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## PERFORMANCE OF MSMES – AN ANALYSIS

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### Abstract

With the government's new mission of achieving a \$5 trillion economy by 2025, the sector's importance for the economy's socioeconomic growth has grown. COVID-19, which is said to have emerged in Wuhan in December 2019, has caused widespread havoc across the world. It has resulted in a large number of human casualties around the world, especially in Europe, the United States, China, and many other developed economies. The objective of this study is to enumerate and rank the factors influencing the performance of Micro, Small, and Medium-Sized Enterprises (MSME). The results showed that the main drivers are government support, entrepreneurial spirit, and organizational reform. MSMEs can improve their performance by focusing on these components. Additionally, this strategy will improve the resilience and profitability of MSMEs by restructuring their operations.

**Keywords:** MSME ; MSMEs performance ; Entrepreneur, ; Organizational change.

### Introduction

The MSME is becoming increasingly important for the socioeconomic growth of the country, especially with the government's stated goal of a \$5 trillion economy by 2025. According to reports, COVID-19 first appeared in Wuhan in December 2019 and has since wreaked havoc all across the world. Many people have died as a result of it all over the world, but mostly in China, Europe, the US, and many other industrialized economies.

### Literature Review

**Government support:** The government policy made to support entrepreneurship in the country for the growth of the MSMEs units, one such is investing in capital. MSME's capital needs are met by either internal source of funds or debt capital from external sources. However, the lack of timely credit should be covered by immediate government attention. Verma (2010) has reported that the government has developed industrial policies to facilitate the flow of credit towards the micro, small and medium enterprises.

**Entrepreneurial spirit:** Dey (2014) established a link between the MSMEs sector's motivation and entrepreneurial aspirations. Motivation is the ability to convert opportunity into deeds. MSMEs prioritize operational tasks because their main concern is survival rather than expansion. MSMEs that seek growth are

therefore behaving entrepreneurially. The extent to which MSMEs and entrepreneurs hunt for growth possibilities distinguishes them from one another.

**Organizational change:** A business's agility is defined by its capacity and aptitude for change, which ensures the organization's survival and growth in the marketplace (Ghodrati and Zargarzadeh, 2013).  
**Innovativeness:** The ability of MSMEs to develop and apply ideas more quickly is referred to as their innovativeness. Hurley and Hult (1998) defined innovation as the use of novel concepts, goods, or procedures in a larger sense. Innovation serves as a corporate mechanism in a dynamic environment, pushing businesses to develop novel concepts, ideas, and goods.

**Team building:** To survive in the pandemic MSMEs should deploy decentralized decision making. Aurélio de Oliveira (2012) reiterated that a team is composed of members are working together and organized. There is division of power, authority and responsibilities among the members, which leads to the team motivation and confidence.

**Technology:** In the context of the COVID-19 pandemic, Wiliandri (2020) highlights the elements impacting MSMEs with regard to the internal and external transformation of digital media. The report emphasizes how the pandemic compels businesses to digitize their operations. Furthermore, MSMEs are significantly impacted by government regulations about social distancing and lockdown limitations. As a result, the government is very supportive of efforts to enhance the digital ecosystem.

**Opportunities for marketing:** According to Fatimah (2020), marketing is a comprehensive system of commercial operations that includes planning, pricing, promoting, and distributing to meet target customers' needs and desires in order to meet organizational goals. Numerous facets of life involve the significant influence of marketing. Effective marketing and distribution networks are thought to be essential components of micro, small, and medium-sized businesses.

### **Objectives of this study:**

- To identify and rank the factors influencing the MSMEs in India
- To analyse the interrelationships among factors using analysis of MICMAC

### **Research Methodology**

**Data collection:** The Indian MSME sector provided 120 of the responses. A standard questionnaire was used in semi-structured interviews for the study. In this study, the purposeful sampling strategy was applied. MICMAC is a technique that uses a reachable matrix to calculate the driving forces and dependencies in the ISM model, allowing for a more thorough examination. A greater comprehension of the mechanism and scope of risk factor interactions is made possible by this strategy. Determining the factors impacting maintenance activities in hazardous work environments was the first step. This was found by looking through the literature and speaking with authorities on the issue.

MICMAC rank for factors MSMEs performance

Factor	Driving power	Dependence	Driving power / Dependence	MICMAC rank
F1	7	1	5	1
F2	6	3	2	2
F3	4	5	0.89	3
F4	1	6	0.177	4
F5	4	5	0.811	3
F6	6	3	2	2
F7	1	6	0.155	4

According to the ranking, Government support is the topmost triggering factor, that ranked one. Team building and marketing opportunities are the factors that are ranked fourth in the MICMAC analysis ranking.

### Managerial/ Practical Implications

The current study has examined how the variables affecting the performance of MSME's are related to one another. First priority has been given to the government's COVID-19 relief measures, particularly those pertaining to credit and finance that will guarantee the sector's financial take-off. The MSMEs' internal environment will be improved, and their capacity to handle issues brought on by the pandemic will be strengthened, thanks to the next focus being organizational reform and an entrepreneurial spirit. The three highest priority driving factors that have the biggest effects on MSMEs are F1, F2, and F6. Therefore, in order to combat the pandemic, the firms need to utilize these variables. All other chosen factors, i.e., were found to have an influence on factors F4 and F7.

### Conclusion

The three most crucial elements that have been discovered are organizational reform, entrepreneurial spirit, and government assistance. The primary determinant, which affects elements like technology, inventiveness, and entrepreneurial spirit, is government assistance. The MSME's internal environment is determined by its entrepreneurial spirit, which also contributes to its innovativeness. However, technology also affects creativity and the capacity to satisfy client demands. The current investigation has certain limitations. First off, the professional judgments are limited to a single nation. Second, a theoretical model based on the opinions of experts is developed through the use of surveys. It is impossible to prevent expert bias in such a situation.

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