



OPERATIONAL ISSUES FACED BY PROMOTERS OF BUSINESS: A SURVEY

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ABSTRACT

The MSMEs has emerged as the rapidly growing sector and shown a stable growth over many years and is contributing at large. MSME does act as a very important part of country and being one of the many growth drivers of the economy. When we look at today's scenario the MSME represents around 38% of GDP and it has proven itself being the prime source for the skills, innovation and providing jobs. The MSME sector in India has shown remarkable resilience amidst the challenging economic environment in the past few years. They have emerged as the backbone of the Indian economy due their contribution in terms of job creation and boosting economic growth. In view of its significance for the economic growth and poverty elimination, the Government of India has taken various initiatives to support the growth of MSMEs. This paper analyses the operational issues faced by promoters of business. The factors influencing income and cost of business have been identified.

KEY WORDS: Operational Issues, Promoters' View

INTRODUCTION

Investment is the commitment of funds which have been saved from current consumption with the hope that some benefits will be received in future. Savings are invested in assets depending on person's knowledge of different investment options, risk taking ability and demand of return. Savings form an important part of the economy of any nation, with the savings invested in various options available to the people, the money acts as the driver for the growth of the country.

LITERATURE REVIEW

Globalization and domestic monetary advancement have profoundly changed the financial condition for the tasks of SSI in India since 1991 (*Bala Subrahmanya Mungila Hillemane, IESD, 2014*). Expanded imports and FDI inflow in the local market, expanded fares in the worldwide market, enhanced execution of the open segment regardless of reduced space, de-reservation of the huge rundown of things saved for selective SSI producing speak to the major measurements of strategy related

advancements. thus, new difficulties just as circumstances have risen for Indian SSI. The execution of SSI has been assessed against this background.

Many developed and developing countries sought after a method for conventional difference in their economies from key (cultivating and related) to discretionary (industrial) and tertiary (services) in dynamic stages (*Report of the Working Group on 'Boosting India's Manufacturing Exports'*). The offer of the collecting section in GDP extended after some time and in the process the part acclimatized people moving from agriculture for better work prospects. In any case, by virtue of India the enhancement methodology appears to have evaded the second period of money related change (present day division improvement), moving explicitly to advancement in the organization's division. The offer of India's amassing section in her GDP has remained torpid at 15-17 percent. Gathering has not contributed noticeably to taking care of the issue of joblessness and underemployment in the messy fragment.

In the post liberalisation time, the fare division of Indian economy has gained complete ground bringing about business age, accelerating the procedure of monetary improvement, bringing more up to date advances, incorporating Indian economy with worldwide economy when all is said in done and adding to nation outside trade saves specifically (*Export from West Bengal, Working Paper 48, EXIM Bank*). West Bengal is supplied with an unprecedented locational advantage as it isn't just the door to the whole north-eastern district of India, yet in addition can possibly go about as the rotate to the improvement of the eastern conditions of the nation. With rich horticultural land, hearty steel creating ability combined with crude material accessibility, and blasting IT industry, the State can possibly progress toward becoming as the fare centre of the eastern piece of the nation. This Strategy Paper illustrates and distinguishes enterprises which are generally solid in the State and which could be additionally reinforced, while tending to the difficulties. Making a hello their tech based electronic industry is likewise proposed given its overflows regarding positive activity creation, and a hunger for such items both in India and abroad.

SMEs have a vital job in Indian assembling segment and have moved toward becoming motor of monetary development in India (*Manjit Kour, SSIJMAR, 2004*). Today, little and medium industry involves a place of key significance in the Indian monetary structure because of its critical commitment as far as yield, fares and work. The little scale industry represents 40% of gross modern esteem expansion and half of all out assembling trades. It is assessed that SMEs represent practically 90% of mechanical units in India and 40% of significant worth expansion in the assembling division. The present paper is an unobtrusive endeavour to comprehend idea of SMEs, their arrangement and essentialness in general development in India.

RESEARCH METHODOLOGY

Research Design is descriptive in nature. It has been conducted with the view of gaining familiarity and the in depth understanding of the concerned topic. The study uses quantitative approach for data collection and analysis. The well-designed structured questionnaire has been used for collecting and analyzing the data. The operational areas of the study cover the promoters/ Managers of SMEs from all the districts of Gujarat State. The scope of study is limited to 39 districts of Gujarat only. Data from 39 districts of Gujarat has been collected. Total 398 respondents responded the questionnaire. Sampling method was stratified random sampling. The units from different districts and Talukas were selected and promoters have been interviewed for the purpose of data collection.

ANALYSIS

Factors influencing income and cost of business:

The respondents were asked about certain parameters which measured the intensity of influence. Where 5 for highly influencing, 4 for influencing, 3 neither influencing nor influencing 2 for least influencing, 1 for not influencing. The variables are arranged in descending order of their mean. Table of descriptive statistics is presented below.

