

## STRATEGIES FOR THE SCALABILITY OF DEFENCE MSMES – AN IMPACT ANALYSIS

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#### ABSTRACT:

**Purpose:** The study explains the Management strategy's role for the increase in the scalability of the MSMEs through the deserved objectives.

**Approach:** The study has considered the primary data with 120 responses taken. The objectives has considered for this study is to know the effectiveness of Management strategies for scalability of MSMEs and to identify the impact of these strategies on the MSMEs.

**Practical Implication:** MSMEs have challenges in changing their strategy to market changes and competing with large corporations. It has found the magnificent higher importance level of the "Position" on the Micro, Small and Medium Sectors. It is evident that there is maximum impact of the "Position" than the other factors on the MSMEs and the lowest impact is observed to be with the "Perspective". Therefore, the there is a large impact of the "Position" to enhance the scalability of MSMEs.

**Key words:** *Management Strategies, MSMEs, Defence, Make in India, FDI, AatmaNirbhar Bharat Abhiyaan.*

#### INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) performs a crucial role in a nation's financial system. This applies to equally advanced and underdeveloped nations. MSMEs also account for a considerable share of a country's economic operations and, in recent years, have created more job possibilities than major firms. MSMEs, on the other hand, are very delicate, and their catastrophe ratio is exceptionally high; so elevated that no country can allow to ignore them. Corresponding to the Business Statistics Office (UK), "60% [of small-scale enterprises] collapse during the initial three years of existence". The history is comparable in the United States, where more than 80 percent of start-ups fail within their first five years. Given this, additional measures are urgently required to lower the mortality rate of MSMEs. Finally, a stronger MSME sector contributes to a nation's prosperity without the need for complex technological investments.

Although each country has established support programmes to help its own MSMEs, the efforts of entrepreneurs are most important in deciding the development of this sector. Across the past

five years, India has been one of the major importers of military hardware in order to achieve a high-tech edge over rivals like China and Pakistan. The Government has taken several steps to promote 'Make in India' interests via strategic funding programmes in order to develop its military powers and reduce dependency on foreign defence purchase.

## REVIEW OF LITERATURE

**Rakesh, (2014):** In the present environment, it is difficult for SMEs to endure and thrive unless expenses are properly accounted for, managed, and lowered in order to sustain and stay competitive. This PEST study serves as a significant analytical tool, assisting in understanding the state's constitutional strength, commercial position, international business opportunities, ecological prospects and hazards, and so on. An effort is made here to investigate the function of PEST in the sustainability of SMEs.

**Uttam Kinange (2016):** This research seeks to support an overview of the current condition of Indian defence, then illustrates the global defence environment and attempts to identify the potential and problems that await the Make in India campaign for the defence industry. It provides a means of increasing the country's self-sufficiency in defence manufacturing. However, in order for Make in India to be a success in the defence manufacturing industry, the Government must solve several legacy challenges.

**Chopade (2016):** As a result, we investigated the existing issues encountered by MSMEs in India, as well as how MSMEs might contribute significantly to India's defence industry. We also conducted a cross-country study of defence policy. Finally, based on our findings and study, we made suggestions to strengthen MSMEs' contributions to the defence industry.

**Bharat Singh Rawat (2017):** The defence industry is one of those unique breeds of industrial and R&D pursuits where the net return in terms of value supplement as well as personnel compensation is substantially larger than MSME units in other sectors. As a result, it is critical that current problems be reduced and concentrated efforts undertaken for and by MSMEs to capitalise on the coming climate.

**Manikandan (2017):** MSMEs not only play a significant position in creating big engagement chances at a inferior principal rate than big businesses, but they also contribute to the economic development of countryside and regressive areas, dipping provincial disparities and ensuring a more reasonable distribution of countrywide revenue and wealth. However, only a few clusters compete on a worldwide scale.

**Guilherme Fowler A. Monteiro (2018):** The purpose of this study is to perform a thorough review and to create a structure for the writing on high-growth firms (HGFs) and scale-ups. Three unique contributions are made by the author. In recent years, there has been a significant surge in interest in high-growth firms and those mentioned to as scale-ups. Despite this tendency, extant findings even include theoretical discrepancies and a gap between theoretical inputs and entrepreneurs' real experiences.

**Dewi Hanggraeni (2019):** In a study discussed about the growth implementation with the domestic and outside factors and concluded that the owner to have interest to control their domestic administrative problems in all the fields like HR, Finance, Marketing, Managerial,

Technology. Also, more than 50% of MSME entrepreneurs are more than 40 years and those must have a sequential strategy to continue their industry management.

**Jatmiko (2021):** The primary goal of this research is to suggest methods for growing MSMEs in order to achieve long-term aggressive benefits using the SWOT evaluation approach. Thus, the primary issues explored in this research are about 65 percent of MSMEs in Kulon Progo regency do not yet have access to or funding from banks; and a shortage of understanding of manufacturing expertise.

