

THE CHALLENGES FACING SMALL BUSINESSES IN THE MODERN ECONOMY

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Abstract

The economic changes undertaken by the Government of India have sparked a fresh wave of entrepreneurial activity. There are many ways in which small businesses contribute to the economy, but two of the most important are the creation of new jobs and the introduction of novel products and services. Primary and secondary data were both gathered for the study. Primary information was gathered via a questionnaire administered in the field. Literature reviews were combed for secondary data. Five hundred people were contacted with a formal survey. When it comes to fostering long-term economic growth and decreasing unemployment, small businesses play a key role. The sector can't serve in this capacity, however, until these negative business environments are improved. The study's findings will help those looking to start a small business, those already running a small business, and the government all work toward the same goal: improving the contribution of small businesses to the state's and nation's economies.

Keywords: Challenge, Small Business, Modern, Economy, SME

INTRODUCTION

Emerging technologies like cyber-physical systems, the IoT, cloud computing, big data analytics, and even manufacturing automation and 3D printing are all direct results of the rapid development of ICT, especially the internet and embedded systems technologies. Businesses of all sizes depend on the success of the fourth industrial revolution, Industry 4.0, which is founded on the integration of cyber-physical systems. Companies need to address the elements that will enable Industry 4.0 before they can successfully adopt and integrate new technology. Human resources, information and communication technologies, economic and financial considerations and dangers are all examples. Cloud-based services, which are part of Industry 4.0, are becoming increasingly popular among both enterprises and consumers. One of the most significant concerns with implementing Industry 4.0 is a potential lack of computer/IT/digital capabilities. Today's global economy appears to be dominated by giant multinational corporations, which presents many difficulties for small enterprises. The decision making and ultimate success of a firm are highly dependent on the business environment, which may be broken down into microenvironment and macroenvironment. Since there is not enough space to cover all relevant information, the author plans to conduct further research on the microenvironment and related topics such as insolvencies and EU competitiveness. Leaders in the business world often fail because of poor preparation or a flawed business concept. Maintaining business as usual can be challenging without a well-defined plan, especially if resources are limited. Limited resources, high capital and operational costs, challenging marketing and advertising, and rivalry from industry leaders are all problems that small firms face often.

LITERATURE REVIEW

Al Mubarak, Muneer. (2016) This report is an attempt to add to the body of business literature by highlighting obstacles that prevent SMEs from expanding internationally. In order to understand how many factors, contribute to SMEs' international expansion, this research proposes a model. There are several obstacles that small and medium-sized enterprises (SMEs) must overcome in order to expand worldwide, and this paper highlights some of them. Extending the topics under study, using a larger sample, and performing in-depth interviews are all examples of things that could use more research. Middle Eastern and African Issues of the International Journal of Innovation and Knowledge Management, WASD V5N1 2016 1 2 A. Therefore, our study raises pertinent questions and calls for further investigation into this field. The rest of this article is divided into five parts. We begin with a comprehensive literature study of SMEs and the factors affecting their ability to expand internationally. Second, we introduce the theoretical framework and study hypotheses. Third, we walk through the study's approach by discussing the measures taken to build the research methodology. In the fourth section, we report and discuss the primary research results. After laying out the study's shortcomings and recommendations for future study, we conclude with pertinent theoretical and practical consequences.

Fong, Eng&Jabor, Khata&Zulkifli, Abdul & Hashim, Mohamad (2020) There are many obstacles that might stand in the way of an entrepreneur's success, and this is especially true for novice entrepreneurs with little experience. This study uses this information to highlight the numerous internal and external hurdles that new business owners will have to confront. In addition to identifying the obstacles, this research hopes to offer potential solutions to those problems. The information used in this study came from a survey of secondary sources, such as online journals and publications. When it comes to the wider business environment, young business owners often confront obstacles including increased competition and the unexpected. The study's findings have also revealed a number of recommendations that can aid entrepreneurs in meeting these problems, such as keeping a positive outlook, broadening the scope of their idea and vision, and so on.

