

## The Concept of MSMEs: Elements influencing Entrepreneurial Activity in Himachal Pradesh

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### Abstract

India's rising population and limited resources put pressure on the economic system. To fulfill the ever-increasing demand and alleviate pressure on the ecosystem, it is critical to understand the entrepreneurial activities and resource base that drive Micro, Small, Medium Enterprises commencement. The author has attempted to investigate the multiple entrepreneurial activities and resource roots that influence entrepreneurs' overall perceptions. Furthermore, it is strived to determine the greatest feasible combination of the aforementioned characteristics while keeping in mind the limits of resource availability, cultural & customs, and traditions prevalent in the study area. Further, an analysis of these elements governing the enterprises' financial and marketing approach led to the necessity for a thorough and accurate grasp of its determinants.

The present study is both descriptive and exploratory. To meet the goals of the current research project, both primary and secondary data were gathered. The analysis and interpretation based on the methodology utilised led to the conclusion that the financial and marketing components serve as an important resource base for entrepreneurial activity to conceptualize Micro, Small, Medium Enterprises.

The study focused on entrepreneurs operating in Himachal Pradesh. As a result, appropriate strategies should be developed for the most appealing elements for entrepreneurs, serving as resource bases for conceptualize that affect for the establishment of Micro, Small, Medium Enterprises. These elements governing the firms' financial and marketing approaches reveals the necessity for a thorough and accurate understanding of their determinants, how they relate to one another, and the ramifications for the enterprises.

**Key Word:** Micro, Small, Medium Enterprises, Financial aspects, Marketing aspects.

JEL Classification: M1, M3, P43

### INTRODUCTION

All around the world, but particularly in India, Micro, Small, and Medium-sized businesses are acknowledged as the key to economic progress and the advancement of equitable development. Economic development is significantly characterised by industrialisation. Over the past 50 years, Micro, Small, and Medium-sized enterprises have become a very active and dynamic segment of

the Indian economy. The MSMEs Act of 2006 divides MSMEs into two groups. They are Manufacturing Enterprises: These are businesses that use equipment and plants to manufacture or produce items and add value to the finished product. Service Businesses: These businesses are distinguished by their equipment investment and are involved in the provision or rendering of services.

**Table 1 Definitions of Indian MSMEs in Terms of Capital Investment**

<b>Classifications</b>	Previous (Investment in Plant and Machinery)		Now (Investment in Plant and Machinery)
	Manufacturing Enterprises	Service Enterprises	Manufacturing Enterprises & Service Enterprises
<b>Micro</b>	Up to 25 Lakh	Up to 10 Lakh	Up to 1 Crore
<b>Small</b>	More than 25 Lakh and up to 5 Crore	More than 10 Lakh and up to 2 Crore	More than 1 Crore and up to 10 Crore
<b>Medium</b>	More than 5 Crore and up to 10 Crore	More than 2 Crore and up to 5 Crore	More than 10 Crore and up to 20 Crore

**Source:** <http://dcmsme.gov.in/>

Changes to the definition of MSMEs were accepted by the Union Cabinet, which is led by Prime Minister Shri Narendra Modi, in February 2018. Currently, "annual turnover" serves as the foundation for the definition of MSMEs. It is anticipated that the modifications made to the definition of MSMEs will improve business accessibility and that the manufacturing sector's share of the Indian GDP will soon reach 25 per cent. It is now simpler for the government and industry to identify a company as an MSME thanks to the updated classification of MSMEs based on turnover (Table 2).

**Table 2 Definitions of Indian MSMEs in Terms of Annual Turnover**

<b>Classification</b>	Previous (Annual Turnover)	Now (Annual Turnover)
	Manufacturing Enterprises & Service Enterprises	Manufacturing Enterprises & Service Enterprises
<b>Micro</b>	Up to 5 Crore	Up to 5 Crore
<b>Small</b>	More than 5 Crore and up to 75 Crore	More than 5 Crore and up to 50 Crore
<b>Medium</b>	More than 75 Crore and up to 250 Crore	More than 50 Crore and up to 100 Crore

**Source:** <http://dcmsme.gov.in/>

### **‘MAKE IN INDIA’ PROGRAMME**

The government of India's flagship initiative, "Make in India," aims to promote exports, increase employment opportunities, improve infrastructure, and establish India as a manufacturing hub. In order to draw in foreign investment and establish India as a manufacturing hub, Prime Minister Sh. Narendra Modi of India developed the "Make in India" international marketing strategy on September 25, 2014. According to the national manufacturing policy, the programme's goals are to create 100 million jobs by 2022 and increase the manufacturing sector's contribution to the GDP from the present stagnant 16 per cent to 25 per cent. The initiative's primary goal is to concentrate on 25 economic areas in order to increase employment and skill levels.

