

STRATEGIC MANAGEMENT IN INDIAN MSMES- A LITERATURE REVIEW

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ABSTRACT:

Large corporations across globe are following strategic management practices to achieve continuous growth. Though size of a business corporation is not a determining factor for strategic approach to business practices, strategies are more visible in case of large organizations since corporate and marketing communications make them visible. Michael Porter in his book 'Competitive Advantage' mentions strategic management is everything about how a company uses its resources to perform better than its competitors at any point of time.

The Strategic Management is now gaining prominence in the corporate board rooms where major policy decisions on investments and returns are made. Strategic Management is everything about competitive advantage i.e. how you can perform better than your competitors consistently and in all the functional areas. Management has no more remained an excellence in any one of the field of manufacturing, marketing, finance, human resource, engineering, etc., rather the modern management propagates integration of all these

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functional areas to achieve combined excellence. Every entrepreneur follows some management principles to run the show, irrespective of size and nature of business. Over years, there has been considerable change in business practices followed in view of various factors like changing business scenario, intense competition, customer-dominance, government focus and support, societal expectations, etc. The Present Study covers the overview of Strategic Management in MSMEs with respect to Indian Context.

Key Words: Strategy, Strategic Management, Micro, Small and Medium Enterprises.

Introduction:

Micro, Small and Medium Enterprises (MSMEs) play a very important role in a nation's economy. This is true for both developed and developing countries. SMIs also constitute a high proportion of a nation's business activities and generate more employment opportunities than the large corporations in recent years.

On the other hand, MSMEs are very vulnerable, and their failure rate is very high; so high that no nation can afford to ignore. The Business Statistics Office (UK) observed that "60 per cent [of small enterprises] fail in the first three years of existence"². In the United States, the picture is much the same with "eighty per cent of all start-ups succumb within their first five years"³. With this being the case, greater efforts are urgently needed to reduce the fatality rate of MSMEs. Ultimately, a more robust MSME sector helps to build a nation's wealth, without it having to woo investments of sophisticated technology.

Although every nation has instituted assistance programs to aid its own MSMEs, the entrepreneurs' efforts count most in determining the performance of this industry. After all, assistance programs are no more than tools available for the MSMEs. It is the careful selection and correct application of such tools that determine entrepreneurial success.

Strategic Management Practices across the world.

Large corporations across globe are following strategic management practices to achieve continuous growth. Though size of a business corporation is not a determining factor for strategic approach to business practices, strategies are more visible in case of large

organizations since corporate and marketing communications make them visible. Michael Porter in his book 'Competitive Advantage' mentions strategic management is everything about how a company uses its resources to perform better than its competitors at any point of time.

The revolution in electronic commerce has added another dimension to the strategic management practices followed by companies. These firms are now overlooking traditional methods of doing business and instead opt for online commerce. Hence, we find use of extensive IT (information technology) in giving speed, accuracy, convenience to dealing with different stakeholders. Some firms believe in continual growth i.e. growth at a normal pace with intermittent breaks, while others believe in continuous growth – steady growth over a period of time. The researchers have given both growth types almost equal weightage. This is guided by the nature of decisions to be taken and the entrepreneurs' or owners' risk taking abilities. Recent examples of many American and European companies deciding to invest heavily in emerging markets like India, China, South East Asian countries, etc. for setting up their manufacturing operations, research facilities, marketing hubs, etc. are testimonials of growth strategies of continuous type.

Strategic Management Practices in India:

The Government of India has embraced the policy of economic reforms since early 1990s and the sectors are now open for new private initiatives – from domestic firms as well as overseas firms, including multi-national corporations (MNCs). Indian firms have come out of the protection era – though still finding it difficult to digest the fact that government support will be bare minimum – and one has to be independent and proactive to embrace the changes in business environment. Earlier, we used to find companies used to design, develop, manufacture, and market products which used to stay put in markets for years together. But, today the scenario is completely different. One can not predict precisely the life cycle for the products developed and the number of years products will remain in each of the stages of product life cycle viz., introduction, growth, maturity, and decline. The increase in number of competitors – local as well as foreign – have given consumers wide choice of products and

brands at the market place. Also, with increased incomes, changing lifestyles, easy availability of finance, etc. the customers have become demanding.

