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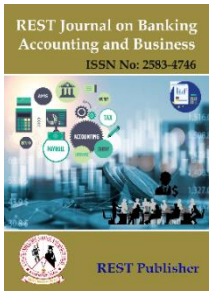

SWOT Analysis of Micro, Small and Medium Enterprises: Confirmation from Himachal Pradesh

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Abstract: *MSMEs are playing an indispensable role for the development of Indian Economy. This region has come forward as a highly energetic and forceful sector for the economy over the preceding decades. The aim of this research work was to do a SWOT analysis of MSMEs of Himachal Pradeshwhich describes the Strengths, Weaknesses, Opportunities and Threats faced by MSMEs inHimachal Pradesh. This research work was entirely based on primary data. Primary data was collected through questionnaire and various research techniques (in-depth discussion, observation) in accordance with the study objective. For the collection of primary data multistage sampling has been used, under which quota sampling and judgement sampling were applied according to the requirement. Lastly in short, this study will bebeneficial to the Indian Economy and specially for the Himachal Pradesh to know the ground level reality of MSMEs which will be further helpful in policy making.*

Key words: *SWOT (Strengths, Weaknesses, Opportunities and Threats), MSMEs(Micro, Small and Medium Enterprises).*

1. INTRODUCTION

SWOT stands for Strengths, Weaknesses, Opportunitiesand Threats.It is a strategic planning method used by business entrepreneurs to evaluate theirbusiness's internal and external factors which are favorable and unfavorableinachievingtheobjective of their business.The primary objective of a SWOT analysis is to help organizations develop a full awareness of all the factors involved in making a business decision. This method was created in the 1960s by Albert Humphrey of the Stanford Research Institute, during a study conducted to identify why corporate planning consistently failed. Since its creation, SWOT has become one of the most useful tools for business owners to start and grow their companies.

Strengths: Strengths are things that your organization does particularly well. Business strengths are competitive advantages that allow a firm to outcompete, generate value and achieve efficiencyin a way that distinguishes you from your competitors.

Weaknesses: Weaknesses are those characteristics of a business that gives disadvantage relative to others and prevent a business organization from achieving company goals and objectives. Weaknesses are negative and internal factors that affect your organizational successes.

Opportunities: Opportunities refer to favorable external factors that could be advancing a company's competitive advantage. For example, if a country cuts tariffs, a car manufacturer can export its cars into a new market, increasing sales and market share.

Threats: Threats are external forces that may adversely affect the success of a company. They consist of competitive advantages of rivals, uncontrollable influences such as natural disasters, governmental policies, and more.

Definition of MSMEs: MSMEs plays a vital role in the economic and social development of India. The MSME sector contributes to the manufacturing output, employment and exports. It plays a key role in the development of the economy with their effective, efficient, flexible and innovative entrepreneurial spirit.

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TABLE 1. Definitions of Indigenous MSMEs in Terms of Capital Investment

Classifications	**Investment in Plant and Machinery**	
	Manufacturing Enterprises	**Service Enterprises**
Micro	Up to 25 Lakh	Up to 10 Lakh
Small	More than 25 Lakh and up to 5 Crore	More than 10 Lakh and up to 2 Crore
Medium	More than 5 Crore and up to 10 Crore	More than 2 Crore and up to 5 Crore

2. REVIEW OF LITERATURE

The review of literature presents studies related directly or indirectly to the existing study. **Rao (1991)** examines various factors responsible for the sickness in micro and small industrial units and revealed that inadequate availability of finance, lack of skilful management, outdated technology and marketing problems are the key factors which are reasons sickness in micro and small-scale industries. **Khanka (1995)** found that the industrial activity in India concentrates only on the areas connected with road, urban centre and markets. The number of SSI units can be amplified by surviving the closed units, providing them proper infrastructural facilities, easy availability of finance and facilities of marketing. **Srikumar, Jayalakshmi (2001)** highlighted some important causes of industrial sickness: ups and downs in return due to lack of pre-investment planning, mismanagement of labour, failure to build reserves, labour problems, products refusal, bank credit, lack of specialized skills, lack of infrastructure, technological obsolesce, poor marketing facilities, competition with worldwide brands. Promotion and attention seeking areas: labour law, updated technology, and waste management, single window for all clearances, modern marketing skills, and rapid product innovation at cheapest price. **Rajyalakshmi (2004)** revealed that, SSIs cannot even understand the difference between productivity and production. They measure only the total input and output, but not the efficiency of their inputs. Productivity evaluation does not exist. They only evaluate production. The SSIs do not have latest equipment accept a few units could go for modernization. **Krishnaiah and Rajashekar (2012)** articulated that, SMEs have a need of adopting technology up-gradation strategy and ought to advance in research and development. **Priyanka, Devesh and Tiwari (2018)** explored all the different research summits related to studies of digital marketing published during 2005 to 2016 in the field of SMEs. There isa clear research gap found in the field of digital marketing, to fill the same, there is need to conduct research to investigate the opportunities created by digital marketing for Indigenous SMEs.

