CHAPTER 5

STRATEGY SUGGESTIONS AND RECOMMENDATIONS

5.1 Introduction to the Chapter

The present study deals with the motivations and challenges faced by entrepreneurs. The way in which an entrepreneur deals with various challenges directly determines its survival and growth in the external environment. This chapter presented various strategies that can be employed by the entrepreneurs to counter challenges. Likewise, the recommendations are also given for the entrepreneurs, policy makers and for government for the improvement of entrepreneurial activities.

5.2 Strategy Suggestions

In the present study six types of challenges faced by MSME entrepreneurs were identified. These were Management related, Economic, Financial, Market related, Formal and Personal. For each of these challenges, some strategies are suggested by the help of which these challenges can be countered.

5.2.1 Strategies for Management Related Challenges

This was the biggest challenge faced by MSME entrepreneurs. These are the strategies that can be helpful in facing management related challenges

- The labor turnover rate can be reduced by improving management interaction with the workforce. Jobs should be matched properly with the skills. Recognition, severance remuneration and profit sharing are some of the ways of increasing employee motivation for the work. Collectively, these can help in developing workforce loyalty and directly improves productivity of the employee as well as the enterprise.

- Employees should be nurtured with the time by providing them various opportunities of growth and development. It can help an enterprise to create a loyal work force (Erdem, F. & Erdem, S. 2011).

- Entrepreneurs and their manager can acquire skills through training programs as provided by the government. This can make an entrepreneur to identify opportunities and risk in the environment more wisely. This can also reduce
management related challenges like maintenance of working capital and accounting records (Chowdhury, M. S. 2007).

- MSME entrepreneurs must plan their business activities so that they can meet the deadlines. Controlling is another important aspect of operating activities. By controlling their business activities they can reach quality standards with minimum wastage of resources.

5.2.2 Strategies for Economic Challenge

- Production of innovative and high quality products having an ability to compete with the products from the foreign firms.

- They need to produce products at large scales to get an advantage of economies of scale, so that their product can compete with foreign products in terms of price (Wang, C., Walker, E. A., & Redmond, J. 2006).

- The inflation leads to a continuous rise in the price of inputs, due to this the cost of production increases. To counter this challenge the entrepreneurs can form cooperative in the process of purchasing inputs. This can help them to get discounts, further it leads to reduced costs and customer gets a product at a lowered price (El-Khasawneh, B.S. 2012).

5.2.3 Strategies for Financial Challenges

- To manage the problem of cash entrepreneurs should go for the forecasting of cash requirement on the basis of cash required in the past. The minimum amount of cash required in the future should be estimated. Because the lack of cash leads to non-capitalization of many potential business opportunities. Entrepreneurs can encourage their customers to make payments in installments. This can reduce their problem of debt collection (Bowen, M., Morara, M. & Mureithi, S. 2009).

- Entrepreneurs should take the assistance of banks and other financial institutions for long term and short term loans at affordable interest rates.
5.2.4 Strategies for Market Related Challenges

- The entrepreneurs should identify and develop their own competitive advantage. They can develop their competitive advantage through customization of the products, customer relationship management etc.

- Entrepreneurs can outsource their non-value adding business activities. So that they can focus on their core activities and convert them into their competitive advantage. They should need to maintain a balance between core activities and outsourced activities. This can help MSMEs to gain competitive advantage as well as cost saving with the maintenance of key business activity. Entrepreneurs can use a competitive pricing strategy and with that, can offer a variety of products. This can make an enterprise more competitive and help in countering the challenge of competition (Singh, R. K., Garg, S. K. & Deshmukh, S. G. 2007).

- Effective advertisement techniques should be adopted to make customers aware about the products.

- Entrepreneurs should improve their networking. It requires proper involvement and personal efforts of an individual. The information related gaps can be reduced and they can be benefited by the external environmental opportunities (Martinez, M. A. & Aldrich, H. E. 2011).

5.2.5 Strategy for Formal Challenge

- The government has limited resources so the entrepreneurs need to raise finance and work at their own part. They need to keep themselves alert for resources and opportunities beside the ones provided by the government.

5.2.6 Strategy for Personal Challenge

- Entrepreneurs can plan their business as well as their personal activities. It helps in balancing time between family and business.
5.3 Recommendations

The findings of the present research work represented the motivational pattern and challenges faced by MSME entrepreneurs. Moreover, it also shows some sort of association between motivational factors and challenges. On the basis of analysis carried out in the study, following suggestions are made for the entrepreneurs, policy makers and for government for improving entrepreneurship in the economy:

- Unlike in other developed countries, the majority of the Indian population has not been raised in a business facilitating environment, they learn business skills when they indulge in their own business activities. The best way is to give an exposure of activities related to entrepreneurship and knowledge at an early stage through the education system. It should be made an inclusive part of school and college education. The education system should promote skill development, innovative thinking and independent learning. Because these are the essential elements in entrepreneurship development and these should be nurtured at the right time.

- MSME entrepreneurs must possess managerial skills. They need to be efficient in managerial functions like handling of skilled personnel, financial management, working capital management, planning, knowledge of human resources practices and customer relationship management. These skills can be developed through training programs, as run by Indian government. Entrepreneurs can also send their employees on refresher courses and training programs time to time.

- MSME entrepreneurs should take the benefit of training programs, irrespective of the reasons that led them to start their business. Training and skill acquisition will help them in effective and efficient operation of business activities. Further, this will helpful in improving the performance of business as well.

- MSME entrepreneurs should learn how to take advantage of environment effect, whether it is supportive or unsupportive. Because the environment has a potential of pulling or pushing individuals into entrepreneurial activities.
• Entrepreneurs should consider the challenges other entrepreneurs are facing in the same business and find out various alternatives that should be considered to tackle those problems. If entrepreneurs are well aware of the problems they might face in future, they could better prepare themselves mentally and strategically.

• The entrepreneurs should themselves go for network nurturing activities. This networking requires proper involvement and personal efforts.

• Indian government is keen to assist and guide entrepreneurial activities. A lot of initiatives have been taken by the government. But, the resources are insufficient and limited benefit to each and every entrepreneur. So to resolve their problems they need to raise finance and capital on their own part. They need to keep themselves alert for resources and opportunities beside the ones provided by the Indian government.

• The government should provide support in terms of technical assistant so that they can improve their technical capacity and become more competitive.

• Banks, Government and other financial institutions can encourage MSME entrepreneurs by increasing loan advancement and increase their accessibility to required credit. Due to this more individuals will be interested in starting and running their business.

• The trade associations should play an effective and efficient role in promoting entrepreneurship. They should explore various activities through which their members can increase their competitiveness in the open market. They should provide guidance and assistance to new entrepreneurial establishments.
References
