

A Critical Examination of Barriers to Innovation in Small and Medium Enterprises: A Case Analysis of Chikan Industry in Lucknow District

Priyanka Goswami^{1,*}, Pooja Yadav²

Abstract

Innovation and dynamism is the backbone of any of the economy either it is developed or developing. This study is to examine the innovative process of small and medium enterprise in chikan industry residing in Lucknow District. There are a lot of work done in the field of innovation in SMEs but a very few related to chikan industry of the Lucknow. This paper aim is to analyze and present the current status of innovation in SMEs of chikan industry in Lucknow District. This study is focused to find the key barriers faced by SMEs in bringing and adopting innovative practices to flourish the market. This study is based on survey method by using structured questionnaire to collect the data. Secondary data is also used to through literature review to validate the findings and its linkages. The findings of the study suggest that the chikan industry is still in growing phase has a large chunk unorganized could be better managed to exploit the potential of the market. The barriers faced by the industry is related to public policy, financial and funding constraints, limited budgetary resources, shortage of skilled manpower, poor communication system, lack of research and development (R&D) facilities, weak linkage of logistic management, hurdles in value creation and lack of long term strategies are the problems majority faced by the industry.

Keywords: Innovation policy, barriers and enablers, innovation capacity, SMEs, developing economies

INTRODUCTION

India is one of the leading textile manufacturers in the world. India is playing leading role in textile exporting countries (Arya and Sadhana, 2002) [1]. This is the country of high populated have a lot of potential in the field of labour intensive industrialization. It's all states in somehow activities playing leading role in the field of small scale industries. One can see in gross that in all states peoples have small workshop to manufacture house hold requirement industrial product at locally. Anyone can find blacksmith, goldsmith, weavers, craftsmanship, carpet and handloom works spread around the states in all over India. The inherent work of weaving is the legacy of Indians from old age time. India have a wide range of embroidery work such as chikankari in Lucknow, Zari work in Varanasi, Kanjivaram designing work in Kancheepuram region of Tamil Nadu, Kantha from West Bengal, Fulkari in Punjab and Kutch of Gujrat, Kashidakari in Kashmir. The uniqueness of these embroideries provides them separate identity not only in the country but also at international level.

Lucknow has unique identity in the history for many things. This is the state capital of Uttar

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Pradesh has also unique identity for chikankari, zari, zardozi, ivory and terracotta, work not only in the country but also at international level. Among all above mentioned work chikankari is one of the most popular works done in this region.

Chikankari is one of the hand embroidery performed through workers majority by women. There are many tales about chikankari as describe by literal meaning of chikankari is embroidery done on white clothes same thing is also depicted by Pandey, 1968. As in Bengali chikan means 'very nice', Lucknow city magazine, 1988 describe it as 'fine'. After going through various literatures we have found that this has origin of Persian as chikankari is described 'to put in bold relief (Lucknow city magazine, 1988) [2]. Paine (1989) [3] has also found its origin from Persian as Burton's classical dictionary describes it 'a kind of embroidery with gold thread'. Persian/English dictionary also describes ckikan a kind of cloth worked with needles. In India its reference can be traced from Megasthenes writing of third century that chikankari is hand embroidery fine flowered muslin worn by the worn by Indian in court of Chandragupta Maurya.