Statement of the problems: This study has mainly been concentrated on the strengths, weaknesses, opportunities and threats of MSMEs of a State. Therefore, the problem is entitled as, "SWOT Analysis of Micro, Small and Medium Enterprises: Confirmation from Himachal Pradesh."

Objective of the Study

- To examine the entrepreneur's insight about strength, weakness, opportunity, and threat factors of MSMEs in Himachal Pradesh.

3. RESEARCH METHODOLOGY

It provides the empirical and logical basis for conducting a study, drawing conclusion, and gaining knowledge. Keeping in view the above said supposition methodology of data compilation formulated and analysis was made.

Primary Data: The primary data for this study was collected through questionnaire from the industrial units. In the collection of primary data various research techniques such as: Detailed Discussions, Questionnaires and Observations were used. For attaining qualitative information Likert Scale was used and finally for selecting the respondents Multistage Convenient sampling was used. **At Ist stage,** the entire state was divided based on districts for the purposeof study and four districts namely: Kangra, Solan, Kinnaur &Lahul-Spiti was selected on the basis of maximum and minimum number of MSMEs registered in these districts. **At IInd stage,** Industrial areas and estates were selected. There are 10 industrial areas and estates in Kangra district, 14 industrial areas and estates in Solan district, only 1 industrial area in Kinnaur district and also only 1 industrial area in Laul-Spiti district. Out of these, all the industrial areas and estateswere selected from each sampled district. **At IIIrd stage,** sample respondents of MSMEs were selected. The sample respondents were includingMSMEs situated in the selected industrial areas and estates. A quota of 400 units of MSMEswas taken and further the sample was selected by using average proportionate or average quota sampling method i.e. from each industrial area and estate of district kangra 23 units, district solan 10 units and from district Kinnaur & Lahul-Spiti 15-15 units (minimum sample size 30 units from each district) of MSMEs was selected. Therefore, the sample for this study was constituted 431units (230/10+141/14+30+30) of MSMEs. **At the IVth stage,** from each industrial area and estaterespondent industrial unit of MSMEswas selected by using of judgment sampling method, because the sample represententire population of the study area.

Tools and Techniques for Analysis

Keeping in view the objective of study different tools and techniques were used for data analysis: - **Mathematical Tools:** Percentage, **Statistical Tools: Descriptive Statistical Measures:** Arithmetic Mean, Standard Deviation, Skewness, Kurtosis.

Analysis and Interpretation

To study the entrepreneur's outlook in the prevailing market conditions with regards to SWOT analysis in the performance of MSMEs of Himachal Pradesh, following variables were identified, analyzed, and interpreted:

TABLE 2. Miscellaneous Weaknesses & Threats Faced by the Entrepreneurs of MSMEs

Weaknesses & Threats	Nature of responses					Total	$\overline{X}$	σ	Sk	Kt	P Value
	NOT	VSE	SE	LE	VLE						
Poor Infrastructure Facilities	33 (7.7)	52 (12.1)	123 (28.5)	146 (33.9)	77 (17.9)	431 (100.0)	3.42	1.14	-.46	-.46	.00
High Interest Rates & Bottleneck in Financing	12 (2.8)	21 (4.9)	63 (14.6)	148 (34.3)	187 (43.4)	431 (100.0)	4.10	1.00	-1.15	.96	.00
Corruption	37 (8.6)	30 (7.0)	115 (26.7)	120 (27.8)	129 (29.9)	431 (100.0)	3.63	1.21	-.65	-.39	.00
High Power Tariffs	74 (17.2)	113 (26.2)	100 (23.2)	101 (23.4)	43 (10.0)	431 (100.0)	2.82	1.24	.10	-1.04	.00
High Transportation Cost	32 (7.4)	51 (11.8)	80 (18.6)	123 (28.5)	145 (33.6)	431 (100.0)	3.69	1.25	-.67	-.59	.00
Lack of Advertising Agencies & High Advertising Cost	28 (6.5)	27 (6.3)	59 (13.7)	189 (43.9)	128 (29.7)	431 (100.0)	3.83	1.11	-1.08	.61	.00
Change in Technology	44 (10.2)	24 (5.6)	102 (23.7)	119 (27.6)	142 (32.9)	431 (100.0)	3.67	1.26	-.74	-.36	.00
Keeping Quality Consistently High	132 (30.6)	59 (13.7)	115 (26.7)	93 (21.6)	32 (7.4)	431 (100.0)	2.61	1.31	.12	-1.22	.00
Availability of Cheap Imported Goods	127 (29.5)	21 (4.9)	71 (16.5)	95 (22.0)	117 (27.1)	431 (100.0)	3.12	1.58	-.24	-1.49	.00

