

# Practical Strategies and Tools for 'MSMEs' Growth and Innovations with Reference to Globalization of Business

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**Abstract – MSMEs provides wider eco-system of small, micro & medium firms. Newly registered firms under this category are the primarily source of net job creation in any nation and are the driving force of innovation & sustainability in the private sector. A secondary investigating study on MSMEs was done by accumulating facts by various newspapers, magazines, journals, reports, etc to see the impact of development and seriousness in the current situation. The study is subjective in nature and uncovers that presentation of MSMEs is incredibly impacted by embracing innovation as a significant tool in further developing execution by expanding the degree of yield, better nature of items and investigating new business sectors. Authors found that the main issues on the path of developing MSMEs sector are large scale industries & global businesses, absence of basic and fundamental facilities to grow a industry under MSMEs. Moreover, such businesses generally face less availability of skilled personnel, less access to technology due to much time taken in the loan facilities to the entrepreneurs. A highly scalable and refined practical strategies are needed to think in an out-of-the-box manner and incorporate the vision in the performance, growth, & development of MSMEs and industries under it.**

**Key Words – MSMEs, Growth, Economy, Development, Competitiveness**

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## INTRODUCTION

There are many factors that plays vital roles in Indian economy. One of them is Micro, Small and Medium Enterprises (MSMEs) that is a major aspect of Indian industrial sector. Its contribution in Indian GDP is nearly 8%. MSMEs refer to the 'Backbone of the country'. There is immense contribution of MSMEs in the socio-economic development in manufacturing and exports in India. It helps to generate employment opportunities and other works in semi-urban, rural and backward areas. It is mainly focused on Micro, Small, & Medium ventures and supports financially to promote employment retention & business growth. MSMEs are primarily categorized into two types of enterprises, i.e., Manufacturing venture and Service venture and generally deals into product creation in manufacturing, concept creativity or design innovation in production, processing, engagement, and packaging of recent trends, goods and commodities.

There are some features of MSMEs as highlighted -

- A provision of collateral free loans to MSMEs
- Assures 100% credit guarantee
- Reclassification of MSMEs

- Facilitates to get a Moratorium period of 12 months
- Provides support to get access to the domestic and international markets
- Offers latest testing facilities and quality certification services

MSME facilitates to advance supported, comprehensive and manageable economic development, full and useful business and fair work for all. It generates jobs and promotes decent entrepreneurship with financial incorporation and worldwide participation drives in terms of aid for trade, and a worldwide system on youth employment. Although practical strategies are required to grow MSMEs which is yet constrained by the issues of money, strategic promoting, inferior quality, and developments. Hence this study is focused on to understand & develop practical strategies and tools for MSMEs with reference to globalization of businesses.

## LITERATURE REVIEW

In today's era privatization measure has provided an open chance to various MSMEs. As business exercises don't have any limits, accordingly

borders between various nations are evaporating. Entire globe is a commercial center for these MSMEs as it offers gigantic freedom to develop and flourish.

As per Kumar 2003 It is vital to recognize that foreign alliances need a great amount of tech shifting which involves heavy cost which alone MSMEs cannot bear but if different MSMEs of same nature come together and work for common goal the weight of foreign alliances can be splitted effectively and efficiently. In the words of Bhawe 2010 MSMEs are a vital part of the economy and covers up a major slice of industrial workings but still they face economic downturns, if provided appropriate funds at right time these firms can become boon to this sector. Kumar in 2011 explained that one of the basic issues faced by this sector is shortage of recognition, funding and assets if there is no wastage and improvement in designing and outlay of these MSMEs these can survive and grow at their fullest. According to UNDP 2013 large businesses acquire great profits from micro, medium and small undertakings, MSME area advances nations versatility through expanding and widening home-grown economy.

## RESEARCH GAP

In the current scenarios, MSMEs are more defined to support businesses which are micro, small, medium businesses which are mainly for local or domestic markets. From a practical aspects of global strategic marketing, there are requirement of new set of global-oriented business principles that a business can better serve its global customers and able to earn better profitability. New Innovations can support MSMEs with strategic tools in globalization of businesses.

## NEED AND SCOPE OF THE STUDY

Nowadays businesses are more active and oriented towards globally. Around the world, MSMEs are acknowledged as a method for financial development and for advancing impartial turn of events. They are known to produce the most noteworthy pace of development in the economy. MSMEs have driven India higher than ever through necessities of low speculation, adaptable activities, and the ability to develop suitable local innovation.

