



**THE IMPACT OF HUMAN RESOURCE MANAGEMENT
PRACTICES ON THE SMALL AND MEDIUM
ENTERPRISES' PERFORMANCE
(WITH SPECIAL REFERENCE TO WESTERN
PROVINCE)**

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ABSTRACT

Human resources are considered the most precious asset of SME. In order to reach its values the firm must pay a huge importance in human resource management. The implementation of enterprise strategy is dependent from the employee's quality who are arranged to realize it. The aim of this research paper is to show the application of human resource practice and their impact in SMEs performance. Small and Medium Enterprises (SMEs) form the backbone of Sri Lankan economy. They also employ a majority of the working population and account for a large proportion of economic output. They have been playing a crucial part in economic and social development in Sri Lanka. Many businesses seem to have gone out of business due to various reasons. The firm entry rate has a downward trend while exit rate has trended upward in recent years and considerably exceeded the entry rate. This research investigates the impact of human resource management practices on small and medium enterprises performance in apparel industry (Special reference Colombo District). The researcher developed structural questionnaire to collect important information. Data were collected from 100 apparel industries in western province by using convenience sampling technique. The researcher utilized descriptive statistics and hypothesis testing as data analysis techniques using the SPSS-22 version (Statistical Package for Social Science) as the primary data analysis tool. As some SME advocates argued, one of the reasons for the high rate of business failures among SMEs is due to its lack of attention on the human resources management practices in their business firms. There for Small and medium-sized enterprises (SMEs) require effective human resource management practices to sustain their competitiveness.

Key words: *Human Resource Management Practices, Small and Medium Enterprises, SMEs Performance*