In Lucknow chikankari is scattered in the radius of 125 Km. covering the nearby district of Unnao, Barabanki, Hardoi and Sitapur etc. Both urban and rural block of the area are largely dependent on the activities associated with chikan crafts done by woman. Under this industry economy is mostly informal in nature done by part time job to earn extra money to fulfill household needs. Due to informal in nature of the business its growth is not as much to fulfill the need of the national and international requirement. In past years its production is grown up to the value of approximately Rs.247 crore. More than 90 percent of the consumption is done by nearby cities. Majority artisans are muslim woman who work on contractual piece rate. Majority works in this industry are since generations. The learning of the workers for embroidery are done skill transfer from generation to generation. Still they are depend on the traditional way of working also suffer from a lot of physical and mental problems due to long hours of tedious jobs. Majority of the workers living in poor and dense areas not well equipped, hazardous working environment, prone to various type of disease affect their efficiency and productivity. The common problems faced by this industry is unavailability of proper lighting, poor ventilation condition, hazardous work space, unavailability of protective equipment, lack of necessary tools hamper the efficiency of the workers. Innovation is the life blood of any field, without innovation one can not meet out the need of dynamic world or otherwise fulfill the need of customer orientation or sustain the profitability of the business (Hadjimanolis, 1999; Keizer et al., 2002) [4, 5]. Innovation is the need of time equally applicable to all type industries and companies any level they are operating (Freel, 2000; Bilton and Cummings, 2010) [6, 7]. Innovation is key force to turnout the degrading condition of any of the industry either it is operating at large or small scale (Hadjimanolis, 1999; Keizer et al., 2002; Edwards et al., 2005; Isaksen and Tidd, 2002; Bilton and Cummings, 2010) [4, 5, 8, 9, 7]. From above discussion it found that a tremendous scope exists for the study of chikan industry and their state of innovation to meet out the existing need of the market.

Objective of the Study

- To find the current status of chikan industry.
- To find the effort to improve the efficiency of the workers in the industry.
- To find the problems faced by the industry in adopting innovation.

Research Hypothesis

H₀: There is no hurdle in the way of innovations take place in chikan industry of Lucknow.

H₁: There are a lot of hurdles faced by this industry in the process of innovation in Lucknow.

RESEARCH METHODOLOGY

This research work is based on primary data collected through self-developed questionnaire. Data is collected from manufacturer, whole seller, retailer and employee in the industry. Data is collected

from all over the Lucknow city and surroundings. Researchers have no idea of the population size of the industry so adopted convenient random sampling procedure to collect the data. By this procedure we have collected 259 filled questionnaires from the respondents. Out of 259 questionnaires 232 questionnaires are relevant for the study rest are excluded from the study due inappropriate answer by the respondents. From this we can see that more than 89 percent respondents have appropriately answers the question. This level accuracy will finally provide the platform to the researcher to infer the outcome with 90 per cent confidence level.

Data Collection

Table 1 and Figure 1 show the demographic profile of the respondent given.

Table 1. Demographic profile of respondents.

	Manufacturer	Whole seller	Retailer	Employee	Total
Male	56	34	49	16	155
Female	27	11	7	59	104
Total	83	45	56	75	259

From Table 1 we can see that total 259 respondents are turnout in which 155 persons are male and 104 persons are female. Same can be seen from the Figure 1.



Figure 1. Demographic profile of the respondents.

Table 2 show the education qualification of the respondents. Table show that maximum no. respondents are in the category of up to higher secondary 156 persons. 72 persons are graduate and 27 have post graduate qualifications (Figure 2).

Table 2. Education qualification of the respondents.

	Up to higher secondary	Graduate	Post Graduate	Total
Male	84	48	23	155
Female	72	28	4	104
Total	156	76	27	259

Table 3 denote the professional qualifications of the respondents. Out of 259 respondents we found that maximum no. have nothing professional qualification of this work. Same is shown in Figure 3.

Table 3. Professional qualification of the respondents.

