

Operational Challenges of Small Scale Enterprises in Namakkal District

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KEYWORDS

Small Scale Enterprises, Operational Challenges, Factors of Production, Marketing Challenges and Namakkal District.

ABSTRACT

The research work examined the operational problems those hinder the efficacy and productivity of the SSEs in the jurisdiction of Namakkal District. This scientific investigation is of an empirical nature and it is based on the data that was personally gathered by following a schedule of interviews. Through formal conversation with the business owners of SSEs every attempt has been made to determine the accuracy of the material that has been gathered. In order to accomplish the goals of the research, a field survey was carried out in order to collect primary data. For the purpose of selecting samples, the type of sampling known as simple random sampling was used. The samples that were selected were comprised of business owners of SSEs from the Namakkal District. In each step of the selection process, the lottery method was used as a simple random sampling methodology. The sample size of the study was fixed to be 147 based on the statistical tools that were used in the study. The collected main data that was obtained from the sample small scale units was performed as part of the analysis of the data. The data have been categorised, and cross tabulation has been performed in accordance with the various attributes of the variables. The study has used confirmatory factor analysis using the AMOS software to analyse the challenges faced by the SSE in Namakkal District. The SSEs operating in the study area are highly impacted by the challenges of skilled labor source and lack of appropriate infrastructure to operate their business which has to be resolved by stakeholders involved in policy making.

1. Introduction

Small-scale industries (SSEs) are accorded a significant amount of significance in both developed and developing economies due to the role that they play in economic growth, the promotion of exports, the creation of jobs, the development of regional and local communities, and the maintenance of social cohesion. In addition, the realisation that entrepreneurship and a dynamic SSEs sector are crucial for the restructuring of economies and the fight against poverty is another factor that contributes to the significance of SSEs in emerging countries. The spin-off effects of links with small-scale units that may give the supply base to major operations will be affected by Foreign Direct Investment (FDI), which will have these impacts. Following the implementation of the new EXIM policy, these units, who are suppliers to duty-free licence holders, might take advantage of the advantages of considered exports. Once they have achieved higher quality standards, some of the more entrepreneurial small-scale businesses may even be able to upgrade themselves to become suppliers of components and completed goods to affiliates of multinational corporations (MNCs) in the newly industrialised Asian nations.

The more dynamic ones could move over to developing new technologies and processes, which could even be exported to other developing countries and become active global players by entering into joint ventures with small and medium enterprises in these countries. This would be prompted by the advantages of advanced technologies that are inherited through the multinational corporations. On the one hand, the Indian industry must integrate itself with global markets, but on the other hand, it must contend with competition in the home market from overseas suppliers. This situation places the sector at a crossroads. Technology, product quality, factor productivity, and competitive marketing strategies and management practices seem to be the only factors that appear to hold the key to the future of the small-scale industry in India. During the process of transitioning from a protected economy to a market-oriented economy, it seems that a certain number of transitional challenges will be presented.

The sector may anticipate a degree of sustained expansion because of the inherent strength of the sector as well as the many support services that are available to it. It is no longer a local struggle that small-scale businesses and entrepreneurs are waging; rather, they are fighting a global conflict. When faced with such a worldwide competitive environment, small business owners have the potential to emerge victorious by adjusting their strategies of battle face. In recent years, there has been a significant shift in the way that small businesses conduct

their operations. The policy protection afforded to small-scale units is gradually being eroded as a result of the economic reforms and policies that have been implemented over the last five years with the intention of liberalising domestic economic transactions and opening up the economy. Over the course of each year, the number of SSEs units continues to rise. It indicates that a greater number of new business owners are entering the industrial sector, notably in the sphere of micro, small, and medium-sized enterprises (MSME). In addition, the workforce input has been used effectively in these sectors, notably during the period after the reforms, since its contribution to the expansion of production has grown throughout this time. On the other hand, employment levels in these sectors have been significantly falling.