Bhoganadam, Syamala& Rao, Dr.Nune&Dasaraju, Srinivasa (2017)The contributions of SMEs to developing economies, including India's, cannot be overstated. The MSME sector's 36 million units are directly responsible for the employment of more than 80 million individuals. The sector is responsible for about 6,000 products, 8% of GDP, 45% of manufacturing output, and 40% of exports. India's small and medium-sized enterprises (SMEs) are largely responsible for the country's economic development. The MSME Act of 2006 applies equally to the manufacturing and service sectors in classifying enterprises in India based on their investment in plant and equipment. For small and medium-sized enterprises (SMEs), the Indian government has established many special economic zones, industrial estates, and parks. Many organizations exist specifically to facilitate communication between and issue solving between SMEs. The challenges faced by Indian SMEs are the topic of this research. This study also develops a compilation matrix for the analyzed literature, which is an essential part of any conceptual model. Therefore, the study concludes that SMEs have problems associated with a shortage of capital, infrastructure, network, information, production facilities, marketing expertise, and so on.

Khan, Yasmin &Kasuma, Jati& Ali, Azrin (2022) Human capital is increasingly being replaced by machines in an effort to cut costs, but the people who work in SMEs are crucial to their success. Human capital was presented as an example of the link between SME performance in South Australia and SMEs. It employed five case studies of small and medium-sized enterprises (SMEs) in South Australia. Coding the data, analyzing the data inside each instance, and comparing cases were all parts of the qualitative data analysis process. Given that each of the five companies in the cross-case examination relies on its workforce to function, the finding should come as no surprise. The correlation between human capital and the various approaches to performance evaluation is not consistently supported by the cross-case analysis results. This calls for extreme caution when interpreting the findings. Small and medium-sized enterprises (SMEs) rely heavily on the expertise of their workers. This divergence arises when employees' knowledge and information grow.

Akinwale, Olusola &Adu, Emmanuel & Ibrahim, Seriki (2016)The study's focus was on the consequences of poverty on rural small business owners in South Africa's Eastern Cape Province. Since this was a survey study, participants were selected at random to fill out questionnaires. The data was analyzed using both descriptive and inferential statistics. According to the data presented, the decline in business has contributed to rising poverty and criminality by limiting the owners' ability to lift themselves out of poverty. If people want to use small enterprises as a tool to alleviate poverty, they need to do their homework on the available business aid programs and listen to the advice of successful businesspeople.

RESEARCH METHODOLOGY

Research Design

This study employs a descriptive research strategy, which entails the use of both quantitative and qualitative characteristics.

Methods of Data Collection

Both primary and secondary sources were consulted for this analysis. Primary data are those that are obtained through original data collection. Secondary data refers to information that has already been gathered by a third party.

Sample Size

It was decided to focus on the difficulties encountered by the promoters of 400 small industrial units.

Sampling Technique

Using a stratified random sample technique, a selection of contemporary economy small scale industries was made. Percentage, Mean, Chi-Square test, Factor Analysis, Henry Ranking, Lik Scale, and Multiple Regression Analysis were used to tabulate the primary data acquired from the sample Small Scale Units.

DATA ANALYSIS

Owners of a Family-Owned Business

In the business world, it is common practice for businesses to be passed down via families. So, research has been conducted to estimate what percentage of children and grandchildren carry on the family business. The following table provides the results of a survey administered to people who are carrying on the family company.

Table 1: Owners of a Family-Owned Business

Family Business	No. of Respondents	Percentage
Yes	315	79
No	85	21.0
Total	400	100.

As can be seen in the table above, 79 percent of respondents are carrying on the family business. However, only 21% of people polled are venturing out on their own to establish small-scale businesses in modern economy.

