CHAPTER II

REVIEW OF LITERATURE

Review of literature is a systematic search on previous research studies in a particular topic. It is a quest for research findings apart from the textbook facts and figures. This assists to a researcher to identify the place from where he has to start his present research, trace out his research area, and identify the research problem. Moreover, it provides a strong theoretical background on the subject matter of a research. It facilitates the researcher to ascertain what has happened in his research topic. It provides record of findings, suggestions and recommendations made by the previous research scholars. The present research scholars can understand their standing on their research and it is possible to know the research gap in this area of research. Therefore, the review of literature is imperative to types of researches.

The present research on small, micro and medium entrepreneurs is not an exception to this. Many researches have been undertaken on this area in so many angles. Many surveys and empirical studies are still held by both the academicians, practicing mangers and governmental agencies.

The present chapter is a brief summary of such research studies and this tries to identify the research gap in those studies, which is left out for further researches. The previous studies may be classified into different categories such as Indian studies and foreign studies, researches in chorological order, studies on different angles etc. This chapter provides research findings in chorological order.
Kotaiah (1990) pointed out that micro enterprises have major constraints, which inhibit their access beyond local markets. The constraints being, market information, inability to scale up production and services due to inadequate capital, inability to adopt technological transformation to meet the quality standard required by market, lack of standardization, lack of adequate infrastructural support and absence of brand equity. Due to these reasons, they tend to be small in size and performances.

Chuta, E, and S.V. Sethuraman., (1990) attempted a study on dispersal of the small industries in rural areas in developing countries. Their survey revealed that the most of these industries were characterized as being environmentally friendly. The possibility of establishing these industries in different regions is favorable because they do not need a special infrastructure. Once the industries are well established then the encouragement of their spread in the rural regions will help to achieve many of the social and economic goals, such as increasing income in rural areas, controlling the migration from rural areas to cities and controlling demographic growth. The authors recommended the following suggestions:

- Establishing government centers in all districts in these economies to provide the needed services and facilities to SSI in order to increase their role in the economic development of the sector.

- Establishing specialized training centers for SSI to provide special training programs on how to establish a project and how to maintain the continuity of that project.
• Fostering technology development through either technology transfer or technological innovations or inter-firm linkages should be emphasized in the light of dimensions of global competition and its negative fall out as well as positive opportunities, to SSIs entrepreneurs through seminars and workshops, at the local level.

• The financial infrastructure is needed and an adequate inflow of credit to the sector should be ensured, taking into consideration the growing investment demands including the requirements of technological transformation.

  Dias (1990) found out that nearly 90% of Sri Lankan rural enterprises faced the problem of lack of capital or lack of access to institutional finance and credit. A major obstacle in borrowing money from financial institutions was lack of collateral and of good accounting systems.

  Sandesara (1993) studied the performance of SSIs producing reserved items collecting data from the second census conducted by the Ministry of SSIs. The study examined the null hypothesis that the SSI firms producing reserved category items should perform better than the SSIs producing non-reserved items. The study result revealed that capacity utilization in 1987-88 and aggregate change in production in 1987-88 were both lower for reserved than for unreserved items. This below par performance of the SSI firms producing reserved items was surprising as those firms did not have to face competition from the large firms. The author observed that this could be due to the entrance of excess SSI firms into the protected areas.
Diluruba Sharmain Khan (1996) said that the rural entrepreneurs are mostly operating at small level, most of them are operating in the area of garments for which the main products are made out of waste material, and so they do not get appropriate marketing deals and face difficulties in reaching out. The author suggested for mutual interaction between the government agencies for getting ideas, products, exploring new markets and facilitating available information. In addition, it was concluded that this sort of interaction and net working would increase the flow of information among the rural entrepreneurs.

Janaki Anand (1996) highlighted the constraints and fears faced by first generation entrepreneurs running a small and micro enterprise. Most of them are running tiny and cottage industries. However, these groups of new entrepreneurs are lacking information about services and the facilities available to them. She feels that the information is not flowing to the small or to the smallest of the units but rather to large ones. She concludes by saying that a lot of support must be given to the entrepreneurs in the tiny industries for promoting their products especially through exhibitions and other such events, which are essential for promoting the sales.