## RESEARCH GAP

Based on the literature it is evident that many scholars have done extensive research in entrepreneurial aspect i.e. MSMEs not only in Indian but also globally. The Government of India had redefined the MSMEs structure based on the capitalization. Therefore, less literature has been observed with the impact of the management strategies for the business scalability among the MSMEs working in defence industry. Thus, the study made an attempt to fill the research gap with the proposed title of “Strategies for the scalability of Defence MSMEs – An Impact Analysis”.

## RESEARCH QUESTIONS WITH HYPOTHESES

Based on the research gap the following research questions with the supporting hypotheses have been framed.

1. How effective are the management strategies for SMEs in terms of their ability to scale up?

**H<sub>0</sub>:** There is no significant difference between the effectiveness of management strategies for the scalability of MSMEs.

2. The influence of management strategies on the scalability of SMEs is something that needs to be explored?

**H<sub>0</sub>:** There is no Impact of management strategies on the scalability of MSMEs.

## OBJECTIVES OF THE STUDY

Based on the research questions and hypothesis the below objectives were framed for the examination of management strategies role for the scalability of MSMEs.

1. To know the effectiveness of management strategies for scalability of MSMEs.
2. To study the impact of management strategies on the scalability of MSMEs.

## RESEARCH METHODOLOGY

The present study has adopted the qualitative approach to know the impact of strategies for the scalability of Defence MSMEs. The study considered Mintzberg's 5Ps model and research analysed based on Mintzberg 5Ps and how and which P is more effective or impactful for the growth in defence sector for the MSMEs to become self-sufficient. The 5Ps of Mintzberg's are:

1. **Plan:** One of the most important element of building a strong industry approach is planning. It is a collection of directives or regulations to do business with a state of affairs. The plans are continually prepared in a go ahead and expand persistently. It is a default, mandatory methodology that implemented devising decisions and preparing how to distribute them.
2. **Ploy:** It is a clever strategy to take the benefit of prospect at the cost of others. It might be the weak point of challengers or means of leave behind no challengers in the flea market. Mintzberg says that having the good quality of participants, by planning to interrupt, discourage, prevent, or else affect them, could be piece of an approach. Hence the policy could be a ploy, and also a plan.
3. **Pattern:** A strategy as a result of evolving managerial behaviour. However, to generate a tactical pattern, one should examine the market developments. Tactical plans and ploys are both purposeful movements. Occasionally, nevertheless, tactic arises from past managerial behaviour. Rather than being a deliberate selection, a reliable and effective means of doing business can expand into a policy.
4. **Position:** It is merely a plan to leave a sign on a market. This means, a firm may discover the techniques and procedures to do the products and services rare. "Position" is a different approach to describe approach that is, exactly how one chooses to position themselves in the market. Like this, policy facilitates to discover the fit among the company and the ecosystem, and it helps to improve a viable competitive benefit.
5. **Perspective:** This is the strategy which takes opinions and perspective of individuals in the business into matter.

### **MSMEs track record and Government vision**

The union cabinet of India took a noteworthy decision in the year 2018 and modified the foundation of categorizing the MSMEs from the verge of the importance of financing, considering types of technology and plants as well as equipment towards yearly turnover. The decision taken by the cabinet union, the Ministry of MSMEs passed a prescribed modification to the MSME Act formed in the year 2006. The ground on which the MSMEs have been categorized is provided in the MSMED Act, 2006 of Section 7 Chapter 3, and it states that:

### **Classification of the various enterprises**

Nevertheless no matter what is delimited in Section 11 B in the Businesses (Progress & Guidelines) Act, 1951 (65 of 1951), the Indian Government might intend towards the determination of this Act, through announcement as well as consuming esteem towards the requirements of sub-sections (4) in addition to (5), categorize any kind or else kind of initiatives, whether proprietary, supportive civilization, business firm, corporation or responsibility, through whatsoever name entitled, –

1. For firms involved in the producing or developing of products concerning to some sector required in the schedule 1 to the Industries Act, 1951 (65 of 1951), as –

- Considering Micro firms, in which the venture and capital is invested in industries and equipment does not surpass twenty-five lakh rupees;
  - In view of the Small enterprise, wherever the asset invested in industries and equipment is greater than 25 lakh INR but then again does not surpass five crore rupees; or else
  - A Medium firm, in case of the capital asset spent in industries & equipment is higher than Five Cr. Rupees, but then again does not overdo Ten Cr. Rupees;
2. Aiming towards the various enterprises affianced in delivering or interpretation of amenities, as –
- Considering Micro firms, in case of the asset and venture is spent in types of machinery do not exceed ten lakh rupees;
  - A Small firms, where the venture and capital is invested in pieces of machinery is higher than ten lakh rupees but then again do not exceed Two Cr. Rupees; or else
  - In view of the medium enterprise, wherever the asset invested in types of machinery is higher than two crore rupees but then again do not exceed Five Cr. rupees.