Descriptive Statistic- Factors influencing income and cost of business

Factors	Minimum	Maximum	Mean	Std. Deviation
Labour and Staff cost	1	5	4.21	1.041
Raw Material cost	1	5	3.93	1.024
Turnover / sales position	1	5	3.84	1.051
ROI	1	5	3.74	1.157
Other operating cost	1	5	3.64	1.038
Supply chain of the product/services	1	5	3.63	1.119
Business Process innovation	1	5	3.57	1.183
Interest expenses	1	5	3.51	1.174
Advertising & Sales Promotion	1	5	3.49	1.196

Labour and staff cost is the main influencing factor for income and cost of business, followed by raw material cost and turnover/ sales position. As compared to other factors, advertising and sales promotion is least influencing factor.

Annual Turnover of the Organisation

In order to check the variation with respect to annual turnover of the organizations and factors influencing income and cost of the business, Kruskal- Wallis test is applied. The result is discussed below.



1.Ho: There is no significant difference in the mean rank of factors influencing income and cost of business among the annual turnover of the organizations.

Ha: There is a significant difference in the mean rank of factors influencing income and cost of business among the annual turnover of the organizations.

Rank of factors influencing income and cost of business among the annual turnover of the organizations

	Annual Turnover	N	Mean Rank
Labour and Staff Cost	Less than 1,00,000	6	119.17
	1,00,000-5,00,000	33	134.08
	5,00,000-10,00,000	30	209.18
	10,00,000-50,00,000	70	170.62
	50,00,000-1 crore	77	187.39
	1 crore +	182	228.65
	Total	398	
Raw Material Cost	Less than 1,00,000	6	179.92
	1,00,000-5,00,000	33	157.14
	5,00,000-10,00,000	30	185.48
	10,00,000-50,00,000	70	198.00
	50,00,000-1 crore	77	205.46
	1 crore +	182	208.19
	Total	398	
Interest Expenses	Less than 1,00,000	6	116.33
	1,00,000-5,00,000	33	136.09
	5,00,000-10,00,000	30	129.05
	10,00,000-50,00,000	70	173.66
	50,00,000-1 crore	77	192.66
	1 crore +	182	238.18
	Total	398	
Other Operating Cost	Less than 1,00,000	6	83.50
	1,00,000-5,00,000	33	175.00
	5,00,000-10,00,000	30	161.02
	10,00,000-50,00,000	70	182.44
	50,00,000-1 crore	77	199.46
	1 crore +	182	220.69
	Total	398	
Turnover/Sales Position	Less than 1,00,000	6	270.25
	1,00,000-5,00,000	33	155.73
	5,00,000-10,00,000	30	160.07
	10,00,000-50,00,000	70	177.55
	50,00,000-1 crore	77	196.82
	1 crore +	182	221.18
	Total	398	
ROI	Less than 1,00,000	6	146.67
	1,00,000-5,00,000	33	143.94
	5,00,000-10,00,000	30	157.97
	10,00,000-50,00,000	70	191.22
	50,00,000-1 crore	77	184.62
	1 crore +	182	227.64

	Total	398	
Advertising & Sales Promotion	Less than 1,00,000	6	192.58
	1,00,000-5,00,000	33	143.64
	5,00,000-10,00,000	30	162.97
	10,00,000-50,00,000	70	165.99
	50,00,000-1 crore	77	197.93
	1 crore +	182	229.43
	Total	398	
	Supply Chain	Less than 1,00,000	6
1,00,000-5,00,000		33	154.42
5,00,000-10,00,000		30	172.67
10,00,000-50,00,000		70	164.65
50,00,000-1 crore		77	201.36
1 crore +		182	225.94
Total		398	
Business Process Innovation		Less than 1,00,000	6
	1,00,000-5,00,000	33	146.50
	5,00,000-10,00,000	30	169.33
	10,00,000-50,00,000	70	162.49
	50,00,000-1 crore	77	190.60
	1 crore +	182	237.18
	Total	398	

Test Statistics of factors influencing income and cost of business among the annual turnover of the organizations

	Labour and Staff Cost	Raw Material Cost	Interest Expenses	Other Operating Cost	Turnover/Sales Position	ROI	Advertising & Sales Promotion	Supply Chain	Business Process Innovation
Chi-Square	37.110	7.188	52.115	20.503	22.000	27.729	31.060	25.536	50.555
Df	5	5	5	5	5	5	5	5	5
Asymp. Sig.	.000	.207	.000	.001	.001	.000	.000	.000	.000

The table above shows the results of Kruskal- Wallis test. For all variables (except Raw material cost), the p value is less than 0.05. Hence it can be concluded that there is a significant difference in the mean rank of factors influencing income and cost of business among the annual turnover of the organizations.

2. Ho: There is no significant difference in the mean rank of factors influencing income and cost of business among the legal status of the organizations.

Ha: There is a significant difference in the mean rank of factors influencing income and cost of business among the legal status of the organizations.

