changes in the production systems; product design, marketing and technology and has resulted in numerous challenges. The SMEs are also not free from these challenges. One of the important challenges faced by SME is the lack of skilled labour to match the requirements of emerging production systems. Employability has emerged as an important strategy in the industry and policy circles to deal with these new challenges. This study attempts to contextualize the concept of employability in SMEs and understand its use in the SME sector. A qualitative study of ten SMEs to empirically understand the trends on how employability is perceived and used in the SME sector is attempted. Trends suggest that requirement of skilled workers is diminishing with increased automation as fewer skills are needed as automated machines have replaced the human skills. However, increased level of automation needs more skilled labour and efficient production systems might boost the growth in the industry to exploit the emerging markets and the need of the skilled labour that matches the new production process might go up. With regard to the practice of employability in the SMEs, nothing very innovative seems to be in place and is restricted to accessing few trainings and employability was not an institutionalized process at the work place. Our analyses from the case study points out that SMEs are beginning to feel the heat of competition but the processes of employability strategy are not yet mature. The process of employability has wide reaching influence on employment as well as sustainability of the sector and needs interventions right from educational institutions to work places.

**Key words:** SME, Employability

## 1. Introduction

Small Medium Enterprises (SMEs) in India have been viewed as engines of employment generation. The importance of SMEs in economic development has been vehemently argued across the globe. India has a large SME sector with a large section of labour working in this sector. The sector comprises of various activities and produces numerous commodities either for direct sale in the market or inputs for large scale industries. The last Small Scale Industry (SSI) census records SSI sector was involved in 672 economic activities and produced 6,003 different products (SSI Census 2001). As per the 11<sup>th</sup> plan five year plan, the SME sector has around 65 million people dependent on it for sustenance of their lives and livelihoods. Further, the 11<sup>th</sup> plan also notes that the SMEs are important in the Indian context not only as economic organizations that contribute to GDP but also because these organizations take care of the most marginalized section of the Indian community (11<sup>th</sup> Five Year Plan). This signifies the fact that many poor households depend upon SMEs for their livelihood.

Tirthankar Roy (2006) observes that the roots of the SMEs can be traced to the erstwhile traditional sector. He observes that in the year 1900, majority of India's manufacturing workers were in small scale industries that did not use machinery nor had a large scale factory set up. He further notes that 100 years later two third of the workers in the manufacturing employment are still in the small scale industries. This indicates that SMEs were and continue to be an important source of employment to millions in India.

In recent years, globalization has effected many changes in the economy resulting in emergence of new markets requiring significant changes in the production systems, product design and marketing, technology and this has brought in numerous opportunities as well as challenges to the Indian economy. The SMEs are also not free from these challenges as the policies of deregulation and de-reservation have resulted in increased competition for the SME sector. With respect to labour, the globalization has resulted in a trend towards labour market flexibility resulting due to changes in market demands<sup>1</sup>. These changes are determining how labour is put to use in the economy and the skills that are demanded and gain currency. In this scenario it would be important to understand impact of the current

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<sup>1</sup>Datta, R C et al (2006) pp. 5 - "A firm could either use internal or external forms of flexibility in this regard.<sup>1</sup> In the internal form of flexibility, numerical flexibility (through over time or shift work) is often used by firms to meet the additional production in peak seasons. However, there is a limit for such internal flexibility practices and hiring temporary workers, and thus external flexibility, may be unavoidable."

changes on SME and the way this sector is responding to these changes. A recurrent opinion in industry and policy circles is that there is lack of skilled labour that can match the present needs of new production systems, indicating that there are opportunities to be explored but there is shortage of skilled workforce to exploit the opportunities. One of the main reasons for landing in this situation can be seen in India's poor performance on education front. In response to the need of skilled labour force to match the upcoming production and distribution systems, employability as a strategy to deal with this challenge has gained currency in recent times. It is opined that this strategy will help in updating and maintaining skills of the workforce that matches the present ways of production and also help the workers in gaining productive employment.