### **New criteria for classification of MSMEs in the Defence Sector**

The central Government of India has the power to vary the monetary limitations in the upcoming time providing a notice but then again, the reviewed cap intends do not to exceed the restrictions declared directly above through higher than three times the given amount. The revision was done to the Act of MSMED, 2006 comprised an establishment towards this consequence, in that way putting it informally for the administration of India to alter the restrictions, as and as soon as there is a requirement, without moving over the difficult and huge process of modifying the MSMED Act of 2006. Furthermore, by means of the GST administration in present condition, it would be informal for the supervisory and controlling establishments to make a more precise and impartial valuation of the income and business of an initiative and micro, small and medium organizations than the valuation of asset completed through an organization in plant and equipment along with the tools. The step taken to adjust the MSMED Act, 2006 ought to partake a very optimistic influence on the enterprises included in the grouping of the micro, small and medium enterprises. The Ministry of MSME has various schemes as well as policies along with the schemes of the National Small Industries Corporation of India. The websites of the establishments provide the details of the schemes.

Considering some of the noticeable constraints of this strategy are:

1. Each obtaining article in the organizational regulation of the Indian Government intends to set a yearly mark for obtaining twenty percent of the prerequisite from the micro small and medium enterprises having a sub-target of four percent out of twenty percent for buying from medium and small enterprises possessed through the Schedule Caste and Schedule Tribe entrepreneurs. These circumstances were levied compulsory from 1<sup>st</sup> April 2015.

2. The tenders and the proposals should be delivered to the small and medium enterprises free of charge as well as no solemn money should be taken from the enterprises itemized as medium and small enterprises.
3. The quoting price of the small and medium enterprises which is inside the quota of 15 percent of the worth cited by the lowermost auction-goer (L1), if such L1 purchaser does not belong to the category of the small and medium enterprises, then they should be permitted to source twenty out of a hundred of the proffered worth at L1 price.
4. Booking of 358 objects for obtaining solely from the medium and small enterprises.
5. Obtaining objects to upload their yearly obligation given on their authorized internet site as well as to deport Buyer-Seller meets along with the Vendor Development Programs intended towards the medium, small enterprises, particularly the schedule caste and schedule tribe entrepreneurs.

The way the policy levied in 2012 is working is not known, particularly in the defence sector, but then again, it is not that astounding if the operation, as well as the application of the strategy, has not remained very easy, particularly in respect to achieve the targets of the proportion intended towards obtainment from the micro small and medium enterprises along with the schedule caste and schedule tribe entrepreneurs. At any rate and regardless of anything, the notification issued in 2012 does not seem like to partake being coordinated with otherwise unambiguously outmoded through the Public Procurement which is meant to prefer and to build the Make-in-India initiative 2017 order delivered through the DIPP.

The 2017 order of the Make in India initiative and Atmanirbhar Bharat Abhiyan, amongst other possessions, delivers that a prospect must be specified and provided to a homegrown contractor in the direction of matching the L1 proposal, where that type of offer is from a non-local contractor, on condition that the bid of the resident contractor is inside the twenty percent quota of the L1 proposal. Aiming towards the home-grown dealer approving to contest the L1 worth, fifty percent of the demand has to be sited on that dealer if the provided order is detachable. The condition where the order is not possible to be divided, the complete order can be positioned on the resident contractor underneath these situations. The rules and regulations considering the years 2012 as well as 2017 do not give the impression to be merged and unified through the Defence Ministry within its principal obtainment system. The two zones that have been considered are Defence Offsets along with the Make in India initiatives and projects.

Aiming towards the alteration in the categorization, more so-called enterprises are probable to succeed as the micro, small, and medium enterprises. Consequently, the overseas dealers who have to liberate offset responsibility will consume an extensive source of the probable Offset Partners of India (IOPs) out of the micro, small, and medium enterprise subdivisions to select from. This ought to benefit the MSMEs since the overseas contractors favor indicating them as Indian Offset Partners for the reason of the different advantages



obtainable to them if they indicate micro, small, and medium enterprises as their Indian Offset Partners. The extensive base of the MSME also progresses the projections of progressively more Make in India initiatives as well as projects being commenced and accepted through these initiatives as developments with growth price up to rupees three crores in addition to rupees ten 10 crores held in reserve considering the MI and MII sub-categories correspondingly. Subsequently, the MII group involves self-funding of the price of original expansion by the business, the superior initiatives who might now succeed as micro, small and medium enterprises for the reason that of elating of constraint on asset invest on the industries, equipment, and the tools might demonstrate a superior concentration in those schemes.

### **Foreign Direct Investment Policies on Defence MSMEs**

In consideration of the Atmanirbhar Bharat Abhiyan and Make in India initiative, the Ministry of Defence in India provided notification of a constructive list of hundred and one items for which there must be a restriction on the importation. A second constructive list is also issued and notified in the month of May 2021 considering the indigenization of hundred and eight more objects. Before the reformation of the policies and laws, there were no such recognized and constructive items present. Nevertheless, after the reformation, it benefitted in several aspects which include:

- a. Providing a stimulus and motivation towards job opportunities all over the country.
- b. The reformation meets the needs and matches with the clarion demand of our Prime Minister which is Vocal for Local.
- c. This will deliver a great prospect for the industries related to Indian Defence, together with the private sector, to assemble and procure these objects by means of their innovation, design, and advancement competencies to encounter the necessities of the defence sector in the upcoming times.