The Strategic Management is now gaining prominence in the corporate board rooms where major policy decisions on investments and returns are made. Strategic Management is everything about competitive advantage i.e. how you can perform better than your competitors consistently and in all the functional areas. Management has no more remained an excellence in any one of the field of manufacturing, marketing, finance, human resource, engineering, etc., rather the modern management propagates integration of all these functional areas to achieve combined excellence. Every entrepreneur follows some management principles to run the show, irrespective of size and nature of business. Over years, there has been considerable change in business practices followed in view of various factors like changing business scenario, intense competition, customer-dominance, government focus and support, societal expectations, etc.

A need has been felt by many industrialists to have a strategic focus to their business practices to remain competitive and achieve growth. Earlier, the main concern for an industrial unit or business house was to increase sales, improve profitability, recover money invested, and be happy with whatever little could be achieved. Today, with diverse changes in external and internal environment, the guiding factors for determining success of a business unit have changed significantly. Strategic Management is felt necessary in view of uncertainty of future and difficulty of existence or survival. Many industrialists look forward to business achievements in the short-run i.e. what will be the results for the current year and a year or two ahead. They do not envision what will be their position say 5 years down the line or 10 years from now.

These entrepreneurs feel where is the need for strategic management? We are doing well and we have done reasonably well. So, we will do well in future too! Rather than worrying about current problems on hand, why should we be concerned about where will we be 5 or 10 years down the line. At their level of thinking, it may appear to be nothing wrong in this ideology. But, that indicates they are little concerned about the path to be followed to achieve higher performances. One thought speaks about continue to work hard and achieve whatever best possible with the resources available without being much concerned about distant future. While, the other group considers it is essential to dream big and work towards realizing that.

This group says if you do not have any dreams, where will be the motivation to achieve bigger results. Also, the dreams will create vision statements which provide direction to the people in taking planning and execution seriously, in the right earnest.

Strategic Management in Karnataka

Most of industries in Karnataka are located at the capital of the state – Bangalore. Till around late 1980s, the industries in Bangalore were falling in 2 distinct categories viz. public sector industries like Hindustan Machine Tools (HMT), Hindustan Aeronautics Limited (HAL), Bharat Electronics Limited (BEL), Bharat Earth Movers Limited (BEML), Indian Telephone Industries (ITI) etc and private sector industries like Mico, VDO, Auma Motors, Parle-G etc. In recent years we have seen Bangalore has become Information Technology – Bio-Technology (IT-BT) hub with growth in Information Technology (IT) industries like Infosys, Wipro, TCS, Satyam, Accenture, IBM (India) etc. and Biocon in Bio-Technology (BT) sector. Other places in Karnataka are also having some prominent industries like Mangalore, Mysore, Hubli-Dharwad, Belgaum, Hospet and Bellary.

While some of these companies are following growth strategies, the rest are following predominantly stability and retrenchment strategies. The growth strategies followed by some companies were either organic (growth out of own resources) or inorganic (growth by acquisitions, mergers, joint-ventures etc). It is found many IT companies have followed both organic as well as inorganic growth strategies. Hindalco of Belgaum has followed growth strategy but with variation i.e. it has discontinued manufacturing of finished aluminium and instead restricting itself to just processing of raw bauxite in view of power shortage in the state and the exorbitant cost of power. Some of the companies have lost the ground to the forces of globalization in view of their inability to meet intense competition e.g. The Mysore Kirloskar have closed all its 4 plants in Karnataka, New Government Electric Factory (NGEF - a state govt. owned company) is on the verge of closure, Bagalkot cement is closed in view of financial problems etc. However, some companies have showed their resilience to face the intense competition and look at possibilities of devising new strategies for survival and then growth. In fact, a study of each of the medium-scale and large-scale unit will be a case study in itself to understand the strategies followed, if any, and the impact of such strategies.

It might be said that the industrialists / entrepreneurs in the state have now realized that running of an industry in a relatively open-market environment is distinctly different from the protected environment prevailed before liberalization process began in our country (early 1990s). It is observed from corporate reports and other publications, service industries are performing better than that of manufacturing industries (if we include IT industries in service industry). Growth of an industry depends on internal factors as well as external factors. While the control of management on internal factors is expected to be greater, while on external factors is minimal. But, in case of a few industries it is observed that they do not have control on internal factors also like human resources, finance, technology, marketing, research and development, etc.

Industries in north Karnataka are very few and their growth has been normal and not extraordinary. They are facing locational dis-advantage as compared to industries in other places on account of problems related to logistics, raw material, power availability, nearness to market etc. But then, to survive and grow they need to identify winning strategies which will help them to develop new products with highest quality at affordable / acceptable prices. If they can not do anything themselves, then they can follow strategic alliances route to achieve the growth. In fact, 21st century is known for strategic alliances forged for consolidation and growth and that too all over the world.