Rank of factors influencing income and cost of business among the legal status of the organizations

	Legal Status	N	Mean Rank
Labour and Staff Cost	Sole proprietorship	163	185.54
	Partnership	107	190.19
	Limited liability (LTD)	42	218.14
	Limited liability partnership (LLP)	29	190.41
	Private Limited	57	247.79
	Total	398	
Raw Material Cost	Sole proprietorship	163	193.42
	Partnership	107	203.10
	Limited liability (LTD)	42	222.67
	Limited liability partnership (LLP)	29	205.03
	Private Limited	57	190.25
	Total	398	
Interest Expenses	Sole proprietorship	163	171.89
	Partnership	107	199.61
	Limited liability (LTD)	42	241.06
	Limited liability partnership (LLP)	29	245.57
	Private Limited	57	224.18
	Total	398	
Other Operating Cost	Sole proprietorship	163	190.81
	Partnership	107	195.32
	Limited liability (LTD)	42	219.64
	Limited liability partnership (LLP)	29	234.34
	Private Limited	57	199.61
	Total	398	
Turnover/Sales Position	Sole proprietorship	163	206.55
	Partnership	107	179.20
	Limited liability (LTD)	42	225.61
	Limited liability partnership (LLP)	29	194.02
	Private Limited	57	201.01
	Total	398	
ROI	Sole proprietorship	163	187.09
	Partnership	107	191.77
	Limited liability (LTD)	42	229.02
	Limited liability partnership (LLP)	29	215.76
	Private Limited	57	219.48
	Total	398	
Advertising & Sales Promotion	Sole proprietorship	163	189.24
	Partnership	107	187.01
	Limited liability (LTD)	42	202.51
	Limited liability partnership (LLP)	29	230.66
	Private Limited	57	234.20
	Total	398	
Supply Chain	Sole proprietorship	163	192.12

	Partnership	107	190.86
	Limited liability (LTD)	42	222.21
	Limited liability partnership (LLP)	29	207.88
	Private Limited	57	215.82
	Total	398	
Business Process Innovation	Sole proprietorship	163	177.26
	Partnership	107	196.96
	Limited liability (LTD)	42	235.10
	Limited liability partnership (LLP)	29	197.72
	Private Limited	57	242.54
	Total	398	

Test Statistics of factors influencing income and cost of business among the legal status of the organizations

	Labour and Staff Cost	Raw Material Cost	Interest Expenses	Other Operating Cost	Turnover/Sales Position	ROI	Advertising & Sales Promotion	Supply Chain	Business Process Innovation
Chi-Square	17.409	3.055	23.649	5.513	6.932	8.123	10.563	4.602	19.455
Df	4	4	4	4	4	4	4	4	4
Asymp. Sig.	.002	.549	.000	.239	.140	.087	.032	.331	.001

For variables – Labour and Staff cost, Interest expenses, advertising and sales promotion and business process innovation, the p value is less than 0.05. Hence Ho can be rejected. For other variables the p value is more than 0.05 hence in those cases, the Ho cannot be rejected. So it can be concluded for Labour and Staff cost, Interest expenses, advertising and sales promotion and business process innovation, there is a significant difference in the mean rank of factors influencing income and cost of business among the legal status of the organizations.

3. **Ho:** There is no significant difference in the mean rank of factors influencing income and cost of business among the Industry Sector of the organizations.

Ha: There is a significant difference in the mean rank of factors influencing income and cost of business among the Industry Sector of the organizations.

Ranks of factors influencing income and cost of business among the Industry Sector of the organizations

	Industry Sector	N	Mean Rank
Labour and Staff Cost	Manufacturing	277	216.05
	Wholesale/retail	49	157.73
	Business services	28	147.32
	Any Other	44	175.00
	Total	398	
Raw Material Cost	Manufacturing	277	211.19
	Wholesale/retail	49	186.95
	Business services	28	114.59
	Any Other	44	193.89
	Total	398	
Interest Expenses	Manufacturing	277	222.92
	Wholesale/retail	49	154.42
	Business services	28	139.77
	Any Other	44	140.25
	Total	398	
Other Operating Cost	Manufacturing	277	219.82
	Wholesale/retail	49	157.55
	Business services	28	153.66
	Any Other	44	147.48
	Total	398	
Turnover/Sales Position	Manufacturing	277	206.33
	Wholesale/retail	49	218.84
	Business services	28	139.63
	Any Other	44	173.05
	Total	398	
ROI	Manufacturing	277	212.65
	Wholesale/retail	49	169.67
	Business services	28	137.70
	Any Other	44	189.24
	Total	398	
Advertising & Sales Promotion	Manufacturing	277	216.18
	Wholesale/retail	49	175.50
	Business services	28	160.32
	Any Other	44	146.17
	Total	398	
Supply Chain	Manufacturing	277	209.67
	Wholesale/retail	49	197.88
	Business services	28	128.29
	Any Other	44	182.58
	Total	398	
Business Process Innovation	Manufacturing	277	216.75

	Wholesale/retail	49	179.92
	Business services	28	132.46
	Any Other	44	155.34
	Total	398	

Test Statistics of factors influencing income and cost of business among the Industry Sector of the organizations

	Labour and Staff Cost	Raw Material Cost	Interest Expenses	Other Operating Cost	Turnover/Sales Position	ROI	Advertising & Sales Promotion	Supply Chain	Business Process Innovation
Chi-Square	24.070	21.281	40.829	31.413	13.759	16.742	22.043	15.135	25.347
Df	3	3	3	3	3	3	3	3	3
Asymp. Sig.	.000	.000	.000	.000	.003	.001	.000	.002	.000

The table above shows the results of Kruskal- Wallis test. For all variables the p value is less than 0.05. Hence it can be concluded that there is a significant difference in the mean rank of factors influencing income and cost of business among the Industry Sector of the organizations.