One possible explanation for this phenomenon is that small businesses adopted a capital-intensive business model, especially in the years after the reforms. In addition, it is a fact that if the expansion of capital is linked to the development of technological advancements, then it would lead to a decrease in the employment of labourers. There is a possibility that this is one of the factors contributing to the poor performance of the small sector in terms of the production of job opportunities. The importance of SSEs in the manufacturing sector is quickly expanding, and they have emerged as a key area for the expansion of the industry in the years to come. The SSEs sector contributes to an increase in industrial productivity, an increase in exports, the generation of more employment opportunities, and an increase in GDP. The state and central governments should facilitate the growth of the SSEs industry primarily through financial support, by creating an environment for the production and marketing of products and services. There has been a small-scale business sector in India for many decades, but the majority of clusters have not been effective economic performers. It has been a basic weakness in the strategy that has been implemented in India for the growth of small industries up to this point because it has overlooked the role that government enterprises play in speeding the development of small industries.

2. Reviews

The current SSEs are now capable of producing over 8000 different items. It has become a significant provider of commodities that are used by a large number of people, such leather goods, steel and metal goods, bicycles and the components that go into them, paints and varnishes, and other similar products. Television sets, electronic control systems, and a variety of technical goods, especially those used in auxiliary and big industries, are examples of the complex objects that might be mentioned. Traditional SSEs need a significant amount of manual labour, but contemporary SSEs make use of highly sophisticated technology and equipment, which in turn creates additional job opportunities for individuals who are competent and qualified. Through the years, there has been a growth in the number of engineering units that are on a smaller size. As a consequence, this leads to the creation of job opportunities for people who are qualified and competent. Because of the unfavourable policies implemented by the government in recent years, the majority of the crusher industries have been forced to close their doors. (Kumar, D. S., & Vetrivel, K. (2011)¹). When it comes to big and medium size units, the SSEs units serve as accessory units that are supplemental and complimentary to themselves. The small-scale industry is the target of a lot of people's hopes because of the high unemployment rate and the backlog of new job creation that is needed to give employment opportunities to all of the people who are able to work today. With the goal of enabling the SSEs sector to reach greater levels of production, exports, and employment, the government is exerting all of its efforts to create an environment that is favourable to growth, to ensure a fair playing field, and to give policy assistance (Selvaraj, N., & Balajikumar, P. (2015))². When compared to the loan activities of the public sector and the priority sector, the State Bank of India is providing assistance to the small-scale enterprises located in the Theni area. It was clear from the trend data that the objective has risen at a rate that is more than the actual amount of advancements. Within the district of Theni, the greatest percentage of SSEs advances that are recovered is 69%.The bank that is the subject of this investigation may incentivise SSEs units to repay their loans on a consistent basis by increasing the total amount of the loan and decreasing the interest rate on any further loans that are taken out. For the purpose of determining the kind, type, and quantity of loans that are needed by SSEs units, the lead banks in each district may have quarterly meetings with the District Insurance Companies (DICs) and the Association of the SSEs units (Selvaraj, N., & Balajikumar, P. (2015))³.

Craftwork is a word that may be used to describe a kind of art that showcases the talents of craftsmen via the

¹ Kumar, D. S., & Vetrivel, K. (2011). Role of SSEs in the development of Tamil Nadu economy: An overview. *International Journal of Business Economics and Management Research*, 2(11), 59-66.

² Selvaraj, N., & Balajikumar, P. (2015). A Study on the Development of Small-Scale Industries in Tamilnadu, India. *Irrigat Drainage Sys Eng*, 4(136), 2.