In this paper, our focus is on the way employability strategy is perceived and operationalized in the SME sector and how useful it as a strategy in dealing with the challenges of skilled workforce shortage in the economy.

The paper is divided into four sections. The second section looks at the current employment scenario in India and the employment scenario specifically in SME sector, in terms of its composition and magnitude. In section 3, we attempt to contextualize employability with reference to SME. We do this by first briefly reviewing the concept of employability and then understand its relevance in SME by looking at the role SME play in the economy and challenges it is facing due to globalization. We follow this with the case studies of select SMEs in Karnataka State that were focused on understanding how employability is perceived and practiced in SMEs to deal with the challenge of shortage of skilled labour force. The fourth section concludes the paper.

## **2. Employment scenario in India**

Indian labour market can be categorized into three broad categories of primary , secondary and tertiary sectors. The following Table 1 based on the 62<sup>nd</sup> NSSO round gives the sectoral division of Indian labour and also provides the desegregation according to main occupational type. The employment in SMEs would fall into one of these three sectors depending upon the nature of the occupation the person is involved in. As can be seen, primary sector consisting of agriculture, fisheries, forestry etc. constitutes the majority of labour force in India. If we further see the desegregated picture of the labour market depending upon the nature of

employments following picture emerges. Self employment is concentrated in primary sector, regular wages are predominant in the tertiary sector and casual labour constitutes a majority in primary sector.

**Table: 1 Sector wise Percentage Distribution of Workforce in the Indian Labour Market (PS+SS)**

Sector	Primary	Secondary	Tertiary	Total
	58.00 %	18.80%	23.02%	100
Disaggregated Picture				
	Self employed	Regular Salaried/wage	Casual Labour	Total
Aggregate	55.4	14.8	29.8	100
Primary	65.50	4.92	70.49	
Secondary	13.10	29.51	16.11	
Tertiary	20.96	65.57	6.56	
Total	100.00	100.00	100.00	

Source: NSSO 62<sup>nd</sup> report, 2005-06

## 2.1 Employment scenario in SMEs

Before we look at the employment scenario in SMEs, the definitions of SME is given. The definitions of SMEs have been changing from time to time. The latest definition we use for the paper is from the recently enacted MSMED Act, 2006. The Act categorizes SME into Micro, Small & Medium Enterprises. The Act gives the following definition as given in Table 2 below.

**Table: 2 Definition of SME Sector**

Sector	Enterprise Size	Definition
Manufacturing	Micro Enterprises	Does not exceed 2.5 million rupees
	Small Enterprises	More than 2.5 million rupees but does not exceed 50 million rupees
	Medium Enterprises	More than 50 million rupees but does not exceed 100 million rupees
Service	Micro Enterprises	Does not exceed 1 million rupees:
	Small Enterprises	More than 1 million rupees but does not exceed 20 million rupees
	Medium Enterprises	More than 20 million rupees but does not exceed 50 million rupees

Source: [http://www.laghu-udyog.com/ssiindia/defination\\_msme.htm](http://www.laghu-udyog.com/ssiindia/defination_msme.htm)

In this paper we use the data provided by the third Small scale industries (SSI) census , 2001 conducted by the Office of the Development Commissioner (Small Scale Industries) - DC (SSI) - in association with the State/ UT Governments to understand the spread of this sector.

This census on SSI did a complete enumeration of registered SSI units and a sample study of unregistered SSI units. The definition of what constitutes small sector has been changing over the time. Basically, the change in the definition is because of changing policies in respect of SSI sector which has resulted in increasing the levels of investment ceilings to denote what classifies as small scale sector. The most recent change in the definition is by the MSME Act, 2006. The definition adopted of the SSI for the census in 2001 was: an industrial undertaking in which the investment in fixed assets in plant and machinery, whether held on ownership terms, or on lease, or by hire purchase, does not exceed Rs. 10 million as on 31-3-2001 is to be treated as a Small Scale Industrial Unit. (SSI Census, 2001). The MSME Act, formulated in 2006 has substantially increased the limits of investment ceilings to 50 million for small enterprises and 100 million to medium enterprises. We use the data from SSI census for this paper as it gives a broad picture of small scale sector in India.