Impediments that influence your business: The respondents were asked to rate the impediments that influence their business in a scale of 1 to 5. Where 5 for highly influencing, 4 for influencing, 3 neither influencing nor influencing, 2 for least influencing, 1 for not influencing. The results are discussed below. The result is arranged according to the descending value of the mean.

Descriptive Statistics – Impediments that influence business

	Minimum	Maximum	Mean	Std. Deviation
Competitive Environment	1	5	4.31	1.035
Change in Consumer buying behavior	1	5	3.72	1.105
Skilled workers in the labour market	1	5	3.70	.998
[Reduction in product demand]	1	5	3.59	1.171
Poor Infrastructure	1	5	3.56	1.160
Poor implementation of government assistance	1	5	3.48	1.159
Products/services fast faded away in the market	1	5	3.47	1.155
Political Stability	1	5	3.47	1.233
Legal Environment	1	5	3.46	1.222

Competitive Environment is highest influencing factor among the MSMEs, followed by change in consumer buying behaviour and Skilled workers in the labour market. Legal environment is least influencing as compared to other factors across the MSMEs.

4. **Ho:** There is no significant difference in the mean rank of Impediments that influence business among the Annual turnover of the organizations.



Ha: There is a significant difference in the mean rank of Impediments that influence business among the Annual turnover of the organizations.

Ranks of Impediments that influence business among the Annual turnover of the organizations

	Annual Turnover	N	Mean Rank
Competitive Environment	Less than 1,00,000	6	159.58
	1,00,000-5,00,000	33	181.71
	5,00,000-10,00,000	30	176.30
	10,00,000-50,00,000	70	150.59
	50,00,000-1 crore	77	203.99
	1 crore +	182	224.77
	Total	398	
Skilled workers in the labour market	Less than 1,00,000	6	73.33
	1,00,000-5,00,000	33	227.98
	5,00,000-10,00,000	30	169.08
	10,00,000-50,00,000	70	175.72
	50,00,000-1 crore	77	201.00
	1 crore +	182	212.02
	Total	398	
Poor Infrastructure	Less than 1,00,000	6	138.00
	1,00,000-5,00,000	33	186.41
	5,00,000-10,00,000	30	172.33
	10,00,000-50,00,000	70	180.46
	50,00,000-1 crore	77	185.92
	1 crore +	182	221.45
	Total	398	
Poor implementation of government assistance	Less than 1,00,000	6	131.50
	1,00,000-5,00,000	33	152.06
	5,00,000-10,00,000	30	183.13
	10,00,000-50,00,000	70	172.91
	50,00,000-1 crore	77	198.44
	1 crore +	182	223.72
	Total	398	
[Reduction in product demand]	Less than 1,00,000	6	178.50
	1,00,000-5,00,000	33	154.18
	5,00,000-10,00,000	30	186.97
	10,00,000-50,00,000	70	189.68
	50,00,000-1 crore	77	189.43
	1 crore +	182	218.51
	Total	398	
Products/services fast faded away in the market	Less than 1,00,000	6	175.83
	1,00,000-5,00,000	33	152.56
	5,00,000-10,00,000	30	176.73
	10,00,000-50,00,000	70	164.09
	50,00,000-1 crore	77	189.38
	1 crore +	182	230.45
	Total	398	
Legal Environment	Less than 1,00,000	6	102.08

	1,00,000-5,00,000	33	168.27
	5,00,000-10,00,000	30	172.60
	10,00,000-50,00,000	70	177.99
	50,00,000-1 crore	77	217.45
	1 crore +	182	213.49
	Total	398	
Political Stability	Less than 1,00,000	6	119.75
	1,00,000-5,00,000	33	165.03
	5,00,000-10,00,000	30	164.13
	10,00,000-50,00,000	70	162.34
	50,00,000-1 crore	77	222.14
	1 crore +	182	218.92
Total	398		
Change in Consumer buying behaviour	Less than 1,00,000	6	191.25
	1,00,000-5,00,000	33	181.09
	5,00,000-10,00,000	30	178.53
	10,00,000-50,00,000	70	172.02
	50,00,000-1 crore	77	198.28
	1 crore +	182	217.65
Total	398		

Test Statistics of Impediments that influence business among the Annual turnover of the organizations

	Competitive Environment	Skilled workers in the labour market	Poor Infrastructure	Poor implementation of government assistance	[Reduction in product demand]	Products/services fast faded away in the market	Legal Environment	Political Stability	Change in Consumer buying behaviour
Chi-Square	31.179	18.541	14.440	21.611	12.627	29.209	16.358	25.896	11.344
Df	5	5	5	5	5	5	5	5	5
Asymp. Sig.	.000	.002	.013	.001	.027	.000	.006	.000	.045

The table above shows the results of Kruskal- Wallis test. For all variables the p value is less than 0.05. Hence it can be concluded that there is a significant difference in the mean rank of Impediments that influence business among the Annual turnover of the organizations.

5.Ho: There is no significant difference in the mean rank of Impediments that influence business among the legal status of the organizations.



Ha: There is a significant difference in the mean rank of Impediments that influence business among the legal status of the organizations.