The Government of India has enhanced the Foreign Direct Investment in the Defence sector fit for 74 percent over the automatic route for businesses looking for new Defence business license as well as up to 100 percent by Government route where it is probable in the direction of the consequence in admittance to contemporary technology. The tenders for raising the foreign direct investments elsewhere 49 percent from such businesses might also be well-thought-out with the approval of the Government of India.

The various companies and organizations that are trying to acquire the industrial license have the ability to bring the foreign direct investment in the Defence sector which is up to 74 percent considering the automatic route. The prevailing approval holders of the foreign direct investments need to provide a statement within the thirty days of alteration in the stockholding pattern and equity. The flow of foreign direct investments in the last six years has increased profoundly. In 2014, before the reformation, the investment was 1320 crore rupees whereas, after the reformation 2014, the investment jumped to 2871 crore rupees.

## Defence Industrial Corridors with respect to the MSMEs

Aiming towards the initiation of the Indian Government considering the Make in India initiative and Atmanirbhar Bharat Abhiyan, the Government of India decided to launch two defence industrial corridors in Tamil Nadu and Uttar Pradesh to serve as the root cause of financial progression and development in the defence sector considering the country as the base. These twelve different nodes of the defence corridors have been recognized and selected to direct and connect the ultimate potential of manufacturing in the defence sector considering the micro, small and medium enterprises situated all over the country. There are a large number of private-sector industries that are planning and have already made investments in the defence industrial corridors towards the fulfilment of the Make in India initiative and Atmanirbhar Bharat Abhiyan.

Apart from that, the policy provides infrastructural development while strengthening the ecosystem of some micro small, and medium enterprises. Aiming towards the situation, before the formation of the laws and policies, there was no initiative on interference towards the progress of an all-inclusive defence manufacturing ecosystem. All the states of India have adopted various policies of aerospace and defence to attract assets and investment of capital including certification of the industry, allotment of land, progression of skills as well as capital investment. The improvement also provided the SGST, stamp duty, electricity duty, and taxes considering duty concessions and exemptions. The prevailing companies of the Tamil Nadu defence industrial corridor have furthermore made an investment of 1140 crore rupees.

### The offset rules and policies reassuring investments

In consideration of the initiatives taken by the Government of India, an innovative offset policy is introduced to encourage various investments. The prime function of the offset policy is included in the defence acquisition procedure. The main plan was to attract the investment for defence manufacturing from overseas as well as domestic considering micro small and medium Enterprises. The guidelines of the offset reformation are made quite flexible for sales, the Indian offset partners have allowed some alterations in the offset components as well as in the signed agreement. Apart from these significant deliveries, the foreign original equipment manufacturers were made allowed to deliver the details of the various Indian offset partners and services and amenities after signing the agreements.

Aiming toward bringing more efficiency and transparency into the discharge process and the offset information the offset portal has been created in the month of May, of the year 2019. Incentivization includes multiplying the purchased content of the products related to the defence sector. Intending towards the systems and products of the defence sector, the multiplication should be more than one times, whereas, answer in the components the multiplication 0.5 times of the original. In addition to this, the main focus is on the micro small, and medium enterprises which need to be multiplied up to 1.5 times the original. Furthermore, the various investment has been provided with incentives through more



multiplication under the discharge of the offset information which includes the defence manufacturing multiplied by 1.5 times and the defence industrial corridor which is multiplied to 2 times the original and before the reformation.

There was no settlement strategy for the disputes that have been found in the contract of the offset policies. The portal related to the offset policies has benefitted with lots of improvements which include online auditing service of the different clients related to offset discharge, the faster dispensation of the entitlements, better accountability efficiency as well as transparency in the whole positive, the introduction of the settlement mechanism of the disputes through the independent monitoring system.

### **Atmanirbhar Bharat Abhiyan considering the law and policy reforms**

In the year 2020, the Prime Minister of India announced a significant financial package of 20,00,00 rupees which is equivalent to 10% of the GDP of India. The main aim and objective of the package were to make the country independent with the initiative of Make in India and Atmanirbhar Bharat Abhiyan. The policy formation benefits the micro, small and medium enterprises of our country in the different sectors as well as the defence sector. The policy highlights:

***Increasing the limit of borrowing:*** According to the package of finance, the state Government can have a limit of 5% which was before 3% of the gross state domestic product from the year 2022 2021. It can be estimated that the extra resources will provide the states with Rs.4,20,000 crore. Going to the situation there will be an increase of the GSDP which will be unconditional to about 3.5% followed by a .25% increase in the linked refunds which includes the universalization of one nation and one ration card which was introduced before. Apart from that, there would be more flexibility in doing business and more power distribution in the local and urban body revenues. Furthermore, there will be an upsurge of .5% if even 3 out of 4 reformations can be accomplished.