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use of materials such as ceramics and metal. Work that may be done on floral, paper, leather, fibre, and other materials, to mention a few, might also be included in this category, which is also known as crafts. In a nation that is still in the process of development, such as India, this is considered to be a SSEs. During the seven and a half decades since it gained its independence, this industry has seen its fair share of highs and lows, and it has been able to overcome a great deal of difficulty. In the past, the two most difficult aspects have always been the increase in population and the subsequent increase in unemployment. The objective of this article is to offer readers with a better knowledge of the SSEs industry by providing an overview of its characteristics, challenges, and opportunities for growth and improvement. (Najam, F., Banu, F., & Lokesh, G. R. (2023))⁴. The financial sector is a significant contributor to an industry. Because of the limited resources available, a small-scale industry has a significant need for receiving financial support. Internal and external sources of financing are the two categories that are available to support small-scale enterprises. It is common knowledge that commercial banks play an increasingly important part in the process of economic growth. In 1969, fourteen of the most important banks in India were nationalised, which marked a significant turning point in the country's financial sector. The national institutions are among the various national and state level institutions that are operating in the country to meet the credit requirements of the SSEs sector with regard to the provision of credit. In contrast to the loan activities of the public sector and the priority sector, the State Bank of India is providing assistance to the small-scale enterprises located in the Erode area (Manikandan, M. E., & Sengottuvel, C. (2021))⁵. As a result of the expansion of the small-scale sector, the production of non-durable consumer products for mass consumption has also been enhanced. Furthermore, the yields period of the gestation period for the small-scale industry is shorter than that of the conventional industrial sector. As a result of the growth in the total number of units, the proportion of small-scale industrial units in the state of Tamil Nadu has increased in comparison to the proportion of units in the whole country of India. Kanniyakumari District has emerged as one of the province of Tamil Nadu's districts with the highest rate of industrial growth in recent years. Small-scale enterprises have been encouraged to thrive in both established and underdeveloped regions of the districts. This has been done in order to promote economic development. By means of the District Industries Centre, a multitude of initiatives have been initiated with the purpose of reducing poverty and encouraging individuals to engage in self-employment (Sheela, R. T. (2020))⁶.

Purchasing rare raw materials from both the domestic market and the foreign market, SIDCOs then make these commodities accessible to small scale companies that are in need of them, according to the needs of such industries. SIDCO provides assistance to a large number of unskilled workers and small workers in order to improve their standard of living. Additionally, it focuses on the well-being of small industries that are new or growing and provides financial support to small businesses in order to inspire them. There are a number of unique programs that the government of India has established in order to advance and enhance small enterprises and to assets them in competing with major industries (Dharmalingam, R., & Praba, M. S. (2022))⁷. The involvement of banks in rig ventures is minimal at best. Consequently, banking institutions should do more to help aspiring rig entrepreneurs get their businesses off the ground by providing loans and other forms of financial assistance. It would pave the way for a lot of people who are interested in rigs to get into the industry. A major issue with the lack of financial assistance for rig entrepreneurs is the lengthy process that entrepreneurs must go through to get loans from banks. Indian lawmakers have taken an interest in entrepreneurship. More and more high-level initiatives, such as startup India, have been launched to encourage more people to establish their own businesses in India. Yet, it is a major responsibility of governments to foster an entrepreneurial spirit in their nations. Even yet, economists have long seen a causal link between entrepreneurial activity and economic growth (Kanchana, D., Aithal, P. S., & Ganapathi, P. (2024))⁸. The push and pull variables are the two most important aspects for women to consider when starting their own businesses. While financial considerations constitute a push variable, women may feel pressured to start their own businesses; on the other hand, pull variables describe women who choose to be entrepreneurs for reasons such as achieving economic independence, making the most of their skills and education, and establishing themselves as contributing members of society. Even though women make up about half of the population, their entrepreneurial ratio is far lower than that of males. The involvement of women is somewhat greater in rural micro-enterprises compared

⁴ Najam, F., Banu, F., & Lokesh, G. R. (2023). A Study on Challenges of Small-Scale Industries in India. *International Journal of Management and Development Studies*, 12(11), 17-25.

⁵ Manikandan, M. E., & Sengottuvel, C. (2021). Financial Analysis on the Bank Finances to Small Scale Industries in Erode District in Tamil Nadu. *Texas Journal of Multidisciplinary Studies*, 1, 87-93.

⁶ Sheela, R. T. (2020). Role of Small-Scale Industries in Kanniyakumari District. *Think India Journal*, 22(44), 65-69.