Ranks of Impediments that influence business among the legal status of the organizations

	Legal Status	N	Mean Rank
Competitive Environment	Sole proprietorship	163	189.85
	Partnership	107	191.22
	Limited liability (LTD)	42	200.07
	Limited liability partnership (LLP)	29	222.59
	Private Limited	57	230.47
	Total	398	
	Skilled workers in the labour market	Sole proprietorship	163
Partnership		107	186.62
Limited liability (LTD)		42	247.79
Limited liability partnership (LLP)		29	211.67
Private Limited		57	177.44
Total		398	
Poor Infrastructure		Sole proprietorship	163
	Partnership	107	184.78
	Limited liability (LTD)	42	212.61
	Limited liability partnership (LLP)	29	176.03
	Private Limited	57	221.86
	Total	398	
	Poor implementation of government assistance	Sole proprietorship	163
Partnership		107	203.93
Limited liability (LTD)		42	209.77
Limited liability partnership (LLP)		29	207.43
Private Limited		57	221.73
Total		398	
[Reduction in product demand]		Sole proprietorship	163
	Partnership	107	196.43
	Limited liability (LTD)	42	175.06
	Limited liability partnership (LLP)	29	200.86
	Private Limited	57	209.87
	Total	398	
	Products/services fast faded away in the market	Sole proprietorship	163
Partnership		107	201.46
Limited liability (LTD)		42	208.36
Limited liability partnership (LLP)		29	198.02
Private Limited		57	220.99
Total		398	
Legal Environment	Sole proprietorship	163	195.18

	Partnership	107	191.03
	Limited liability (LTD)	42	203.67
	Limited liability partnership (LLP)	29	218.93
	Private Limited	57	214.79
	Total	398	
Political Stability	Sole proprietorship	163	182.98
	Partnership	107	204.95
	Limited liability (LTD)	42	210.14
	Limited liability partnership (LLP)	29	207.69
	Private Limited	57	224.51
	Total	398	
Change in Consumer buying behaviour	Sole proprietorship	163	197.37
	Partnership	107	200.18
	Limited liability (LTD)	42	208.58
	Limited liability partnership (LLP)	29	183.33
	Private Limited	57	205.83

Test Statistics of Impediments that influence business among the legal status of the organizations

	Competitive Environment	Skilled workers in the labour market	Poor Infrastructure	Poor implementation of government assistance	[Reduction in product demand]	Products/services fast faded away in the market	Legal Environment	Political Stability	Change in Consumer buying behaviour
Chi-Square	8.990	12.578	6.177	5.834	2.883	3.973	2.869	7.291	1.163
Df	4	4	4	4	4	4	4	4	4
Asymp. Sig.	.061	.014	.186	.212	.578	.410	.580	.121	.884

The table above shows the results of Kruskal- Wallis test. For all variables (except Skilled workers in the labour market) the p value is more than 0.05. Hence it can be concluded that there is no significant difference in the mean rank of Impediments that influence business among the legal status of the organizations.

6. Ho: There is no significant difference in the mean rank of Impediments that influence business among the industry sector of the organizations.

Ha: There is a significant difference in the mean rank of Impediments that influence business among the industry sector of the organizations.

Ranks of Impediments that influence business among the industry sector of the organizations

	Industry Sector	N	Mean Rank
Competitive Environment	Manufacturing	277	213.14
	Wholesale/retail	49	181.35
	Business services	28	167.61
	Any Other	44	154.17
	Total	398	
Skilled workers in the labour market	Manufacturing	277	203.30
	Wholesale/retail	49	173.80
	Business services	28	217.59
	Any Other	44	192.67
	Total	398	
Poor Infrastructure	Manufacturing	277	206.37
	Wholesale/retail	49	187.20
	Business services	28	205.48
	Any Other	44	166.11
	Total	398	
Poor implementation of government assistance	Manufacturing	277	209.94
	Wholesale/retail	49	193.89
	Business services	28	169.04
	Any Other	44	159.39
	Total	398	
[Reduction in product demand]	Manufacturing	277	208.73
	Wholesale/retail	49	211.60
	Business services	28	165.25

	Any Other	44	149.69
	Total	398	
Products/services fast faded away in the market	Manufacturing	277	209.33
	Wholesale/retail	49	177.90
	Business services	28	184.84
	Any Other	44	171.00
	Total	398	
Legal Environment	Manufacturing	277	211.26
	Wholesale/retail	49	164.62
	Business services	28	196.43
	Any Other	44	166.27
	Total	398	
Political Stability	Manufacturing	277	213.14
	Wholesale/retail	49	178.50
	Business services	28	192.91
	Any Other	44	141.19
	Total	398	
Change in Consumer buying behaviour	Manufacturing	277	212.43
	Wholesale/retail	49	175.53
	Business services	28	191.36
	Any Other	44	150.00
	Total	398	

Test Statistics of Impediments that influence business among the industry sector of the organizations

	Competitive Environment	Skilled workers in the labour market	Poor Infrastructure	Poor implementation of government assistance	[Reduction in product demand]	Products/services fast faded away in the market	Legal Environment	Political Stability	Change in Consumer buying behavior
Chi-Square	18.096	4.042	5.732	10.428	14.031	7.382	11.787	18.141	15.165
Df	3	3	3	3	3	3	3	3	3
Asymp. Sig.	.000	.257	.125	.015	.003	.061	.008	.000	.002

The table above shows the results of Kruskal- Wallis test. For all variables (except Skilled workers in the labour market and Poor Infrastructure) the p value is less than 0.05. Hence it can be concluded that there is a significant difference in the mean rank of Impediments that influence business among the industry sector of the organizations.