***Privatization of the Public Sector Organizations:*** Policy considering the public sector enterprises and the organization is also being announced with the objective to privatize the various public sector organizations. The aim of minimizing the administrative charges which are of no use, the number of enterprises in the strategic sectors will be from 1 to only four, otherwise, others will be marked as privatized or will be brought under the holding of various other companies. Aiming towards the Make in India initiative as well as Atmanirbhar Bharat Abhiyan, the various MSMEs are put forward to come and take the initiative which includes the defence sector also.

***Collateral free loans for doing the business:*** To encourage the various micro, small and medium enterprises to do the business in different sectors as well as in the defence sector, they will be provided with collateral-free automatic loans which will be up to 3,00,000 crore rupees. The various small medium and micro enterprises can derive up to 20 percent outstanding banks and non-banking financial organizations the followers

who will be 25,00,00,000 rupees outstanding and will have a hundred crore rupees turnover, are eligible for those loans and can avail of the scheme from 2021. The interest on those loans is restricted and there will be a guarantee of a hundred percent of credit considering the principal amount, whereas the interest will be delivered to the banks and the non-banking financial organizations.

**Corpus Funding for the MSMEs:** Funding of amount 10,000 crores is set up for the micro, small and medium Enterprises. This corpus fund will deliver and benefit in equity funding for the MSMEs which will help in expanding the viability as well as the advancement and potential of the company as well as the country. 50,000 crore rupees is anticipated to be leveraged owing to this corpus fund structure.

**Secondary Debts for the MSMEs:** The secondary debts strategy has been introduced for the micro, small and medium enterprises which have unused and non-performing funds and assets. Considering this support scheme, the sponsors of the MSMEs will provide it with debt from different banks which will be pervaded in the parity of the MSME is the Government of India with providing Rs.20,000 troops of support to get it to the micro, small and medium enterprises. An amount of Rs.4000 crore would be provided considering this objective towards the credit guarantee fund trust in the influence of micro and small enterprises which will benefit in providing the partial guarantee of credit support to the bank while delivering credit under this scheme.

### **Policies and highlights under Atmanirbhar Bharat Abhiyan for MSMEs**

The new rules and policies cover the highlights in accelerating the various payments of dues towards the MSMEs. The payments which are due to the SMEs from the Government of India and the CPSEs are unconfined within 45 days. Towards the protection of the MSMEs of India from the competition of various overseas organizations, there is a global tender issued considering Rs.200 crore to restrict the procurement system and tender by the Government of India. This deduction is only made applicable from the year 2020 to 2021 to deliver liquidity of rupees 50000 crores. Nonconvertible debentures are the debt mechanisms having a fixed duration delivered through the companies to raise the capital for business objectives. Unlikely, the convertible debentures, the non-convertible debentures cannot be transferred to the equity shares of the issuing organization in the upcoming time being.

Apart from all the other policies, the FDI limit in the defence production sector under which the automatic route will be upsurged from 49 percent to up to 74 percent. The Atmanirbhar Bharat Abhiyan, as well as the Make in India initiative, are profoundly promoted and sponsored considering the defence sector towards making the country independent in terms of procurement and production and manufacturing of the equipment related to defence. Furthermore, the Government of India has planned and objectified to improve the efficiency, accountability, and the autonomy through the Ordnance Supplies made by the corporatization of the Ordnance Factory Board.

## Benefits of defence manufacturing in independent India

Keeping the strategies and policies of the Make in India initiative and Atmanirbhar Bharat Abhiyan in mind, the Government of India focuses on innovative solutions and put options toward the empowerment of the defence and security of the country through the innovations for defence excellence. Working with the incubators as well as the partners, the innovation for defence excellence have able to entice the various MSMEs along with start-ups to big but in the defence India start-up challenge program. The proactive approach and methodology which is dealing with the foreign mutual trading and the upsurging collaborative agreements with foreign countries of Kazakhstan and the United States of America for joint defence manufacturing whilst strengthening the ties significant potential and growth opportunities to boost up the defence manufacturing in India.

**Sampling Method:** The study has considered the Convenient Sampling method to collect primary data from MSMEs, which belongs to defence sector. Convenient sampling is a kind of sampling that utilizes the initial accessible primary data source without requiring any additional research. Prior to subject selection, no inclusion criteria for convenience sampling identified. The study has collected the responses from 120 respondents.

**Sampling Respondent:** The study has considered the entrepreneurs of MSMEs particularly defence sector located in Hyderabad region of Telangana state. The study used the purposive sampling to focus on the defence sector, where MSMEs are encouraged in part of Atmanirbhar Bharath Abhiyan by the central Government.

**Source of Data:** The present study has considered the primary data through the drafted questionnaire for the examination of proposed objectives. The parameters were considered with the literature survey.

**Questionnaire:** The questionnaire consists of three broader segments, which were focused on the factors leading to social media engagement, purchase decision and brand equity parameters. The study collected the opinions in form of one to five Likert scale structure.

