

Addressing Challenges To Strategic Management Adoption In Indian Msmes

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ABSTRACT

The implementation of strategic management methods in Indian Micro, Small, and Medium Enterprises (MSMEs) is met with a multitude of problems. These challenges range from structural restrictions and cultural opposition to regulatory impediments and technical slowness. Both the design and implementation of strategic plans are hampered by the inherent resource limits, which, when combined with the conventional hierarchical culture of the organization, contribute to the difficulties. The process of adoption is made much more difficult by cultural issues, such as a lack of understanding and an aversion to change. The performance of micro, small, and medium-sized enterprises (MSMEs) may be improved through strategic management, according to significant study. However, the majority of Indian micro, small, and medium-sized enterprises (MSMEs) do not adopt strategic management, and the reasons for this lack of strategic management in Indian MSMEs are not well understood. In this article, the conventional method of comprehending the significance of strategic management is called into question, and a set of guidelines for implementing strategic management in order to steer businesses away from failure is presented.

Keywords: Strategic management, Financial, Challenges, Technology, Organizational culture.

I. INTRODUCTION

A key component of every successful business is strategic management, which encourages leaders to take the initiative when allocating resources and making decisions. To yet,

however, many obstacles have prevented Indian MSMEs from fully embracing strategic management principles, preventing them from reaching their full potential. The intrinsic structural complexity within the industry is one of the main obstacles preventing strategic management from being adopted by Indian MSMEs. Small and medium-sized businesses (SMBs) typically have challenges in obtaining and retaining talented employees and capital compared to bigger corporations. A major roadblock to developing and implementing strategies is this lack of resources. Time, money, and human capital are rare in the MSME sector, yet they are essential for developing and implementing effective initiatives. In addition, the problem is made worse since there aren't any specific divisions that deal with strategic planning and execution. As a result, individuals in these companies have to wear several hats and have little time to think strategically.

When it comes to Indian MSMEs, cultural considerations are a major roadblock to strategic management implementation. A family and hierarchical organizational culture, with centralized decision-making and authority concentrated at the top, has traditionally defined these organizations. A major obstacle to the adoption of strategic management concepts is the inherent aversion to change within such organizational cultures. When new approaches are perceived as potential dangers to long-standing practices, employees may be reluctant to adopt them. Striking a balance between tradition and innovation is crucial when trying to persuade stakeholders, particularly those with a conservative outlook, to move towards a more strategic focus.

Another factor adding to the difficulties encountered by MSMEs in India is the general public's ignorance and lack of training in strategic management techniques. Ignoring the advantages that strategic management may offer, many small and medium-sized organizations continue to function independently. Limited access to high-quality education and training programs designed to meet the unique requirements of micro, small, and medium-sized enterprises (MSMEs) exacerbates this information gap. There has to be a concerted effort to educate MSME owners and managers on the need of strategic management if it is to be widely used.

In addition, micro, small, and medium-sized enterprises (MSMEs) in India have additional obstacles while trying to

implement strategic management due to the country's regulatory landscape. Potential obstacles include too bureaucratic procedures, onerous compliance standards, and insufficient financial incentives for long-term planning. When confronted with the pressing needs of regulatory compliance, MSMEs may struggle to devote time and resources to strategic activities. Strategic management may be more deeply ingrained in the fabric of Indian MSMEs if regulatory processes are made more efficient and incentives are provided for strategic efforts.

Companies now need to be nimble and flexible to survive in the face of a business environment that is constantly shifting due to globalization and technology developments. One major obstacle to implementing strategic management principles in Indian MSMEs is their sluggish adoption of technology. Small and medium-sized enterprises (SMEs) struggle to collect and evaluate data for useful decision-making due to a lack of resources and aversion to digital transformation. To overcome this impediment and enable Indian MSMEs to integrate strategic management efficiently, it is vital to bridge the digital gap and establish a technology-friendly ecosystem.

In addition, many Indian MSMEs struggle to set strategic goals and objectives because their company vision lacks a long-term orientation. There is a lack of investment in strategic planning due to the predominant emphasis on short-term profits, which is motivated by the necessity for rapid profitability and survival. In order to establish the importance of strategic thinking in the MSME sector, it is essential to foster a change in attitude towards a more future-focused outlook. Because of this, the public and commercial sectors must work together to help micro, small, and medium-sized enterprises (MSMEs) connect their goals with a long-term strategy.

II. REVIEW OF LITERATURE

Maheshkar, Chandan & Soni, Neha (2022) Small and medium-sized enterprises (SMEs) play a crucial role in India's economy. The socio-economic balance is maintained by this labor-intensive sector. By creating jobs, encouraging economic independence, and contributing to society's sustainable growth, they can help alleviate regional economic inequities if the regulatory environment allows it. Government agencies and financial institutions fail to adequately assist micro, small,

and medium-sized enterprises (MSMEs), despite their substantial contributions to nation-building. The success of small businesses is impacted by a multitude of challenges at different levels of operations. These include inadequate finance, poor social infrastructure, management skills, and the rapid shocks created by economic and tax reforms. Therefore, the difficulties encountered by MSMEs in India have been brought to light by this study. Marketing, finances, technology, raw materials, labor, and management are the six groups of issues that have been uncovered using the quantitative method. Internal and external factors were used to classify each problem area. The effects of demonetisation, GST, and skill development initiatives on micro, small, and medium-sized enterprises (MSMEs) have been analysed in depth. Afterwards, several recommendations for enhancing the efficiency of MSMEs have been put out.