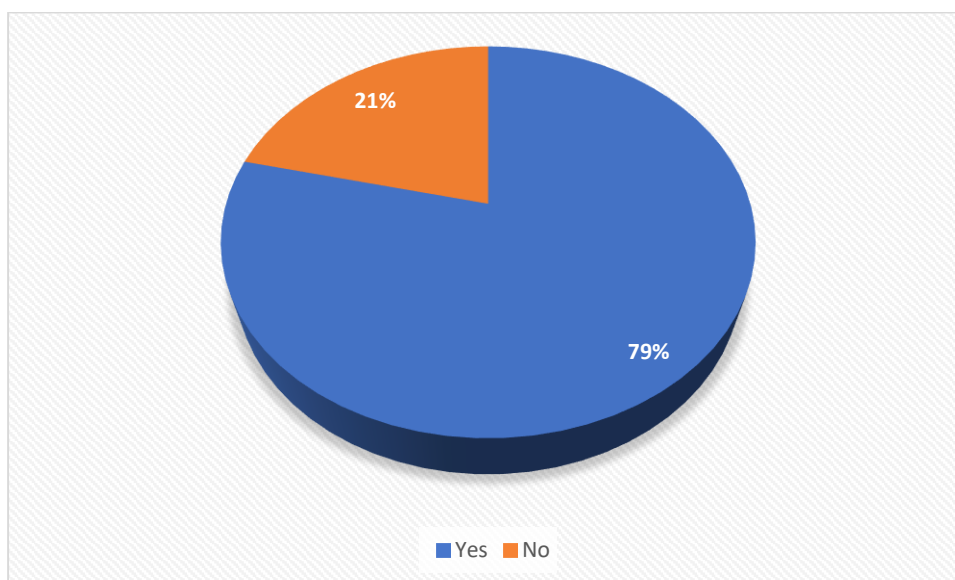


Figure 1: Owners of a Family-Owned Business

Raw Material Availability in Micro and Small Enterprises

The study of raw material availability is crucial to the efficient operation of small-scale industries in current economy.

Table 2: Raw Material Availability in Micro and Small Enterprises

Availability of Raw Materials	No. of Respondents	Percentage
Always available	125	31
Available but not at required quantity	114	28
Interrupted supply	82	21
Seasonal availability	56	14
Scarcity	23	6

Total	400	100.0
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From the data in the table above, we can infer that 31% of respondents say that they always have access to the raw materials they need, 28% say that they do but not in sufficient quantities, 21% say that supply disruptions are a problem, and 14% say that the issue is seasonal. However, 23 participants (6%) were worried about a lack of raw resources. These results are consistent with prior research.

The entrepreneurs' return on investment and the size of their profits

The revealed information is that the chi-square value calculated is larger than the value from the table, and the result is statistically significant at the 5% level. Small-scale industries in recent economy profitability relative to their degree of investment. The results of the study show that the profitability of Small-Scale Industries is directly proportional to the quantity of capital invested in those businesses.

Table 3: Chi-Square Test 9 Amount of Investment Vs. Level of Profit earned

Parameters	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.791 ^a	4	0.012
Likelihood Ratio	12.672	4	0.013
Linear-by-Linear Association	3.896	1	0.048
No. of Valid Cases	400		

CONCLUSION

Today's global economy appears to be dominated by giant multinational corporations, which presents many difficulties for small enterprises in modern economy. The decision making and ultimate success of a firm are highly dependent on the business environment, which may be broken down into microenvironment and macroenvironment. All of their difficulties are tackled as a group. Training and other forms of support for entrepreneurs can go a long way toward alleviating the challenges they confront. As a result, many producers are forced to find alternate financing methods, which has a negative impact on the cost structure and competitiveness of businesses. It has become clear that the government must take decisive action. The government should provide assistance to help small businesses deal with the uncertainties and complexity of today's business climate. The potentials of the SSI industry for fostering entrepreneurialism, creating jobs, and amassing money have made this an urgent matter.

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