### **REVIEW OF LITERATURE**

It allows us to learn about previous studies on this topic and identify areas of uncertainty.

Dimitratos, P. *et al* (2012) proposed six-dimensional operationalization of IEC closely reflects the original conceptualization and includes international entrepreneurial orientation, international market orientation, international motivation, international learning orientation, international networking orientation with competitors, and international networking orientation with non-competitors. OECD. (2013) emphasizes the development of entrepreneurial skills and the emerging topic of "green skills." Since the green economy response is still in its early stages, we have the opportunity to apply the knowledge gained from previous successful practices to a skill development sector that will have a significant impact. Jagannathan T. K. (2014) outlined the three L's—land, labor, and law—in the article in light of current business conflicts such as the Vodafone case, Tata's issues in West Bengal, land acquisition by Special Economic Zones, and others. Mohan *et al* (2015) claimed that the 'Make in India' concept has been a comprehensive strategy for growing manufacturing, infrastructure, renewable energy, and other important sectors. Choongo, P *et al* (2016) found that although our empirical results did not support the positive effects of knowing the natural and social ecosystems and recognising risks to them on spotting sustainable opportunities, they did support empathy for others to a certain extent. Hamid, W. (2017) explained that MSMEs and SSI have been expanding at a respectable rate for the past 20 years. However, these businesses face a number of obstacles to their general growth and development, including inadequate infrastructure, electricity scarcity, unstable political environments, and financial difficulties. Mukherjee, S. (2018) indicated that MSMEs' competitiveness could be improved through increased investment in R&D and advanced technology, increased use of digital and technology-enabled platforms, technology transfer, increased investment in human resources, better access to financing, fewer infrastructure gaps, and less onerous business regulations. Najmulhuda Yaseen Mohammed and Dhande R.B. (2019) outlined how finance, marketing, and growth and development are significantly correlated and shown how these factors have a major influence on MSMEs' growth and development. Singh, A. (2020) evaluated the impact of the corona virus's demand, supply, and liquidity shocks on India's

vulnerable MSME sector before recommending recovery plans to the government. Sharma, Tanuj & Bawa, Simerjeet Singh. (2020) emphasized the need to enhance the rate of job creation in MSMEs, given that the bulk of these enterprises are located in rural areas and provide year-round non-farm employment. Das Dipak Kumar (2021) clarified that the MSMEs' role in generating, creating jobs, boosting exports, and guaranteeing equitable income distribution is critical. However, this industry demands constant attention and assistance. The government must work collaboratively. Meera *et al* (2022) advocate that If MSMEs collaborate to build a new strategy, they would be able to overcome all obstacles and establish a new benchmark for the Indian economy.

## **RESEARCH GAP**

Following a review of the literature, it came in to light that there is a dearth of collaborative studies on financial and marketing aspects, particularly in understanding them as a resource basis for entrepreneurial activities to conceptualize MSMEs. For this goal, an extensive review and assessment of entrepreneurs' perceptions of financial and marketing aspects is required. Additionally, efforts have been essential to find a strong association between the aforementioned elements and their impact on the resource base and entrepreneurial activity in Himachal Pradesh.

## **STATEMENT OF PROBLEM**

The purpose of this study is to investigate whether entrepreneurs in Himachal Pradesh perceive the elements and circumstances that impact their entrepreneurial endeavors and the resources they need to commence Micro, Small, and Medium-Sized enterprises. In this context, elements like marketing and finances have been taken into account in this context. On this format, financial factors like funding availability, working capital cycle, quick and easy debtor recovery, cash inflow stability, and government subsidies and grants have all been taken into perspective. Accordingly, marketing features including a flexible approach, customer base, core skills (reduced time to supply demand, client-specific products, etc.), knowledge of the market niche, and ease of attracting customer attention have all been given careful thought. Additionally, in order to assess the impact of the aforementioned factors on resource base and entrepreneurial activity in Himachal Pradesh, efforts have been undertaken to identify a strong correlation between them.

## **THE OBJECTIVE OF THE STUDY**

- To study the perception of entrepreneurs about factors influencing entrepreneurial activities and resource base, especially marketing and financial aspects, need to commence MSMEs in Himachal Pradesh.
- To suggest policy changes to the different stakeholders.

