

EXECUTIVE SUMMARY OF MINOR RESEARCH PROJECT

**INNOVATION MANAGEMENT OF MICRO, SMALL AND MEDIUM
ENTERPRISES**

MRP (H)-1261/13-14/KLMG027/UGC-SWRO, DATED 28-March-14

Submitted to

UGC, NEW DELHI

By

Bobby Simon

Assistant Professor

PG and Research Department of Commerce

St. Thomas College, Pala

Kottayam, PIN - 686574

March 2018

INNOVATION MANAGEMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES

EXECUTIVE SUMMARY

Innovation is the key to development of any organisation. Identifying, nurturing and maintaining organisational capabilities that facilitate innovation are a strategic requirement to be sustainable in today's dynamic business world. All sorts innovation, whether it is radical, breakthrough or incremental, are accompanied by improved efficiency, marketing advantage, and customer satisfaction. What needed is a proactive and inquisitive approach by talented people. When an entrepreneur organise his enterprise with such creative people, innovation capability will be part of their culture.

This study titled 'Innovation Management of Micro, Small and Medium Enterprises' was intended to find the role and level of Innovation among MSMEs in Meenachil Taluk in Kottayam district of Kerala. MSMEs play a major role in the economic development of India by employment generation, income generation, infrastructural development etc. Continued success of MSMEs is necessary to maintain the economic and social development of a region. Only a proactive and creative culture can add to innovation and sustainable success of these firms. The specific objectives of the study were to study the different forms of innovation that lead to their sustainability and to study the level of Intrapreneurship existed in the units. The study also tries to identify various factors that promoted innovation as well as factors that became a barrier for innovation. Entrepreneurs and policy makers can concentrate more on those factors that facilitate innovation in an enterprise to be competitive and indirectly pave way for economic development.

Innovative culture and the process followed among MSMEs to be innovative were not appreciable. Very few organisations were able to launch their innovative results after a conscious idea generation, incubation and prototyping. This was revealed by the pilot study conducted among 30 sample units selected randomly from Meenachil Taluk. Thus in order to find the factors that promote innovation, the final sample size was decided to

be 60 consisting of 30 innovative and 30 non-innovative units based on judgmental sampling. From analysing the trend and progress of MSMEs in Meenachil Taluk, the following findings were arrived at. There is an increasing tendency towards entrepreneurship in Meenachil Taluk, but the survival rate was very low. Due to mechanisation and cost cutting efforts, there is drastic decline in employment generation. Seventy three percent of the units in the Taluk are owned by male entrepreneurs. Even though there are 26 villages in the Taluk, Entrepreneurship is concentrated in seven Villages. More than 50 percent of the units in the Taluk are located in Erattupetta, Meenachil, Kanakkari, Kidangoor, Kuravilangad, Ramapuram and Lalam villages.

Innovation Management of MSMEs in Meenachil Taluk was analysed in detail find out the facilitating factors for Innovation and the factors that hinder Innovation. Innovation efforts among the sample units focus on five areas. They are New Product/Service development, finding new usage or convenience, newer methods of Delivery, and in logistics efforts. Innovative firms acknowledge that innovation was a change agent and was instrumental for their successful existence. Even innovative units do not agree that there is appreciable Intrapreneurship in their units. Access to global technology gave momentum and confidence in entrepreneurship development. The smaller size of majority of the micro and small enterprises, vested the duty of Innovation Management exclusively on the Entrepreneur. Successful individual level innovation initiatives were not sustainable due to lack of team work and organisational commitment for continuous improvement. The construct of a team based innovation remains to be a dream.

The search for identifying facilitating factors of Innovation brings to light the following findings. Most important external environment related factors that promote innovation among innovative organisations include Market Observation, Customer demands, and Competitors. All the changes introduced were a response to processes outside and not as a change from within. That shows the ability of innovative units to be adaptable. Product Life Cycle, Existence of supportive organisations, and advancement in technology- supported innovation. Risk taking attitude of the entrepreneur,

Organisational Vision and size of the organisation were the design related factors that promoted innovation. R & D infrastructure and Flexibility in decision making by welcoming ideas of employees as a team with passion for innovation gave them Risk taking attitude.

The enquiry about various hindrances faced by units for Innovation gives new insight. While Regulatory Environment, Lack of Creativity, Age of the entrepreneur and financial weakness were considered as a major hindrance by Non-Innovative firms, it was not a serious issue for Innovative units. Risk averse' nature as well as fear of failure of the entrepreneurs, lack of necessity for Innovation and lack of talented people were the other reason for absence of Innovation. Resistance to change and non cooperative attitude of employees and cost of establishing R&D infrastructure were the obstacles for innovative units. Innovative units can boost creativity by brainstorming sessions by designers or customer research experts, out of the box thinking exercises and team spirit in their units. They can collaborate in arranging Human Resource Development programmes and Environmental scanning workshops. Such strategic alliances can reduce cost of R & D programmes.

Non-Innovative units shall stop blaming the organisational and external factors for their set back. Exhibitions of innovative units, and discussion on best practices might make them realize the need for innovation. Only with a strategic intent, a firm can think about optimum utilization of its resources for attaining competitive advantage; therefore motivational programmes may be arranged to instill strategic consciousness. People and teams with Innovative intention will be creative and innovative irrespective of the environment in which they operative. Embracing a Vision for excellence will act as an inspiration and collaborations can bring about strategic risk sharing. Only innovative organisations tap emerging opportunities in the market and delight their customers.