	Degree	Diploma	Workshop	Nothing	Total
Male	8	20	35	92	155
Female	2	6	22	74	104
Total	10	26	57	166	259

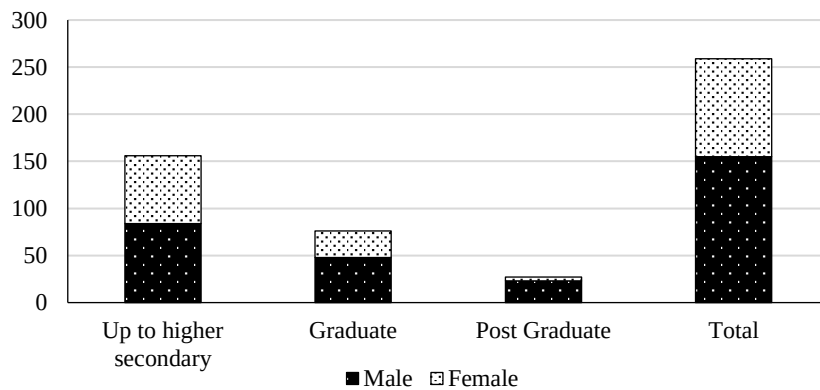


Figure 2. Education qualification of the respondents.

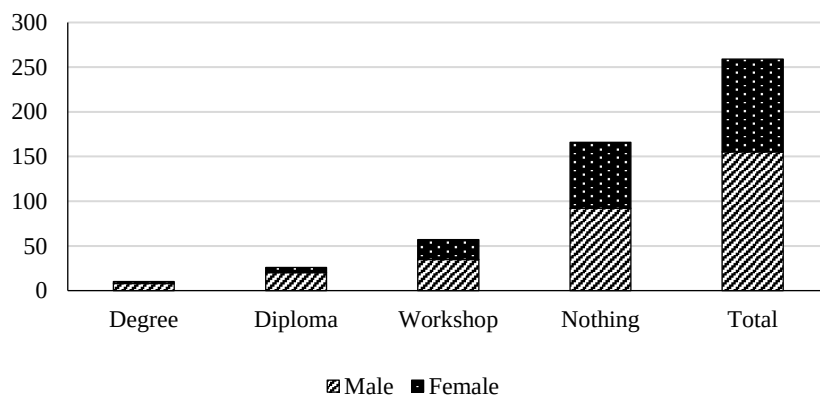


Figure 3. Professional qualification of the respondents.

Analysis of Specific Questions to Manufacturer/Whole Seller/ Retailer

Table 4 shows the profile of manufacturer, whole seller and retailer. From this table we can see that 83 peoples are manufacturer, 45 peoples are whole seller, and 56 peoples are in retail business. From this table it can be also interpret that out of 184 respondents from business class 143 are associated with their parental business and only 41 have started from their self. Same can be seen from the Figure 4 also.

Table 4. Q. 1: How you come in business of chikankari.

	Family Business	New startup	Total
Manufacturing	67	16	83
Whole seller	38	7	45
Retailer	38	18	56
Total	143	41	184

Table 5. Q. 2: If startup from where you get an idea.

	From Relative	Peer group	Market Observation
New Startup	18	12	11

Table 5 depicts the status of 41 respondents have started new startup. Out of this 18 have got the idea from relatives, 12 from their peer groups and only 11 respondents which are scientifically analyzed the market before coming in this business. Same can be also observed from the Figure 5.

From Table 6 one can observed that how much capital invested by various group in this business. Maximum investors are in the category of below 10 lakh investment. A very few investors have invested more than 1 crore and running this business professionally. Figure 6 also show the same profile through graph.

