

# Innovative Techniques and Strategies of Skill Building for Human Resource Development in SMEs, India

**Arti Awasthi**

Research Scholar, FMS-WISDOM, Banasthali University, Rajasthan  
e-mail: artiaawasthi1@gmail.com

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## **Abstract**

*India has gradually evolved as knowledge based economy due to the abundance of capable, flexible and qualified human capital. With the constantly rising influence of globalization, India has immense opportunities to establish its distinctive position in the world. However, there is a need to further develop and empower the human capital to ensure the nations global competitiveness.*

*Despite the empathetic stress laid on education and training in this country, there is still a shortage of skilled manpower to address the mounting needs and demands of the economy. Skill building can be viewed as an instrument to improve the effectiveness and contribution of labor to the overall production. It is as an important ingredient to push the production possibility frontier outward and to take growth rate of the economy to a higher trajectory.*

*This paper focuses on skill development in Small and Medium Enterprise (SMEs) which contribute nearly 8 percent of the country's GDP, 45 percent of the manufacturing output and 40 percent of the exports. They provide the largest share of employment after agriculture. They are the nurseries for entrepreneurship and innovation. SMEs have been established in almost all-major sectors in the Indian industry. The main assets for any firm, especially small and medium sized enterprises are their human capital. This is even more important in the knowledge based economy, where intangible factors and services are of growing importance. The rapid obsolescence of knowledge is a key factor of the knowledge economy. However, we also know that for a small business it is very difficult to engage staff in education and training in order to update and upgrade their skills within continuous learning approach. Therefore there is a need to innovate new techniques and strategies of skill development to develop human capital in SME's.*

**Keywords:** Skill Development, Innovation, Human-Resource, Strategies, Techniques, Small and Medium Enterprise

## **Introduction:**

India is slated to have one of the youngest populations in the world, with the bulk of the population figuring in the working age. Low dependency ratio and a surplus workforce put India at a strong comparative advantage vis-à-vis most major economies. India's 65% of the population is below 35 years of age and 70% of the population will be of working age by 2025. In the wake of the changing economic environment, it is necessary to focus on inculcating and advancing the skill sets of this 'demographic dividend' of the country. In

order to ensure that this large work pool is productive and contributes effectively to the growth of the Indian economy, skill development should be undertaken on a priority basis. In addition to being the driver of growth, a skilled workforce also contributes to the development of an entrepreneurial spirit in the economy.

Small and Medium enterprises (SMEs) are showing their impact on national and regional economies throughout the world. They have been recognized in both developed and developing countries as an effective instrument for creating