The census results show (Table 3) that since registration is voluntary for SSI, the majority of SSIs were not registered. Only 13 % had registered. Three fourth of employment in SSI was in the unregistered SS sector. The total employment in SSI sector was close to 25 million. If we see the distribution of SSI units across main economic activities, it can be seen from the Table 4 below that majority of the SSI are in service industry, followed by activities of Manufacturing/ Assembling/ Processing. Within registered units, majority of the SSI units are in Manufacturing/ Assembling/ Processing activity while, in unregistered units, majority of SSI units are in the service sector.

**Table 3: Composition of the Total SSI Sector**

Characteristic	Total SSI Sector	Registered SSI Sector	Un registered SSI Sector
Size of the sector	1,05,21,190 (100%)	13,74,974 (13%)	91,46,216 (87%)
No. of rural units	58,08,359 (100%)	6,09,537 (10.50%)	51,98,822 (89.50%)
No. of urban units	47,38,586 (100%)	7,65,437 (16%)	39,73,149 (84%)
No. of SSIs	44,45,868 (100%)	9,01,291 (20%)	35,44,577 (80%)
Total employment	2,49,32,763 (100%)	61,63,479 (25%)	1,87,69,284 (75%)

Note: Figure in parenthesis is percentage.  
Source: SSI Census report

**Table 4: Distribution of SME as per Main Economic Activity**

Activity	Total SSI Sector	Registered Units	Unregistered Units
Manufacturing/ Assembling/ Processing	4175815 (39.69%)	872449 (63.45%)	330336 (36.12%)
Repairing & Maintenance	1721506 (16.36%)	28,843 (2.10 %)	1692663 (18.51%)
Services	4623869 (43.95%)	473682 (34.45%)	4150187 (45.38%)
Total	10521190 (100%)	1374974 (100%)	9146216 (100%)

Note: Figure in parenthesis is percentage.  
Source: SSI Census report

As can be seen SMEs continue to be an important source employment and engines of growth in India. The sector is also involved in wide array of activities. In recent years the processes of globalization, has resulted in the sector being exposed to both new opportunities and host of challenges. As already indicated, this paper will discuss employability in the context of SMEs. In the next section, we contextualize the employability strategy with reference to SMEs.

### 3. Contextualizing employability in SMEs

We first briefly review the concept of employability before we attempt to contextualize it to the SME sector. Employability is process and a strategy and has been increasingly understood as process of remaining employed in the changing work conditions. A paper

prepared by Caledonian University, underscores the different facets of employability as “set of achievements, skills, understanding and personal attributes that make individual more likely to gain employment and be successful in their chosen occupation.” (Caledonian University, 2005). Van Dam, while discussing employability orientation refers it as “set of attitudes of employees towards interventions aimed at increasing organizations flexibility through developing and maintaining workers’ employability for the organization (Van Dam, 2004). “ This indicates that employability is a process which helps the workers to participate productively in a flexible organization. This would require changes in job, work content or participate in training so that workers are capable of adapting to changes and requirements of a flexible organization (*ibid*). Employability as it is envisaged appears to be a process of maintaining a job and progressing in the work place. It is a macro concept that can fit as a strategy across any sector or production system. The skill sets, learning and content, job content could vary across sectors but the foundation of the concept of learning, being flexible and progressing at the work place are common to all sectors. The process of learning is inherent to the production system, whether the product is manufactured commodity or rendering of any service. This signifies that understanding the production mechanisms and the nature of the sector, the rationale for the sectors existence and growth and the challenges in the sector would help in contextualizing employability specifically to that sector. It would also help in assessing how employability can be used in the specific sector and the impediments it might face in using it as a strategy. Further, since employability stresses on learning and progressing in the work place, it indicates that the economic establishment has an important role to play in facilitating the employability in the workplace.