Introduction to MSMEs in India:

According to report MSME at a Glance(2016) published by Ministry to Small and Medium Enterprises, Micro, Small and Medium Enterprises (MSMEs) sector have proved to be an exciting and energetic sector since last five decades in the Indian economy.

MSMEs in addition to contributing to the job creation at a lower capital cost, also contribute to the industrialization of the country and undeveloped localities, which reduces the inequalities and ensures that the national income and wealth could be distributed equally. MSMEs complement big organizations and participate in the important production areas. They also have a huge contribution to the socioeconomic development of the country.

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Table 1.1.: MSME Definition: According to Ministry of MSME ACT 2006:

Manufacturing Enterprises – Investment in Plant & Machinery		
Description	INR	USD(\$)
Micro Enterprises	up to Rs. 25 Lakh	upto \$ 62,500
Small Enterprises	above Rs. 25 Lakh & up to Rs. 5 Crore	above \$ 62,500 & upto \$ 1.25 million
Medium Enterprises	above Rs. 5 Crore & up to Rs. 10 Crore	above \$ 1.25 million & upto \$ 2.5 million
Service Enterprises – Investment in Equipment		
Description	INR	USD(\$)
Micro Enterprises	Up to Rs. 10 Lakh	Up to \$ 25,000
Small Enterprises	above Rs. 10 Lakh & up to Rs. 2 Crore	above \$ 25,000 & up to \$ 0.5 million
Medium Enterprises	above Rs. 2 Crore & upto Rs. 5 Crore	above \$ 0.5 million & up to \$ 1.5 million

1.5. Contributions of MSME's in Indian Economy:

Table: 1.2. Contribution of MSMEs to Indian Economy

Year	Gross Value of Output of MSME Manufacturing	Share of MSME sector in total GDP (%)			Share of MSME output in total Manufacturing
		Manufacturing Sector MSME	Service Sector	Total	

	Sector (Rs. in Crores)		MSME		Output (%)
2006-2007	1198818	7.73	27.40	35.13	42.02
2007-2008	1322777	7.81	27.60	35.41	41.98
2008-2009	1375589	7.52	28.60	36.12	40.89
2009-2010	1488352	7.45	28.60	36.05	39.63
2010-2011	1653622	7.39	29.30	36.69	38.50
2011-2012	1788584	7.27	30.70	37.97	37.47
2012-2013	1809976	7.04	30.50	37.54	37.33

(Source: Annual Report 2014-2015. Ministry of MSME, GoI)

Growth of MSMEs in Karnataka State:

Table1.3. Growth of MSMEs in Karnataka State.

Year	MSME units (in number)	Investment (Rs. In lakh)	Employment (in numbers)
2011-12	21021	159614	128387
2012-13	24206	216851	155551
2013-14	25966	285056	167347
2014-15 (Up to Dec. 2014)	19721	191905	122286

(Source: Department of Industries and Commerce. GoK.)

Literature Review on Strategic Management:

Today liberalization process has thrown an open opportunity for many corporate. As business activities do not have any boundaries, therefore borders between different countries are vanishing. Whole globe is a market place for corporate. Of course it offers tremendous opportunity to grow but at the same time threatens them as it increases competition, this dramatic change, competition, environmental pressure, strategic alliances has changed the corporate mindset. So in this era of highly dramatic and competitive business the potential for failure is also high. Many recent examples of financial crisis illustrate such more cases of failure of business may be because of improper market analysis, failure to understand strength and weakness, market competition, rivalry among market players, inefficient strategic planning etc.. So it is very much needed for any corporate to analyze their environment and adopt proper strategies at the right time. Strategic management not only

provides solution for business problems but also helps for corporate to climb the ladder of success.

Strategic management is the science of managing projects in a way that maximizes the potential in terms of sales, profitability and productivity and achieving the business objectives. Strategic Management is concerned with maximizing an organization's competitive advantage. The Strategic Management approach is to take a top management view of the organization which is deemed crucial in creating futures for the firm.

Strategic management has brought tremendous changes in today's corporate environment. The development of the field of strategic management within the last two decades has been dramatic. The current field of strategic management is strongly theory based though its roots have been in more applied area. Today's business houses are using strategic management principles to their business to make it more competitive.