## **THE HYPOTHESIS OF THE STUDY**

- H<sub>01</sub>: Perceptions of entrepreneurs about different financial aspects to conceptualise MSMEs in General is equally distributed.
- H<sub>02</sub> Perceptions of entrepreneurs about different marketing aspects to conceptualise MSMEs in General is equally distributed.
- H<sub>03</sub> there is no association between different marketing and financial aspects in respect to commencement of MSMEs in the study area.

## RESEARCH METHODOLOGY

It offers the rationale and empirical foundation for carrying out research, coming to conclusions, and learning new things. The prerequisite for the entire investigation was the scientific application of the appropriate procedures. Considering the aforementioned hypothesis, a mechanism for gathering and analyzing the data was developed.

## PRIMARY DATA

The collection of information was based mainly on primary data. The primary data for this study was collected through schedule from the units (MSMEs) located in Kangra, Bilaspur, Chamba & Lahul-Spiti districts of Himachal Pradesh and for the collection of data the researcher was personally visited each sample unit. According to the study's goal, a variety of research methods, including in-depth conversations, schedules, and observations, were employed in the gathering of primary data. To find out how the entrepreneurs felt about the resources and elements that influence their entrepreneurial activities, particularly the marketing and financial aspects required starting MSMEs in Himachal Pradesh; a conversation was held with the entrepreneurs. A Likert scale was employed to collect qualitative data, and multistage convenient sampling was used to choose the respondents.

**Stage I:** In the first stage of multistage sampling, the twelve districts of Himachal Pradesh have been divided into tribal and non-tribal districts (Table 3).

**Stage II:** In the second stage of multistage sampling, tribal and non-tribal districts have been arranged in descending order according to registered units of MSMEs.

**Stage III:** In the third stage of multistage sampling, two strata of four districts have been selected.

**Stage IV:** In the fourth stage of sampling, these two strata comprise two districts each. One stratum consists of districts with the highest registered units of MSMEs, and other strata consist of districts with the lowest registered units of MSMEs from tribal and non-tribal districts of Himachal Pradesh.

**Stage V:** In the fifth stage of sampling, a quota of 500 (around 510) respondents have been selected.

**Stage VI:** In the sixth stage of sampling, the quota of 500 (around 510) respondents have been divided proportionately according to the registered unit of MSMEs in each stratum (two), consisting of four districts. The proportionate representations of respondents from the study area are shown in the following table 4.

**Stage VII:** Hence, by using proportionate sampling in the seventh stage, respondents have been selected on a convenient basis for data collection.

**Table 3 District Wise Detail of Enterprises Set Up Since Inception**

Sr. No.	Districts	Total Number of Registered Units of MSMEs	Status of Districts	Ranking of Districts as per Registered MSMEs' Units, For both Non-Tribal and Tribal (in Descending Order)
1.	Kangra	9218	Non-Tribal	9
2.	Solan	5598		8
3.	Mandi	4055		7
4.	Shimla	3603		6
5.	Una	3556		5
6.	Sirmour	3387		4
7.	Hamirpur	2938		3
8.	Kullu	2638		2
9.	Bilaspur	2404		1
10	Chamba	1809	Tribal	3
11	Kinnaur	598		2
12	L. & spiti	590		1

**Source:** Industrial Directorate Shimla, Himachal Pradesh.

**TABLE 4 SAMPLE SIZE**

Strata	Name of Districts	Status of Districts	Level of District as Per Registered Units of MSMEs	Total Number of Registered Units of MSMEs	No. of Respondents (Proportionate Basis)

I	Kangra	Non-Tribal	Highest	9218	330
	Chamba	Tribal	Highest	1809	65
II	Bilaspur	Non-Tribal	Lowest	2404	85
	Lahual & Spiti	Tribal	Lowest	590	22 (30 minimum sample)
<b>Total Sample</b>				14021	510

### TOOLS AND TECHNIQUES FOR ANALYSIS

Keeping in view the objective of the study different tools and techniques was used for data analysis: **a. Mathematical Tools:** Percentage,

#### **b. Statistical Tools:**

Descriptive Statistical Measures: Arithmetic Mean, Standard Deviation, Skewness, Kurtosis, Correlation,

**Non-Parametric Test:** Chi-Square.

### ANALYSIS AND RESULTS

The following observations were found, examined, and interpreted in order to meet the stated objective of the study conducted in Himachal Pradesh.

