

# MANAGING INNOVATIONS IN INDIAN SMALL AND MEDIUM ENTERPRISES (SMEs): AN ANALYTICAL PERSPECTIVE

ANJALI MALIK,

Department of School of Management Studies, Graphic Era Hill University,  
Dehradun, Uttarakhand, India 248002

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## ABSTRACT

Small and medium-sized enterprises are essential to the financial system of any country's rapid advancement. They are particularly significant for supporting regional growth, job creation, and revenue generation in emerging countries. India may achieve its socioeconomic objectives in the following ten years by giving millions of educated people gainful employment and helping millions of others move from an overcrowded agricultural industry to the small-scale manufacturing and service sectors. SMEs are renowned for being the driving factors behind equitable economic development and progress. A significant barrier to profitability in the SME sector is the need for knowledge, abilities, and resources that support innovation. Foreign nations are currently providing intense rivalry in international trade while posing various challenges for the SME sector. To escape this predicament, businesses should develop cutting-edge technology and multifaceted products. This paper explains several innovative factors and their effects on the growth of the SME market in India.

**KEYWORDS-** Small and Medium-sized businesses, service sectors, SMEs industry, innovations, enterprises, overburdened, rapid development.

## INTRODUCTION

Due to the country's significant employment, revenue generation, and sustainable growth, small and medium-sized enterprises are a crucial component of the development of any nation's economy, particularly emerging nations like India. Innovations operate as a driving force for the economy in India, where they play a more than significant role in creating jobs. Nearly all industries, including agriculture, manufacturing, and services, are impacted by technology, its rapid expansion, and its acceptability. Innovations and technical improvements significantly affect how enterprises and initiatives participate in the economic growth of the country and its global development.

There are more opportunities for SMEs to be exposed across the nation. Indian industry is excelling in several fields, which include food processing manufacturing, medicine, precision engineering, retail, fabric and apparel, information technology, agriculture, and services, while the Indian market is expanding quickly both domestically and internationally (Ahmed & Shafiq, 2014). The Indian government recognizes the importance of expanding the SME sector because it has performed remarkably well and helped our nation achieve significant industrial growth and diversity. The world changes quickly, and businesses must constantly innovate to stay competitive. Attempts have been made to build adequate laboratories, specialized centers, and incubation units to improve equipment and machinery for all industries. The rapid development of technology impacts how organizations and enterprises operate. Also, it significantly contributes to the MSMEs' ability to adapt to the global market (Abduli, 2013).

In order to advance technology, we must have the necessary infrastructure to help businesses create ground-breaking concepts that will benefit MSMEs and the entire industrial sector. Business incubators are also required to aid entrepreneurs in commercializing such innovations quickly so they can grow from simple concepts to prosperous businesses and create jobs (Katyal & Xaviour, 2015). The main objectives of the Ministry of MSME's programs are Latent creativity in people, the willingness to embrace cutting-edge manufacturing technologies, and, based on expertise, innovative MSMEs or ventures. One of the essential variables in SME innovation continues to be government policy, which touches on almost every area of innovation, including access to money, technology, market knowledge, and the creation of R&D and educational institutions. It is significant to highlight that the policy has significantly boosted efforts to create an ecosystem for innovation and to strengthen the role of the private sector in doing the same (Aisyah et al., 2017). Several programs and programs are administered by the Indian government's Ministry of MSME to foster technological innovation in Indian SMEs. The assistance provided by the government includes, among other things, cash subsidies and incentives to purchase machinery, register trademarks, and have access to tools, training, and professional guidance.

## LITERATURE OF REVIEW

**Satpathy et al. (2017)** conclude that the study's aims have successfully addressed the issue based on the discussion of the study's final ten findings and the quotations from the literature section above. The primary study's majority of data indicates a close association between HR management practices and fulfilling the fundamental objectives of every small firm across a wide range of application situations, which is why. Because MSMEs would only be able to excel in their competition with a superior SDM training approach, mainly because companies are vying for customers in the digital era, defined by various innovations and creatives.