Mohan (2000) argued in his paper that the support system were apt for the period of 1950s, 1960s and 1970s. Today not only are these policies obsolete but also possibly harmful to the development of SSI. The policy support is inadequate over the years as compared to the growth in SSIs.
Henny Romijn (2001) has made a study on the technological support for the SSI sector and he concluded that the technological capabilities of that sector are weaker, and they are usually not in a position to get funding for innovation on reasonable terms through the regular system. Owing to resource constraints, their information search efforts and investments in training and education tend to be quite restricted. Lack of finance, skill and expertise combined with high uncertainty also lead to risk-averse behaviour, depressing investments in technological effort. In some industries, modern techniques of production suitable for a small scale of operation are also lacking. Moreover, problems associated with economies of scale affect small firms worse than large ones. While the latter can to some extent overcome scale problems and capture externalities from inter-personal interaction within the confines of their own walls, small firms can create critical mass only through inter-firm cooperation and market exchange, which is often precluded by intense competitive rivalry, lack of trust, poorly functioning factor markets and underdeveloped private-sector services. The large majority of the workshops that are the subject of this paper are caught in a vicious circle of low-tech, low-productivity production, unable to embark on substantial technological upgrading efforts without help.

India’s vision of emerging as an economic power in the 21st century can be realized through the promotion and development of small scale industries. In this context, S.Murugan and M.Edwin Gnanadhas (2002) analysed the marketing performance of the SSIs in global environment, 250 SSIs were selected out of 1000 SSIs registered with the District Industries Centre, Nagercoil, Kanyakumari district, Tamil Nadu. They applied Compound Growth Rate Analysis and Factor Analysis in
measurement of growth performance of the SSIs on components selected and
evaluation of the factors responsible for poor marketing performance respectively. In
this study, the authors identified the following 20 factors, responsible of the poor
marketing performance of the SSIs: Entry of foreign market, Government’s liberlisation and economic policy, Lack of government marketing assistance scheme, lack of advertising facilities, absences of proper branding, non-use of ISI, poor packing, week competitive capacity of SSIs, weak bargaining power of the SSI, acute competition from large and medium scale industry, small range of products, failure of diversification or products, weak equity base, poor marketing practices, lack of sales promotional activities, lack of demand for the products, lack of marketing facilities, problem of producing quality product, inadequate market analysis and poor selection of marketing channels. The authors concluded that the market forces would be
governed by the criteria of efficiency, productivity and competitiveness due to liberalization and globalization. The SSIs should move from a regime of protective environment to a competitive environment.

K.Chan and E.Gemayal (2004) conducted a case study on the selected SSIs in Kenya and in their view, the sector is considered as the backbone of the private sector all over the world, which assures their role in production, employment and sales. In addition to their role in economic development, they play a vital role in social, political, and cultural development as well. However, the notable spread of SSI contributed to the increased severity of competition between these industries that often leads to the failure of these industries. Most of the SSIs fail during the first year of establishment, and majority sick industries are subject to failure during a period not
exceeding their first 5 years. Marketing has been identified as one of the major problem areas of the small-scale industries and it has been ranked as the first reason for the closure of sick small-scale businesses. Accordingly, small firms will not be able to penetrate markets, national or international, even if marketing support is given by government agencies.

**Rahman, S A and Das D K (2005)** held a study on the SSI sector in East Bangladesh and they adopted a descriptive approach and their study was primarily based on extensive review and analysis of cases, articles, books available in literature about growth of entrepreneurship in small business. The intention was to find several micro and macro mature factors from which convincing insights could be derived. Personal in-depth interview technique with structured seven point Likert scales ranging from 1 - ‘strongly disagree’ to 7 – ‘strongly agree’ questionnaire was adopted to collect the required data. The study has used a sophisticated method of statistics-Factor Analysis using varimax rotation. The authors took 17 items, measuring the factors affecting the growth of entrepreneurship in small business and they were analyzed using principles component analysis. The result of the study clearly shows that different micro and macro environmental variables under some factor affecting the development of entrepreneurship in small business. Among the variables strong educational and training facilities, corruption, and uniform commercial law and limited regulations are the fundamental items for development of small business and it should be given priority at the top. Besides reviewing the literature and analyzing the variables under factors this study came to an end that Bangladesh must start to roll out projects in the area of good banking existed with available credit, meaningful
democracy along with ensure social integration, encouragement, and status, and build motivation and accountability among the business entrepreneur.