**Neural Networking:** This method will helps to prioritise the parameters with the importance level for the multiple independent variables. The neural network will identify the factors, effectiveness of the management strategies.

**Structure Equation Model:** The study applied the SEM for the examination of management strategies impact on the scalability. The SEM was applied to know the multiple independent variables impact on one dependent variable.

**Face Validity:** The researcher contacted 2 academicians and 6 area experts, who are working in this field. The questions were shown to 8 experts and structured the questionnaire.

### Reliability of Primary Data

The study has collected the primary data through the Likert scale structured questions for two segments. The study applied the Cronbach's Alpha method. The following is the result derived.

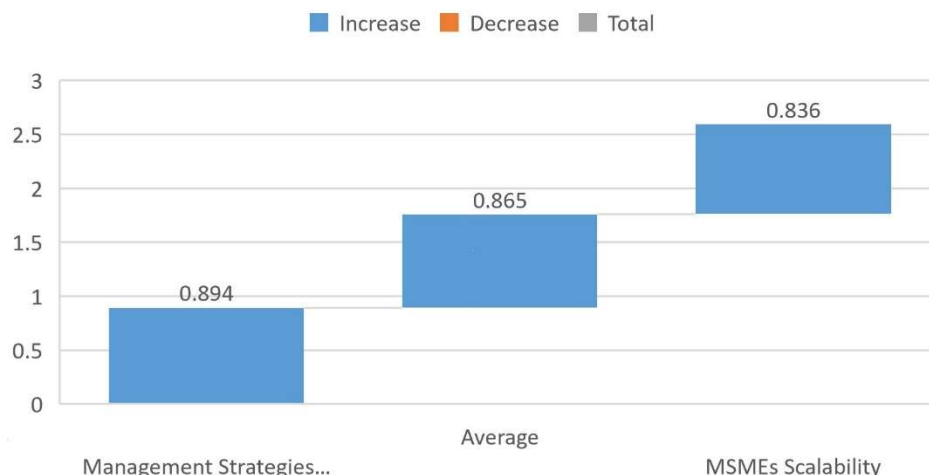
**Table – 1: Reliability Test Results**

Segment Head	Cronbach’s Alpha Value
Management strategies effectiveness	0.894
MSMEs Scalability	0.836
Avg.	0.865

Source: Primary Data

(Table 1 Reliability Test Results)

**Figure 1 Reliability Cronbach's Average**



(Figure 1 Reliability Cronbach's Average)

The result of the primary data observed above mentioned base value i.e.  $0.865 > 0.7$ . Therefore, the collected primary data observed to be fit/reliable for the analysis. Therefore, the study applied the various statistical methods on the collected primary data for examination of framed objectives.

**TABULATION OF DATA ANALYSIS:**

**Objective 1: To know the effectiveness of Management strategies for scalability of MSMEs.**

The study emphasizes regarding the neural network Analysis through the factors considered are Plan, Ploy, Perspective, Position and Pattern and these scalability is being shown on the MSMEs through the below analysis. The study has framed the following hypothesis.

**H0:** There is no significant difference between the effectiveness of management strategies for the scalability of MSMEs

**H1:** There is a significant difference between the effectiveness of management strategies for the scalability of MSMEs

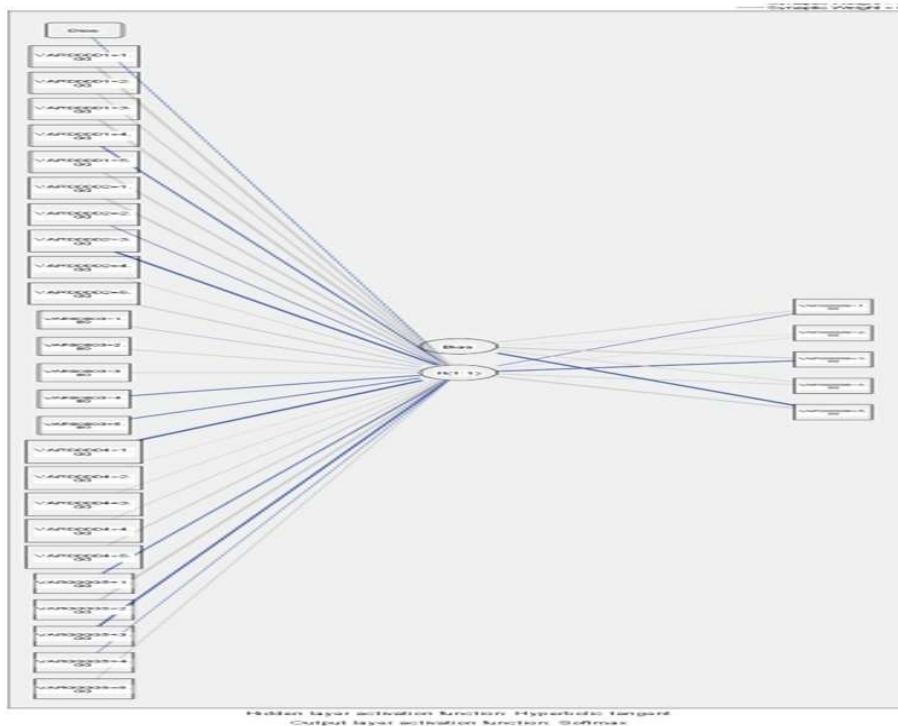
**Table-2**  
**Case Processing Summary**

