MSMSES IN THE NEW AGE BUSINESS ECOSYSTEM – A STUDY

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ABSTRACT

In India, micro, small, and medium-sized enterprises (MSMEs) play a crucial role in encouraging industrialization, decreasing regional disparities, and creating jobs with minimal investment. Almost every industry in India, including micro, small, and medium-sized enterprises (MSMEs), is undergoing radical upheaval as a result of the evolution of "business ecosystems". New technologies like digitization, data analytics, machine learning, connectivity, and new modes of collaboration are driving rapid and profound changes to the fundamental architecture of businesses, with the result that many previously rigid boundaries are beginning to disintegrate or even disappear altogether. Challenge and uncertainty are constant companions during times of upheaval. Nonetheless, this is how we find fresh chances. This research looks at how the modern business environment affects the financial and non-financial success of micro, small, and medium-sized enterprises (MSMEs), as well as the novel arrangements these businesses need to survive and growin the future.

Keywords:

MSMEs, Business ecosystem, New age technologies, Transformation, reshaping

1. INTRODUCTION

Over the past half century, India's MSME sector has grown into a thriving and innovative part of the country's economy. Besides agriculture, it's the most capital-efficient sector in terms of producing new jobs and fostering innovation, both of which are crucial to the economic and social development of the country. Micro, small, and medium-sized enterprises (MSMEs) provide essential support services to larger enterprises and significantly advance the country's inclusive industrial growth. When it comes to satisfying domestic and international markets, micro, small, and medium-sized (MSMEs) are increasing their sphere of influence across economic sectors.

Small company owners in India are realising that technology is essential to achieving scalable and sustained growth in the wake of the Covid-19 outbreak. Despite employing more than 120million people and making a sizable contribution to India's GDP, the vast majority of the country's MSMEs have yet to reap the benefits of digitalization.

Business ecosystems are networks of interconnected enterprises that generate and share long- term value through their ongoing interactions with one another. The success of an ecosystem model depends on its productivity, resilience, and capacity to create new market niches and business opportunities (Team, 2021). The majority of today's international business owners consider adopting cutting-edge technologies like AI, M., data-enabled systems, internet-based firms, etc. to boost productivity, attract more consumers, and outperform competitors. The MSME sector was already struggling with difficulties obtaining loans and being unable to utilise modern technologies and need more help to upgrade and modernise their out dated and conventional business models. Many MSME entrepreneurs, whether in tiny villages or large cities, are utilising technology to reinvent their goods and services, thereby bolstering their businesses and promoting the slow- growing MSME sector. MSMEs may have been sluggish to adopt technology, but they are now actively doing so in order to modernise existing firms and even create new ones.

These issues were exacerbated by difficulties with business continuity and decreased cash flows. Small business may not have the financial means to spend heavily in technology, but the disruption has helped them to understand how embracing digital can help them capture possibilities in today's evolving marketplace. It is critical to assess to assess what the government and technology companies can do to support small businesses in carving out a path for growth even as MSMEs fight for survival.

It wouldn't be fair to claim that the majority of MSMEs are hesitant to accept the newest technology because they lack the information and understanding necessary to choose the best technological solution for their businesses, which has an impact on their total profitability. Such a situation is brought on by a shortage of competent labour to operate sophisticated machinery and equipment, a lack of faith in technology, and expensive equipment capital expenditures. All of these problems can be solved by educating MSME entrepreneurs and businesses about the advantages of adopting new technology through trade associations and industry trade bodies, and by assisting them in understanding the factors that influence the transition from traditional businesses to a digitally active space. In recent years, information and communication technologies produced many new solutions and possibilities for consumers and enterprises alike. (Republic, 2015). With the help of disruptive technologies, new business models like Byjus, Zomato, and e-kart have altered how businesses are run.

THEORETICAL ANALYSIS

The elements which would influence the business ecosystem of the MSMEs employed for this study includes: Government Policy, Innovation, Skilled labour, Competitive Intelligence and Social network. Each of these elements were discussed briefly.

A. Government Policy

Government policies continue to be crucial in encouraging MSMEs to increase their productivity and competitiveness in the market-driven economy. In India government's role in

Policy framework, incentives, and other related aids in terms of its development and growth help organisations of networks, such as creating supportive of education, skilled labour, productivity improvement, funding for R & D investment are important elements. Government labour and environmental policies also have an impact on the business climate in general and also on MSMEs. The country like India with vast area, large population and untapped resources base, government can play proactive role.