Kamal K. Mainedheen (2005) examined the reasons for failures of micro enterprises in rural areas in Maharashtra. He listed out the following as the major causes in his research study:

- Illiteracy of the entrepreneurs leads to many difficulties and dependence on others.
- Lack of family support and the de-motivating
- Poor rural economy and lagging behind of the consuming capacity of rural mass

Eijaz Ahmed Khan (2005) contributed a research present paper, he attempts to investigate that various micro, and macro factors are responsible for growth and development of entrepreneurship in small-scale business in Bangladesh. The background factors like strong education and training facilities, desire to achieve, accept responsibility, hard works, and risk orientation of the entrepreneur have a bearing on the success of entrepreneurs. In addition to this, the socio-economic factors such as uniform commercial law and limited regulations, corruption, encouragement and support from society and family, good banking with available credit, social integration, social status, meaningful democracy, and free trade with limited tariffs, enterprise zone, available technology, and strong telecommunication and distribution networks are also important for creating entrepreneurs.
Urvashi Makkar et al (2005) studied marketing support systems for SSIs with special reference to NSIC with the help of secondary data and they suggested that the SSIs could become viable only if they operated as a conglomerate. Hence, immediate steps should be taken for upgradation of technology in order to lead to economies of scale. The small-scale sector should always strive to keep pace with the endeavors like product development, product diversification etc. The steps to should be taken up to ensure that they are not caught napping at any point of time.

In recent years, literature has identified the increasing complexity of small and medium sized enterprises and highlighted their sensitivity to differences in managerial culture and management systems. Research has shown that the Performance Management System (PMS) could pay an important role in supporting managerial development in these companies. Patrizia Garengo et al (2005) investigated the relationship between the Performance Management Systems (PMS) and Small and Medium-sized Enterprises (SMEs) in a research study. Three research questions taken into consideration in this research s were:

- The diffusion and specific characteristics of performance management in SMEs
- The factors influencing the PM in SMEs
- The main dimensions that characterize contemporary PMS models (i.e., models developed after mid-1980s).

There was found to be a significant gap between theory and practice: the theory underlines the importance of PMS in SMEs in supporting the development of managerial systems, but little research focusing on performance measurement in the
SMEs was available. The study revealed that there were basically two main obstacles to introducing PM in SMEs: ‘exogenous’ barriers, e.g. the lack of financial and human resources and ‘endogenous’ barriers, e.g. short term strategic planning and the perception of the PMS as bureaucratic systems that cause rigidity. The authors concluded that empirical research must be carried out to find out empirical explanations of the theoretical findings and explore issues that are not studied in the literature.

V.K.Soma Sundaram (2006) highlighted that the gender based obstacles had almost gone and the women entrepreneurs tackled impediments over the years just like male entrepreneurs.

Anil Kumar (2006) made an empirical study among 120 small entrepreneurs in six districts of Haryana in order to analyse various marketing practices. He found out that the entrepreneurs depend upon the satisfied customers as a means of advertisement of their products. He suggests that proper guidance in marketing area would go in a long way in handling the enterprise successfully.

Helen Reijonen (2006) took two industrial units in small geographical units in Nigeria in order to examine how the business owners perceive success and growth. He finally found out that the profit motive and financial aspirations have motivated the women in the limited scale of operations.

Eliebeth Walker et al (2006) made a survey in West Australia on investigating the dynamics of home based small-business ownership between male and female operators. They sought to explore self-employment through home based
small - business ownership as a potential solution to the inter role conflict. The result of the survey is the attraction of such home based business ownership is driven predominately by flexibility afforded to life style and the ability to balance.

P.Hemalatha (2006) has suggested that an integrated approach is necessary for making the movement of small entrepreneurship a success. For this purpose, both the governmental and non-governmental agencies have to play a vital role. In order to achieve this goal, there should be re-orientation of educational system, curriculum change, career guidance, reservations, scholarships and timely assistance required.

Jayaseelan (2007) made a study on microfinance for the promotion of Micro Enterprises and the emerging challenges. It is an empirical study undertaken in two districts of Tamil Nadu. It reveals that the majority micro entrepreneurs have taken up economic activities as an individual economic activity. One fifth of the respondents managed the MEs themselves; where as 50% of the respondents sought the help of their partners to manage the units. About 49.05% of respondents do not use to maintain business records and 79% of the respondents had no strategy of their own. It was found out that 69.75% of the units employ 2-5 persons in their units, 43.8% of each respondents underwent training. About 47.8% of the respondents were in the age group of 18-35 years and SC/ST coverage was very low at 17%. Around 43% of the respondents have not brought in margin money (own money) in their business. The choice of form of MEs (mostly partnership) was based on financial requirements.

Lokesh Kumar Jain (2007) studied successful track record of one rural entrepreneur i.e., Jyotsanaben Choudhary of Indrapura village who carried out diary
business. He traced the entire background of the business and he concluded that effective supervision and clear visions were the primary factors for the success in the business. In addition, he insists that inspired entrepreneurship in rural area is an immediate need to strengthen rural economy.

Maria Uden (2007) undertook a case study in Sweden in order to investigate an entrepreneurial process with unusual characteristics, focusing on micro level entrepreneurial logic and terms. He has built a suitable model for the new entrepreneurship that is characterized by the motivating factors such as economic necessity and initiative enthusiasm of the small entrepreneurs.