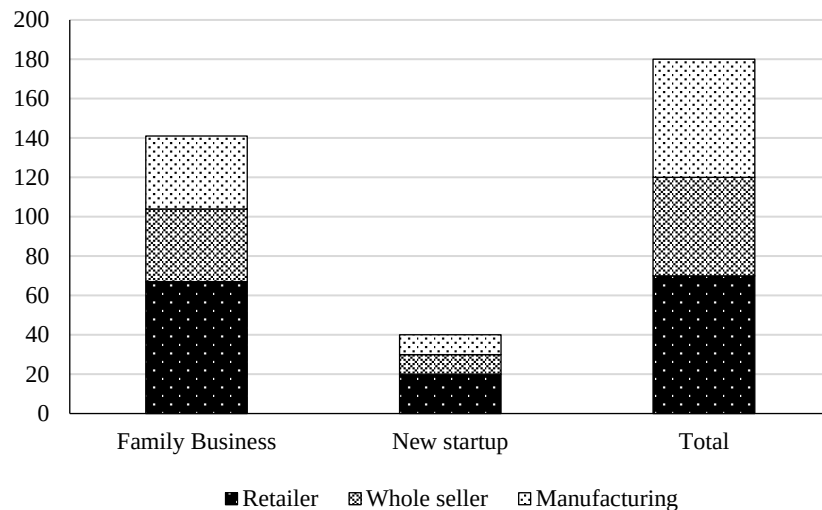


Figure 4. Q. 1: How you come in business of chikankari.

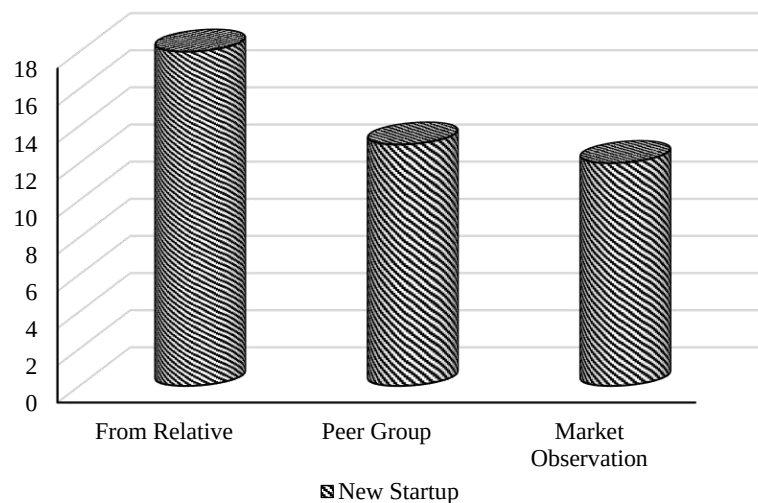


Figure 5. Q. 2: If new startup from where you get an.

Table 6. Q. 3: At present how much capital invested in your business.

	Below 10 Lakhs	Below 50 Lakhs	Below 1 Crores	More than 1 Crores
Manufacturer	34	26	17	6
Whole seller	8	21	12	4
Retailer	23	18	8	7

Table 7 show the problem faced by business class in arranging capital. As we can see that red tapism is still a biggest change in the arranging capital. While some peoples have also faced the problem related to guarantor and mortgage. Same can also be seen from Figure 7.

Table 7. Q. 6: What problems you faced in arranging capital.

	Red tapism	Difficulty to find guarantor	Mortgage related problem
Manufacturer	38	23	22
Whole seller	28	12	5
Retailer	32	14	10

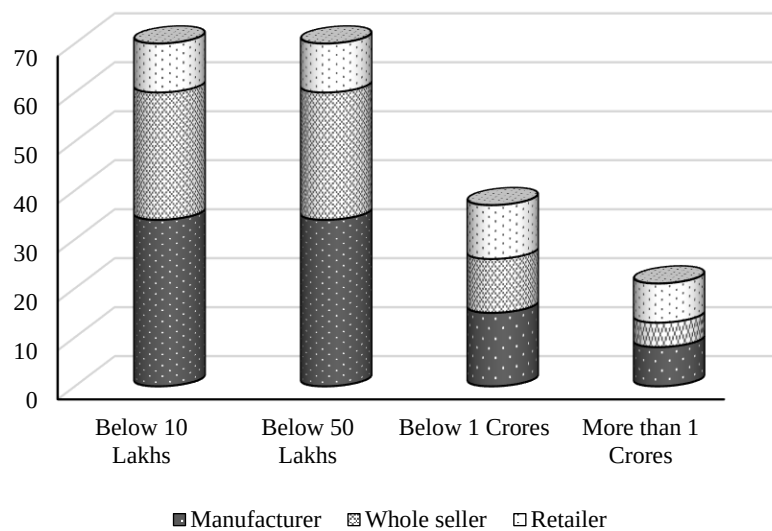


Figure 6. Q. 3: At present how much capital invested in your business.