**Sheehan (2014)** said that Improving and empowering human resources, such as the appropriate people in the right places, can significantly impact the expansion and success of Small and

Medium Businesses. One of the most critical growth metrics for firms nowadays is human resources. A key component of human resource management in small and medium businesses is motivation and job security. Small and medium-sized businesses use human resources, including recruitment, selection, performance evaluation, and compensation management. Numerous organizations strongly emphasize the training and development of their human resources, maximizing their potential and developing their skills.

**Singh & Jain (2015)** proposed that the study's objective was to investigate the effects of HRMPs on the operational success of MSMEs in HDSL. Select MSMEs in HDSL have found that using professional sources for hiring, having defined termination criteria, and having an HR plan for the company are the most frequently used HR practices. Findings demonstrate that MSMEs in HDSL have engaged in eight specific HRM practices to varying degrees of formality and informality. Results from a descriptive analysis showed that selected MSMEs mainly use informal HR practices in HDSL. Also, this study's findings revealed that the size of the company and the owner-managers educational background account for various HRM methods in MSMEs.

**Singh (2017)** said the report supports local HR practices at SMEs in Delhi-NCR and highlights opportunities for further formalization. Since SME firm performance can be predicted by HR practices, proper human resource procedures must be followed to improve employee effectiveness. SME businesses are crucial for the development of the nation. Innovation and creativity would benefit from formal HR processes. Although changing from one type of strategy to another would take time, SME's may eventually embrace a combination of techniques, including formalizing HR processes as well as indigenous approaches.

**Wright ET AL., (2005)** found that the MSMEs are the main pillars of developing economies because they can replace large-scale enterprises, increase employment, mediate between the industrial and agricultural sectors, contribute to industrial production, and increase export revenues. Due to antiquated production methods, poor customer satisfaction and loyalty, and low employee morale, the number of ill MSMEs is growing yearly. According to the report, the lack of medical facilities, poor working conditions, lack of welfare programs, inadequate compensation, and poor labor relations cause a high employee intention to leave MSMEs. It is concluded that human effort is necessary for management to achieve its goals and objectives profitably; therefore, greater attention should be paid to the enterprises' most important assets when developing and implementing HRM strategies that will sustainably increase productivity.

**Virag & Albu. (2014)** said that the management of SMEs is very informal, and the obligations of the employer and employee to one another are implicit and built on trust. The informality of SMEs and the intimate personal ties between employers and employees offer intriguing concerns concerning the psychological contract between SME owners and employees, making it a unique setting for studying employment relationships. Research on the nature and details of psychological contracts in SMEs may be conducted in the future.

**Narware (2011)** discussed that although there is a ton of literature on HRMP, most of it is targeted at larger businesses. The study's findings close this gap by highlighting the significance of HRMP adherence in MSMEs and its connection to commitment. The advantages of the five types of HRMPs under investigation could be leveraged to affect resource-constrained MSMEs' HR decisions immediately. This research may be used to launch initiatives in several of the world's developing nations. Without addressing fundamental HRMP concerns, turnover will increase, service quality will deteriorate, customer satisfaction will plummet, and businesses will be driven out of the market.

**Vettriselvan & Balakrishnan (2013)** examined the utilization of human resource management techniques and their effects on the performance of SMEs operating in Kosovo were discussed in the study. According to the study's findings, "compensation and reward" is the SME practice that is most profitable and enhances performance the most. Utilizing human practices helps SMEs to improve their performance. Even so, the other two processes—the study's objectives—had an effect favorable to firm performance, which led to the idea that formal procedures boost the performance of SME companies. It is commonly known that the study's participants are regarded just as much as the practice evaluation, which has typically been outstanding.

### **Objective of the Study**

To measure the managing innovations in Indian small and medium enterprises (SMEs)

### **Methodology**

This study utilized a structured questionnaire to conduct a survey, and statistical methods such as mean & t-test were used to analyze the responses from 211 participants. The sampling method used in this research was convenience sampling, where individuals were selected based on their accessibility & willingness to participate.