⁷ Dharmalingam, R., & Praba, M. S. (2022). Problems Of Entrepreneurs Towards Sidco In Tamilnadu. *Journal of Pharmaceutical Negative Results*, 4426-4435.

⁸ Kanchana, D., Aithal, P. S., & Ganapathi, P. (2024). A Study on the Entrepreneurs' Perception towards Rig Industries in Namakkal District of Tamilnadu. *International Journal of Case Studies in Business, IT and Education (IJCSBE)*, 8(2), 13-35.

to small and medium-sized businesses. Although there are a plethora of policy packages accessible to female entrepreneurs, many of these programs are either inapplicable or poorly understood. Education, self-confidence, and the capacity of female entrepreneurs to get institutional funding should all be prioritised by government agencies, women's groups, and non-governmental organisations (NGOs). Topics: Women Business Owners, Micro, Small, and Medium Enterprises, Government Initiatives and Policies (Rani, E. (2021))⁹. When contrasted with other expanding markets, the Indian coir business is often considered to be on the smaller, more rural side. Unfortunately, the current coir industries are experiencing a decline in growth and development as a result of many restraints. The efficient operation of these coir industries at a competitive level may be achieved via the strategic use of supply chain management (SCM). Therefore, the purpose of this research was to conduct a SWOT analysis of the current coir industries in the Indian state of Odisha, and then to identify the obstacles to the efficient use of SCM techniques. In order to gain a better understanding of the current strategies and issues surrounding SCM implementation, the interpretive structural modelling (ISM) method was employed to identify the interrelationships among the challenging variables (Mishra, D., & Satapathy, S. (2022))¹⁰.

Research Gap

Despite the fact that it is useful, the study that has been done on small-scale industries in Tamil Nadu demonstrates that there are significant research gaps concerning operational issues. Numerous studies provide general overviews of obstacles, but they do not go deeply into specific operational concerns such as inventory management, quality control, or the use of technology within the context of Tamil Nadu's particular circumstances. In addition, the operational issues that are particular to different industries are yet largely unknown. Despite the fact that the importance of government assistance is mentioned, there is a lack of comprehensive examination of the policies that are now in place and how successful they are. There are not enough comparative studies with other places, which makes it difficult to determine which strategies are the most effective. In conclusion, more research is required to investigate the diverse forms of challenges that are hindering the growth and operational efficiency of SSES. It is important to address these gaps since doing so will give more nuanced insights and will help drive the creation of tailored initiatives to improve the competitiveness of SSEs in Tamil Nadu.

Statement of the Problem

In addition, the dynamisation of economic growth that was anticipated did not materialise when macroeconomic stabilisation was implemented alone. It was because of this that a window of opportunity for fresh and diverse ideas was created. Policies with an emphasis on SSEs are consistent with the overarching trend of decentralisation, and they may also be hidden from the view of extreme neoliberals. An approach that appeared to be particularly promising was the formulation and implementation of industry-related policies at the local and regional levels. This was due to the fact that SSE in various locations within a given country have different characteristics and suffer from different problems. Therefore, it seems more sensible to formulate specific policies. When it comes to the efficient utilisation of natural resources and the promotion of economic growth within the state, small-scale businesses are an excellent option that may be implemented. Industrial estates were built by the government of Tamil Nadu with the purpose of fostering the growth of small-scale businesses and bringing industrial activity to rural and underdeveloped regions of the state. At the most affordable cost, it offers businesses the opportunity to take use of various infrastructure assets. The growth of SSE businesses has been made more difficult by the fact that entrepreneurs continue to confront challenges in the areas of law, taxes, gaining access to financing, and administrative impediments. The direct role that individual entrepreneurs play in developing the SSE sectors necessitates knowledge of entrepreneurs themselves, including their experiences, attitudes, values, and beliefs. This understanding is necessary in order to comprehend the patterns and challenges that are associated with the growth of entrepreneurialism. However, there are a number of obstacles that stand in the way of the expansion of small businesses in Tamil Nadu. The broad understanding of the frequent challenges that small scale businesses face, which include problems with finances, problems with marketing, problems with manufacturing, problems with labour, and other concerns. There is a wide range of severity associated with these issues, depending on the location. It is of the utmost importance to determine whether or not the implementation of industrial promotional measures is indeed beneficial in terms of removing the issues and also boosting service-oriented social insurance. When seen in this light, the research is very important for

⁹ Rani, E. (2021). Issues and challenges of women entrepreneurs in micro, small and medium enterprises (MSMEs) of Tamil Nadu. *International Journal of Disaster Recovery and Business Continuity*, 12(1), 425-435.