### **3.1 Employability and SMEs**

To contextualize the employability strategy in SMEs, we briefly review the arguments on the nature of growth of SMEs and the support it has received or the lack of support and also take stock of the challenges the sector is facing. The emergence of modern SMEs as we know them today can be traced to India’s industrial growth processes. SMEs in India have a long history and it is critically linked to the growth of capitalism in India (Roy Tirthankar 2006). SMEs have been seen as engines of growth and employment. They have also been used as a mechanism of job creation. It is argued that it is true that SMEs create new jobs but at the same time the job creation could be the results of job losses in the large businesses

(Edmiston, Kelly 2004). This indicates that the processes of job creation is not necessarily always inherent to SMEs but also driven by external forces. But it has been stressed that undoubtedly SMEs contribute to especially in the developing world and the share of employment is growing within the developing world. (Reinecke. Gerhard 2002). In India, over the years after Independence, we can see the government of India from time to time has formulated policies and set up institutions to facilitate the growth of SMEs and to identify, protect and define what SME constitute. In recent years, the passing of MSME Act in the year 2006 is one such example where the government has defined and categorized SMEs. The policy documents of the government are replete which provide a rationale for SME growth in India and plans for supporting the growth of SMEs in India. There have been counter views also that point out the lack of support to SME development in India. Nasir Tyabji in an article argues that economic and political backgrounds within which the governments aid programmes for SME were initiated needs to be understood. The author argues that since the time of independence the government support has been for development of large business. The field of negotiations have been between the democratic forces in the economy and the large capitalistic forces. The democratic forces pressed for policies that will allow for better market for SMEs in terms of commodity reservations and favourable lending to SMEs. The policies for SMEs were also necessary due to socio-political and economic imperative (Tyabji, Nasir 1984).

The challenges the SME sector is facing are many and diverse. Especially post 1991 policies of liberalizations, SMEs are facing additional challenges due to opening of Indian economy. Some of the challenges have arisen due to policies of post 1991 such as favoring foreign direct investments in India, formation of world trade centre (WTO) in 1995 which forced India as its member to reduce quantitative and qualitative restrictions on imports and domestic economic reforms. These policies have resulted in increased competition and the survival of SMEs is a question (Raju, 2008). As can be seen the SME sector is exposed to host of new challenges post 1991<sup>2</sup>. Further, as it appears, SMEs also face bottlenecks of low

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<sup>2</sup> The 11<sup>th</sup> five year plan articulates some of the important challenges that have direct bearing on the sustenance of SMEs are given below: High end competition due to entry of multinationals, Lack of infrastructure to SMEs to compete in the market, Low levels of skills in the sector, Unorganised nature of production making it difficult to access the government schemes and also affecting the quality of produce, Inadequate access to credit and working capital, and Non-availability of quality raw materials, packaging facilities on timely basis, coupled with lack of good market research, linkages and design inputs.

skills levels, inadequate infrastructure both physical and financial and the general unorganized nature of production. If we begin to contextualize employability in SMEs, it appears that SMEs in India have a long history and continue to be an important source of job for millions. The State policies have been directed towards their protection through reserving of products. However, it also appears that SMEs did not receive kind of support the big businesses received in India. SMEs continue to be plagued by problems of lack of good infrastructure and low skilled labour making it difficult for them to compete in the globalizing economy that stresses for new production system. With vast majority of Indian population involved in SMEs, it is very necessary to have policies that will support the sector and achieve efficiency to survive in the competitive market. Further, as 11<sup>th</sup> five year plan points out that the majority of the workers in the SMEs are the marginalized sections of Indian populations who already are impoverished, it becomes even more important to address the problems of this sector.