B. Innovation

Innovations serve as the engine that propels the economy. Nearly all industries, including agriculture, manufacturing, and services, are impacted by technology and its rapid expansion as well as its acceptability. Innovations and technological advancements have a big impact on how enterprises and initiatives participate in the economic growth of the country and their global expansion. With the convergence of disruptive technologies, the lines dividing customers, businesses, and technology corporations are fast collapsing as a result of the accelerating speed of change. To meet India's major issues, MSMEs-both new and established need to innovate within local conditions. Any innovation must first consider scalability in the Indian environment, target consumer size, reach, and pricing points, as well as how to best utilise local resources in light of all associated cultural and regional sensitivities.

C. Competitive Intelligence

Competitive intelligence is defined by Albesu et al. (2008) in Mirkhan et al. (2017) as "a business practise and proactive approach to identifying challenges, gathering, analysing, and disseminating intelligence about product, customers, competitors, market, and other functional area of an enterprise, which includes the business environment at large: towards aiding managerial tactical and strategic decision for the enterprises."

As a result there is more pressure than ever before on businesses to maximise output, competitiveness, and efficiency. Therefore, for SMEs to survive and remain competitive in a dynamic environment, they must have a deeper understanding of character and behaviour of the changing Markets.

D. Social Network

Without a doubt, social networks have altered how business is conducted in the modem day particularly in terms of communication and marketing strategies. The ability to participate in collaborative networks is regarded as the primary factor in the modern period, yet SMEs lack theresources to develop, necessitating partnerships with other SMEs or different kinds oforganisations.

Micro small and medium-sized enterprises (MSME) typically are created by locals and serve locals. They might emerge as a result of communication and cooperation between people and organisations that there are four broad categories of social networks: those that exist entirely within an organisation, those that extend across organisational lines, those that link different organisations, and those that exist beyond the walls of any given organisation (Leenders and Dolfsma 2016). Innovation and product creation thrive in such connected environments.

According to the findings of Muller and Perres (2018), market innovation can be influenced by the structure of social networks.

2. LITERATUR REVIEW

In his study. (Hakim 2020 examines the ways in which technology has improved vocational training in the fields of craft, textile, handloom, woodcraft, pottery, terracotta, Jamdani, and embroidery by drawing on local traditions and customs. It's possible that the development and dissemination of the most cutting-edge technology could have far-reaching effects on the way in which these skills are taught and learned, as well as on the survival and integrity of the handcrafted goods and products that result (UNCTAD 2010).

Because of changes in social, economic, political, and technological structures, businesses now face new difficulties and business networks are more prevalent than ever before (lansiti&Levien, 2004). According to Lewin&Regine (1999), a business ecosystem is a web of companies, each with a location on its own landscape of opportunities, and each landscape connected to many others" (competitors, collaborators, and investors) As a result of this interdependence, shifts in one company's landscape have an impact on the landscapes of other companies in the business ecosystem.

The development of technologies like social media, mobile apps, analytics, the cloud, 3D printing biotechnology, and nanotechnology are fast altering the nature of competition. New technologies foster an atmosphere that is always on and accessible, easy to use and smart, quick to adapt, and scalable to meet changing needs (Lenssen& Van Wassenhove, 2012) Organizations may now leverage both organised and unstructured data to inspire intelligent and predictive decision-makingthanks to technological advancements that stress usability and simplicity while simultaneously increasing computational and functional sophistication.

The business environment consists of internal and external elements that have an impact on the organization's viability. According to experts, the business climate is a major factor in a company's ability to expand (Delmar &Wiklund, 2008). Both the internal and external environments play a role in a company's success. Beck and Demirguc-Kurt (2006) state that for MSMEs to flourish, it is crucial for both their internal and external environments to develop. Alterations in the commercial climate will either foster or stunt the expansion of small and medium-sized enterprises (World Bank, 2006; Zhang, van Doorn&Leeflang, 2014).

Finance is seen as a key factor in the success of micro small and medium-sized businesses (MSMES). Previous research has shown that smaller businesses are at a disadvantage when compared to larger ones in terms of access to financial resources, and that this has a negative impact on their performance and growth (Levy, 1993). Small businesses have had a harder time being funded due to poor management and bookkeeping. Due to informational inequalities, financing to small-scale borrowers has been a bottleneck for smaller businesses. Despite this, some studies demonstrate that many small businesses fail for reasons other than lack of capital (Liedholm, MacPherson and Chuta, 1994). Lack of access to external financing and a weak capital basis, inexperience in the field of business, notably a lack of technical expertise and inadequate managerial abilities, a lack of planning, and a lack of market research have all been

cited by researchers as reasons why small businesses fail (Lussier 1996; Murphy, Shleifer and Vishny 1996; Van Stel and Storey 2004).