Basem M. Lozi,(2007) examined the role of SSI in the economic development of Jordan by showing the effects of the SSI on the unemployment rate, production, and sales. The SSI sector occupies a place of strategic importance in the Jordanian economic structure due to its considerable contributions in terms of output, exports and employment. The research concludes with policy recommendations to ensure the sustained and competitive growth of small-scale industries in Jordan. The results of the study show that the growth of SSI in Jordan in terms of employment, production and sales has increased due to globalization and domestic liberalization. However, it is still not as significant as planned. The SSI sector should be encouraged to make a sustainable contribution to the national income, employment and exports.

Ayla Malach Pines and Dafna Schwartzh (2007) held a national telephone survey 514 small business owners in Israel. Their aim was to identify perceptual variables and their crucial influence on entrepreneurial activity in rural and urban
areas. The survey showed large differences have prevailed in the rural areas while comparing with the urban and semi urban areas to start a business. The reason for this phenomenon is due to the lack of governmental support in the rural areas in Kerala.

Sarbani Mitra and K.M.Agrawal (2007) held a survey aimed to develop a broad strategy framework for sustainable livelihood development for the Micro, Medium and Small Enterprise (MSME) sector. As a result of the survey, the authors found out that the producers needed to be more aware of the recent trends, fashions and quality control in functional as well as financial matters and also the business culture. They needed to take more initiatives in marketing and advertising of their products. They should associate themselves with Kishore Biyani’s Future Group or Dill hatt, for better visibility.

Christoan Friedrich (2007) made an interview among the managers and Chief Executive Officers (CEOs) of Small, Medium and Micro Enterprises (SMMEs) in the Western Cape, South Africa in order to correlate the business support systems of the Western Cape government for the development of SME sector. As a result of the study, it was clear that the SMME owners were not well aware of the existence of the government selected support organisations. In addition, it was proved that the service providers and the SMME owners lacked knowledge of the role of the government funded business support organisations.

Dr.S.Hasan Banu and P.Sangeetha (2008) undertook a survey on the Role of Nationalised Banks in SME Credit in Theni District, Tamil Nadu. According to the authors, a study of the SME loans offered by the public sector banks would pave the
way for taking a certain policy decisions for improving these SME loan schemes. The survey was conducted with the major aim of identifying the constraints perceived by the SME entrepreneurs in accessing the credit from nationalised banks in Theni district. Among the 5,164 registered small industries, 55 units were taken as the samples for this study. The authors found out that the collateral security required by the banks, the paperwork and formalities for applying for the loan (preparation of documents), personal guarantees required by the banks and the requirement of audited financial statements were the major constraints in obtaining the loans from the banks. Moreover, most of the sample SME entrepreneurs opined that the loan amount disbursed by the banks was not sufficient to run the business.

B.Shobana Rani and D.Koteswara Rao (2008) emphasize to bring out a change in the mindset of banks and financial institutions to strengthen the hands of the SMEs through a liberal approach for SME credit by looking at the sector as one with very high potential, deserving encouragement.

Information Technology (IT) has become an indispensable tool in shaping corporate success in the era of LPG. Dr. Hardeep Chahal and Ruchi Kohil (2008) made a critical study in which they assessed the extent of absorption of technology in various SME’s operation in the three Industrial Clusters of Jammu region namely Baribrahmna, Gangyal and Digina. The survey revealed that majority SMEs are in infancy stage in implanting the IT and Communication Networks. The authors suggest the industrialist should take IT as a business strategy and improve links between information system strategy and business strategy. The government organisations such as SICOP, SIDCO etc., should provide a platform to the SME’s Managers and workers.
to participate and interact through seminars, conferences and training form time to time to make them aware about the latest developments.

**P.R. Gulkarni (2008)** opines that the main thrust of SME policy should be technological upgradation, modernization of existing units and promotion of technology-oriented entrepreneurship. This is possible only through shifting the focus of the existing definition from investment criterion to work force criterion.

**Rajiv Joshi and B. Ganapahty (2008)** explored the status of entrepreneurship development process in selected south and south-east Asian countries. They focused on the various government interventions and the national and international agencies. In their conclusion, the authors say that the future of south and south-east Asian entrepreneurship and the social-economic and political implications are full of opportunities. The shift in the attitudes and the outlook towards the political and economic problems of the people of this region is going to create a scenario where innovation and entrepreneurship is the solution to various socio-economic growth and develop.