Definitions:

Strategy - Organization's strategies as its goal-directed decisions and actions in which its capabilities and resources are aligned with (matched to) the opportunities and threats in its environment. The chosen strategy should help an organization achieve its goals, but deciding on (formulating) a goal-directed strategy is not enough. Strategy also involves goal-directed actions, that is, implementing the strategy. Organization's strategy involves not only what it wants to do, but doing it. The organization's strategy should take into account its key internal strengths (capabilities and resources) and external opportunities and threats (Coulter, 2008)

Strategy is defined differently by different researchers. In general terms strategy is defined as "An action managers take to achieve one or more of an organization's goals". It is also defined as "An integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage"

Strategic Management:

According to Whelan & Hunger, "Strategic Management is a Set of managerial decisions and actions that determines the long-run performance of a firm".

Evolution of the Concept “Strategic Management” and Definition and Brief History of Strategy:

Strategy is primarily defined as a long term plan of action designed to achieve a particular goal (2003). The roots of strategy or strategic management are found not in business houses but in military. The business industry borrowed it from the military to help organizations in bridging the gap between policy and tactics (2000).

Strategy is a word adopted from the Greek word **strategia**, which means “**generalship**”. It basically refers to the military act of deploying troops as well as how it affects policies (2000). Over the years, the concept of strategy has been exported to different industries, including business and politics. (1967) provided this early definition of strategy: “**the art of distributing and applying military means to fulfill the ends of policy.**”. A few years later, (1979) provided the following characteristics of strategy in management application: strategy is that which top management does that is of great importance to the organization; strategy refers to basic directional decisions to purposes and missions; strategy consists of the important actions necessary to realize these directions; strategy answers the question: What should the organization be doing?; and strategy answers the question: What are the ends we seek and how should we achieve them?

From then on, the concept of strategic management in business application has evolved into two mainstreams of theoretical approaches – the “**content**”; and “**process**” view of strategy (2005). The “**content**” focuses almost entirely on the internal and external analysis of the firm; while the “**process**” ,concerned mainly with the "process" of managing change and, from an external perspective, on how companies compete (2005).

Table 1.4. Provides Previous Works on Strategic Management Literature:

Table 1.4. Previous Literature Works on Strategic Management and MSMEs

S/N	Name	Methodology (country/scope)	Objective	Result
1.	Verbano and Venturini (2013).	Survey, 1999 to 2009.	The study analyzed available literature on the subject of risk management for small- and medium- sized enterprises from	Findings revealed that most studies highlighted greater concern about the financial aspect. They went further that the problem most dealt with is not obtaining a bank credit, but developing an instrument to evaluate the financial
2.	Rahman and Ramos (2013).	Survey monkey few selected companies were approached in the web based survey, Portugal.	The study highlighted the parameters of challenges that are being faced by the SMEs.	This study found that high wage level is creating scarcity of skilled manpower, which is in effect creating lack of skilled resources and at the same time creating problems in enabling purchasing power due to the prevailing economic crisis; and high cost of open innovation (IO) including knowledge about OI strategies remain as other challenges to the SMEs.
3.	Bourleti dis(2013).	Interviews - Greek SMEs of different sectors.	The study focused on factor that matters in the handling of the information as a strategic means of handling crisis of the SMEs.	Finding revealed that the strategic management of market information has an important influence on the SMEs performance. This provided a wide variety of tools and conceptual frameworks to aid crisis anticipation. The study identified market information available for effective management of the operations of small and medium scale

S/N	Name	Methodology (country/scope)	Objective	Result
4.	Lima and Filion (2011).	Descriptive model b Checkland's systems methodology (SSM). (1999)	The study intends to present a more realistic picture of SME environment than the more limited concept of a "single-headed" organization often seen in studies.	The study highlighted the usefulness of soft system methodology (SSM) in describing organizational learning and strategic management in SMEs. It addressed the situation of SMEs by two systemic models in the organizational learning as a determinant of application in a much more specific way of identifying ways of improving processes in the organizations.
5.	Wang, Walker and Redmond (2011).	Descriptive analysis	They questioned the common approach to understanding this problem based on identifying business barriers to planning.	Findings revealed that ownership motivations are central to understanding the planning practices in SMEs and these are an alternative explanation to the common focus on barriers to strategic planning to account for the lack or low levels of such planning in many SMEs. It was however argued that levels of strategic planning are higher in SMEs which have owner-managers who are growth orientated and lower in those which have owner-managers who pursue non-economic personal agendas.
6.	Pushpaku mariand Watana be(2010).	Data for the research were obtained From a survey of SMEs in manufacturing industry in Japan and Sri Lanka	The study investigated the performance differences and business strategy orientation of small and medium sized enterprises (SMEs) in two Asian economies.	Results indicated that the performance of SMEs varies with the choice of strategy orientation that owner-managers adopt. The study reinforced the usefulness of business strategy orientation to managers/ owner-managers of small and medium scale enterprises.