### PERCEPTIONS ABOUT DIFFERENT FINANCIAL ASPECTS OF MSMEs IN GENERAL: AN ANALYSIS

Micro, Small, Medium enterprises have been getting a lot of attention from the central as well as state governments at this juncture as an alternative avenue to generate employment and reduce poverty. Therefore, the administrative machinery put a lot of attention on MSMEs through regulatory as well as financial relief and benefits. Supplementary to this, MSMEs have been facilitated with various schemes launched by the government with the help of several financing agencies such as IDBI, SIDBI, SIDCO and other commercial banks under priority sector lending; even bill discounting facilities are also available to MSMEs. In the subsequent tables, 5, in-depth analysis has been taken up to ascertain the entrepreneur's perceptions of financial aspects in MSMEs in general.

The perceptions have been examined for whether 'enterprise easily avail funds from the lender'. It has shown positive perceptions. The results exhibited are supported by the mean value, as the calculated value is greater than the standard mean score on the five-point scale, which signifies that the opinion of respondents lies towards the higher side. Moreover, the p-value arrived at is



less than 0.05 with platykurtic behaviour of kurtosis and a negative value of skewness, which shows that the distribution is not normally distributed for both aspects. So it can be observed that a lot of problems of financing have been solved for MSMEs. This might be due to various impetus given by the govt. at both the central and state levels to finance the small-scale industry. It is further supported by Malla (2009). She shared that inclusion of MSMEs in priority sector lending has enhanced credit flow to this sector. The focused area in such a sector is on credit dispensation, institutional mechanisms for MSMEs finance, credit flow to MSMEs recent trends.

We further asked the entrepreneurs to rank their perception of the working capital cycle in their enterprises. The mean value calculated on a five-point scale is greater than the standard mean score (3), which signifies that the perceptions of respondents are bent towards the higher side. Additionally, the skewness and kurtosis have negative values, and there is a significant chi-square result at the 5 percent level, which indicates whether the distribution is suitable. As a result, the inference can be drawn that entrepreneurs have been optimistic for the lowest working cycle in their enterprises. The reason behind the least working cycle is that MSMEs have a friendly purchasing policy, the least conversion period, and the shortest inventory planning. However, Choudhuri P. R. (1998) observed that one of the critical aspects of small-scale industries has been the finance. It is required to take up necessary effective measures and steps to gear up the financial position of this sector.

Factors such as 'fast & hassle-free recovery from debtors' and 'stability of cash flow' in an enterprise received positive feedback. It is backed by the calculated mean value, which is said to be higher than the usual mean score on a five-point scale for the aforementioned aspects. The negative value of skewness and platykurtic behaviour of kurtosis with a significant chi-square value further prove that distribution is not normally distributed. It could be interpreted that the majority of entrepreneurs in the study area have been confident of fast and hassle-free recovery from debtors. Tech-driven recovery, supply through an organisation, niche products, E-KYC, and credit policy have been underneath such arguments and also assure stability in cash flow.

**Table 5 Perceptions about Different Financial Aspects of MSMEs in General: An Analysis**

Particular	Nature of Response					Total	$\bar{X}$	$\sigma$	Sk	Kt	$\chi^2$	P Value
	Strongly Agree	Some what Agree	Neutral	Some what Disagree	Strongly Disagree							
Easy availability of funds	78 (15.3)	40 (7.8)	33 (6.5)	133 (26.1)	226 (44.3)	510 (100.0)	3.76 27	1.46 491	-.90 9	-.65 6	250.176	.000



Least working capital cycle	71 (13.9)	56 (11.0)	21 (4.1)	118 (23.1)	244 (47.8)	510 (100.0)	3.80 00	1.47 514	- .90 5	- .72 3	294. 686	.00 0
Fast and hassle-free recovery from debtors	106 (20.8)	47 (9.2)	32 (6.3)	123 (24.1)	202 (39.6)	510 (100.0)	3.52 55	1.57 408	- .61 6	- 1.2 27	180. 216	.00 0
A stable cash inflow	61 (12.0)	27 (5.3)	24 (4.7)	149 (29.2)	249 (48.8)	510 (100.0)	3.97 65	1.35 150	- 1.2 56	.25 6	364. 784	.00 0
Grant or subsidy from govt.	58 (11.4)	45 (8.8)	26 (5.1)	138 (27.1)	243 (47.6)	510 (100.0)	3.90 78	1.37 810	- 1.0 86	- .20 3	315. 078	.00 0

➤ *Source: Data Compiled through Schedule*

➤ *Note: Data in parenthesis denotes percentage*

Confirmatory perceptions of proprietors have been noticed for 'grant or subsidy from govt. availed by the enterprises'. The mean score for this aspect has been shown to have a value greater than 3 of the standard mean with the significant value of chi-square at the five per cent level of significance with platykurtic distribution, which rules out the biases in the distribution. Thus, it can be said that the majority of enterprises, which have been studied, have taken government help in the form of either grants or subsidies. Respectively, **Sengupta S. and Majumdar M. (2010)** conceptualised those modes of support that motivate the formation of small firms. it would otherwise remain informal enterprises.