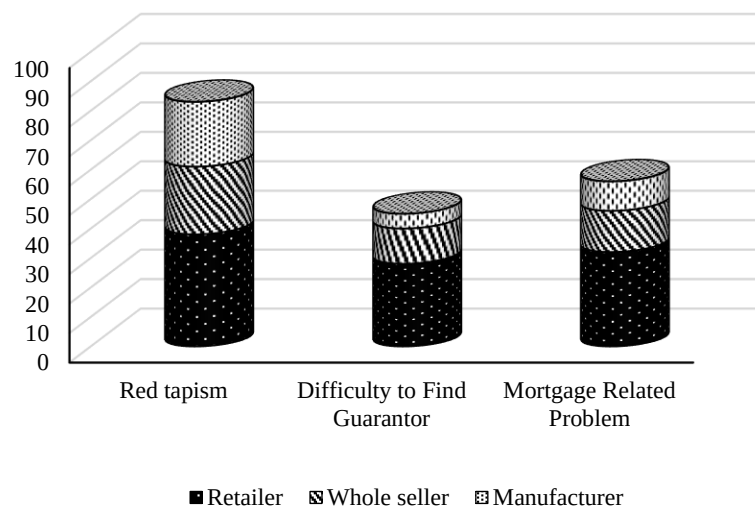


Figure 7. Q. 6: What problems you faced in arranging capital.

Table 8. Q. 8: If yes what type of problems you faced: Salary related problems.

	Salary related problems	Lack of efficient employees	Frequent switching job Habits	Lack to training centers
Manufacturer	18	28	24	13
Whole seller	9	12	14	10
Retailer	11	16	18	11

From Table 8 it can be depicted that business class have also biggest challenge related to switching of employees. Lack of efficiency, salary issue and training centers are also the biggest challenge for them (Figure 8).

Table 9. Q. 9-10: Have you also faced innovation related problems.

	Govt. Policy	Insufficient Market Growth	Lack of Training Institute
Manufacturer	23	13	47
Whole seller	16	14	15
Retailer	21	12	23

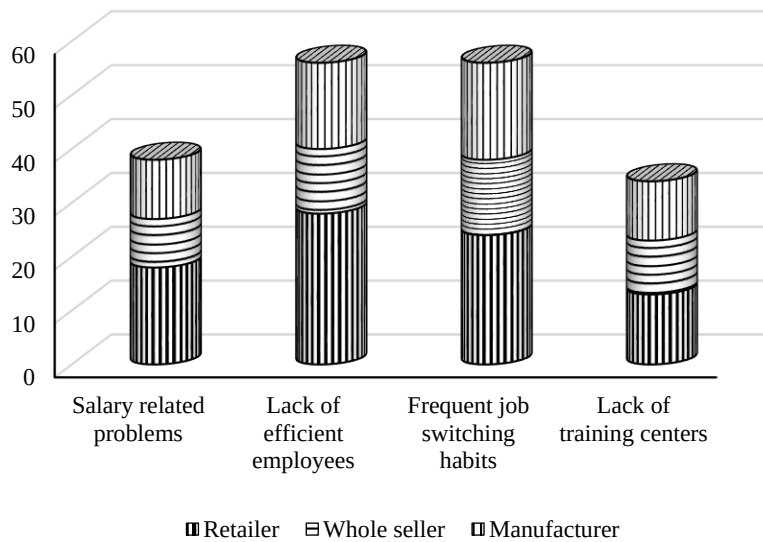


Figure 8. Q. 8: If yes what type of problems you faced: Salary related problems.