S/N	Name	Methodology (country/scope)	Objective	Result
7.	Harrington And Ottenbacher (2010).	Review of number and Percentage of strategy related articles in leading hospitality journals for 2005 –2009.	The study assessed the level of strategic management topic representation within the academic field of hospitality.	Findings revealed that differences exist among key topic areas of focus when comparing hospitality journals to the sole top-tier business journal focusing on strategy. These differences indicated that researchers in general strategic management tend to focus on less applied and more theoretical notions of strategy whereas researchers in hospitality strategic management tend to focus on more tactical methods when addressing questions of strategy.
8.	Kraus and Kauranen (2009).	Descriptive analysis	The study created a better understanding of an intersection between two academic fields i.e. entrepreneurship and strategic management, following past literature findings in these two fields.	The interceptions between the two concepts have shown to be the most successful market entry strategy for new enterprises; whereas the differentiation strategy is likely to gain importance once the enterprise grows. It was concluded that success for any enterprise – regardless of its size or age – is highly dependent upon its ability to find a valuable strategic position.
9.	Mugler (2005)	European countries	The study examined the configuration approach to the strategic management of SMEs other than the traditional approach of	The study stipulated that the configuration approach should focus on frame of reference for SME, entrepreneurship research as well as education and training in entrepreneurial behavior.

S/N	Name	Methodology (country/scope)	Objective	Result
10.	Olsen (2004).	Contingency model framework; USA (2002-2003) Hospitality industry.	The study reviewed studies on strategic management in the hospitality industry within a 2 year period of 2002–2003.	Many of the reviewed papers fell into what may be called conceptual and descriptive. He faulted many of the paper by stating that if this is how the body of literature is going to continue to develop, one should not be optimistic that body of literature will grow significantly. He argued that many complex relationships identified have been reported or gone unnoticed in the literature which would have led to rigorous inquiry and theorybuilding.
11.	Manurung and Kosasih (2013).	Strategic management accounting - Manufacturing company in Bandung, Indonesia	They consider SMEs as the biggest contributors to GDP that demands full attention from all the stakeholders related to business.	They found out that strategic management accounting (SMA) has three phases: to collect competitor's information about pricing, cost, sales volume, and market share; to reduce cost management; and to develop business strategy. However, these three phases produced competitive advantages for SME so that they can survive in both domestic and global market. Also, it enhanced the survival rate of SMEs in the global world.

S/N	Name	Methodology (country/scope)	Objective	Result
12.	Krasniqi and Kume(2013).	Using a sample of BSCK Research from 2010 and 2011,Kosovo	The study observed the importance of Entrepreneurship and strategic activities in the SME sector inKosovo.	Empirical findings revealed that a large number of CEOs agreed that various actions undertaken by enterprises in an effort to realize prosperity occur within six domains: innovations, networks, SME internationalization, organizational learning, top management team, and growth orientation. They however concluded that successful entrepreneurship and SME strategic development is conditioned by factors such as: SME leadership, local and central institutions, conditions of financial sector, structure of the SME sector, the business environment, and approaches to regional markets.
13.	Kee-Luen, Hiam-Yong and Seng-Fook (2013).	Data were collected via an e-mail questionnaire survey on 350 randomly selected small and medium manufacturers in Perak, Malaysia.	The study examined whether by practicing strategic planning, the business performances of these SMEs can be resilient and sustainable over the long term.	The results indicated that manufacturing companies that have some form of strategic planning were more likely to perform better from the four perspectives of the balanced scorecard (BSC), namely, learning and innovation, financial, customer, and internal business processes perspectives. They also reported that SMEs are particularly concerned over their financial performances as well as customers' satisfaction of their products.