¹⁰ Mishra, D., & Satapathy, S. (2022). The challenges and problems in the implementation of supply chain management in small and medium-scale industries: a case study of Indian coir industries. *International Journal of Business Performance and Supply Chain Modelling*, 13(2), 109-138.

assessing the operational issues that are faced by SSEs.

Significance

The growth of a state like Tamil Nadu, which is characterised by the significant role that small businesses play, is inexorably linked to the process of industrialisation. One of the most important contributors to the creation of employment and to the achievement of strong economic development is the SSES sector. Considering the fact that they contribute to employment, industrial output, exports, and the development of a wide entrepreneurial base, small businesses are an essential component of the economy of the state of Tamil Nadu. The small-scale industry has a number of major benefits, including a high supply of workers, a shortage of capital, a lower investment need, a shorter gestation time, and a concentration on relatively smaller markets. Therefore, it is essential for Tamil Nadu to eliminate the difficulties that now exist in order to facilitate the expansion of small-scale companies. The Central Government and the State Governments adopted a variety of steps in order to encourage the process of industrialisation. The construction of the industrial estate is one of the significant initiatives that are going to be taken among them. The organisers supply the industrialists with basic infrastructure amenities and housing via the development of the industrial estate. This is done in order to eliminate the restraints and to encourage the process of industrialisation. Because pricing is the most competitive variable, businesses tend to lower their prices in order to compete in both domestic and international markets. There should be a transition in competition from low salaries to low costs, and it should also develop beyond cost to incorporate distinctiveness. It is necessary for competition to move away from imitation and towards invention, as well as make the transition from low investment to high investment in both tangible and intangible assets. With the assistance of the development of industrial incentives it is feasible, for industrialisation to spread from metropolitan regions to rural areas and places that are previously underdeveloped. Given the current circumstances, it is important to conduct this research in order to determine whether or not there is a difference in the challenges that are encountered by businesses operating as SSEs in Tamil Nadu. The study examines the challenges that are encountered by SSEs in order to encourage the expansion of the industrial sector in Tamil Nadu.

Objectives of the study

To examine the operational problems those hinder the efficacy and productivity of the SSEs in the jurisdiction of Namakkal District.

3. Research Methodology

This scientific investigation is of an empirical nature and it is based on the data that was personally gathered by following a schedule of interviews. Through formal conversation with the business owners of SSEs every attempt has been made to determine the accuracy of the material that has been gathered. Clearly, they were actively involved in the study that is now being conducted and they often questioned about the current state of the research. In order to accomplish the goals of the research, a field survey was carried out in order to collect primary data. For the purpose of selecting samples, the type of sampling known as simple random sampling was used. The samples that were selected were comprised of business owners of SSEs from the Namakkal District. In each step of the selection process, the lottery method was used as a simple random sampling methodology. The individuals who were chosen from the population frame of SSE entrepreneurs were chosen using this way. In order to make conclusions about the basic facts, the data that were gathered have been assembled and analysed with the use of relevant statistical methods. The sample size of the study was fixed to be 147 based on the statistical tools that were used in the study. The collected main data that was obtained from the sample small scale units was performed as part of the analysis of the data. The data have been categorised, and cross tabulation has been performed in accordance with the various attributes of the variables. The study has used confirmatory factor analysis using the AMOS software to analyse the challenges faced by the SSEs in Namakkal District.