Internal Impediments that influence your business: The respondents were asked to rate the impediments that influence their business in a scale of 1 to 5, where 5 is for highly influencing, 4 for influencing, 3 neither influencing nor influencing, 2 for least influencing, 1 for not influencing. The results are discussed below. The result is arranged according to the descending value of the mean.

Descriptive Statistics – Internal Impediments that influence business

	N	Minimum	Maximum	Mean	Std. Deviation
Limited financial ability	398	1	5	3.95	1.252
Confidence to Market risk	398	1	5	3.54	1.148
Confidence of the managerial team	398	1	5	3.54	1.189
Less innovative and flexible	398	1	5	3.53	1.154
Confidence to new financial risk	398	1	5	3.51	1.104
Increasing operational costs	398	1	5	3.50	1.172
Unresponsive to the demand for change	398	1	5	3.49	1.172
Failure to fulfill customer demand	398	1	5	3.49	1.170
Lack of market and product knowledge	398	1	5	3.44	1.113
Limited ICT involvement	398	1	5	3.38	1.151
Confidence to Operating risk	398	1	5	3.38	1.153
Valid N (listwise)	398				

The above shown table describes that Limited Financial Ability is the most influencing factor of internal impediments followed by Confidence to Market risk and Confidence of the managerial with same mean values. Whereas, Confidence to Operating risk the least influencing factor in MSMEs.

7.Ho: There is no significant difference in the mean rank of Impediments that influence business among the Annual turnover of the organizations.

Ha: There is a significant difference in the mean rank of Impediments that influence business among the Annual turnover of the organizations.

Ranks of Impediments that influence business among the Annual turnover of the organizations

	Annual_Turnover	N	Mean Rank
Limited financial ability	Less than 1,00,000	6	108.42
	1,00,000-5,00,000	33	149.50
	5,00,000-10,00,000	30	146.93
	10,00,000-50,00,000	70	156.84
	50,00,000-1 crore	77	204.01
	1 crore +	182	234.74
	Total	398	
	Lack of market and product knowledge	Less than 1,00,000	6
1,00,000-5,00,000		33	176.05
5,00,000-10,00,000		30	185.18
10,00,000-50,00,000		70	186.39
50,00,000-1 crore		77	198.46
1 crore +		182	214.67
Total		398	
Less innovative and flexible		Less than 1,00,000	6
	1,00,000-5,00,000	33	158.48
	5,00,000-10,00,000	30	176.30
	10,00,000-50,00,000	70	171.87
	50,00,000-1 crore	77	201.03
	1 crore +	182	221.86
	Total	398	
	Limited ICT involvement	Less than 1,00,000	6
1,00,000-5,00,000		33	162.14
5,00,000-10,00,000		30	171.32
10,00,000-50,00,000		70	166.19
50,00,000-1 crore		77	202.56
1 crore +		182	223.03
Total		398	
Increasing operational costs		Less than 1,00,000	6
	1,00,000-5,00,000	33	171.80
	5,00,000-10,00,000	30	153.88
	10,00,000-50,00,000	70	176.10
	50,00,000-1 crore	77	211.27
	1 crore +	182	221.08
	Total	398	
	Failure to fulfill customer demand	Less than 1,00,000	6
1,00,000-5,00,000		33	186.83
5,00,000-10,00,000		30	203.33
10,00,000-50,00,000		70	165.30
50,00,000-1 crore		77	174.12
1 crore +		182	228.17
Total		398	
Confidence of the managerial team		Less than 1,00,000	6

	1,00,000-5,00,000	33	171.21
	5,00,000-10,00,000	30	172.58
	10,00,000-50,00,000	70	167.94
	50,00,000-1 crore	77	203.73
	1 crore +	182	223.46
	Total	398	
Unresponsive to the demand for change	Less than 1,00,000	6	142.83
	1,00,000-5,00,000	33	148.82
	5,00,000-10,00,000	30	190.92
	10,00,000-50,00,000	70	187.39
	50,00,000-1 crore	77	183.53
	1 crore +	182	223.39
Total	398		
Confidence to new financial risk	Less than 1,00,000	6	100.50
	1,00,000-5,00,000	33	147.92
	5,00,000-10,00,000	30	171.53
	10,00,000-50,00,000	70	179.46
	50,00,000-1 crore	77	203.86
	1 crore +	182	222.59
Total	398		
Confidence to Market risk	Less than 1,00,000	6	99.92
	1,00,000-5,00,000	33	152.29
	5,00,000-10,00,000	30	164.35
	10,00,000-50,00,000	70	186.16
	50,00,000-1 crore	77	187.29
	1 crore +	182	227.43
Total	398		
Confidence to Operating risk	Less than 1,00,000	6	143.67
	1,00,000-5,00,000	33	149.30
	5,00,000-10,00,000	30	186.28
	10,00,000-50,00,000	70	168.79
	50,00,000-1 crore	77	200.09
	1 crore +	182	224.18
Total	398		