Table 9 show that problem faced by business class related to innovation in the industry. Government policy and Lack of training centers are the biggest challenge in front of industry. Insufficient market growth and unorganized sector is also big hurdle in the field of innovation (Figure 9).

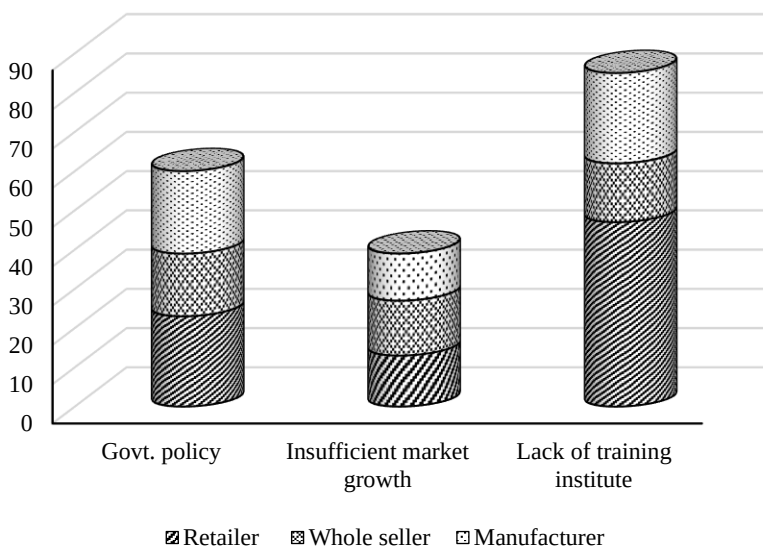


Figure 9. Q. 9-10: Have you also faced innovation related problems.

ANALYSIS OF SPECIFIC QUESTION TO EMPLOYEE

Table 10 show the outcome of questions specifically designed for employee in the industry. From the table it can be perceived that maximum no. of employee in this industry are inheritance from family. Peer group advice is also important to coming in the industry. While the peoples have also come by chance due to unemployment or to fulfill the financial need of the self and family. Same can be seen from the Figure 10 also.

Table 10. Q. 1: How you come in this industry.

	Professionally trained	Already family members	Peer group advice	By change
Employee	14	72	34	30

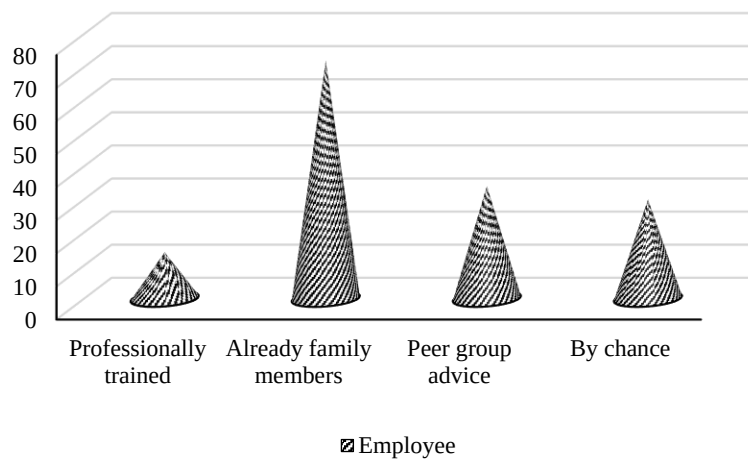


Figure 10. Q. 1: How you come in this industry.

Table 11. Q. 2: How much is your experience in this industry.

	Below 5 year	5-10 year	More than 15 year
Employee	72	46	32

From Table 11 we can see that majority of the employee have less than 5 year of experience. While sufficient no. also continue this profession as 32 persons have more than 15 year of experience. Same can be depicted from Figure 11.