Marketing has always been a bottleneck operation in the business operations of a small-scale enterprise. A small-scale enterprise is saddled with many inhibiting factors, where market operations are concerned. **K.R.Rajeswari (2008)** paid her attention towards the supplies of Small and Micro Enterprises (SMEs) to Public Sector Undertakings (PSUs) in Hyderabad and Visakapttinam. In her study, 120 SMEs were selected at random. The most common problem faced by the SMEs in supplying to large firms, and to Government Departments, in general, is known to be that of
delayed payments to 55% units. At the same time, 10% units mentioned getting repeated orders was a problem. Other problems cited by the SMEs included: difficulty in registration procedure, problem in sourcing raw materials and lack of information on requirements of the PSUs.

Satrajit Sen (2009) conducted a survey jointly with Internet and Mobile Association of India (IAMAI) among 1000 Micro Small and Medium Enterprises in eight Indian cities including Delhi, Mumbai, Ahmedabad, Coimbatore, Pune, Moradabad, Surat and Meerut. The survey has revealed that 73 per cent of micro, small and medium enterprises (MSMEs) in India have their own websites, while 99 per cent of MSMEs use online B2B (business to business) marketplaces to generate business. The survey further pointed out that the preference for B2B e-marketplaces by MSMEs was based on a clear return on investment. In the domestic market last year, the surveyed companies generated 4,842 orders and business worth Rs 50.9 crore through B2B e-marketplaces, while in the international market the companies recorded business worth Rs. 15.9 crore generated from 1,428 orders through e-marketplaces. It was also found that the maximum marketing spends of the surveyed companies are made on internet. According to the survey report, 45 per cent of the total annual marketing budget of the micro, small and medium companies in India is spent online. Print media accounts for 32 per cent of the total annual marketing budget of the surveyed companies. This study is very timely because Indian B2B market trends and growth trajectory has made a mark worldwide. In fact, the top global online B2B marketplace worldwide list has some prominent Indian players and soon the e-economy will contribute a formidable share to the country.
Innovation is often perceived as a source of competitive advantage for business. Under the conditions of increasingly intensified globalization, fast changing technological landscape and continuous market and customer demands for new products/services, both academics and practitioners agree that businesses have to innovate if they are to prosper, or even survive in the dynamic environment. Small industrial units are not exceptions to this condition. Young Wang and Pat Costello (2009) focused on innovation in small and medium businesses. Specifically, the objectives of the research were to explore the impact of individual features, business resources, organisational culture, and structure and market dynamism on firm-level innovation and to develop insights into innovation in small and medium enterprises. Two Information and Communication Technology (ICT) companies, winners of various innovation awards in the West Midlands of the UK, participated in the case studies. Evidence from the study shows that the innovations intensity is dependent on the availability and supporting new product development and an innovation-conducive structure/mechanism influences the innovation outcomes. In addition, evidences reveal that firm level innovation will be influenced internally by senior executives’ experiences and externally by market dynamism.

Dr. S.Mathivanan and Dr. M.Selvakumar (2009) explored the managerial aspects of the Small Industries, run by the women entrepreneurs in Virudhu Nagar District, Tamil Nadu. They identified that the women entrepreneurs have faced difficulties in getting finance a critical resource for venture creation. They believed that the lending practices of the banks and government were too restrictive to them. They used to start their personal savings to stare them. In addition, the authors have
found out that the high proportion of women have faced socio–personal problems from their husbands and family. They are expected to perform the roles of wife, mother daughter – in –law and the business women. In the light of theses problems, the authors undertook a survey among the 200 women entrepreneurs in Virudhunagar District that is a district known for its small-scale industries. The survey mainly highlighted upon the managerial performance of the women entrepreneurs. The survey has revealed that their performance is so good and it has been influenced by so many socio-economic and personal conditions of the women. The authors finally have suggested that there should be a reorientation of the educational system for women. In addition, there must be a change in curriculum along with proper career guidance in women’s educational institutions.

B.Tamilmani (2009) made an empirical study among the micro entrepreneurs promoted by the Self Help Groups. He adopted multi stage sampling to select 120 respondents from Dindigul district in Tamil Nadu. He studied social profile of the entrepreneurs who have come up from the SHGs, he investigated the organisational features of Micro Enterprises, and ultimately he measured the economic impact of the MEs on the households of the enterprises. He found out that the respondents are motivated by the support of SHGs and the Non Government Organization (NGOs).

According to Nibedita Saha and Drahomira Pavelkova (2009), the MSMEs are often unable to capture market opportunities, because they require large production quantities, homogeneous standards and regular supply. By the same account, they experience difficulties in achieving economies of scale in the purchase of inputs (such as equipment, raw materials, finance, consulting services etc. small size also
constitutes a significance hindrance to the internationalization of functions such as training, market intelligence, logistics and technology innovation all of which are at the very core of firm dynamism.

