

Implementation of Strategic Management Process with a Reference to Small and Medium Sized Enterprises of Bihar

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Abstract – Small and medium-sized enterprises are considered the backbone of the national economy. In addition to employment and social cohesion, innovation as a process of continuous development is often mentioned in connection with the contribution of SMEs to the national economy. The purpose of innovation is assurance of development, competitiveness and process and manufacturing effectiveness. In practice there is a connection between research and education (or the system of education), both contributing to development of the knowledge of society [23, 24]. Knowledgeable society is able to innovate or continuously improve its procedures, which is necessary for its future.

Keywords: Strategic, Management, SME

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INTRODUCTION

Mean evaluation by SME managers involved in this research reached 52% for the process of external communication. This also supports the fact that SMEs never implement all components of external communication listed in theory, which is an area for improvement within SMEs. In the studied population of respondents, 19% of managers assessed this process as unsatisfactory (0–20%), 12% as below average (21–40%), 22% as average (41–60%) and 47% as satisfactory to excellent (61–100%). More than half of the studied companies assessed their process of external communication as unsatisfactory, below average or average. This result is supported by the fact often mentioned in professional literature that SMEs suffer from lack of resources, both financial and human, with the required level of experience. In this case, the authors are allowed to conclude that SMEs often lack finance and employees with the required qualifications and experience for positive procurement and use of information from the external and the internal environment of the company, by means of project preset formal communication networks. On the other hand, the research results show that about a half of all SMEs (48%) are able to implement external communication from in-house resources on an excellent or at least satisfactory level (Figure 1).

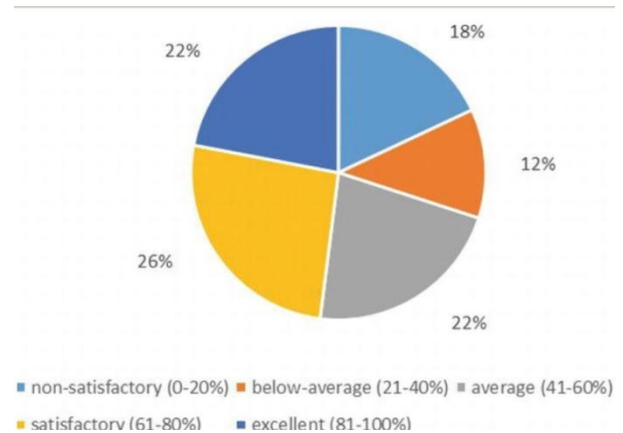


Figure 1: Evaluation of external media communication process in SMEs

Classification of the inquired companies by size revealed that managers of small enterprises were least satisfied with their external communication process.

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The lowest level of satisfaction should in theory be expected from managers of micro-companies with the assumption of the lowest resources for this type of external communication. The results show rather the opposite, as shown by Table 2 and Figure 2,

where this process is assessed as excellent by the highest percentage (27%) of micro-company managers and only 19% of managers of medium-sized enterprises, where the size classification was expected to reveal the best prerequisites for existence of all necessary resources for high-standard external communication. Small enterprises assessed this process as excellent in 23% of cases. This process was assessed as unsatisfactory or below average by an identical 30% of managers of micro- and medium-sized enterprises and 31% of managers of small enterprises.

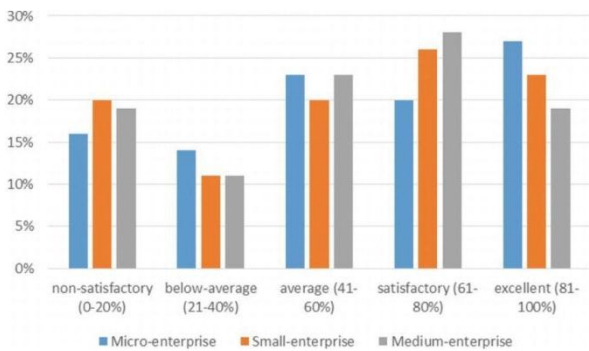


Figure 2: Evaluation of external communication process by enterprise size

External communication takes oral, written as well as electronic form. Taking the process of external communication as a whole, this chapter will show the use of the individual channels for fulfilment of this task. Managers are asked to specify the percentage of the use of the selected channel type (oral, written, electronic) for external communication.

