



A STUDY ON INNOVATION PRACTICES IN AN ENTREPRENEURSHIP AFTER COVID-19

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Abstract:

This paper starts with a basic introduction of the topic i.e. 'Innovation practices in an entrepreneurship after crisis'. This research aims to identify creative or innovative ideas or techniques for an entrepreneur to tackle the problems faced after crisis.

It also contains some information about crisis. Crisis can be organizational crisis or natural crisis. The paper focuses more on natural crisis like Covid-19. It also displays the positive and negative impact of Covid-19 on Medium, Small and Micro enterprises, contribution of MSMEs in the GDP of our country.

The type of research is basic. This paper is made by using primary data i.e. by collecting the data by an online survey and secondary data has also been used for reference The time taken for this research paper is almost 2.5 months.

Keywords: Crisis, Impact of covid-19, MSMEs, GDP, Government schemes.

1.INTRODUCTION

India is a developing country and a step towards making it a developed country is proper management of an economy. Entrepreneurship plays an important role in economic growth and development of a country. So, it is necessary to take innovative and creative steps related to business and also to get recover from any unexpected crisis.

Crisis can be either financial crisis or natural crisis like Covid-19. Unexpected natural crisis affects entrepreneurship a lot because an entrepreneur or anyone does not have any idea about it. Covid-19 has negatively impacted every business. Therefore, it has become important to take some steps for recovery.

Both small scale and large scale business contributes towards GDP and economy of our country but this paper mainly focuses on small scale industries i.e MSMEs.

Medium, small and micro enterprises (MSMEs) are mainly indulged in manufacturing, production and service sector. They works for the welfare of workers or labours. MSMEs can be considered as the backbone of the country. MSMEs creates more employment opportunities as MSMEs are labour-oriented industries. They are helping to reduce unemployment and poverty of our country which results in social development. MSMEs are mostly manufacturing industries and some of them exports their products globally resulting an increase in the rate of GDP.

According to Ministry of Micro, small and medium enterprises, India has more than 7.9 million MSMEs as of 27 March, 2022 and almost 14% of industries has permanently exited the business due to lack of cash flow in the business during covid-19 crisis.

NEGATIVE EFFECTS OF LOCKDOWN FOR SMALL BUSINESS:

- **Demand for some goods and services were decreased:** People were cautious about their health only which results in declining the demand for products other than food items or medicines. For e.g., cloth industry, company manufacturing artificial jewellery, saloons, etc.
- **Lack of digital knowledge:** Digital platform has played a very crucial role during pandemic. Small scale business especially which are located in rural areas may not have an adequate knowledge about updated technology which caused them to shut off their business.
- **Financial problems:** As the demand was reduced, the supply for the goods and services was also reduced. i.e. sales of the products was declined causing financial instability.
- **Lack of labour force:** Small business are generally manufacturing companies and requires human resources more than the machinery or equipments to produce goods. Due to lockdown, people were not allowed to leave their houses and to go work.

POSITIVE EFFECTS OF LOCKDOWN ON SMALL BUSINESS:

- **Increased demand in certain goods and services:** Grocery items, Dairy products, hand sanitizers, masks were largely used during covid. So, the company producing essential goods should have earned profit.
- **Skills development:** It acted as an opportunity for some people to learn something new i.e. to use digital platform and work accordingly.
- **Less competition:** As many businesses got closed, the competition for small business in the market has also been reduced.

STEPS TAKEN BY THE GOVERNMENT TO SUPPORT SMALL BUSINESS:**1. MAKE IN INDIA:**

The Government of India is encouraging small units to manufacture goods in India itself which will create a positive impact on the economy. The Government of India provides up to 80% of subsidies to MSMEs under this initiative which will help the small business to work more effectively.

2. SBI Covid-19 funding scheme:

To give some relief to existing MSME borrowers, SBI has decided to give additional credit facilities to them.

3. SIDBI for startups:

Small Industries Development Bank (SIDBI) of India provides financial aids to start a new business regulating under Ministry of Micro, Small and Medium enterprises.

4. Emergency Credit Line Guarantee Scheme (ECLGS):

It is a part of the Indian Government's Covid-19 relief measures for MSMEs. This scheme provides additional credit to more than 130 lakh MSMEs. Financial institutions are providing emergency loans to various MSMEs that have suffered during Covid-19 crisis.

5. ATMA NIRBHAR BHARAT ABHIYAN:

The aim of this plan is to make India a "Self-Reliant" country. This scheme also includes some measures to uplift MSMEs. It will generate more job opportunities to the people of India and labour is the important factor for MSMEs.