S.S.Khanka (2009) conducted a study on entrepreneurial motivation based on a sample of 243 first generation entrepreneurs in Assam in North-East India. He listed 15 motivating factors and a ‘5 point Likert’s scale’ was used in this study. The results clearly showed that the entrepreneurs were primarily motivated by the need for economic achievement, personal growth, autonomy and recognition. The desire to contribute to the community was not found to be an important reason to become an entrepreneur. No significant difference was found in the motivations of men and women entrepreneurs. The entrepreneurial motivation also changed in the light of entrepreneurial experience. The most interesting finding was dynamic change in autonomy and power motives moving down from third rank to the last (sixth) rank pursuant to entrepreneurial experience over time, implying a change in the role of entrepreneurs from doers to implementers as their enterprises grew.

Sraboni Dutt and Sharmistha Banerjee(2009) aimed to explore the degree to which the entrepreneur applies his personal and moral standards to the activities and goals of his commercial enterprises. The population for the study was the small businesses in the selected urban and suburban areas of the Kolkata district in West Bengal. From the cross tabulation between the ethical issues vis-a-vis the form of business, it was evident that the private limited companies had a significantly large majority of entrepreneurs abiding by ethical practices as compared to the proprietorship and partnership firms combined. The analysis depicted that the
difference was noteworthy in case HR practices. 83.3 percent of small corporations abide by ethical hiring, 91.7 per cent follow a system for employee replacement and 83.3 per cent have proper appraisal procedures whereas, the percentage of proprietary firms adopt fair and ethical hiring and appraisal.

**Ongort Henri and Temtime Z (2009)** purported to investigate the recruitment and selection practices of Small and Medium Enterprises (SMEs) and suggested appropriate strategies on how to improve human resource management practices to enhance organizational performance. They tried to develop unique recruitment and selection practices, which were applicable to the needs of SMEs in developing countries. The random samplings of eighty managers / owners of the SMEs from Gaborone, the capital city of Botswana were selected for their study, in which data were analyzed by using descriptive statistics. Findings from the study showed that most SMEs tended to practice both informal and formal approach in hiring employees.

**Dr.Rana Zehra Masood (2009)** views the small-scale industries in the context of globalization. He points out that the industries suffer from lack of reliable and stable economic infrastructure, reduced credit inflow and technology obsolescence thereby leading to inferior quality and low productivity. In the light of global competition, technology development innovations should be made, financial infrastructure should be broadened and adequate inflow of credit to the sector be ensured taking into consideration the growing investment demand for the small-scale industries survival and growth.
Organisational commitment of employees is an intangible asset for an organisation to derive strategic advantage over the competitors. It is a strong force for organizational effectiveness. **Dr. Anju Singla and Rajesh S. Pyngavil (2009)** conducted a study to understand employee’s organisational commitment in a small enterprise. The main focus of their research is to find out whether there is any relation between employees’ organizational commitment and their job satisfaction. By this research study, they were also trying to find that there as any association between various demographic factors of the employees and their commitment. Primary data for the study were collected from the employees of Precision Stampings an SME at Faridabad. Employee’s organisational Commitment Scale developed by Meyer and Allen (1986) and Intrinsic Motivation and Job Satisfaction Scale developed by Udai Pareek were used. The results showed that the job satisfaction was related to organisational commitment. This study proved a positive relation of job satisfaction on organisational commitment. The study also revealed that the pay / reward mechanism did not have association with organisational commitment. The researchers confirmed tat the employee commitment could not be enhanced without increased job satisfaction.

**Sonia and Kansai Rajeev (2009)** studied the effects of globalization on Micro, Small and Medium Enterprises (MSMEs) during pre and post liberalization from 1973-74 to 2008-09. They used four economic parameters namely number of units, production, employment and export and interpreted study results based on Annual Average Growth Rate (AAGR) calculation. AAGR in pre liberalization period (1973-74 to 1989-90) was higher in all selected parameters than that of post
liberalization period (1991-92 to 2007-08). They concluded that MSMEs failed to put up an impressive performance in post reform era.

Bhide (2009) indicated that the lack of adequate and timely institutional credit is a frequent complaint of the small-scale industry. Banks insist on collaterals which the small entrepreneurs, with limited resources, are unable to furnish. Bank officials frequently point out to the high level of NPAs and the poor culture of repayments to justify their cautious lending policies.

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Bhavani T.A. (2010) highlights the issue of quality employment generation by the SSIs and negates the short term attitude of increasing the volume of employment generation compromising with quality. The author argues that employment generation by the SSIs may be high in quantitative term but very low in quality. Technological upgradation would enable the small firms to create quality employment improving remuneration, duration and skill. This structural shift may reduce the rate of
employment generation in the short run but would ensure high-income employment generation in the long run.