The inference can be drawn that the financial aspects of MSMEs in the study area show an affirmative approach. It can be said that the majority of entrepreneurs have agreed with the easy availability of funds and the lowest working capital cycle in the enterprises. The fast and hassle-free recoveries from debtors and government subsidies or grants have also assured stability in the

cash flow of MSMEs. Rawat (2017) also observed that the enterprises might be benefited by managing effectively their credit and collection procedures.

## 11. PERCEPTIONS ABOUT DIFFERENT MARKETING ASPECTS OF MSMEs IN GENERAL: AN ANALYSIS

An enterprise's understanding of the market has a noteworthy upshot on its performance. It all begins with knowledge of enterprises' mark-up prospects and closes with customer satisfaction. The main goal of successful market strategies is to grow and make the most of its marketing approach to accomplish the predefined set of aims. Therefore, an enterprise has also been adjudged through certain conspicuous aspects about the market. The subsequent table 6 depicts the certain aspects for successful understanding about the market by entrepreneurs in MSMEs. Correspondingly, the entrepreneurs have been requested to rank their perception of 'knowledge about market niches in the local area and how an entrepreneur easily earns' customer interest. In this respect, the survey revealed that the majority of respondents acknowledge their understanding of the market in the surrounding area. The above aspects have further been supported by the mean score on a five-point scale, as it has arrived at a value greater than 3, which means that respondents are bent towards the higher side of the mean. Moreover, the platykurtic behavior of kurtosis and the negative value of skewness with significant chi-square value support that the distribution is not biased. The reasons identified for this.

**Table 6 Perceptions about Different Marketing Aspects of MSMEs in General: An analysis**

Particular	Nature of Response					Total	$\bar{X}$	$\sigma$	Sk	Kt	$\chi^2$	P Value
	Strongly Agree	Somewhat Agree	Neutral	Somewhat Disagree	Strongly Disagree							
Knowledge about market niche in the local area	61 (12.0)	77 (15.1)	22 (4.3)	115 (22.5)	235 (46.1)	510 (100.0)	3.7569	1.45924	-.795	-.902	260.43	.000
Easily earns' customer interest	72 (14.1)	60 (11.8)	30 (5.9)	102 (20.0)	246 (48.2)	510 (100.0)	3.7647	1.49378	-.828	-.873	280.23	.000

Advantages of core competencies (less time to fulfil the demand, customer-specific products etc.)	83 (16.3)	45 (8.8)	37 (7.3)	98 (19.2)	247 (48.4)	510 (100.0)	3.74 71	1.52 154	-.83 4	-.87 9	283.09	.00 0
Flexible approach	35 (6.9)	78 (15.3)	22 (4.3)	106 (20.8)	269 (52.7)	510 (100.0)	3.97 25	1.34 268	-1.0 16	-.42 9	385.98	.00 0
Successfully enlarge customer base	95 (18.6)	38 (7.5)	53 (10.4)	110 (21.6)	214 (42.0)	510 (100.0)	3.60 78	1.53 260	-.69 6	-1.0 50	187.78	.00 0

➤ *Source: Data Compiled through Schedule*

➤ *Note: Data in parenthesis denotes percentage*

behaviour are such as understanding of local culture, acquaintance with customer preferences & tastes, information about the credit history of customers, etc.

Furthermore, the results appeared remarkable for “MSMEs’ have core competencies in the markets (less time to fulfil the demand, customer-specific products, etc.)”. Simultaneously, entrepreneurs besides did not ignore their flexible approach in the market. The mean value arrived at for the aforesaid factor is greater than the standard mean score, i.e., 3 on a five-point scale. On a similar note, the distribution is leptokurtic with a significant value of chi-square. It signifies that the distribution is not equally distributed. The rationale behind such perceptions would have been locational advantages, personal selling, after-sales services, awareness of culture, linguistic understanding, demand-based production, adaptability to geographical location and benefits of locally available material, etc.