Test Statistics of Impediments that influence business among the Annual turnover of the organizations

	Chi-Square	df	Asymp. Sig.
Limited financial ability	49.145	5	0.000
Lack of market and product knowledge	10.876	5	0.054
Less innovative and flexible	18.017	5	0.003
Limited ICT involvement	20.368	5	0.001
Increasing operational costs	29.22	5	0.000
Failure to fulfil customer demand	27.571	5	0.000
Confidence of the managerial team	25.388	5	0.000
Unresponsive to the demand for change	19.335	5	0.002
Confidence to new financial risk	24.171	5	0.000
Confidence to Market risk	27.19	5	0.000
Confidence to Operating risk	22.983	5	0.000

The table above shows the results of Kruskal- Wallis test. For all variables the p value is less than 0.05. Hence it can be concluded that there is a significant difference in the mean rank of Impediments that influence business among the Annual turnover of the organizations.

8.Ho: There is no significant difference in the mean rank of Impediments that influence business among the Legal Status of the organizations.

Ha: There is a significant difference in the mean rank of Impediments that influence business among the Legal Status of the organizations.

Ranks of Impediments that influence business among the Legal Status of the organizations

	legal_Status	N	Mean Rank
Limited financial ability	Sole proprietorship	163	181.01
	Partnership	107	189.99
	Limited liability (LTD)	42	192.77
	Limited liability partnership (LLP)	29	214.71
	Private Limited	57	267.44
	Total	398	
Lack of market and product knowledge	Sole proprietorship	163	201.90
	Partnership	107	193.04
	Limited liability (LTD)	42	220.18
	Limited liability partnership (LLP)	29	182.59
	Private Limited	57	198.12
	Total	398	
Less innovative and flexible	Sole proprietorship	163	201.17
	Partnership	107	187.76
	Limited liability (LTD)	42	216.24
	Limited liability partnership (LLP)	29	200.76
	Private Limited	57	203.78
	Total	398	
Limited ICT involvement	Sole proprietorship	163	191.42
	Partnership	107	200.43
	Limited liability (LTD)	42	173.81
	Limited liability partnership (LLP)	29	206.19
	Private Limited	57	236.39
	Total	398	
Increasing operational costs	Sole proprietorship	163	186.73
	Partnership	107	194.45
	Limited liability (LTD)	42	201.37
	Limited liability partnership (LLP)	29	207.98
	Private Limited	57	239.82
	Total	398	
Failure to fulfill customer demand	Sole proprietorship	163	195.82
	Partnership	107	199.29
	Limited liability (LTD)	42	222.29
	Limited liability partnership (LLP)	29	183.91
	Private Limited	57	201.55
	Total	398	
Confidence of the managerial team	Sole proprietorship	163	192.13
	Partnership	107	202.81
	Limited liability (LTD)	42	220.68
	Limited liability partnership (LLP)	29	203.52
	Private Limited	57	196.71
	Total	398	
	Sole proprietorship	163	194.03

Unresponsive to the demand for change	Partnership	107	183.83
	Limited liability (LTD)	42	211.14
	Limited liability partnership (LLP)	29	207.03
	Private Limited	57	232.15
	Total	398	
Confidence to new financial risk	Sole proprietorship	163	186.10
	Partnership	107	196.87
	Limited liability (LTD)	42	192.90
	Limited liability partnership (LLP)	29	229.60
	Private Limited	57	232.29
	Total	398	
Confidence to Market risk	Sole proprietorship	163	186.49
	Partnership	107	198.25
	Limited liability (LTD)	42	209.27
	Limited liability partnership (LLP)	29	203.22
	Private Limited	57	229.96
	Total	398	
Confidence to Operating risk	Sole proprietorship	163	187.85
	Partnership	107	200.11
	Limited liability (LTD)	42	208.52
	Limited liability partnership (LLP)	29	200.98
	Private Limited	57	224.26
	Total	398	

Test Statistics of Impediments that influence business among the Legal Status of the organizations

	Chi-Square	df	Asymp. Sig.
Limited financial ability	29.057	4	.000
Lack of market and product knowledge	2.648	4	.618
Less innovative and flexible	2.265	4	.687
Limited ICT involvement	9.523	4	.049
Increasing operational costs	10.065	4	.039
Failure to fulfill customer demand	2.536	4	.638
Confidence of the managerial team	2.409	4	.661
Unresponsive to the demand for change	7.996	4	.092
Confidence to new financial risk	9.728	4	.045
Confidence to Market risk	6.881	4	.142
Confidence to Operating risk	4.904	4	.297

The table above shows the results of Kruskal- Wallis test. For variables – Limited Financial ability, Limited ICT involvement, increasing operational costs, Confidence to new financial risk, the p value is less than 0.05. Hence Ho can be rejected. For other variables the p value is more than 0.05 hence in those cases, the Ho cannot be rejected. So it can be concluded for Limited Financial ability, Limited ICT involvement, increasing operational costs, Confidence to new financial risk, there is a significant



difference in the mean rank of Impediments that influence business among the Legal Status of the organizations.

9.Ho: There is no significant difference in the mean rank of Impediments that influence business among the Industry Sector of the organizations.