Structural Equation Modelling

Confirmatory Factor Analysis

Operational Problems of SSES in Namakkal District

There is a complicated web of operational challenges that small scale industries in the Namakkal District of Tamil Nadu are facing, which is affecting their development and their capacity to remain sustainable. One of the most significant challenges is acquiring raw materials, which is often characterised by changing pricing,

variable quality, and supply systems that are not trustworthy. This problem is made worse by the fact that it is difficult to get finance that is both timely and inexpensive, which makes it difficult to make investments in technological advancements, trained labour, and manufacturing methods that are efficient. In comparison to bigger rivals, many SSEs struggle with obsolete technology and equipment, which results in lower levels of productivity and greater production costs. In addition, marketing and distribution provide substantial challenges, since they are characterised by restricted access to broader markets and insufficient branding and promotional methods. An further factor that hinders operational efficiency is the scarcity of competent labour, especially in positions of management and technical responsibility. A further factor that contributes to the difficulty of operations is the presence of insufficient infrastructure, which includes unstable power supply and poor transportation networks. In conclusion, the process of negotiating intricate regulatory requirements and bureaucratic processes takes important time and resources away from the activities that are at the heart of the organisation. SSEs in the Namakkal District need focused interventions and support systems in order to improve their competitiveness and resilience. These linked difficulties imply the need for these mechanisms. In order to prepare the path for sustainable growth and development within this essential sector, more research that focuses on particular industrial demands combined with the utilisation of local resources might be beneficial. The following challenges were segregated based on opinions of SSEs which forms the major crux of

Operational Challenges

1. Marketing Challenges
 - a. Ever Evolving Consumer Preferences and Demands - MC1
 - b. Lack of Awareness about Quality Products - MC2
 - c. Limited Finance on Marketing - MC3
 - d. Skilled Manpower Shortage on Marketing Strategies – MC4
2. Financial Management Challenges
 - a. Scarce Low Cost Capital - FMC1
 - b. Working Capital Problems - FMC2
 - c. Tax Burden are Higher - FMC2
3. Factors of Production Challenges
 - a. Higher Cost of Production Factors - FPC1
 - b. Lack of Cost Effective Employees - FPC2
 - c. Overheads of Production Technologies - FPC3
 - d. Storage Issues of Completed Products - FPC4
4. Logistics Challenges
 - a. Transportation cost are higher - LC1
 - b. Infrastructural Issues - LC2
 - c. Higher Cost of Efficient Logistics - LC3
 - d. Customary Challenges - LC4
5. Competitor Challenges
 - a. Product Differentiation Strategies - CC1
 - b. Dumping Prices - CC2
 - c. Regional Access for Large Enterprises - CC3