Besides, the analysis depicts that the entrepreneurs have been successfully enlarging their customer base in the market, either local or other than local. The mean value arrived at for the aforesaid factors are greater than the standard mean score, i.e., 3 on a five-point scale. On a similar note, the distribution is leptokurtic with a significant value of chi-square. It signifies that the distribution is not equally distributed. The rationale behind such a perception would have been knowledge of the market niche, relationship marketing, after-sale services, cheap cost, suitability to the local requirements, etc. In this respect, Saxena Ashwini (2009) perceived that ICT has been closing the gap between consumers and producers, yet the market is imperfect for SMEs.

As a result, the above analysis has shown that the degree of agreement has been on the higher side for the entrepreneur's knowledge of the market niche in the local area, understanding of the customer's interest, core competencies, flexible approach, and successfully enlarging the customer base in the market. The MSMEs have been adopting the integrated approach through flexibility and by utilizing the core competencies to increase their market share. The rationale behind such perceptions would have been locational advantages, personal selling, after-sales services, awareness of culture, linguistic understanding, demand-based production, adaptability to geographical location and benefits of locally available material, etc. Additionally, knowledge of the market niche, relationship marketing, after-sale services, cheap cost, and the best suit to the local requirements. The understandings of local culture, acquaintance with customer preference & taste, and information on the credit history of customers, etc., are akin to enhancing knowledge of the market niche in the local area. A similar orientation put forward by Douglas (2013) is that the undersized business owners as well as entrepreneurs rely upon networking as a significant foundation of sales, including personal selling expertise and knowledge of what is involved in the sales procedure to lock the sales deals and keep up relationships.

### **1. AN ANALYSIS OF THE DIVERSE CAPABILITIES OF MSMES AND FACTORS**

The configuration of objectives and apparent vision asks for relevant insight into the paramount dimensions like the entrepreneur's activities, management, finance, production, marketing, etc. These dimensions have several building blocks that reshape the enterprises distinctively in an ongoing business environment. Hence, a collaborative approach to examine these building blocks in combination with available resources is essential in a competitive environment. A systematic approach will lead to a more reasoned and complete picture of available aspects of an enterprise and their influence on it in a broad spectrum. The researcher, in the following table 7, comprehended the financial and marketing aspects of MSMEs to look at how they influence the perception of the entrepreneurs.

A zero-order correlation matrix has been applied to ascertain the relationship of various factors affecting the general perceptions of entrepreneurs in the MSMEs sector. When examined, entrepreneurial activities and resource bases show a positive and significant relationship with the factor that MSMEs serve as a basis for industrialisation. It implies that the appropriate

arrangement of man, machine, material, money, and plan could help the entrepreneurs to serve as a primary base for industrialisation. Correspondingly, production capability shows a significant positive relationship with the factors for instance, financial stability, ease of availability of funds from the lender, a stable cash inflow, grants or subsidies from the government, knowledge of the market niche in the local area, a flexible approach in the market, and a successful customer base in the market. This significant relationship depicts that a constructive and concurrent approach of entrepreneurs before going to,

**Table 7 An Analysis of the Different Capabilities of MSMEs and Factor Responsible for the Success of Enterprises: A Zero Order Correlation**

Statement s	1	2.	3.	4.	5.	6.	7.	8.	9.	10	11	12	13
Entrepreneurial activities and resource base	1												
Managerial capability	.080	1											
Production capability	.054	.075	1										
Financial Stability	.016	.101*	.139**	1									
Easy availability of funds	-.021	-.079	-.042	-.104*	1								
Least working capital cycle	.024	-.032	-.141**	-.087	.553**	1							
Fast and hassle-free recovery from	-.011	-.060	-.130**	-.113*	.422**	.429**	1						

debtors														
A stable cash inflow	- .036	- .032	- .070	- .054	.220**	.415**	.483**	1						
Grant or Subsidy from govt.	.027	- .060	- .134**	- .030	.362**	.709**	.490**	.616**	1					
Knowledge about market niche in the local area	- .059	.022	- .157**	- .084	.217**	.465**	.290**	.518**	.642**	1				
Easily earns' customer interest	- .048	.015	- .101*	- .030	.408**	.357**	.542**	.562**	.558**	.640**	1			
Advantages of core competencies (less time to fulfil the demand, customer-specific products etc.)	- .011	- .032	- .084	- .055	.356**	.280**	.467**	.465**	.468**	.503**	.760**	1		
Flexible approach	- .040	.008	- .085	- .032	.346**	.310**	.464**	.484**	.478**	.488**	.759**	.896**	1	
Successfully enlarge customer base	- .064	- .063	- .111*	- .118**	.189**	.207**	.379**	.319**	.299**	.195**	.375**	.447**	.501**	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

*Source: Data compiled through schedule*

production/providing services with a focus on financial stability, knowledge of customers' tastes and preferences, a study of the market area, advantages of the subsidised schemes of govt., etc. In the same way, financial stability comes from the lowest working capital cycle, consistent cash flow and facilities to avail emergency/regular funds from lenders or bill discounting facilities which otherwise assure smooth functioning of an enterprise. The results revealed that these mentioned factors show a significant correlation among them and with the lowest working capital cycle, a consistent cash flow and easy availability of funds from the lender.