**Table 1 Managing Innovations in Indian Small and Medium Enterprises**

Serial No.	Statement of Survey	Mean Value	t-value	p-value
1	SMEs can adopt innovative business models which emphasize the use of existing resources and the development of low-cost, high-value products and services.	4.22	9.268	0.000
2	The government of India has also introduced several policies and programs to support SME innovation.	4.30	9.685	0.000
3	SMEs can also collaborate with external partners to access new technologies, expertise, and	4.42	10.861	0.000

	funding for innovation.			
4	Effective intellectual property management is critical for SME innovation in India.	4.01	5.143	0.000
5	SMEs need to build strong partnerships with suppliers, distributors, customers, and other stakeholders to ensure that their innovations meet market needs.	3.90	4.233	0.000
6	Innovation is crucial for the growth and success of Indian small and medium enterprises.	4.49	11.815	0.000
7	MEs need to create a culture of innovation within their organizations, encouraging employees to come up with new ideas.	4.45	11.779	0.000
8	SMEs can leverage digital technologies and online platforms to enhance their innovation capabilities.	4.13	8.640	0.000
9	SMEs can contribute to the overall growth and development of the Indian economy.	3.83	4.307	0.000
10	SMEs in India often face several challenges in managing innovation such as including a lack of financial resources and limited access to skilled labor and technology.	4.41	11.952	0.000

Table1 demonstrates the mean values for each of the statement of the study done on “the managing innovations in Indian small and medium enterprises”, examining the average scores, the statement that obtains the highest mean score can be described as “Innovation is crucial for the growth and success of Indian small and medium enterprises”, which has the mean score of 4.49, Looking at the next statement which is “MEs need to create a culture of innovation within their organizations, encouraging employees to come up with new ideas” the mean score is found to be 4.45. Looking at the mean value of 4.42 for the statement “SMEs can also collaborate with external partners to access new technologies, expertise, and funding for innovation” shows that external partners is also responsible for SMEs. Looking at the other concern of SMEs is, “SMEs in India often face several challenges in managing innovation such as including a lack of financial resources and limited access to skilled labor and technology” which displays the mean score of 4.41, and the statement “The government of India has also introduced several policies and programs to support SME innovation” showcase the mean value of 4.30. Then the statement “SMEs can adopt innovative business models which emphasize the use of existing resources and the development of low-cost, high-value products and services” obtains mean value of 4.22 and the statement “SMEs can leverage digital technologies and online platforms to enhance their innovation capabilities” has 4.13. The statement “Effective intellectual property management is

critical for SME innovation in India” showcase the mean value of 4.01. Therefore, the last two statements fall within the lowest category or level, “SMEs need to build strong partnerships with suppliers, distributors, customers, and other stakeholders to ensure that their innovations meet market needs” mean value of 3.90, the statement “SMEs can contribute to the overall growth and development of the Indian economy” has 3.83. The significance of the t-value for each statement in the investigation on the managing innovations in Indian small and medium enterprises is significant. The t-value statements were positive, and their significance value was less than 0.05, indicating a significant relationship between the two variables.

## CONCLUSION

The utilization of human resource management techniques and their effects on the performance of SMEs operating in Kosovo were discussed in the study. According to the study's findings, "compensation and reward" is the SME practice that is most profitable and enhances performance the most. Utilizing human practices helps SMEs to improve their performance. Even so, the other two processes—the study's objectives—had an effect favorable to firm performance, which led to the findings that formal procedures boost the performance of SME companies. It is well known that participants in this study are as highly valued in the evaluation as in the practice evaluation, which has generally been excellent. This research highlights the significance of innovation for company competitiveness in the Indian SME sector and how government officials and business leaders may collaborate to establish an environment that is flexible enough for creative development and would provide the firm with a competitive edge.

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