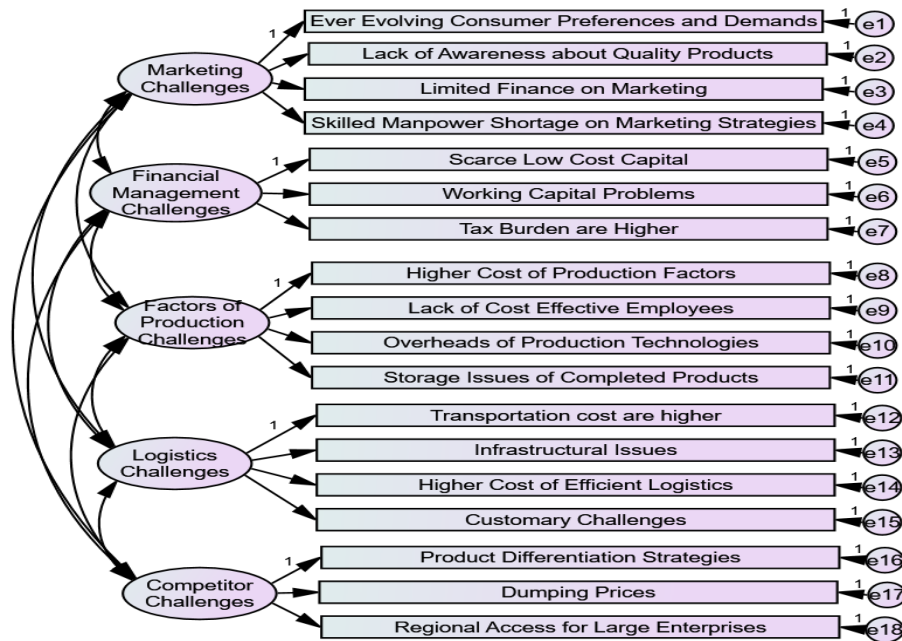


Chart – 1- Framed Model - Operational Challenges of SSES in Namakkal District

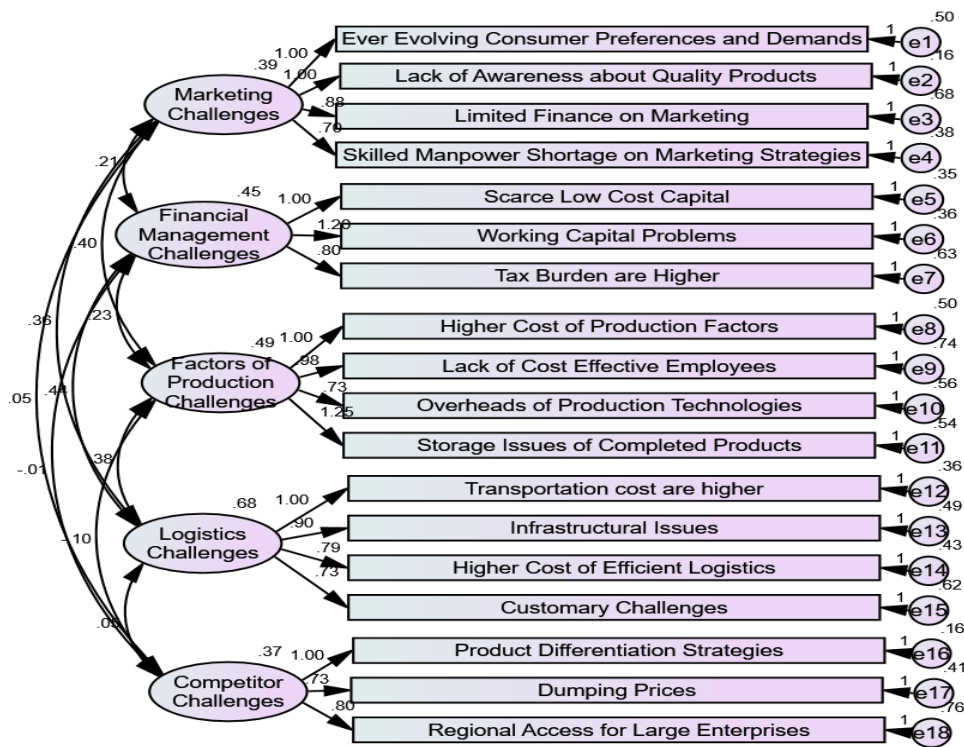


Chart – 2- Model Fit - Operational Challenges of SSES in Namakkal District

Maximum Likelihood Model

Using the maximum likelihood estimation approach, we calculated the parameters of the suggested model. For every model-hypothesized link, MLE finds the best regression weights, the study measure the strength and direction of these associations. The results of the model were contrasted with data collected from entrepreneurs running SSEs in order to strengthen the validity of the assessment and guarantee its applicability. The study learns more about the operational difficulties encountered by SSEs on the ground which also sheds light on the model's practicality. The table is displaying the predicted beta coefficients which stand for the quantitative weights of every connection defined in the model. To better understand the interdependencies of variables and how they affect the final result, these coefficients provide a numerical depiction of the significance of each

component within the model. The model's ability to explain and provide policy suggestions to assist SSEs is both enhanced by the rigorous mix of statistical modelling and empirical validation.