S/N	Name	Methodology (country/scope)	Objective	Result
14.	Kraus, Reiche and Reschke (2013).		They addressed the question of why SMEs seem to plan less than big companies,	The findings revealed numerous limitations that needed to be taken care of in future research. First, they are often limited to those enterprises that have already been identified as conducting strategic planning or to the surviving enterprises whereas failed companies were not considered („survivor bias“). Moreover, the studies“ response rate was usually small with the assumption that questionnaires were mainly returned by those enterprises in which people do think and/or plan strategically.
15.	Hin, Kadir and Bohari (2012).	Survey, Malaysia(2008- 2009)	The study examined the relevance of the formal strategic planning to SMEs and justification for the Wheelen and Hunger (2008) strategic planning model to SMEs in the Asian context.	Their findings showed that most of the SMEs have strategic planning that resembles the Wheelen and Hunger strategic planning model, which suggested that the model is applicable to SMEs in Malaysia. Thus, SMEs in Malaysia preferred proactive strategies such as corporate growth strategies and differentiation for their businessstrategies.

S/N	Name	Methodology (country/scope)	Objective	Result
16.	Pricop (2012).	Theoretical paper on Specific methodology for such a demarche: the qualitative analysis (of the existent concepts and theories) in Romania	The paper proposed to identify a more dynamic approach of strategic management theory. This was done by identifying the weak points of the strategic management theory in the context of the current crisis and the necessity to review the limitations of the	Findings revealed that the influence of macro-environment factors during the crisis tends to represent a phenomenon with a stronger impact in the future than in the past because of the rapid and unpredictable changes that they had and the multiplication effect generated.
17.	Senturk(2012).	110 middle and senior level managers of 32 three-star, 32 four-star and 46 five-star hotels, Antalya.	The study examined how various strategic management tools would help companies improve their performance and profitability.	The report revealed that customer relationship management (CRM), vision or mission statements and total quality management (TQM) were the most used tools in last five years while CRM, benchmarking and strategic planning are the most used tools currently.
18.	Ahiawodzi and Adade (2012).	Survey and Econometric analysis;Ghana	They examined the effect of access to credit on the growth of Small and Medium Scale Enterprises (SMEs) in the Ho Municipality of Volta Region of Ghana	The study found a positive relationship between access to credit and SMEs growth in Ghana. Any additional access to credit, increase in total current investment, start-up capital, and annual turnover had positive relationship with growth of SMEs.
19.	Amoah-Mensah (2011)	Ordinary Least Square method; 101 firms inGhana	They studied the strategic resources that have influence	Findings suggested that firms' internal and external resources are important strategic resources and depending on the type of firm and industry.

S/N	Name	Methodology (country/scope)	Objective	Result
20.	Zheng (2011).	Finland and China	The study examined the innovation	The findings revealed that innovativeness doesn't only happen in high-tech industries alone but also achievable in traditional low-tech sectors. SMEs in China had more flexibility in operations, easily adaptable to changing markets and executed attack quickly in face of competition. The success factors of Chinese SMEs lies in the ability to access, transfer, and apply technology. However, Finish SMEs has knowledge-based entrepreneurial competitiveness.

Strategic Management in Indian MSMEs:

Brahmanadam, G, N., Rai, H.L., DakshinaMurthy.D (1981)³ aimed to examine on the role of banks in financing the SMEs in the year 1981, at those times the Indian banking was not all interested in financing the SMEs , because of their credit worthiness. Later due to changes in the industrial policy of India, the commercial banks came forward and made immense help to the growth of SMEs. This article was written before the economic reforms taken place. Here is a gap for more analysis about the role of the banks in the post economic reforms. Due to the presence of the gap about the present day activities are different to those of 1980's. It concludes in-depth study of the banker's role in providing the credit to promote the SMEs.

Golden, B. N. (1988) focused to study about the relative efficiency of small-scale industries in India. The Study uses total factor productivity Index based on the Cobb-Douglas Production function. The data for this study are drawn from the Statistical Reports of Sample Survey of SSI units undertaken by the RBI, with 1976-77 as the reference year. Data on large scale industries are drawn from census sector, results of the ASI for 1976-77. It was observed that almost all industries labor productivity in small-scale units was less than that of large scale units. On the other hand, capital productivity

in small units is higher in 22 industries when gross invested capital is used and in 15 industries when net invested capital is used as a measure of capital input. The relative efficiency index which is a weighted average of partial productivity index suggesting that SSI, are relatively less efficient than large scale units. The study reveals that the economics of scale and better management are significant sources of efficiency for large units.