The researcher further enquired as to what extent the least working capital cycle and easy availability of funds of an enterprise share a significant relationship among themselves and with other factors while ensuring the smooth functioning of the unit. It was unveiled that the least working capital cycle and easy availabilities of the fund have a good rapport with stable cash inflow, fast and hassle-free recovery from debtors, grants or subsidies from the government, knowledge of market niches in the local area, a flexible approach in the market, easy' customer interest, and core competencies in the markets (less time to fulfil the demand customer-specific products, etc.), successfully enlarging the customer base in the markets. It implies that MSMEs tend to ensure the least working capital cycle and easy availability of funds by smooth credit policy, a flexible approach with customers, government subsidies, and customer loyalty. Generally, the MSMEs set their operation to assure stable cash flow from the market. The worth of consistent cash flow can be adjudged through fast and hassle-free recovery from debtors, knowledge of the market niche in the local area, and a flexible approach in the market. The analysis also supports that the previously mentioned factor has a significant relationship with the stable cash flow of an enterprise. This approach also suggests the entrepreneur's well-planned and systematic approach towards enterprise establishment, and thereafter, concurrent operations.

Commonly the govt. subsidy/grant has been a leading factor to influence the entrepreneurs' perception to establish an enterprise. This approach is also justified, as these aspects show a strong affinity with knowledge of the market niche in the local area, a flexible approach in the market, easily earned' customer interest, core competencies in the markets (less time to fulfil the demand, customer-specific products, etc.), and successfully enlarging the customer base in the market. It implies that proprietors are endowed with admirable planning, management and marketing research when they are lured through prerequisites by the government or someone else.

The traditional outlets of MSMEs have been seeking modern resolutions for their revival in a competitive environment. Here, the marketing aspect suggests concrete explanations to these questions with its focus on the market, market niche, customer interest, core competencies, and



widening the customer base. Thus, the significant relationship between knowledge of the market niche in the local area, a flexible approach in the market, and easily earned' customer interest, advantages of core competencies in the markets (less time to fulfil the demand, customer-specific products, etc.), and successfully enlarging the customer base in the market also advocates the former approach. Further, MSMEs' knowledge of a market niche in the local area and their flexible approach in the market also has a paramount bond with these factors. Moreover, in a brief description, MSMEs' customer base in the market area and its core competencies have a close attachment with the above-mentioned variable which, in turn, hints at a substantial examination of the implications of these aspects on MSMEs performance. Subsequently, it suggests enlarging entrepreneurs' understanding to overcome the challenges of infirmity, underperformance, and non-competitiveness. These challenges and several new opportunities for the MSME sector could be met through institutional learning, new means of marketing like e-marketing, modern mediums of microfinance, one-stop solutions to hindrances, etc.

Thus, as suggested by the analysis of the table, there are numerous determinants of financial and marketing aspects influencing the general perception of entrepreneurs for MSMEs. An enterprise may have to develop its financial policies, i.e., credit policy, cash management, bills receivable/payable management, etc., and a collaborative marketing approach exclusively that focuses on customer taste and preference. Further, it entails the determination of the best possible combination of the above aspects, keeping in mind the periphery of resource limitation, cultural facets, customs and traditions that prevailed in the concerned area. An examination of these factors determining the financial and marketing approach of the enterprises suggests the need to have a good and accurate understanding of its determinants and how they relate with themselves and their implications on the unit.

### **Summary and Conclusion**

Micro, small, and medium-sized enterprises are recognised all throughout the world, but especially in India, as the key to economic success and equitable development. As a result, the national and state governments are paying close attention to micro, small, and medium-sized firms as an alternative means of creating jobs and reducing poverty. MSMEs are given a lot of attention by the administrative machinery, both in terms of regulations and financial incentives. Consequently, an enterprise's grasp of the market has a significant impact on its performance. It all starts with understanding firms' mark-up prospects and ends with customer happiness. The alignment of objectivities and apparent vision necessitates appropriate insight into critical dimensions such as the entrepreneur's activities, management, finance, production, marketing, and so on. These dimensions include various building pieces that transform organisations in a changing business environment. In order to conceptualize MSMEs, it became apparent that there is a lack of joint research on financial and marketing issues, especially when it comes to understanding them as a resource base for entrepreneurial activity.