Source: Primary survey.
Note: Figures presents in parenthesis denote percentages.

Table-1 exhibits the weaknesses and threats which are faced by MSMEs in general.

Poor Infrastructure Facilities: - Table presents that the mean score of variable Poor Infrastructure Facilities is 3.42, which indicates that responses of the respondents lie in between small extent and large extent on five-point rating scale. The calculated value of the standard deviation (1.14) denotes slight variation in the responses of sample respondents. The negative value of skewness (-.46) shows that, the responses of respondents are approximately symmetric and lies toward the higher side of mean score. The negative value of kurtosis (-.46) depicts that the distribution of responses is platykurtic.

High Interest Rates & Bottleneck in Financing: - The average score of the variable High Interest Rates & Bottleneck in Financing has been found 4.10, which reports that the attitudes of the entrepreneurs regarding above given variable lie in between large extent and very large extent. The computed value of standard deviation (1.00) states somewhat variation in the opinions of sample respondents. The negative score of skewness (-1.15) verifies that most responses are highly skewed and lies toward the upper side of average score. The positive value of kurtosis (.96) portrays that the distribution of replies is leptokurtic.

Corruption: - Table revealed that the arithmetic mean of the variable Corruption is 3.63 which mean the answers of the entrepreneurs lie in between small extent and large extent or closer to the large extent. The computed value of the standard deviation (1.21) connotes somewhat variation in the responses of sample respondents. The negative value of skewness (-.65) indicates that many responses are moderately skewed and lies toward the higher side of arithmetic mean. The negative value of kurtosis (-.39) shows that the distribution of the answers of respondents is platykurtic.

High Power Tariffs: - It is noticed from table that the arithmetic mean score of variable High-Power Tariffs is 2.82 which is lesser than the standard three in five-point rating scale, it mean that the responses of respondents lie in between very small extent and small extent. The standard deviation (1.24) signifies that, there are somewhat variations in the opinions of respondents. The positive score of skewness (.10) indicates that the majorities of responses are approximately symmetric and lies towards the lower side of arithmetic mean score. The negative value of kurtosis (-1.04) depicts that the responses are platykurtic.

High Transportation Cost: - It is publicized from above given table that the arithmetic mean of variable High Transportation Cost has been derived 3.69 which means the responses of respondents lie in between small extent and large extent. The standard deviation (1.25) declares that there is a somewhat variations in the opinions of respondents regarding variable high transportation cost. The negative value of skewness (-.67) indicates that the majorities of responses are moderately skewed and lie towards the higher side of mean value. The negative value of kurtosis (-.59) signifies that the responses of respondents are platykurtic.

Lack of Advertising Agencies & High Advertising Cost: - Table shows that, the arithmetic mean value of the variable Lack of Advertising Agencies is 3.83, which indicates that the responses of the respondents lie in between small extent and large extent on five-point rating scale. The calculated value of the standard deviation (1.11) depicts somewhat variations in the responses of sample respondents. The negative value of skewness (-1.08) reveals that, the responses of respondents are highly skewed and lies toward the higher side of mean score. The positive value of kurtosis (.61) portrays that dispersal of responses is leptokurtic.

Change in Technology: - It is exhibited from table that, the arithmetic mean score of the variable Change in Technology is 3.67, which refers the replies of the respondents lie in between small extent and large extent on rating scale. The calculated value of the standard deviation (1.26) denotes somewhat variations in the responses of respondents. The negative value of skewness (-.74) signifies that the most of responses are moderately skewed and lies toward the higher side of mean score. The negative value of kurtosis (-.36) indicates that the dissemination of perspectives is platykurtic.