Radha Krishna Mathur, Secretary, Union Ministry of MSME (2012) in an interview to the Confederation of Indian Industry (CII) on an overview of the challenges facing the development of MSME sector, and initiatives taken by Government of India, as covered in the article, “MSME sector nurtures Entrepreneurship, and meets Social Objectives”, published in *MSME Business* deals with a wide variety of challenges of the MSME Sector, and initiatives of Government of India and other MSME associated institutions. The themes covered included the following. Highlights in respect of a few of them are presented here. National Manufacturing Policy, National Manufacturing Competitiveness Programme, public procurement policy to promote and strengthen Micro and Small Enterprises, defence production policy and implications for MSMEs, impact of bleak global scenario on MSMEs, greater cooperation and collaboration between Indian MSMEs and their counterparts overseas, MSME contribution to inclusive growth, unorganised sector, export potential of the sector, eco-system to face the issues confronting the sector, besides giving the MSMEs global competitive advantage, adoption of new web and IT tools to enhance the operational efficiency of MSMEs, and steps to be taken to enhance market access for MSMEs, both within the country and overseas.

Mathew, P.M. (2012) in his article, “the Relevance of MSMEs”, focuses on recent developments in the industrial sector, contribution of MSMEs, and prospects for growth during the Twelfth Plan period, along with directions in which MSMEs should move in future. The basic objective of the Twelfth Plan (2012-17) is “faster, sustainable and more inclusive growth”, as indicated in the Approach Paper of the Twelfth Plan released by the Planning Commission in 2011. Among the thrusts meant for such an inclusive growth, faster creation of jobs, especially in manufacturing, is given a special focus. The strategy for the industrial sector under the Plan admits that performance of manufacturing is weak.

The sector should grow at 11-12 per cent annually, compared to nearly 8 per cent at present, in order to create two million additional jobs per year. Improvements in the regulatory framework, reduction in transaction costs, transparency, and thrust on innovation are important items in the Plan's strategy kit. Productivity enhancement through the cluster mode, and better consultation and coordination in industrial policy making, are key imperatives. The Approach Paper lays down major targets of the Twelfth Plan, the key challenges in meeting them, and the broad approach to be followed to achieve the stated objectives. It proposes an overall growth target of 9 per cent for GDP, 4 per cent for agriculture, 9.6 per cent for industry, 10.0 per cent for services and 9.8 per cent for manufacturing. Emphasis in the Plan is on inclusive development which focuses on agriculture, and crucial social sectors including education, health, women and children. There is also focus on strengthening institutions and delivery mechanisms that takes the benefits of high growth to the poor. There should be a new thrust on innovation and local economic development with focus on Intellectual Property Rights (IPRs). Public – private partnership should take a new form, with the active involvement of non-governmental organisations (NGOs), and other actors. Focus on Foreign Direct Investment (FDI) plus livelihoods is not enough. A synergy of several other components, such as Business Development Services (BDS), new financial products, innovation and communication, and an ecosystem approach to development are vital. Government of India's announcement of National Manufacturing Policy (2011) seeks to achieve inclusive growth of the economy implementing cohesive policy measures for creating the State-of-the-art manufacturing facilities. The Policy assigns a significant role for MSMEs in additional job creation, and outlines the incentives to be offered to SME sector.

Nagayya, D. et al. (1990)³, in their publication, "Industrial Development of Madhya Pradesh: Status and Opportunities," present the findings of the study on reviewing the utilisation of processes / technologies developed by national research and development organisations, and identify the scope for further utilisation of such know-how in the integrated state of Madhya Pradesh, which has since been bifurcated into Madhya Pradesh and Chattisgarh. The investigation identifies projects for the benefit of entrepreneurs with varied backgrounds to set up resource-based industries in the small and decentralised

industrial sectors. In the light of these investigations, an action strategy is presented for accelerating industrialisation in the State with focus on transfer of technology. The study suggests prospective industries after a careful assessment of the resource endowment, present utilisation, and potential.