START-UPS DURING COVID:**‡ ZEPTO:**

Zepto has started its operation in April 2021. A company which delivers the grocery items under 10 minutes. They use cloud computing for analysing the data i.e. road patterns, geographical locations, traffic issues, population of particular area, etc. which helps them to deliver the food items just in few minutes. The owners of the company are from Computer Science background so they have used their skills and knowledge during covid and found a innovative way for online business.

‡ ROZANA:

It is an E-commerce start-up founded in the year 2020. It is one of the E-commerce startup for Rural areas of India. It aims to connect the rural people to the world of online shopping through a network of micro-entrepreneurs giving a wider and innovative offers to the users.

Practices as an entrepreneur:

- ‡ An Entrepreneur should focus more on diversifying their products or services as per changing needs of customers after pandemic.
- ‡ An Entrepreneur must have knowledge about digital platforms and online marketing in today's world to survive in the market and to serve their customers during such crisis or any other restrictions as Covid-19 has shown the importance of technology.
- ‡ An Entrepreneur should make sure that the employees are in good health because they play a crucial role in any entrepreneurship.

Hypothesis:

H0: Government supports small scale business as equal as large scale business.

H1: Government does not support small scale business as equal as large scale business.

2.RESEARCH METHODOLOGY**PRIMARY DATA:**

The data is collected by doing an online survey using a Google form.

SECONDARY DATA:

Secondary data is also taken from various websites, research paper.

IMPORTANCE:

The pandemic has a negative impact on almost every business but Micro, Small and Medium Enterprises (MSMEs) has suffered a bit more during covid-19. Due to smaller in size and less resources, MSME already faces financial problems and mostly uses manpower rather than machines. As labours were not available during covid times, the production has stopped which have also caused some industries to shut down. It has been noted that MSME contributes more than 29% of GDP. They also contributes in economic and social development of a country as they provide more employment opportunities which improves financial status of people. So, It is important to support small business and provide them financial security.

OBJECTIVES:

- The main purpose of conducting this research is to study and gather some knowledge or information about small businesses, their problems and some steps which has been taken to support them.

LIMITATIONS:

- a) The data has been collected from the age group of 18-30 years of age.
- b) MSMEs may not have required resources to have loans.
- c) MSMEs are considered as high risk for the banks.

**3. LITERATURE REVIEW**

According to Tornatzky in the year 1990, Innovation plays an important role in any enterprises who wants to survive in the world with changing technology, competition and recurring crisis. The term innovation means the use of new technology or new management practices in an organization to achieve a improved target.

The study of O'Regan & Ghobadian in the year 2006 talks about MSMEs, Innovation indicates new products or new practices that address the customer demand and needs which is more competitive and profitable than the existing plans and policies.

According to the study of Markovic in the year 2021, The Covid-19 pandemic has forced MSMEs to innovate, entrepreneurs have had to work remotely and have had to adapt some changes in the entrepreneurship. Hence, Innovation is important for promoting and developing MSMEs.

By Bello in the year 2020, Aghina in 2018, Lee & Trimi in 2021 and Veronica in 2020:

The current pandemic crisis has led many organizations to take innovative steps more seriously, resulting in changes in the aims of MSMEs. For eg., To compete in this unstable environment successfully, organizations must develop dynamic capabilities based on flexibility and speed. Thus, Innovation has become priority for almost all enterprises including small scale industries and non-profit enterprises.

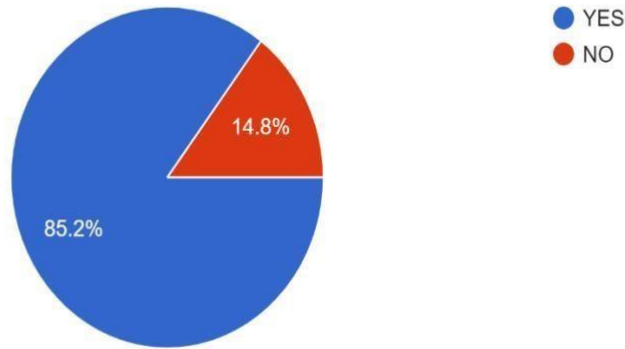
According to Tsai & Kuo, 2011: MSMEs play an important role in economic development of all countries.

The study of Frishammar & Ake Horte, 2005 says that the external environment of MSMEs includes a variety of challenges or influences that requires them to communicate to the managers the importance of innovation as core study that is needed in order to be competitive.