Keeping Quality Consistently High: - It is revealed from table that the average score of variable Keeping Quality Consistently High has been found 2.61 which means that the responses of the respondents lie within the very small extent and small extent. The computed value of the standard deviation (1.31) describes somewhat variations in the responses of sample entrepreneurs. The positive value of skewness (.12) illustrates that the majorities of responses are approximately symmetric and lies toward the lower side of average score. The negative value of kurtosis (-1.22) depicts that the distribution of opinions is platykurtic.

Availability of Cheap Imported Goods: - As it is exhibited in table that the arithmetic mean of variable Availability of Cheap Imported Goods is 3.12, which mean that the opinions of respondents lie in between small extent and large extent on five-point rating scale. The standard deviation (1.58) notifies that there is somewhat deviation in the opinions of respondents regarding variable availability of cheap imported goods. The negative value of skewness (-.24) infers that the majorities of responses are approximately symmetric and lies toward the higher side of arithmetic mean score. The negative value of kurtosis (-1.49) signifies that the responses of respondents are platykurtic.

TABLE 3. Miscellaneous Strengths & Opportunities Enjoyed by the Entrepreneurs of MSMEs

Strengths & Opportunities	Nature of responses					Total	$\overline{X}$	σ	Sk	Kt	P Value
	NOT	VSE	SE	LE	VLE						
Better Quality Products/Services	7 (1.6)	0 (0.0)	38 (8.8)	177 (41.1)	209 (48.5)	431 (100.0)	4.34	.77	-1.53	3.83	.00
Good Relation with Customers	8 (1.9)	8 (1.9)	31 (7.2)	164 (38.1)	220 (51.0)	431 (100.0)	4.34	.84	-1.66	3.55	.00
Continuously Doing Market Research	8 (1.9)	57 (13.2)	180 (41.8)	112 (26.0)	74 (17.2)	431 (100.0)	3.43	.98	.016	-.53	.00
Increase in Goodwill	6 (1.4)	8 (1.9)	119 (27.6)	186 (43.2)	112 (26.0)	431 (100.0)	3.90	.85	-.53	.41	.00
Competitive Price	13 (3.0)	10 (2.3)	127 (29.5)	160 (37.1)	121 (28.1)	431 (100.0)	3.84	.95	-.68	.47	.00
Easy Availability Trained Manpower	7 (1.6)	19 (4.4)	68 (15.8)	228 (52.9)	109 (25.3)	431 (100.0)	3.95	.85	-.96	1.37	.00
Inventory Management	56 (13.0)	21 (4.9)	177 (41.1)	105 (24.4)	72 (16.7)	431 (100.0)	3.26	1.18	-.39	-.39	.00
Customer Loyalty	10 (2.3)	10 (2.3)	156 (36.2)	163 (37.8)	92 (21.3)	431 (100.0)	3.73	.89	-.41	.33	.00
Distribution Network	53 (12.3)	42 (9.7)	131 (30.4)	149 (34.6)	56 (13.0)	431 (100.0)	3.26	1.17	-.49	-.51	.00
After Sales Service	69 (16.0)	45 (10.4)	90 (20.9)	104 (24.1)	123 (28.5)	431 (100.0)	3.38	1.40	-.43	-1.06	.00

Source: Primary survey.
Note: Figures presents in parenthesis denote percentages.

Table 3 unveils the miscellaneous strengths & opportunities which are enjoyed by MSMEs in general.

Better Quality Product: - Table presents that the average score of variable Better Quality Product is 4.34, which explains that the responses of the respondents lie within large extent and very large extent on rating scale. The assessed value of the standard deviation (.77) denotes the slight variation in the responses of sample respondents. The negative value of skewness (-1.53) shows that the responses of respondents are highly skewed and lies toward the higher side of average score. The positive value of kurtosis (3.83) depicts that the dispersal of responses is leptokurtic.

Good Relation with Customers: - It is revealed from table that, the arithmetic mean value of the variable Good Relation with Customer is 4.34, which interprets that the replies of the respondents lie in between large extent and very large extent. The computed value of the standard deviation (.84) signifies that, there is a slight variation in the opinions of entrepreneurs regarding the above given strength or opportunity. The negative value of skewness (-1.66) explains that the majorities of responses are highly skewed and lies in the higher side of arithmetic mean value. The positive value of kurtosis (3.55) portrays that the dissemination of opinions of respondents is leptokurtic.

Continuously Doing Market Research: - It is publicized from mentioned table that, the average score of variable Continuously Doing Market Research is 3.43 which implies that the majorities of responses lie within the small extent and large extent on rating scale. The computed value of the standard deviation (.98) refers somewhat variations in the perspectives of entrepreneurs. The positive value of skewness (.01) notifies that the majorities of responses are approximately symmetric and lies in the lower side of average score. The negative value of kurtosis (-.39) depicts that the distribution of responses is platykurtic.