Nagayya, D. and TirumalaRao P. (2010), in their article, “Development of Small and Medium Enterprises in Andhra Pradesh,” present the small and medium enterprise scenario at the national level, review the progress of the sector in Andhra Pradesh district-wise, present incentives for industry and for enterprises in the ICT (Information and Communication Technology) sector in the State for 2010-15, and indicate directions for the future with reference to Andhra Pradesh from an all India perspective. District-wise data presented are in terms of number of units, fixed investment, and employment for five regions - Hyderabad region, rest of Telangana, Rayalaseema, North Coastal Andhra, and South Coastal Andhra. Data presented for the State and regions is from 1995 to 2010. District-wise particulars are given for 2004 and 2010, along with compound annual growth rate (CAGR) for 2010/2004. In all the three parameters, prominent position of Telangana region is clearly noticed in respect of micro and small enterprises. This is both due to high growth rates and high shares, largely propelled by high levels of performance of Hyderabad region. Performance of the rest of Telangana has also shown good but moderate performance. Telangana region has, thus, reaped the benefit of industrialisation in the SME sector, much better when compared to Coastal Andhra and Rayalaseema regions, which showed lower level of performance, and are below the State averages. Rest of Telangana’s moderate progress is also noteworthy. During the 16-year period (1995-2010), performance during the recent three years (2007-10), has been the best in all aspects.

Mali, D.D. (2001), in his edited publication, “Micro Enterprises Development – Policies and Programmes,” covers the proceedings and papers presented in the workshop on Micro Enterprise Development organised by the Indian Institute of Entrepreneurship, Guwahati, highlighting various aspects of development of micro enterprises and entrepreneurship development. The book makes an important contribution to the literature on micro enterprises. The themes covered include the following: issues, policy perspectives, an

alternative paradigm for micro enterprises, utilisation of technologies available from research and development organisations, reforms in the industrial sector with focus on small enterprises, microfinance, self help groups, credit and marketing support for micro enterprises, rural industrialisation, self employment programmes, utilisation of renewable sources of energy, entrepreneurship development, including promotion of entrepreneurship among women, role played by nongovernmental organisations in promoting entrepreneurship and micro enterprises, technology upgradation in the decentralised industrial sector covering handlooms and handicrafts, etc.

Little, I.M.D. et al. (1988), in their World Bank Research publication, “Small Manufacturing Enterprises: A Comparative Study of India and Other Economies,” examine the Indian small enterprise development and policy in detail in an international context, and draw lessons for industrial policy in developing economies. To provide a comparison, the authors assess experiences with the development of small enterprises in several other economies, including Colombia, Indonesia, the Republic of Korea, Malaysia, Singapore, Taiwan, the United Kingdom, and the United States. The core of the book is an investigation of the claim that promotion of small enterprises has a special role in industrial policy, for example in facilitating the efficient use of labour and other factors of production. In addition to analysing aggregate data from national sources, the authors make use of detailed surveys of the Indian shoe, soap, printing, machine tool, and metal casting industries. They analyse such issues as the relative factor intensity, productivity, and economic efficiency of small enterprises.

Amarjit Gill et al. (2011) in their article, “Factors that affect Indian Propensity to Grow and Expand Small Businesses,” examine the factors that affect propensity to grow and expand small businesses in India. 225 small business owners from Punjab were surveyed to analyse their perceptions of various factors that affect negatively their propensity to grow and expand small businesses in India. This study utilised survey research (a non-experimental field study design). The findings suggest that perceptions of lack of expertise, and family–business role conflict negatively affect the propensity to grow and expand small businesses. The small business owners’ perceptions and judgements are the

bases of the findings of the study. The findings support the conclusions of earlier studies on the same theme. To grow and expand small businesses, it is important to improve the knowledge of small business owners and minimise their family-business role conflict. To improve the knowledge of small business owners, the Governments at the Centre and the State may consider providing free training related to the strategies of small business growth and expansion. To minimise family- business role conflict, the Indian Government may also consider providing some support to small business owners and their workers by arranging day care services for their children.

Jaya Krishna, M. (2004), in his study of “World Trade Organisation and its implications for Small Scale Industries in Karnataka,” examines the awareness and impact of World Trade Organisation (WTO) agreements with reference to the industrial sector with focus on small enterprises, and their implications. Policy suggestions are brought out by the author.

Conclusion:

From the reviewed literature on the relationship between strategic management and SMEs development in developed countries, emerging countries and Indian economy, there is almost unanimous agreement among studies that strategic management impacts positively on SMEs. Some studies argued that strategy does have weak influence on firms “performance; nevertheless, their observations are overwhelmed by other scholars that suggest strong relationship. Thus, firms with a clear and consistent strategy will outperform those without formal and comprehensive strategy. In addition, it is noted that SMEs in the developed and emerging economies adopt formal strategic planning and it has become expedient that SMEs in India should embrace this blue print since SME accelerate the pace of economic growth and development.

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