4.DATA ANALYSIS

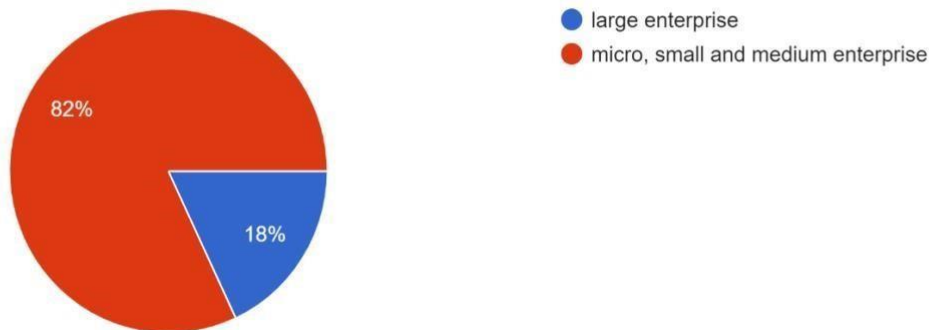
Do you think medium and small enterprises are equally important as large enterprises?

61 responses



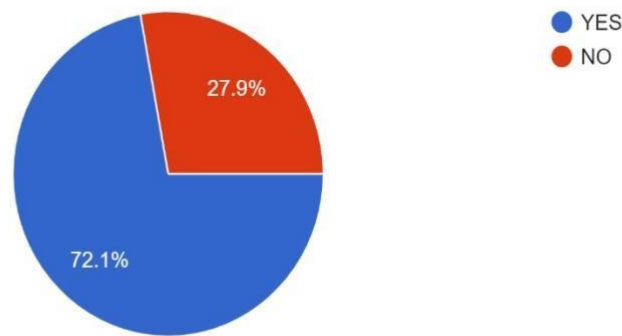
Which sector is most effected by covid-19 in india?

61 responses



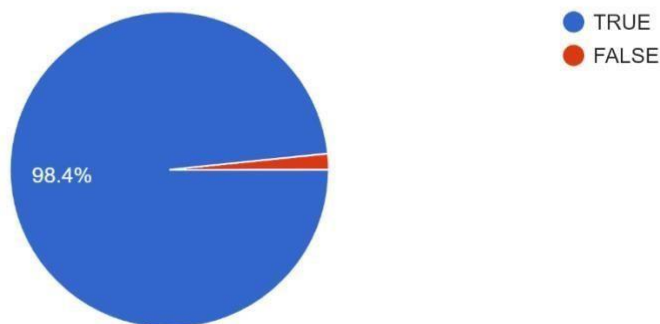
negative impact on micro, small and medium enterprises will also impact GDP of country adversely.

61 responses



Start-ups can help india to develop indian economy.

61 responses



Questionnaire:

1. Do you think medium and small enterprises are equally important as large enterprises?
2. Which sector is most affected by covid-19 in India?
3. Negative impact on micro, small and medium enterprises will also impact GDP of country adversely?
4. Start-ups can help to India to develop Indian economy

What steps need to be taken to recover an entrepreneurship after Covid-19 crisis?

- Financial institutions should provide financial support to the enterprises
- An entrepreneur should work as per the customer demand.
- An entrepreneur should build an emergency fund separately.
- Government should make policies in respect to them.
- Work on quality and creativity.

I have received the above responses while doing survey while doing the survey. So the survey states that MSME's are also an important as large scale business and covid-19 has mostly affected Micro business industries. Also, the small startups can help in developing economy. So, there is a need to support small business and large scale business equally.

5.CONCLUSION

As we all know, Covid-19 has created a very bad impact in almost countries. The pandemic was a great barrier towards the growth and development of economy. Almost all sectors have been affected through this. 7.3% of country's GDP has fall down in the year 2020-2021.

Large scale companies might be having some funds to use during that period but small scale business already faces so many issues related to fund. Many MSMEs have had to exit the market permanently by shutting off their business which have created a lot of problems. Millions of job opportunities have been lost due to pandemic.

Various plans and policies have been adopted by the Government of India to recover from this as mentioned in this research paper. An entrepreneur should also take some necessary steps and measures to tackle such crisis. One should be more creative and innovative about the products and services offered by them.

Some of the business like producing hand sanitizers, making masks or gloves, essential items of food were necessary during pandemic. So, they might have earned profit because this items were in demand.

But, what matters now is that the situation is coming back to normal which is a great thing that we have came out of that.

**“Your present circumstances don't determine where you go;
they merely determine where you start.”**

- Dr. Lauren Fogel Mersy

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