Employability strategy as it is defined appears that it could play a decisive role in addressing some of the challenges, especially those related to low employable skills to needed to sustain in the emerging global market. In the next section, we present the case studies of select ten SMEs from Udupi and Dakshina Kanada districts of Karnataka State. The purpose is to understand the emerging trends of practices of employability in SMEs and the usefulness of employability strategy.

#### **4. SME scenario in Karnataka**

Before we present the case studies, a brief review of SME sector in the Karnataka State<sup>3</sup> and the districts from which the sample of ten SMEs were selected for case studies is presented in this section. Karnataka State as per the SSI census, 2001 had 6,58,821 SSI units and constituted 6.26% of the total 1,05,21,190 SSI units in India. In terms of activities the SSI sector in Karnataka is distributed, as per the SSI census 2001, it was concentrated in service activities followed by manufacturing and a small percentage in the repair and maintenance activity. In terms of employment, the SSI census notes that, the SSI sector in Karnataka had 6.57 % of the total SSI sector employment in the India and employed 16,38,703 persons. The

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<sup>3</sup> The map of Karnataka State is given in Appendix 1.

sample of ten SMEs for case studies was taken from districts Udipi and Dakshina Kanada districts of Karnataka State (Appendix 1 for map of Karnataka). In the next section, the findings from the deliberations with ten 10 SME entrepreneurs is presented.

#### **4.1 Case Study of Select Small Scale Enterprises**

##### ***Methodology***

A sample of ten SMEs<sup>4</sup> from Udipi and Dakshinna Kanada district of Karnataka State were covered under the study. These districts were selected for sample case studies as the area comprises of a large number of SMEs in various economic activities. The main focus of the case studies was on understanding main changes the SMEs are going through, employer's perspective on employability, practices of employability, and the overall challenges in these industries. The questionnaire was divided into following categories that have bearing on employability processes. They are: Employer perception of changing markets in last ten years and its effects on labour market and Employability practices with the firm<sup>5</sup>. Since employability is a process of on going learning and needs organization wide processes to foster it in an organization, we adopted a qualitative in depth interviewing methodology for the case studies. Discussions were held with ten entrepreneurs of these SMEs (Appendix 2 for the profile of sample SMEs). In the following paragraphs, we present the main findings from these deliberations under the categories mentioned in the footnote below (Foot note 5).

##### ***Employer perception of changing markets in last ten years and its effects on labour market***

As already indicated, one of the important outcomes of globalization is the need to have a flexibility in the labour market. Flexible labour that can adapt itself to the emerging demands in the market and adapt itself to new production processes has become the need of the day. The organizations are also forced to adopt ways of production that cater to the emerging market. It is stressed that this is possible through innovations both in production processes and increasing outreach in the market.

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<sup>4</sup> Profile of sample SMEs is given in Appendix 2

<sup>5</sup> This theme includes a. employer's perception about the concept of employability, b. Practices of life long learning processes in the organization, c. Indicators used to assess the level and outcomes of employability policies and d. Impediments to employability.

As can be seen from Table 5 most SMEs responded that the industries were facing an increased domestic competition in recent years. SMEs manufacturing products like coconut powder and abrasive also faced competition from foreign countries like Sri Lanka and China respectively. On the other hand the SMEs which manufacture agro based products noted that their industry was suffering due to decline in agriculture sector. Some industry entrepreneurs mentioned increase in costs of raw material as an impediment to their growth. With regard to the question on changes in the production technology, the entrepreneurs mentioned that they were switching over to various levels of automation in the production processes. However, the firms were also finding the cost of automation to be high deterring them from further automation. On the question of how these changes in the production process have affected the labour relations in the firm, there was mixed response. Some mentioned that they now need less of skilled labour since the automation takes care of the production. On the other hand some mentioned that now there is a need for more skilled workers as they need to operate automated machinery. Some firms also mentioned that there was increasing problems of labour availability.