3. OBJECTIVE OF THE STUDY

1. To identify crucial factors that influences the businesses of MSMEs in the modern era.

2. To ascertain factors that influence the management of MSMEs in the Modern era.

3. To study the adoption levels in the changing era by MSME.

4. RESEARCH HYPOTHESES

Hol: Government Policy does not significantly affect MSMEs performance

Ho2: Innovation does not significantly affect MSMEs performance

Ho3: Competitive intelligence does not significantly affect MSMEs performance

Ho4: Social network does not significantly affect MSMEs performance

Ho5: Business ecosystem components (government policy, innovation, Competitive intelligence and social network) do not have a combine significant effect on MSMEs.

4. RESEARCH METHODOLOGY

The study used a survey research design, with questionnaires sent out to business owners and chief executives in the Telangana state. Specifically, 242 MSMEs in Telangana state were chosen using a purposive selection technique for the study.

 In order to get at the primary data, we gave out questionnaires to the heads of MSMEs with each statement, a 5-point likert scale was specified on the instrument, with responses organised as strongly agree (5), agree (4), uncertain (3), disagree (2), and severely disagree (1). The purpose of this study is to test five hypotheses about how the business ecosystem (as defined by factors like government policy. innovation, the availability of skilled labour, competitive intelligence, and social networks) affects the financial and non-financial performance of micro, small, and medium-sized enterprises(MSMES).

5. RESULTS AND DISCUSSIONS:

Descriptive information:

From the total of 242 respondents, we can see in Table that 192 (79.42%) were male and 50 (20.6%) were female. Most respondents (109, or 44.55 percent) were aged 26 to 35, and 94 of them(39 percent) had attained the postgraduate level of education. Conclusions can be drawn about the age and level of education of the typical decision-maker from this data.

As a percentage of the total, managers had the greatest response rate (41%; 99 managers), followed by executives (34.27% ; 82 executives). With regards to firm size, 135 organizations (55.93%) had50 or fewer employees (small businesses), followed by 63 (26.15%) with medium-sized workforces.

Table 1: Demographic information of the respondents and MSMEs

Measures	Items	Frequency	Percentage
Gender	Male	192	79.4
	Female	50	20.6
Age (Years)	Below 25	27	11
	26-35	94	39
	36-45	58	24
	Over 46	63	26
Education	Basic/secondary	10	4.2
	Undergraduates	47	19.5
	Master's	109	44.5
	Other	76	31.5
Position	Owner	61	25
	Executive	82	34.2
	Manager	99	41
No. of Employees	Below 10	44	18
	11-50	135	56
	51-250	63	26

Correlation analysis: The correlation coefficients for all the variables are positive and significant as the p value is less than 0.05.

Table 2: Correlation of all variables (N=242)

		MSMEP	GP	IN	CI	SN
MSMEP	Pearson correlation	1	.583**	.531**	.585**	.549**
	Sig.(2-tailed)		.000	.000	.000	.000
GP	Pearson correlation	.583**	1	.411**	.544**	.521**
	Sig.(2-tailed)	.000	.000	.000	.000	.000
IN	Pearson correlation	.531**	.411**	1	.585**	.521**
	Sig.(2-tailed)	.000	.000	.000	.000	.000
CI	Pearson correlation	.585**	.544**	.558**	1	.586**
	Sig.(2-tailed)	.000	.000	.000	.000	.000

SN	Pearson correlation	.549**	.521**	.521**	.586**	1
	Sig.(2-tailed)	.000	.000	.000	.000	.000

** .Correlation is significant at the 0.01 level (2-tailed).

Multiple Regression Findings

Table3 : ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	68.146	2	17.037	61.192	.000
	Residual	69.046	238	.278		
	Total	137.192	242			

The result of the ANOVA table 5 indicates F-test value=61.19 with a significance level of $p<0.05$ (p=0.000) indicate the regression model is statistically significant in predicting the MSMEs performance (dependent variable).

Table 4 : Coefficient of Multiple Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std.Error	Beta		
1	(Constant)	.344	.26			
	GP	.318	0.60	.298	5.281	.000
	IN	.216	.660	.204	3.586	.000
	CI	.239	.069	.216	3.455	.001
	SN	.171	.064	.161	2.667	.008
Dependent Variable: MSMEs Performance						

The effect of different factors on MSMEs worldwide expansion was broken down by the coefficients of a multiple regression model. Table 6 shows that ling between the performance of MSMEs (Dependent variable) and the four independent factors may be explained by the unstandardizedcoefficients B value (IV). If the IV's are changed by one unit, the DV will go up by B, and if the TV's are changed by zero, the DV will go down by one 11. As an illustration, an improvement of 0.318 on the performance scale results from a one unit shift in Government policy (GP).