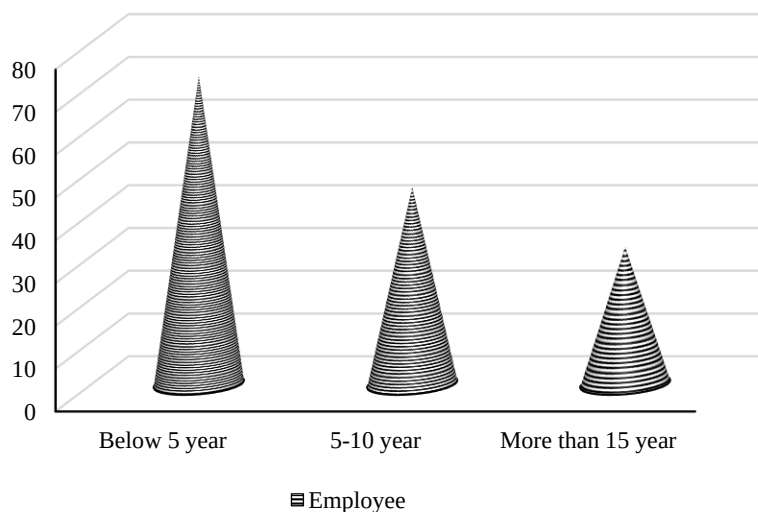


Figure 11. Q. 2: How much is your experience in this industry.

Table 12. Q. 5-6: How you attended any training program after coming in this industry.

	From Govt. Institute	From Private Institute
Employee	85	65

Table 12 show the persons attended training program after joining this industry. It has been found that majority peoples got training from govt. institutions. Same is shown in Figure 12.

Table 13 shows the employee satisfaction under this industry. It has been interpreted that lack of vision in the industry major cause for un-satisfaction among the employee. Same can be seen from Figure 13.

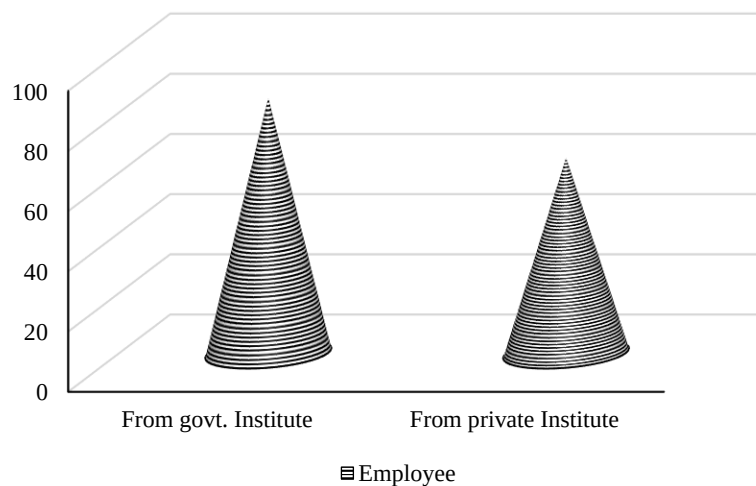


Figure 12. Q. 5-6: How you attended any training program after coming in this industry.

Table 13. Q. 9-10: Have you satisfied from you job.

	Salary/wage constraints	Job security	Lack of growth vision in the industry
Employee	89	61	150