With regard to the main changes that need to happen in labour market, the industrialist had different suggestions. Simplification of labour laws, better work culture, making labour available on time, training of workers etc. were some of the suggestions. With regard to managing the labour force to once advantage, majority of the SME entrepreneurs responded that they do it by providing overtime and other perks. Only two SME entrepreneurs indicated that they do this by giving trainings in multiple tasks and trainings. Interestingly, providing food to workers also was noted as an incentive to manage workers was indicated by some firms.

**Table 5: Employer Perception of Changing Markets in Last Ten Years and its Effects on Labour Market**

Categories	Trends
What according to you have been the major changes in the business environment in last ten years	Increased domestic competition: Competition from some countries in South Asia, Government apathy towards SMEs, Decline in agriculture sector leading to slow down, Increased costs of production
What changes have you seen in the production systems/technology over these years	Increased automation in SMEs but not fully, Automation process is costly.
How have these changes affected the labour in relation to your firm	Labour demand for salary gone up, unavailability, reduction in the need of skilled labour as automation is done, Skilled labour to work on automated machines needed.
What do you think are main changes that need to take place in the labour market	Labour laws should be simplified, Need constant supply of labour: Labour costs are high: Need good work culture
How do you manage labour force for your advantage	By giving Overtime, Social security, Training and Food at the work place

Source: Primary Data

***Perception about employability and life long learning***

The practices of fostering employability within the SME was assessed through questions regarding processes of internal communication and learning, training workers for multiple tasks, formation of linkages with educational institutions, perceptions about life long learning in the organization and processes of selection of workers. Table 6 below gives a summary of responses. With respect to internal communication and learning, the

SMEs seem to have practices of holding weekly/monthly meetings to discuss issues related to production and grievances. It appeared that these interactions were mostly restricted to stock taking rather than specific trainings. None mentioned any unique strategy to foster communication through which new knowledge is shared. With regard to keeping better skilled workers within the organization, providing extra incentives and perks was mentioned as the strategy. Apart from this, in some SMEs, there is facility to access loans from workers cooperative and perks being given for workers children education. Half of the SMEs interviewed had established tie ups with the local training institutes for accessing trainings. Most of the industries also had in house training arrangements. The workers also learnt from their senior peer while on the job indicating learning by doing as the strategy. The focus of training in all the SMEs was on technical aspects. Use of soft skill training was not mentioned by none. Two SMEs indicated that they access technical trainings from outside

agencies. Questions related to selection process revealed that the SMEs look in the worker the willingness to work and educational qualifications as the parameters for recruitment. The assessment of workers performance was linked to the quality of the output being produced. It also includes the time taken to produce the output. Observation by the supervisor/ team lead was the tool used to assess the performance.

**Table 6: Entrepreneurs Perception about Employability and Life Long Learning**

Categories	Trends
Do you encourage communication between worker and between hierarchies	Weekly/Monthly meeting to take stock of work, grievance redressal
How do you ensure that better skilled and knowledgeable workers remain within the firm	Incentives of different kinds which includes perks, accessibility to loans, medical check ups, support to children's education, better working conditions
Do you network with other organizations like educational institutes, governmental bodies etc. in promoting for the developing the labour force and for better adaptation to new production systems. If yes. Please give some examples	Accessing Trainings from ITI and Polytechnic institutes, Tie-up with Districts Industrial centers (DICs), Trainings mostly on technical aspects.
Are there any examples of employees becoming partners in the firm or starting their own independent firm	Few new industries were started by former employees.
How do you train your labour force (training systems)	Emphasis on internal modes of trainings like peer learning, emphasis on technical aspects and reduction in wastage: Exposure to all aspects of production.