G.V. Jagapathi Rao (2010) carried out a study to analyze the socio economic background and status of entrepreneurs in small-scale industries in West Godavari District of Andhra Pradesh. He selected 135 small-scale units in the district. In his study, it has been observed that women entrepreneurs are less that 10 percent of the total entrepreneurs. Majority of the entrepreneurs have studied only up to the school level. A majority of the enterprises run by the entrepreneurs are newly generated. This shows that a lot of initiation was there among the entrepreneurs.

Enterprise Business Application (ERP for e.g) strategies are driven by growth strategies, customer service expectations and pressures to reduce costs. The ERP is generally viewed as a necessary infrastructure and is a strategic weapon in streamlining and automating business process – while providing visibility to those processes throughout the enterprises. ERP system implementation issues have been subjected to substantial research under various theoretical perspectives dealing with aspects like characteristics, adoption and implementation processes, project design and execution. Parijat Upadhyay et al (2010) studied organisations that implemented and operaionlised their ERP systems. The research was intended to find the factors underlying the ERP implementation, which had a positive impact on the working of small and micro organisations. Data was collected from the users of the leading ERP vendors: SAP, Oracle, People soft and Micro soft. The study highlighted some of the factors that have a major influence in determining the success of an ERP project in the Small and Medium Enterprises (SME) segment. The results prove that many instances
of the ERP implementation, which failed to deliver the business returns, and in some cases the entire project implementation cost become a sunk cost for the organization getting no return on their investment. This is quite true in the case of SMEs because of their inherent peculiarities.

_Vasumathy Hariharan (2010)_ reveals in his research article that many of the Indian SMEs fail to recognize the role that risk management. He conducted his research through a series of interviews among 150 Indian Small and Medium Enterprises (SMEs), which export the products for at least five years. He points out the main lacuna of the present risk management system was the absence of an exclusive treasury department in the firms. Every firm owed this due the disadvantage of size and investment. However, appointing a treasury manager in the accounts of fiancé department could be attempted. Another drawback of the system was the absence of an accurate forecasting system in place. Most of the sampled SMEs failed to identify the risks to which their cash flows were exposed. Most of the firms, thus, realized the risk exposure only after the event occurred.

_Bhavani T.A. (2010)_ highlights the issue of quality employment generation by the SSIs and negates the short term attitude of increasing the volume of employment generation compromising with quality. The author argues that employment generation by the SSIs may be high in quantitative term but very low in quality. Technological upgradation would enable the small firms to create quality employment improving remuneration, duration and skill. This structural shift may reduce the rate of employment generation in the short run but would ensure high-income employment generation in the long run.
Many research studies reveal that rural based micro businesses do not grow because of inadequate capital coupled with low level of skills which compel them to adopt low technologies; and the inadequacy of working capital force them to buy raw material in smaller quantities at relatively high price. All these affect the cost of production so that the selling prices of their units are high. (Bhatnagar, 1986; Kewalshek R.L, 1988; Shalgudas, 1990)

Ashok Thampthy (2010) examined the major issues in the financing of SMEs in the Indian context, such as the information asymmetry facing banks and the efficiency of measures such as credit scoring for the SMEs. In his study, he pointed out that there is no transparency regarding the financial conditions of the SMEs. Therefore, banks hesitate to give loans to small-scale units. There is evidence to establish that a significant proportion of loans given to small enterprises in the past have compounded the problem of non-performing assets (NPAs) of banks. Unless detailed information on small firms is available, banks would hesitate to take the risk and may prefer to lend to relatively larger firms to comply with regulation.

With the liberalization of market economy, bamboo artifact of West Bengal is lagging behind with the modern market system in terms of quality of product, quality of skill, access to market, marketing plan, distribution channel, packing etc. It was the fact that the manufacturers of this art and craft needed infrastructures development, creation of industrial estates, marketing support, skill upgradation, smooth distribution channel, skill of packing etc. To bridge these gaps, a market survey was conducted in West Bengal to understand the demand for bamboo artifacts in the local and wider
market areas and also to formulate a sustainable business strategy for marketing the
products and services.