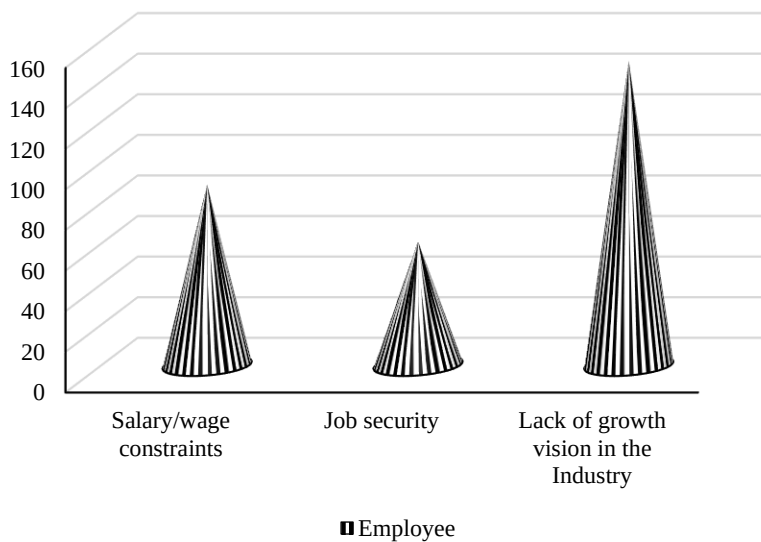


Figure 13. Q. 9-10: Have you satisfied from you job.

Table 14. Q. 11-12: Have you also find any innovation related problems in the industry.

	Govt. policy	Financial Constraints	Lack of visionary models	Lack of Technological Upgradation	Insufficient response from the market
Employee	56	23	21	23	27

Table 14 shows the response related to innovation related hurdles faced by this industry. It has been found that Government Policy or red tapism are major problems in the path of innovation. Same can be seen from the Figure 14.

From the above analysis and interpretation it can be inferred that industry has no clear vision. Red tapism is still the biggest problem faced by the industry. Infrastructure and technological hurdles are also the major concern in the path of innovation.

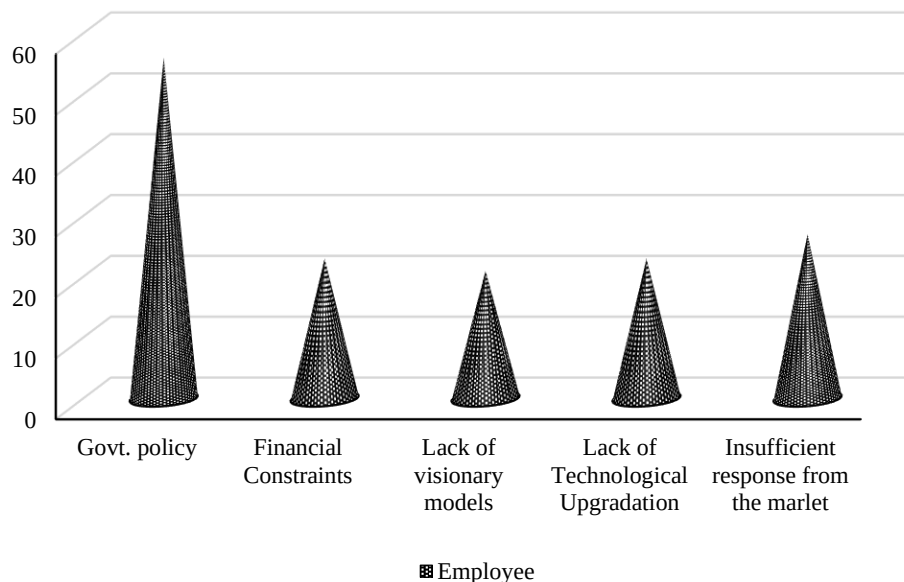


Figure 14. Q. 11-12: Have you also find any innovation related problems in the industry.

CONCLUSION

The findings of the study suggest that the chikan industry is still in growing phase has a large chunk unorganized could be better managed to exploit the potential of the market. The barriers faced by the industry is related to public policy, financial and funding constraints, limited budgetary resources, shortage of skilled manpower, poor communication system, lack of research and development (R&D) facilities, weak linkage of logistic management, hurdles in value creation and lack of long term strategies are the problems majority faced by the industry. This study is also making similarity with the study of Arya and Sadhana, 2002 related to this industry.

LIMITATIONS

The limitation of this study is, it has been carried in a very short time period. Sample size is very small and only related to Lucknow and surrounding areas based on convenient sampling can be expanded to other regions. A small amount of literature is included under this study can be expanded to explore other angle of the study.

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