Source: Primary Data

## 5. Conclusion

Employability is understood to be a process of on-going learning new skills and being adaptable for multi functions. It also appears to be a process that has gained currency in recent times to tackle the market pressures of high competition and also opening of new markets. The vast technological changes in the modes of production have also resulted in demands for newer skills in labour. Employability processes are very much rooted in the history and the position of the specific sector in the economy. SMEs continue to be important economic establishments in India. From the case studies conducted with 10 sample SMEs in Karnataka State, some interesting patterns emerge. Some SMEs entrepreneurs suggest that automation has reduced need of skilled labour as automated machines have replaced the manual work whereas some entrepreneurs have indicated that more skilled labour is now

needed to operate the automated machines. This first point suggests that requirement of skilled workers is diminishing with increased automation as now fewer skills in labour are needed as automated machines have replaced the human skills. The second point, however, suggests that increased level of automation needs more skilled labour. Most of the industries mentioned that the level of automation in their industry is not yet fully accomplished and few of the production processes are automated. Assuming that increased automation would lead to more efficient production systems, it might also result in lesser requirement of skilled labour. On the other hand efficient production systems might boost the growth in the industry and the need of the skilled labour that matches the new production process might go up.

With regard to the practice of employability in the SMEs, nothing very innovative seems to be in place to foster employability in these firms. There appears to be emphasis on trainings and building linkages with training institutes, however, concerted efforts to infuse employability through peer learning, change in routine of jobs and an emphasis on life long learning appeared to be insignificant.

Employability is advocated as a strategy in response to the changing nature of production systems that have become necessary due to increased completions. Employability through processes of peer learning, life long learning and continuous up gradation of skills of labour force can help SMEs attain efficiency and compete in the globalized markets and extend their share in the global market. It is also indicated in policy circles that that presently there is a lack of such workforce in India since the educational system in general does not equip a student with necessary skills. Our analyses from the case study points out that SMEs are beginning to feel the heat of competition but the processes of employability strategy are not yet mature. We feel that the process of employability has wide reaching influence on employment as well as sustainability of the sector and needs interventions right from educational institutions to work places.

Appendix 1: Map of Karnataka State



(Sample Districts in the study)

Source: <http://www.mapsofindia.com/maps/karnataka/karnataka.htm>

## Appendix 2: Profile of Sample SMEs

	Sindhu Plastics	Abideep Interlock Paver	Udaya Steels	GEYEN Ayurveda	Anand Polymers	Sharpwel Abrasives Pvt.Ltd.	Plasto Containers	Essem Conductors	Hamadhenu Coconut Industries	L. G. Industries
Year of establishment	2001	1986	1975	1973	2005	1996	2003	2002	1994	1987
Product (s)	PVC and HDP pipes	Interlocking pavers and other concrete products	Aluminium utensils, package drinking water, empty glass trading	Ayurvedic property medicines- Cough syrup, Liver tonic	Roto moulded tanks. Water tanks	Abbrasive grinding Wheels	Plastic Containers	Paper insulated Aluminium and Copper conductor	Coconut Powder	PVC pipes
Number of employees	10	100	150	2	6	30	14	28	65	92
Casual (Daily labour)	0	75	0	0	0	0	0	0	0	0
Main Market	Goa, Maharashtra and Karnataka	Karnataka	Coastal Karnataka	Karnataka, Maharashtra	South canara, Shimogga, North canara	Karnataka, Maharashtra, Kerala, Tamil nadu, Gujarat and Delhi	South Karnataka, Udipi, North Canara, Shimogga	Karnataka, Goa	Full North India and Karnataka	Costal Karnataka
Type of Employment	Permanent	PPF, Gratuity, insurance and ESI for permanent employees	Monthly salary and production incentives with PF, ESI and insurance	Monthly payment. No PPF but given health cards	Monthly payment. No PF	Permanent	Not Available	Permanent	Permanent	Permanent
Workforce Supply Location	Local and Manipal	NA	UP, Bihar, Tamil nadu, Karnataka	Local	Local	Local	Local	Local and North India	Local	Local
Turnover (in million Rs)										
2007-08	65	80	150	1.2	10	3	4	700	30	70
2006-07	50	55	140	0.9	8	2.9	3.8	800	28	60
2005-06	30	50	120	0.8	6.5	2.1	3.5	800	25	50

Source: Primary Data

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