Increase in Goodwill: - Table exhibited that the mean score of variable Increase in Goodwill is 3.90, which signifies that the attitudes of respondents lie in between small extent and large extent or closer to large extent on five-point rating scale. The value of the standard deviation (.85) denotes slight variation in the attitudes of sample respondents. The negative value of skewness (-.53) explains that responses of respondents are moderately skewed and lies toward the higher side of arithmetic mean. The positive value of kurtosis (.41) indicates that the distribution of responses is leptokurtic.

Competitive Prices: - The average score of the variable Competitive Prices has been found 3.84, which mean the point of view of the entrepreneurs regarding above given variable lie in between small extent and large extent on rating scale. The computed value of standard deviation (.95) verifies slight variation in the opinions of sample respondents. The negative value of skewness (-.68) proves that the majorities of opinions are moderately skewed and lies toward the higher side of average score & on the other hand positive value of kurtosis (.47) concludes that the distribution of opinions is leptokurtic.

Easy Availability of Trained Manpower: - It is displayed from table that the mean score of variable Easy Availability of Trained Manpower is 3.95 which elucidates the responses of respondents lie within small extent and large extent or very close to large extent. The value of the standard deviation (.85) signifies somewhat variations in the responses of sample entrepreneurs. The negative value of skewness (-.96) illustrated that the majorities of responses are moderately skewed and lies toward the upper side of mean score. The positive value of kurtosis (1.37) depicts that the distribution of perspective is platykurtic.

Inventory Management: - It has appeared from above given table that the arithmetic mean of variable Inventory Management is 3.26 which describes that the responses of respondents lie in between small extent and large extent on rating scale. The standard deviation (1.18) verifies that there is a somewhat variations in the opinions of respondents regarding variable inventory management. The negative value of skewness (-.39) indicates that the majorities of responses are approximately symmetric and lies toward the higher side of mean score. The negative value of kurtosis (-.39) shows that the responses of respondents are platykurtic.

Customer Loyalty: - It is visible from table that, the arithmetic mean score of the variable Customer Loyalty is 3.73 which refers the replies of the respondents lie in between small extent and large extent. The calculated value of the standard deviation (.89) designates slight variations in the responses of entrepreneurs. The negative value of skewness (-.41) signifies the maximum of responses are approximately symmetric and lies in upper side of arithmetic mean. The positive value of kurtosis (.33) expounds that the dissemination in the replies of entrepreneurs is leptokurtic.

Distribution Network: - It is observed from above given table that the arithmetic mean of variable Distribution Network has been derived 3.26 which mean that the responses of entrepreneurs lie within the small extent and large extent. The standard deviation (1.17) explains that there is a somewhat variation in the opinions of respondents regarding variable distribution network. The negative value of skewness (-.49) notifies that the majorities of responses are approximately symmetric and lies toward the higher side of mean score. The negative value of kurtosis (-.51) signifies that the responses of respondents are platykurtic.

After Sales Service: - Table shows that the average score of the variable After Sales Service is 3.38 which is more than the standard value at five-point rating scale; it means that the opinions of respondents lie within the small extent and large extent. The assessed value of standard deviation (1.40) describes somewhat variations in the responses of respondents. The negative value of skewness (-.43) implies that the majorities of responses lie in the higher side of average score and distribution is found approximately symmetric. The negative value of kurtosis (-1.06) depicts that the distribution of responses is platykurtic.

Findings

- After the analysis of collected information, it is concluded that the challenges faced by the majority of entrepreneurs of MSMEs are: Complex Regulations & High Taxation, High Rate of Interest & Bottleneck in Financing, Lack of Advertising Agencies, & High Advertising Cost, High Transportation Cost, Frequently Changing Technology, Corruption, Poor Infrastructural Facilities and Availability of Cheap Imported Goods.
- Study concludes that the miscellaneous strengths enjoyed by majority of MSMEs are: Good Relation with Customers, Better Quality Product for consumers, Easy Availability Trained Manpower, Increase in Goodwill, Competitive Pricing Policies, Customer Loyalty, Continuously Doing Market Research, After Sales Service and Distribution Network.

4. CONCLUSION

In short, the present study concludes, that the majority of MSMEs in Himachal Pradesh not yet analyzing their strengths, weaknesses, opportunities, and threats continuously. They need to identify their strengths to grab the opportunities if they want to get their business to flourish in the present and prospective domestic as well as international market.

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