Ha: There is a significant difference in the mean rank of Impediments that influence business among the Industry Sector of the organizations.

Ranks of Impediments that influence business among the Industry Sector of the organization

	Industry_Sector	N	Mean Rank
Limited financial ability	Manufacturing	277	220.90
	Wholesale/retail	49	162.15
	Business services	28	130.25
	Any Other	44	150.45
	Total	398	
Lack of market and product knowledge	Manufacturing	277	204.01
	Wholesale/retail	49	188.92
	Business services	28	217.11
	Any Other	44	171.69
	Total	398	
Less innovative and flexible	Manufacturing	277	213.85
	Wholesale/retail	49	179.02
	Business services	28	177.29
	Any Other	44	146.10
	Total	398	
Limited ICT involvement	Manufacturing	277	214.89
	Wholesale/retail	49	169.34
	Business services	28	177.29
	Any Other	44	150.33
	Total	398	
Increasing operational costs	Manufacturing	277	218.76
	Wholesale/retail	49	169.82
	Business services	28	147.57
	9.Any Other	44	144.33
	Total	398	
Failure to fulfil customer demand	Manufacturing	277	209.09
	Wholesale/retail	49	201.77
	Business services	28	185.57
	Any Other	44	145.48
	Total	398	
Confidence of the managerial team	Manufacturing	277	207.09
	Wholesale/retail	49	197.17
	Business services	28	194.36
	Any Other	44	157.59
	Total	398	
Unresponsive to the demand for change	Manufacturing	277	212.59
	Wholesale/retail	49	170.74
	Business services	28	196.63
	Any Other	44	150.97
	Total	398	
Confidence to new financial risk	Manufacturing	277	216.93
	Wholesale/retail	49	185.64
	Business services	28	153.43

	Any Other	44	134.55
	Total	398	
Confidence to Market risk	Manufacturing	277	214.29
	Wholesale/retail	49	183.01
	Business services	28	149.00
	Any Other	44	156.91
	Total	398	
Confidence to Operating risk	Manufacturing	277	212.25
	Wholesale/retail	49	185.87
	Business services	28	184.20
	Any Other	44	144.18
	Total	398	

Test Statistics of Impediments that influence business among the Industry Sector of the organization

	Chi-Square	df	Asymp. Sig.
Limited financial ability	37.521	3	.000
Lack of market and product knowledge	4.486	3	.214
Less innovative and flexible	17.504	3	.001
Limited ICT involvement	18.699	3	.000
Increasing operational costs	28.800	3	.000
Failure to fulfill customer demand	12.925	3	.005
Confidence of the managerial team	7.626	3	.054
Unresponsive to the demand for change	15.455	3	.001
Confidence to new financial risk	27.588	3	.000
Confidence to Market risk	18.212	3	.000
Confidence to Operating risk	15.806	3	.001

The table above shows the results of Kruskal- Wallis test. For all variables (except Lack of Market and Product Knowledge and Confidence of Managerial Team) the p value is less than 0.05. Hence it can be concluded that there is a significant difference in the mean rank of Impediments that influence business among the industry sector of the organizations.

CONCLUSION

While measuring the effect of internal impediments, Failure to fulfill customer demand has emerged as most important variable. As for MSMEs, the fulfilling the customer demand is very critical and if failure occurs, it can have adverse impact on the performance of the MSMEs. Confidence to new financial risk and Limited ICT involvement are the most critical internal impediments that can hinder the growth of MSMEs. If the organizations is not able to manage the financial risk, it leads to many adverse effect on the growth and development of MSMEs. The importance of ICT on performance of the MSMEs is also significant. The MSMEs needs to adopt the good ICT practices. It is very challenging to cope up with the change. ICT adoption involves investment not only with respect to money but also with respect to time and other resources. While there is no guarantee that the ICT will bring the

positive impact on the performance, the success depends upon managing the ICT adoption and implementation.

Skilled workers in the labour market is emerged as the most critical external factor which can lead to performance of the MSMEs. Though INDIA has more number of workers available, but the skill is still a problem. Getting a skilled labour is very challenging. If MSMEs are able to manage the skilled workforce, it can lead to improved performance of the organization. Change in consumer buying behaviour is emerged as second external critical factor. Now a days, customers are considered as king. The buying pattern of the customers needs to be studied by the MSMEs to survive in the competition. If MSMEs are able to manage the change in consumer buying behaviour, it can lead to positive growth of the organization. Poor infrastructure is emerged as third important external factor. The transportation cost plays very critical role in determining the overall price of the product. If good infrastructure supports then many problems can be solved and ultimately it can lead to positive performance of the organization.

Capital and Growth in employment in number of employees are emerged as top two performance indicators. Ultimately everything comes to management of capital. If MSMEs are growing, it will surely lead to recruiting new talents. Both external and Internal impediments are found to be affecting on the performance of the MSMEs. External impediments are affecting little bit more than internal impediments. Hence it can be concluded that the Skilled workers, Consumer buying behaviours and infrastructure are top three critical external factors that needs to be managed by the MSMEs to have positive performance in the business. Customer demand, ICT and managing financial risk are three critical internal impediments. If MSMEs are able to cope up with customer demand, ICT and financial risk management then it will lead to improvement in performance of the organization.

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