Hattimbire, Dayanand & Harkal, Prabhakar (2022) More than 6.33 crore micro, small, and medium firms may be found all throughout India, and they are dispersed across the country's diverse landscape. The majority of these are located in rural regions, and as a result, they contribute to the growth of the rural economy and the creation of local job opportunities for those living in the region. The national gross value added (GVA) and the gross domestic product (GDP) of India are both contributed to by these companies, which also employ more than 11.1 crore people. Additionally, these companies contribute a third to the national GVA. In addition, micro, small, and medium-sized enterprises (MSMEs) have a catalytic role in the social welfare of Indian society. A bigger proportion of micro, small, and medium-sized enterprises (MSME) are run by women (20%) and members of backward classes (66%) in comparison to the number of women and members of backward groups who hold senior corporate roles (17%). And in contrast to the lower national women's labor participation rate (20%), a bigger proportion of positions held by women are held by micro, small, and medium-sized enterprises (MSME). Policymakers are also aware of the significance of micro, small, and medium-sized enterprises (MSMEs), and they have provided these companies with access to capital, technological resources, and management knowledge in order to facilitate their fast expansion during the past two decades. Despite this, micro, small, and medium-sized enterprises (MSMEs) in India suffer a variety of obstacles, including a lack of strategic

management, financial literacy, access to bank financing, issues with attracting and keeping personnel, and other issues. This article provides a literature overview on the issues that micro, small, and medium-sized enterprises (MSMEs) confront and the future prospects of the sector.

Singh, Rajesh & Kumar, Ravinder (2020) Within the context of a worldwide market, businesses of all sizes are presented with enormous potential for expansion. On the other hand, small and medium-sized businesses (SMEs) in countries that are still developing are finding it more difficult to thrive in the face of intense global competition because of the many resource restrictions they face. When it comes to the success of Indian small and medium-sized enterprises (SMEs) in the dynamic global economy, supply chain management (SCM) may be a key driving element. Small and medium-sized enterprises (SMEs) confront a multitude of operational issues when attempting to execute efficient supply chain management. The goal of this article is to investigate several strategic concerns that need to be addressed in order to successfully adopt SCM in Indian small and medium-sized enterprises (SMEs). A survey was carried out among small and medium-sized enterprises (SMEs) in India across a variety of industries. The motives, the obstacles, the investment priorities, the supply chain practices, and the performance are the major constructs that are included in the survey questionnaire. In all, 1,500 small and medium-sized enterprises (SMEs) in India have been contacted in order to gather responses using a survey instrument. There were 257 replies that were considered complete. The program known as SPSS is utilized in order to carry out statistical analysis on the data obtained from the survey. Management of consumers, organization resources, and inventory are noted to be the primary activities of supply chain management (SCM). Systems that are capable of creating rapid responses and quality management are major areas of investment emphasis. At the moment, it has been discovered that small and medium-sized enterprises (SMEs) place less importance on human resource management and knowledge management. Having an efficient supply chain management system is the primary emphasis of small and medium-sized enterprises (SMEs) in India. The analysis of strategic concerns for successful supply chain management for small and medium-sized enterprises (SMEs) in India is a novel aspect of this study. The findings of the study would be of assistance to small and medium-sized enterprises

(SMEs) in India in the process of strategic planning in order to remain competitive in the global market.

Mohan, Vidit & Ali, Salman (2019) The purpose of this article is to describe the results of a study that investigated the difficulties that Indian MSMEs (Micro, Small, and Medium Enterprises) have while attempting to embrace internet marketing and doing business online. Over a hundred micro, little, and medium-sized enterprises (MSMEs) in India were surveyed after qualitative interviews were conducted with a dozen different companies. Through the responses to the survey and the interviews, we were able to identify some of the most significant issues and obstacles that Indian micro, small, and medium-sized enterprises (MSMEs) experience when it comes to the implementation of internet marketing and e-commerce for their operations. In addition to its contribution to research and for practitioners, this study also bears suggestive implications for policymakers on supportive actions to integrate micro, small, and medium-sized enterprises (MSMEs) into mainstream internet market and e-commerce. This study is among the first studies that capture the key elements and issues associated with the adoption of internet marketing and e-commerce by micro, small, and medium-sized enterprises (MSMEs) in the Indian context.

