ABSTRACT: Small scale industries (SSIs) are considered engine for economic growth all over the world. In present scenario of markets globalization and age of information technology, SSIs are playing significant role in supply chains of larger organizations. To sustain their importance and performance, SSIs are feeling more pressures to improve their competitiveness as compared to past protective markets. In this paper, an attempt is made to examine various issues such as nature of pressures and constraints, priorities for making investment and developing competencies and their competitiveness. Different dimensions of performance and competitiveness have been identified.

For analyzing these issues questionnaire based survey methodology was used. Total 75 responses were received. For analyzing the data SPSS 10.0 software is used. On the basis of analysis of data, it is observed that cost reduction, quality improvement and delivery in time are major pressures on SSIs. Lack of growth conducive environment and inadequate government support are major constraints. For making investment, market research, welfare of employees and research and development are major areas of investment. Performance of Indian SSIs is not found very satisfactory in comparison to international standards. However their growth in terms of market share, sales turnover and profit is higher than moderate level. It may be due to enhancing opportunities for them after market globalization. This study implies that Indian SSIs have lot of potential for growth provided they can improve their competitiveness at global level.

Keyword: Globalization, Small scale industries, performance, competitiveness.
competencies across the areas of measuring customer expectations, identifying quality variance, implementing quality improvements, using information to optimize information, create control systems, and identify market changes and use of IT to acquire data.

3. SIGNIFICANCE OF THE STUDY

The limited literature review shows that small scale industry development is dynamic and a comprehensive is dynamic and a comprehensive one time study is not possible. Which express the causal relationship among the variable that help in judging the performance of the small-scale industries for all times. In this study the authors have tried to find the causal relationship among the three variable GDP, SSI output and SSI exports and also have compared the performance parameters in the pre and post liberalization era.

4. MAJOR OBJECTIVES OF THE PRESENT PAPER ARE TO

- Analyse business environment for Indian SSIs.
  - Identify priorities for making new investments by them.
  - Identify major areas of competency development by them.
  - Analyse performance in comparison to national standards.
  - Analyse competitiveness at different levels.

5. RESULTS AND DISCUSSIONS

In this study, executives were asked to rate the intensity of each factor for their respective organization on a five point Likert scale (1-Lowest, 5-Highest). About 450 small scale organizations from all parts of India were contacted for collecting responses. These organizations were selected from various directories available at Confederation of Indian Industries (CII), Auto Component Manufacturers Association (ACMA) of India, Federation of Indian Chambers of Commerce and Industries (FICCI) and Department of industries (Government of India). In spite of continuous reminders, phone calls, e-mails only seventy five valid responses were obtained for this empirical study. This data was analysed in context of business environment, strategy development and performance. First of all reliability test was done for all the issues. It was observed that for all issues; it is more than minimum acceptable value 0.5 (Annually, 1978).

According to Eren Errin (2004), in order to compete with their competitors, firms have to develop competitive strategies. Competitive strategy is a long-term phenomenon, A firm can not have a strategy of a month. Organizations need to develop their competencies proactively. As SSIs have many resource constraints therefore SSIs should make investments carefully for developing effective strategies. Strategies adopted by SSIs for competency development and making investment in various areas will be discussed in the following sections.

**Development of Competencies**

Chaston and Mangles (1997) have found that the areas of competence concerned with new product development, human resource management practices, organizational productivity and the management of quality etc. According to Nonaka and Takeuchi (1995) knowledge and skills have become company’s means to gain a competitive advantage because it will help in developing various competencies by organizations for sustaining their market position.

Accroding to Chanaron and Jolly (1999), global competitive strategies are increasingly becoming technology driven in the context of extremely dynamic and turbulent environments. Technology operates on competitiveness in two ways. First by altering the price structure through the development of more efficient and flexible processes and second by enabling the creation of better products of greater quality, better design, after sales service and short delivery periods etc (Vinas et al., 2001).

It is also commonly reported that quality and consistency of the manufacturing performance of SSIs can be improved as a consequence of the use of the most appropriate information technology (IT) tools without any major changes in business practices, manufacturing operations or the production facilities (Chan and Tang, 1995). Several studies (Lal, 2004, Hodgkinson and Mcphee, 2002) have found that users of advanced e- business technology perform better than non-user in the export market.

In this study, Research and development, Automation of processes, Information technology, Training of employees, Welfare of employees, Market research and Advertisement were considered as potential areas of investment. Respondents were asked to prioritize these areas. The results of this study regarding investment priorities are shown in Table 5. It is observed that for SSIs, market research (3.07), welfare of employees (3.00), research and development (2.85) are the major areas of priority for investment in past three years. SSIs are giving maximum focus on market research due to highly dynamic nature of market after globalization. In past, employees turn over and poor R&D had been the major problems for SSIs but observations of this study shows that now SSIs are giving due focus on these areas also. This is a new change observed in context of SSIs.

Neely et al. (1994) defined performance measurement as the process of quantifying the efficiency and effectiveness of manufacturing system. Performance of an enterprise is often measured as a ratio of output to input. The outputs constitute the products of the enterprise and the inputs are the resources used by the enterprise (Choudhary, 2001). For measuring performance both subjective and objective measures are considered. Performance of an organization relative to its industry standards is termed as its competitiveness (Ghemawat, 1990).

6. CONCLUDING REMARKS

Objective of this study was to analyse business environment, strategies for investment and performance in context of Indian SSIs in globalised market. Major findings of this study are:

- Indian SSIs have cost advantage in comparison to their global competitors.
- Cost, Quality and to reduce delivery time are the main pressures on SSIs.
- SSIs are considering lack of growth conducive environment, inadequate government support/incentives and poor infrastructure for training as major constraints.
- Market research, welfare of employees and research and development are top ranking areas for making investments.
- Use of information to optimize decisions, to define quality standards and optimization of working environment are main areas of competency development.
- Application of IT, training of employees and research and development are significantly correlated with competitiveness.
Although this paper has contributed significantly in finding major pressures and constraints, key areas of investment, competency development and performance of SSIs but present study has got some limitations. All regions of India have not been represented uniformly and only few areas of strategy development have been considered. Further scope for this study may include consideration of other areas of strategy development and their effect on SSIs performance.

7. REFERENCES