The inference can be drawn that the financial aspects of MSMEs in the study area show an affirmative approach. The majority of entrepreneurs have agreed with the easy availability of funds and the lowest working capital cycle in the enterprises. The fast and hassle-free recoveries from debtors and government subsidies or grants have also assured stability in the cash flow of MSMEs. It might be the most attractive factor for the entrepreneurs, as resource bases for enterprises that influence the establishment of enterprises. In addition to this, the degree of agreement has been on the higher side for the entrepreneur's knowledge of the market niche in the local area, understanding of customers' interests, core competencies, flexible approach, and successfully enlarging the customer base in the market. The entrepreneurs have been adopting the integrated approach through flexibility and by utilising the core competencies to increase its market share. The rationale behind such perceptions would have been locational advantages, personal selling, after-sales services, awareness of culture, linguistic understanding, demand-based production, adaptability to geographical location and benefits of locally available material, etc. Additionally, knowledge of the market niche, relationship marketing, after-sale services, cheap cost, and the best suit to the local requirements. The understandings of local culture, acquaintance with customer preference & taste, and information on the credit history of customers, etc., are akin to enhancing knowledge of the market niche in the local area.

In addition to this, correlations for the data suggested that there are numerous determinants of financial and marketing aspects influencing the general perception of entrepreneurs for MSMEs. An enterprise may have to develop its financial policies, i.e., credit policy, cash management, bills receivable/payable management, etc., and a collaborative marketing approach exclusively that focuses on customer taste and preference. Further, it entails the determination of the best possible combination of the above aspects, keeping in mind the periphery of resource limitation, cultural facets, customs and traditions that prevailed in the concerned area. An examination of these factors determining the financial and marketing approach of the enterprises suggests the need to have a good and accurate understanding of its determinants and how they relate with themselves and their implications on the unit.

### **Recommendations and Suggestions**

- Before creating an enterprise/start-up, entrepreneurs must first learn and gather knowledge about the local market niche, consumers' interests, and core capabilities. It would increase the market's customer base and help businesses succeed.
- MSMEs' entrepreneurs must focus on locational advantages, personal selling, after-sales services, and cultural understanding to improve the resource base and accelerate entrepreneurial activity in the economy.
- Furthermore, language awareness of the native area, demand-based production, adaptation to geographical location, and benefits of locally accessible material would reinforce the basis and increase the competitiveness of MSMEs.

- Understanding local culture, becoming acquainted with client preferences and tastes, and learning about customers' credit histories, among other things, are all related to improving knowledge of the local market. It would strengthen the enterprises' future prospects.
- Numerous financial and marketing factors influence entrepreneurs' overall perceptions of MSMEs. An organization may need to design its financial policies, such as credit policy, cash management, accounts receivable/payable management, and so on, as well as a collaborative marketing approach that is only focused on client taste and preference.

### **Limitations of the Study**

An attempt has been made to ensure that the current study is thorough, scientific, and legitimate. Nonetheless, the current study project still has the following limitations:

- Only respondents who are entrepreneurs operating in Himachal Pradesh are included in this study. Therefore, it might not be suitable to generalise the findings outside of India or elsewhere in India.
- There is a possibility that the respondents' answers may contain prejudices.
- In conclusion, the aforementioned constraints may have an impact on the current study's findings to a certain degree, and the outcomes may differ as a result of these limitations.

### **Scope for Further Research**

The following topics are open for further research based on the evaluated literature, the findings, and the limitations of the current study:

The entrepreneurs in Himachal Pradesh are the exclusive focus of this study. However, some other organisations and a larger sample size could be the subject of a similar study. To broaden the scope of the research, a comparative analysis of production aspects, managerial aspects, MSME feasibility, digitalization of MSMEs, lean manufacturing in MSMEs, finance outreach, and MSMEs under "Make in India" may also be carried out. The current study is only available from March 2014 to February 2022.

### **Authors Contribution**

Dr. Amit Kumar developed the study's concept and qualitative and quantitative designs. The author retrieved high-quality research papers and then used them to develop concepts and codes relevant to the study's design. In addition, the writers validated the work's analytical procedures. Finally, the manuscript was created following a conversation with the participant.

### **Conflict of interest**

The authors declare that they are not affiliated with or actively participating in any group or entity that has a financial or non-financial interest in the themes or resources discussed in this work.

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