Another important ding of regression coefficients is βvalues those are named as standardized coefficients. These βvalues indicate the impact of independent variable on dependent variable. Which means higher the β value higher the impact of that particular predictor variable. For the current study the βvalue of 0.298 (p<0.005) is highest for

Government Policy, revealed that from the four factors that affect the performance of MSMEs, GP is the most important determinant of SMEs performance in domestic as well as international market.

The other factors that influence SMEs international performance are Innovation (β= 0.216, p = 0.001), followed by Competitive intelligence (β= 0.204, p = 0.000) and external Social network factors with β= 0.161, p=0.008.

The t value is larger than the tabular value of 1.96 and the p-value is less than α = .05 for all thepredictor variables. All these statistical results support the research hypotheses about the significant role of the Government policy (H1), Innovation (H2), Competitive intelligence (H3), and social network (H4) in determining the performance of MSMEs.

The regression equation for MSMEs performance:

MSMEs performance = 0.344+ 0.318 (GP) + 0.216 (IN)+0.239 (CI)+ 0.171 (SN)

Business ecosystem components (government policy, innovation, availability of skilled labour, Competitive intelligence and social network) have a combine significant effect on MSMEs.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.721	.520	.512	.52196
a. Predictors: (Constant), GP,IN,CI,SN				

Table 5 shows that there is a high degree of correlation, as indicated by the R value of 0.721, which stands for the simple correlation. R^2 = 0.520, which means that the independent variables explains 52% of the variability of the dependent variable, performance of MSMES.

6. Discussion and Implications:

The present study's empirical findings confirm the existence of various factors that influence theperformance of MSMEs. All of the issues that could affect the performance should be carefully considered by business executives and those teaching the next generation of managers to direct Indian SMEs.

Indicating the significance of predictors in determining the outcome variable, the study found that the aforementioned four factors together explain 52% of the total variance in performance. Multiple regression analysis showed that Government policies and guidelines significantly predicted its performance in market. In order to succeed in a global market, a company must follow government policies in the creative and preventative initiatives of its leadership. The Indian government's efforts to encourage MSMEs' expansion into export markets are quite helpful.

The results of this study have significant implications for current and future managers of MSMEs in their efforts to keep their human resource well-trained and up-to-date with technological developments and innovation. In order to achieve success in global marketplaces,

it is essential that the organization's goals and objectives be communicated effectively to all of its employees.

The ability of a micro small or medium-sized enterprise (MSME) to use and adapt new technologies is another crucial aspect in determining whether or not it will participate in global markets. This confirms the conclusion of Puthusserry et al. (2020), who found that small and medium-sized enterprises (SMEs) that invest in technology for product innovation, product qualityimprovement through R&D experiments, and advanced machinery for product diversification enjoy greater success in international markets and higher financial returns.

Gaining insight into the global market has a salutary effect on micro small and medium-sized enterprises (MSMEs). This finding is consistent with that of Handoyo et al (2021). Managers need information about the target market before deciding whether or not to enter it. A micro small or medium-sized enterprise (MSME) will have a leg up on the competition if it is equipped with the data it needs to break into a foreign market effectively. This data includes market knowledge, trade rules, export procedure, foreign buyers, and rivals. Competitive intelligence in domestic and international markets have an edge in the early phases of start-up of business or internationalisation and those same markets can be extended later on.

In addition to internal variables, the presence of a positive external environment is crucial to the success of micro small and medium-sized enterprises (MSMEs). Social network plays a role in MSMEs decisions to enter international markets are the perceived benefits MSMEs intend to reap from international expansion, such as earnings in a foreign currency and a larger client base from which to diversify products and services. Finally, the money made can be put back into the domestic market.

7. Limitations and Future Research:

The Indian economy is expected to rise to $5 trillion by 2025, with MSMES playing an increasingly important role, thanks to revolutionary economic shifts. Paying extra attention to B2B e-commerce, food production, pharmaceuticals, and national security and military is essential. This research did not look into whether or not there is a link between a company's strategic outlook and its use of social media. In light of this, it would be instructive to investigate the factors, such as strategy and leadership, that affect the widespread use of social media among small and medium-sized enterprises.

8. CONCLUSION

India needs to develop a strategy that focuses on increasing competition as part of improving its investment climate, supported by stronger skills, better information infrastructure, and more finance–public and private. According to the findings, all of these considerations are crucial when it comes to determining the success of micro small and medium-sized enterprises (MSMEs).

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