Table 1

Evaluation of how individual processes work in the opinion of respondents

Types of processes	Evaluation of the functioning (%)	Rank
Production process and services	87.99	1
Quality management	81.39	2
Business activity and sales	80.60	3
Financial management	79.07	4
Human resource management	69.09	5
Internal communications	65.25	6
Social responsibility	61.82	7
Marketing	61.32	8
Communication with the public, media	52.18	9

These results were further grouped into the below percentage intervals (Figure 3).

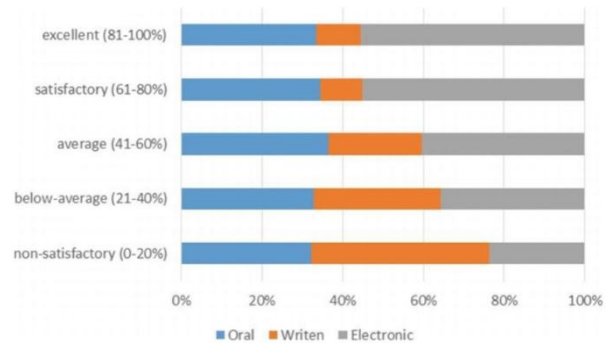


Figure 3: Percentage of the use of individual channels for external communication by small and medium-sized enterprises

Across the inquired population, the interval of 0–20% usage was reported for written communication, used within this scope by 62% of companies, 45% of companies used oral communication within this interval (0–20% usage) and 33% used electronic communication within this scope. Maximum usage (81–100%) of the individual channels for external communication was only reported by 3% of the inquired companies in the case of oral communication, 5% in the case of electronic communication and 1% in the case of written communication. All available channels were reported to be used for external communication, which is also confirmed by the results shown in Figure 4, with just a small percentage of companies using just one of the channels for their external communication and even here the percentage of usage was between 81 and 100%. An extreme case of usage of just a single communication channel for external communication was not reported by any of the inquired companies. On average for the whole population of respondents, oral communication is used in 36%, written in 26% and electronic in 38%.

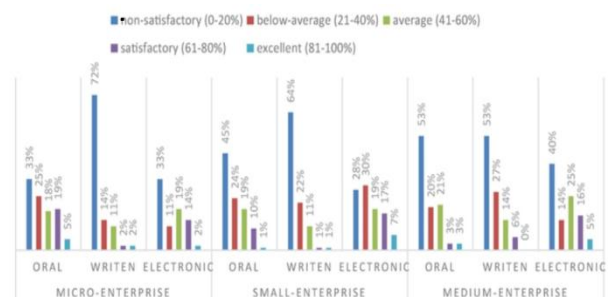


Figure 4: Percentage of the use of individual channels for external communication by small and medium-sized enterprises by company size

In classification of the companies by size, usage of individual channels for external communication showed a similar pattern. All communication

channels were reported to be used by the companies mostly within the interval of 0–20%.

DISCUSSION

Just small enterprises mentioned the use of electronic communication within the scope of 21–40% in the largest group of respondents (30%), and 28% of companies reported the interval of 0–20%. This category included one example when none of the inquired medium-sized companies used written communication for its corporate external communications within the scope of 81–100%.

Most companies therefore use all types of communication most often within the scope of 0–20%, but none of these companies mentioned 0 with any communication type.

The above text presents results for the individual SME sizes. The authors focused on a couple of basic questions to characterise the relationship of SMEs to external media communication. Functioning of this process was evaluated by individual company sizes in a very similar manner, with micro-companies evaluating the process functioning with 52%, small companies with 53% and medium-sized companies with 53%.