Jagadeeshh Bosh (2011) tried to identify the possible reasons for the current
status i.e. low coverage and limited impact of the public support schemes/ programs
and to suggest measures for effective implementation and greater impacts. It is based
on knowledge of the task force team members, results of snap survey conducted with
MSMEs and analysis of available research on the subject. To gather the MSMEs’
opinion, a snap survey was conducted by the author (2011) through structured
questionnaire to the randomly selected MSMEs in the eleven States and Union
Territories viz. Maharashtra, West Bengal, Punjab, Uttar Pradesh, Karnataka, Tamil
Nadu, Gujarat, Rajasthan, Haryana, Delhi & NCR, and Kerala. The Survey focused
mainly on the manufacturing units, however 14% of the total units were from service
sector. Almost 50% of the units fall under proprietary category (almost 50%) and 29%
of the firms were ‘Private Limited’ companies.

The survey confirmed the general perception that there is limited awareness
about the different support programmes amongst the target beneficiaries. More than
60% of the respondents were not aware of the MSME schemes and their benefits. 38
% of the respondents confirmed having used and benefited from the MSME schemes.
Out of this, 20% confirmed that they used the scheme at the time of expansion and
only 8% reported using the scheme at the stage of businesses startup. Almost 42%
respondents felt that the schemes are not easily accessible and 13% confirmed the
need of external help to avail the schemes benefits.
Subrahmanya Bala (2011) has probed the impact of globalization on the exports potentials of the small enterprises. The study shows that share of SSI export in total export has increased in protection period but remain more or less stagnated during the liberalization period. However, the correlation co-efficient in liberalization period is higher than that of protection period suggesting that the relationship between the total export and SSI export has become stronger in liberalization period. This may be due to the drastic change in composition of SSI export items from traditional to non-traditional and growth in its contribution to total export through trading houses, export houses and subcontracting relation with large enterprises. Thus, the current policy of increasing competitiveness through infusion of improved technology, finance, and marketing techniques should be emphasized.

In the word of Shiralashetti (2011), ‘Despite of commendable contribution to the nation's economy, the MSME sector does not get the required support from the concerned Government Departments, Banks, Financial Institutions and Corporate, which become a handicap for more competitive in the National and International Markets’. He concluded that the MSME sector should take its rightful place as the growth engine of Indian economy, it is necessary to support the MSMEs, educate and empower them to make optimum utilization of the resources, both human and economic, to achieve success. The MSMEs need to be educated and informed of the latest developments taking place globally and helped to acquire skills necessary to keep pace with the global developments.

According to Urmila Moon (2011), if India has to have a growth rate of 8-10 percent for the next couple of decades, it needs a strong MSME sector, without which
it cannot be achieved. There are approximately 3 crore MSMEs in the country. The SMEs have shown an average growth of 18 percent over the last five years. Around 98 percent of the production units are in the SME sector, only 4 to 5 per cent MSMEs are covered by institutional funding given that approx 95 per cent of villages are not covered by banks. There is, therefore, a need to bridge this gap through enabling policies. While these can address some impending issues of SMEs, there is still a lot that needs to be done to develop the sector as a whole.

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Rajib Lahiri (2012) pointed out that the MSMEs in India face a tough situation due to extreme competition from large industries due to withdrawal of subsidy, lack of infrastructure, anti dumping policy, challenges on product standardization, total quality management etc. Though Globalization has increased competitiveness in Indian MSMEs to certain extent, still Indian MSMEs are not
adequately prepared to compete with the global players. There has been a definite change in attitude of the Govt. from protection to promotion of the MSMEs. The Govt. has taken several policy initiatives but needs to ensure proper co-ordination and implementation of such schemes. The MSMEs must convert the threats of globalization into opportunities through increased productivity, product diversification, supply chain management, Research and Development activities.

Thus, many research studies have been undertaken by different authors on the functioning of these industries. They generally focus the problems of the industries from a particular angle only i.e, fiancé, production, marketing, labour, technology, globalization etc. Concentration of the previous researches has been highlighted on a single or some aspects of the industries.

Majority studies point out the financial hardships of the business units and speak practical problems in availing the bank loan and repayment of it. These studies are of majority in number and the researchers perceived that the finance is the major problem to the industrial units and it this the root cause for all practical difficulties of the industries.

At the same time, marketing aspect of these industries has been treated as the subject matter of the research by many researchers. In these studies, marketing aspects of the business units are taken into consideration as the major problem to these units.

Labour problems of the small industrial units are also considered in some research studies. Sick units from this sector are also selected for research to probe into the causes for the sickness and remedial measures to overcome the sickness. Likewise,
difficulties arising from production, competitions emerging from the globalized environment, risk factor inherent in the business, labour content in this sector and complication involved in online trading have also been dealt in the previous studies in the past period.

The present study takes up all functional areas of the business and problems of the MSM industries as its subject matter. This study considers the operational difficulties of these units in respect of finance, production, marketing, Labour, accounting etc. At the same time, it takes the growth and performance of the MSMEs for the study.