		N	Percent
Sample	Training	81	67.5%
	Testing	39	32.5%
Valid		120	100.0%
Excluded		0	
Total		120	

**(Table 2 Case Processing Summary)**

The study has determined regarding the Case processing Summary to know the effectiveness of Management strategies for scalability of MSMEs. The above table has evaluated the resulted the training and testing sets. Here, the training set is obtained as 67.5% and the testing test is obtained as 32.5%. Further, there is eligibility for the Neural Network Analysis.

**Figure 2 Network Information Layers**



**(Figure 2 Network Information Layers)**

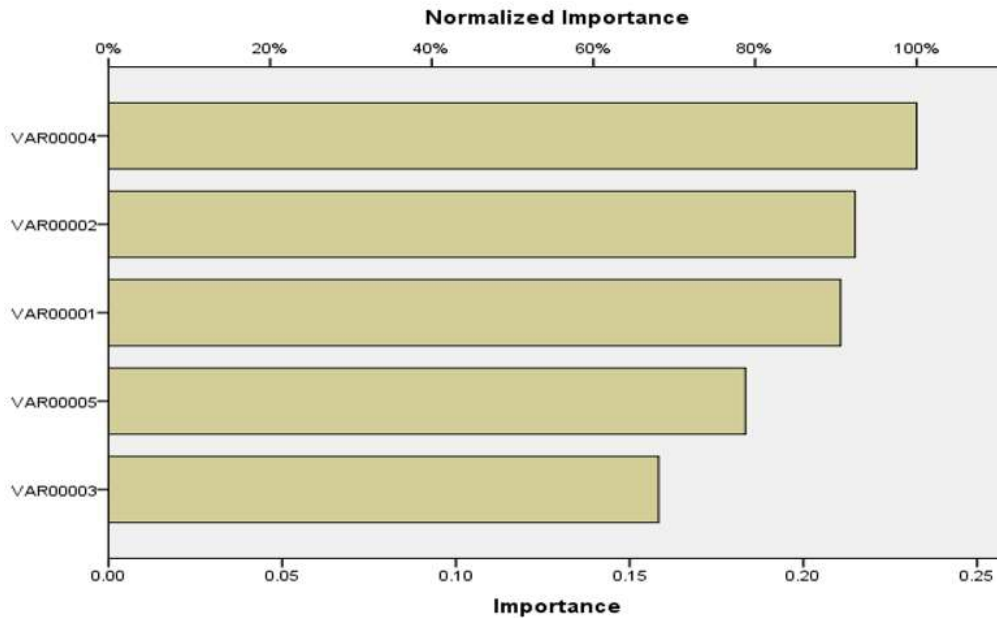
The above figure have enhanced the output layers through the five input layers by the management strategies the Scaling of MSMEs have been increased through the two hidden layers taken into consideration.

**Table-3  
Independent Variable Importance**

	Importance	Normalized Importance
Plan	0.211	90.6%
Ploy	0.215	92.4%
Pattern	0.158	68.1%
Position	0.233	100.0%
Perspective	0.183	78.8%

**(Table 3 Independent Variable Importance)**

**Figure-3  
Normalized Importance**



**(Figure 3 Normalised Importance)**

The table and figure above explain the effectiveness of management strategies for MSMEs' scalability. The outcome has defined that the management strategy that leads with the "Position" (0.215) is observed to be more effective among the management strategies for the scalability of MSMEs. As a result of the exterior ecosystem's influence on plan, inner sources



and skills, and shareholder beliefs and impact. It informs the strategic decisions that must be made and then implemented in order to maintain a market position. The study discovered that "Plan" (0.211) is a management activity used to set priorities, focus energy and resources, and adjust the organization's performance. Finally, "Perspective" is stated to be 0.183 and "Pattern" is stated to be 0.158, indicating an increase in the scalability of MSMEs. As a result, it has discovered the magnificent higher importance level of the "Position" on the Micro, Small, and Medium sectors. **Therefore, the importance level observed to be differing with each management strategies. Hence, the study rejects the null hypothesis and accepts the alternative hypothesis.**

**Objective 2: To study the impact of management strategies on the scalability of MSMEs.** The study has determined regarding the Impact of the management strategies on the scalability of MSMEs through the Structural Equation Model by the detail explanation below. These will show the effect of these strategies that will enhance the Medium, small and micro enterprises. The study framed the following hypothesis to test with the SEM model.

- H0:** There is no Impact of management strategies on the scalability of MSMEs.
- H1:** There is an Impact of management strategies on the scalability of MSMEs.