- MSMEs are the 2<sup>nd</sup> largest employment yielding sector after agriculture.
- It contributes to establish nearly 45 lac venture units across India.
- In Indian GDP, the contribution is more than 6% and 24% from manufacturing industries and service businesses.
- It contributes nearly 45% in Indian export.

- MSMEs advance comprehensive development by giving work openings, particularly to individuals having a place with more vulnerable segments of the general public in provincial regions.
- MSMEs advance development by giving a chance to sprouting business people to help them fabricate imaginative products and accordingly support rivalry in business and fuel the development.

If these points are kept in mind while choosing strategies in the growth and innovations of MSMEs sector in sustain the global competition. Utilization of new strategies are very useful for the expansion and managing to connect to the global business.

## OBJECTIVES OF THE STUDY

- To study about the strategic tools for MSMEs growth and innovations with reference to globalization
- To analyse the innovations done in MSMEs to make them ready for global market.

## RESEARCH METHODOLOGY

The research done in this paper is subjective in nature. Its construction is based on secondary data to recognize the position of MSMEs in global market. In this paper practical strategies and tools for 'MSMEs' growth and innovations with reference to globalization of business is discussed. The data has been collected through various books, journals, magazines papers, etc.

## Global Competition and Innovation

Competition can be explained as the potential of manufacturing of goods and services having world-wide acceptable qualities to compete in domestic as well as international markets, resulting in increment in welfare of a country and related people. The best method to check the competitiveness is to utilize the resources at their fullest.

World Economic Forum (WEF) has suggested 12 measurements to sustain and establish in competitiveness around the globe:-

1. Accessibility of proper infrastructure
2. Solid macroeconomic formation
3. Good health care facilities and elementary education

4. Standard of education and qualitative training
5. Product market planning
6. Efficiency in monetary markets
7. Labour market planning
8. The positions to accept new technologies
9. Production of goods of latest trends
10. High level innovation
11. Check the size of the market
12. Government's role and intervention

It is mandatory to show capabilities to remain in the global competitiveness, every point a product needs innovation. Therefore, innovation is an important matter which needs to be discussed to stand in international market. Innovations must be to grow and ameliorate the product, producing new products as per the international standards.

Innovation also plays a vital role in supply chain. It supports in enhancing responsiveness of supply, making it more adaptable, powerful and effective. To decrease costs, to offer client favoured products and to diminish delivery/selling time.

In order to develop, maintain and review innovation, productivity, quality, efficiency, competitive positioning & market share should be used as a tool to measure growth and performance.

Innovators need to take timely feedback and review meetings to analyse the strategies followed by the business and update as per the mandates, if required. Although innovators face few problems or difficulties like lack of finance, marketing problems.

Innovation has now become a universal concept. The right kind of innovation secures finance as basic priority. Innovations need appropriate Intellectual Property Rights (IPR). India's new programs and techniques need to protect IPR. Although there are failures while doing innovation in each and every field. Some of the reasons of failure of innovation process are:

- Objectives to be achieved are not clear
- Workers efficiency is not up to the mark
- Absence of proper auditing and regular checking
- Communication gap in analysis and data not understood or utilized properly

Proper planning using strategic analysis, and studying & considering latest market trends are the significant aspects to get succeed in innovation and competitiveness.

## **SUGGESTIONS**

From the study the author finds following suggestions to lead a helping hand to various MSMEs so that they can perform better and contribute a lot more in national development.

1. Since the majority of MSMEs operates in the rural areas, the government should provide reliable access to infrastructure such as electricity and water in these areas for smooth functioning of the industries.
2. Credit availability is still a problem. The government should take initiatives to provide funds to these firms so that they can grow and flourish and can contribute to India's GDP
3. Most of these MSMEs depends upon the imported raw materials, the government should give discounts, subsidies or abolish import charges and reduce various taxes on raw materials to make these small scale industries work effectively and efficiently.

## **CONCLUSION**

This study on MSMEs shows that every Government needs to guarantee every process connected with the inventive development & growth of MSMEs. This should welcome more people particularly poors to take proper benefits so that they would be able to produce and deliver world-class products and services. Government should also ensure that the MSMEs take maximum advantage of the schemes introduced for for the betterment of it. It is the responsibility of MSMEs to take advantage of latest technologies and tools available globally to create world-wide acceptable deliverables. There are requirements for better infrastructure to develop better innovations to get faster growth in the global market that lead to effective wealth creation with knowledgeable systems. Experts involved in Research & Development, universities & other private enterprises have suggested and recommended numerous strategies or plans for the enhancement of current status of MSMEs. These researches would provide short -term as well as long-term benefits to the industries under this sector and nurture these businesses to achieve international benchmarks.

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