Table -1 Beta Values of the Relationship among Operational Challenges of SSEs in Namakkal District

Variables		Factors	Estimate	S.E.	C.R.	P
Scarce Low Cost Capital	<---	Financial Management Challenges	1.000			
Working Capital Problems	<---	Financial Management Challenges	1.196	.145	8.220	***
Tax Burden are Higher	<---	Financial Management Challenges	0.797	.130	6.109	***
Higher Cost of Production Factors	<---	Factors of Production Challenges	1.000			
Lack of Cost Effective Employees	<---	Factors of Production Challenges	0.982	.145	6.774	***
Overheads of Production Technologies	<---	Factors of Production Challenges	0.735	.119	6.173	***
Storage Issues of Completed Products	<---	Factors of Production Challenges	1.251	.154	8.131	***
Transportation cost are higher	<---	Logistics Challenges	1.000			
Infrastructural Issues	<---	Logistics Challenges	0.904	.099	9.086	***
Higher Cost of Efficient Logistics	<---	Logistics Challenges	0.792	.091	8.741	***
Customary Challenges	<---	Logistics Challenges	0.728	.100	7.306	***
Product Differentiation Strategies	<---	Competitor Challenges	1.000			
Dumping Prices	<---	Competitor Challenges	0.735	.172	4.273	***
Regional Access for Large Enterprises	<---	Competitor Challenges	0.801	.198	4.035	***
Lack of Awareness about Quality Products	<---	Marketing Challenges	1.002	.121	8.271	***
Limited Finance on Marketing	<---	Marketing Challenges	0.884	.148	5.960	***
Skilled Manpower Shortage on Marketing Strategies	<---	Marketing Challenges	0.701	.113	6.174	***
Ever Evolving Consumer Preferences and Demands	<---	Marketing Challenges	1.000			

(*** - Valid relationship among the factor and variables)

The model has given significant validation about the challenges that are hindering the working of SSES in the study area. The diverse challenges affecting the SSES operations are statistically significant at one percent level which is displayed in the above table. The challenges of affecting the working of the SSES are having significant impact on the efficacy and all challenges involved are having quantitative influence on the operational effects on working of SSEs. These challenges are proving to be affecting the working and efficiency of the SSEs which are to be addressed with specific measures. The development of the SSEs is largely dependent on these challenges which have to be resolved based on comprehensive stakeholder meeting.

Table – 2 Goodness of Fit Values of the Relationship among Operational Challenges of SSES in Namakkal District

S.No	Indicators	Tested Value	Literature Reference – Fit Value
1.	Chi-Square (CMIN)	3.794	5.000
2.	Goodness of Fit	0.942	>0.80
3.	Adjusted Goodness of Fit	0.846	>0.80
4.	Normed Fit Index	0.831	>0.80
5.	Comparative Fit Index	0.911	>0.80
6.	Root Mean Squared Residual	0.054	<0.080
7.	Standardised Root Mean Squared Residual	0.069	<0.090

The model is found to statistically fit based on the outcome of parameter indices which is presented in the above table and all seven parameters are found to be significant. The acceptance and reliability levels of the model are justified based on above parameters which validate the model fit. The challenges faced by the SSEs are having significant impact on the operational efficiency and financial performance which can be estimated by using this model.

4. Conclusion and Discussions

The development of sustainable economic growth and the elimination of unemployment in the county are both dependent on the existence of SSEs of crucial importance. However, in order for the sector to be able to carry out such responsibilities, it is necessary to address the aforementioned distinct unfavourable business conditions. A lack of information of the help that is available for small scale enterprises is one of these obstacles. Other obstacles include financial hurdles, labour difficulties, marketing concerns, infrastructure issues, and marketing issues. They work together to find solutions to the many issues that they are experiencing. Offering training and promotional opportunities to business owners may go a long way towards resolving the many challenges that

they are now facing. Due to a lack of access to credit facilities, many manufacturers are forced to choose their own alternative, which has a negative impact on the cost structure of the businesses as well as their ability to compete. An increased emphasis has been placed on the need of the government intervening in a manner that is more significant. For the purpose of assisting SSES in better coping with the obstacles that are inherent in highly volatile and complicated operational settings, the government should provide them with the necessary resources. The government should take immediate action to eliminate the problem of inadequate infrastructure and should also take into consideration other proposals in order to revitalise the SSEs sector in terms of growth and sustainability.

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