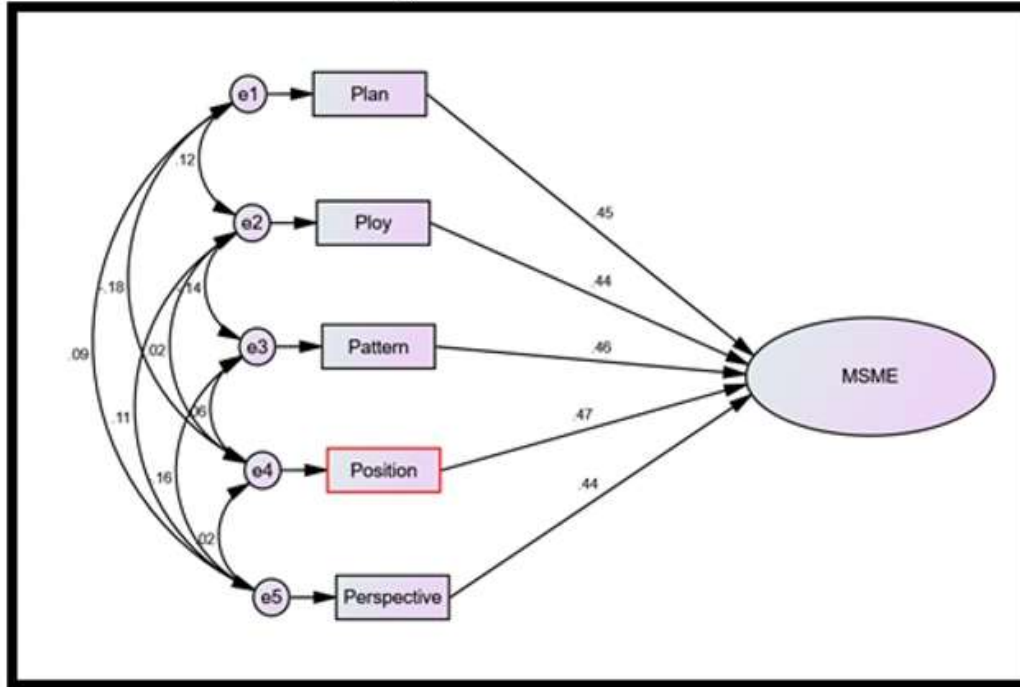
**Table-4**

**Impact of Management Strategies on the scalability of MSMEs**

			Estimate	S. E	C.R	Sig.
MSME	←---	<b>Plan</b>	0.452	0.259	7.714	0.000
MSME	←---	<b>Ploy</b>	0.443	0.248	7.716	0.001
MSME	←---	<b>Pattern</b>	0.463	0.271	7.714	0.002
MSME	←---	<b>Position</b>	0.470	0.279	7.714	0.023
MSME	←---	<b>Perspective</b>	0.440	0.245	7.715	0.012

**(Table 4 Impact of Management Strategies on the Scalability of MSMEs)**

**Figure-4 SEM Model**



**(Figure 4 SEM Model)**

The study above defines regarding the impact of management strategies on the scalability of MSMEs. The results have defined as effect of the management strategies more is obtained by the “Position” (0.470) more as medium, small and micro enterprises. The next highest effect is by the “Pattern” that is followed in these organizations that makes the other sectors also to improve from micro to medium enterprises. One of the strategies is “Plan” with 0.452 meaning that by the strategic planning have been a step ahead for all the routes of scaling the MSMEs and followed by “Ploy” with 0.443 respectively. The least factor that is effecting is “perspective” with 0.440. Hence, it is evident that there is maximum impact of the “Position” than the other factors on the MSMEs. **Therefore, the study rejects the null hypothesis and accepts the alternative hypothesis, which states that management strategies are having the significant impact on the MSMEs business scalability.**

**FINDINGS OF THE STUDY:**

- 1) It has found the magnificent higher importance level of the “Position” on the Micro, small and medium sectors.
- 2) It is evident that there is maximum impact of the “Position” than the other factors on the MSMEs with 0.470 and the lowest impact is observed to be with the “Perspective” with 0.440” respectively.
- 3) The study indicates the effectiveness of the management strategy “Position” more than all the factors upon the scaling of the MSMEs.

## CONCLUSION OF THE STUDY:

The study has explained the role of management strategies for the scalability of MSMEs. The study mainly considered the Mintzberg five P's for the enterprise growth, which are Plan, Ploy, Pattern, Position, and Perspective. The study applied the purposive sampling, which is non-probability-oriented method to collect the primary data from the entrepreneurs of MSMEs in defence sector. The study has considered the primary data with 120 responses taken. Based on the results it has been found the magnificent higher importance level of the "Position" on the micro, small and medium sectors. It is evident that there is maximum impact of the "Position" than the other factors on the MSMEs and the lowest impact is observed to be with the "Perspective". Therefore, maximum of the impact and the role is obtained by the "Position" to enhance the scalability. Thus, there is a need to do further research in this area by considering the other sector i.e. non-defence in south India, so that how effective the management strategies are useful the business scalability for the MSMEs.

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