Mukherjee, Sonia. (2018) Micro, small, and medium-sized businesses in India are falling behind their competitors as a result of globalization. If we look at export competitiveness, the competing enterprises come from nations that are close by. This is mostly caused by people not using modern technology, but there are other important factors as well. Therefore, this requires immediate attention. We look at the Indian Coir Industry as an example of a conventional export-oriented sector that is struggling to compete with other synthetic product manufacturers. Based on the export pattern over the last five years, it is clear that the export value has not seen a significant growth. Competitiveness may be boosted via technology. We have developed some theoretical understanding of technology transfer pathways, export competitiveness, and technological advancements. Analysis and deliberation Inadequate technology will limit the potential of micro, small, and medium-sized enterprises (MSMEs), which in turn reduces product demand, sales, and profit margins. A lot of effort has to go into bringing in the modern technology, which includes raising people's consciousness, embracing best

practices, creating (indigenous technology), and collaborating with partners across the world to create new technologies. From time to time, the Indian government has been introducing a number of MSME projects that are linked to technology. Still, further action is required. In summary The competitiveness of micro, small, and medium-sized enterprises (MSMEs) can be enhanced through increased investment in cutting-edge technology and R&D, increased use of digital and technology-enabled platforms, technology transfer, increased investment in human resources, better access to financing, reduced infrastructure gaps, and less strict business regulations.

Sugiarto, Irwan (2018) The purpose of this research is to investigate and thoroughly examine micro, small, and medium-sized enterprises (MSMEs) in order to help them improve their businesses. In this study, a qualitative technique with a descriptive approach was used as the methodology. Small and medium-sized enterprises (MSMEs) have challenges in the areas of quality, people resources, capital, infrastructure, and technology. As a result of this issue, the cost of giving guidance and offering services from the banking sector has decreased. So, this is a component of a number of different parties that are extremely useful for the growth of micro, small, and medium-sized enterprises (MSMEs), particularly those in rural regions.

III. RESEARCH METHODOLOGY

This research will be classified as an analytical study. The survey population consisted of 115 registered MSMEs, selected using easy sampling. The organizations were situated in India. A survey was devised to collect data. The question format exhibited a logical and systematic arrangement, including multiple choice questions and Likert scale replies. A total of 115 legitimate replies were identified for use in our investigation.

IV. DATA ANALYSIS AND INTERPRETATION

Table 1: Type of enterprise

Particulars	Percentage
Manufacture	75.0

Service	25.0
Total	100

According to the percentages, the data that was supplied illustrates the distribution of different sorts of businesses. The fact that manufacturing businesses make up 75.0% of the total demonstrates that there is a significant focus placed on the creation of manufactured products. On the other hand, businesses that focus on providing services account for 25.0% of the total, suggesting that they constitute a smaller but still considerable percentage of the overall corporate environment.

Table 2: Gender

Particulars	Percentage
Male	60.0
Female	40.0
Total	100

The data that has been supplied provides an overview of the gender allocation within the specified context. The percentage of men in the entire population is 60%, while the percentage of females is 40%.

Table 3: Position in the company

Particulars	Percentage
Owner	55.0
Manager	45.0
Total	100

The information shown in Table 3 provides a visual representation of the distribution of personnel throughout the organization according to their roles. The majority, which accounts for 55.0% of the total, is comprised of owners, which indicates that there is a high presence of persons who are either firm entrepreneurs or those who occupy top leadership responsibilities. The remaining 45.0% of the workforce is comprised of managers, who constitute a significant component of the workforce that holds leadership roles but do

not come within the ownership group.

Table 4: Problems faced by MSME in adopting strategic management

S. No.	Items	Mean	Std. Deviation
1	Lack of financial resources	3.92	.796
2	Lack of strategic thinking	3.58	.802
3	Lack of strategic management experts	3.65	.877
4	Organizational culture	3.42	.762
5	Organizational structure	3.50	1.012
6	Organizational regulation and procedure	3.71	.840
7	Employee resistance to change	3.83	.879

The obstacles that micro, small, and medium-sized enterprises (MSMEs) encounter are shown in the descriptive statistics table, together with the mean and standard deviations. When it comes to difficulties caused by a lack of financial resources, the mean value is the greatest (M=3.92). A mean of 3.58 and a standard deviation of 0.802 are associated with a lack of strategic thinking. The absence of specialists in strategic management has a mean value of 3.65, the culture of the organization has a mean value of 3.42, the structure of the organization has a mean value of 3.50, the regulation and procedure of the organization has a mean value of 3.71, and the resistance of employees to change has a mean value of 3.83. Nearly all of the mean values of the difficulties are close to the agreement degree, which indicates that micro, small, and medium-sized enterprises (MSMEs) believe these challenges to be substantial challenges.

V. CONCLUSION

Many different and intricate obstacles stand in the way of strategic management being implemented by India's micro, small, and medium-sized businesses. Lack of specialized

departments for strategic planning and limited resources are two examples of the structural restrictions that make it difficult to develop and implement good plans. Formal techniques, such as strategic management, may help micro, small, and medium-sized enterprises (MSMEs) avoid the big disease and tap into the sector's strength by raising productivity, quality, cutting costs, and innovation while also improving the workforce's ability to meet global demands. Slow technology uptake, regulatory obstacles, and a general lack of knowledge about strategic management techniques all add insult to injury for micro, small, and medium-sized enterprises (MSMEs). By using strategic management principles, these businesses will be able to make better judgments, adjust to new market circumstances, and boost the economy.

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