The individual communication methods are used as follows by the individual SME size groups. Micro-companies use for their external media communication oral communication in 48% of cases, written communication in 18% and electronic communication in 34%. Small companies use oral communication in 37%, written communication in 21% and electronic communication in 42%, and medium-sized companies used oral communication in 38%, written communication in 25% and electronic communication in 37%. Oral communication is mainly used by micro- and medium-sized companies, while small companies mostly use an electronic form of communication.

In terms of a conclusion, SMEs, regardless of their size, mainly use oral and electronic communication, value functioning of external media communication with 47–57%, and rank this process in the relevance hierarchy seventh to eighth of nine, above intracompany information processes and corporate social responsibility. CSR ranks lowest for most SMEs.

There is a big area of improvement for SMEs in the field of external media communication, and for the reason of limited resources, these companies should choose a single technique for every group of external recipients they want to address or inform or even influence with truthful information and use the chosen technique for long term. It is recommended as most beneficial for these companies to join their economic and human resources and experience and proceed jointly in this area according to their

connection by one of the logical links (field of activity, geographic region, etc.).

Comparing our results with results of similar inquiries 10 or 15 years ago, a huge step forward can be seen in SMEs in this field. But despite that further improvement of this process by SMEs is still needed, as a way towards increasing their competitive edge on the market.

The calculated fluctuation rates in micro-companies based on their reported data only covered the two marginal categories, i.e. the interval with fluctuation rates exceeding 10% (represented by more than two-thirds of all inquired micro-companies) and the interval with zero fluctuation rate (met by nearly one-third of the micro-companies).

Fluctuation rates in small enterprises showed a different pattern than micro-companies when divided among the defined intervals. The strongest category in the case of small enterprises was again the category with fluctuation rates higher than 10%, but with the actual percentage much lower (36.8%) in comparison to micro-companies. The next ranking category with a similar percentage of represented companies was fluctuation rate range 5.01–10% (reached by 28.4% of the respondent companies), followed by the zero fluctuation category (23.2%).

Fluctuation rate calculation classification in the category of medium-sized enterprises based on staff number again showed the fluctuation rates over 10% as the most frequently represented interval, covered by nearly half of all companies of this size (47.7%). The second ranking interval was fluctuation rates between 5.01 and 10% (represented by 21.5% of medium-sized companies), closely followed by companies with calculated fluctuation rates between 3.01 and 5% (18.4% of companies).

The comparison of fluctuation rate intervals in companies classified by size shown in Table 6 reveals that the number of companies falling within the category of fluctuation rate above 10% increases in direct proportion to the company size defined by staff number (with the lowest percentage in the micro-company category and the highest in the medium-sized enterprise category). The same trend then appears in the fluctuation rate intervals of 0.1–3% and 3.01–5%. The opposite trend can be traced in the category with zero fluctuation (0%), where the number of represented companies decreases as the company size increases (with the highest number of micro-companies and the lowest number of medium-sized enterprises).

The benefits most frequently reported by employees of SMEs included “catering”, which in the summary of all results highly out-ranked all other mentioned categories. The “catering” benefit

definition included all sorts of contributions to meals at work, including but not limited to the “meal vouchers” or company canteens, or all sorts of refreshments provided at workplaces or drink offer. The second ranking benefit was represented by “pension schemes”. Although some respondents mentioned other insurance types (such as life or all-risk insurance) among the provided employee benefits, pension schemes were so much more frequent that we decided to make them a separate category. Respondents further mentioned various types of bonuses which may be said to represent a material (financial) stimulator.

CONCLUSION

While most of the analysed SMEs do not develop strategies for human resource management at all (62%), 32% do create these strategies, and 18% even prepare them in writing. Written human resource management strategies were mainly reported by small and medium-sized companies.

The analysed small and medium-sized companies considered as their strong points internal communication, employee education and development and remuneration.

As for problem areas in human resource management in SMEs, about 20% of the respondents mentioned employee recruitment, 16% mentioned communication and some respondents also mentioned qualifications, expertise and employee development.

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