

Empowering the Role of Micro and Small Enterprises and Its Influence of Socio-Economic Characteristics

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Abstract

MSEs are considered the core components of economic development because they create activities, including employment and alleviated poverty, especially in emerging economies. The paper looks at the concept of empowerment of MSEs on capacity building, access to finance, market linkage and policies that support the effectiveness of MSEs in their productivity and sustainability. It also examines the impact of socio-economic features, including education, sex, income level, and people networks, on performance and resistance of these businesses. The results show that the success of a business with particular empowerment strategies depending on the socio-economic background of entrepreneurs enhances business performance, provoking economic growth, and social inclusion. The study highlights the importance of speaking several languages where economic assistance works in concurrence with social empowerment so that the potential of MSEs as engines of inclusive growth is optimized. The analysis reveals that the dominant age groups among the respondents are 35.01 to 45 and 45.01 to 55 years and most of the owners of MSMEs are from rural and semi-urban areas. The enduring success of Indian MSMEs in a globalised economy will hinge on their capacity to convert challenges into opportunities, utilising their intrinsic strengths—adaptability, innovative potential, and profound local market insight—while methodically rectifying their shortcomings. A collaborative strategy among entrepreneurs, industry organisations, government entities, and financial institutions will guarantee that MSMEs not only endure but flourish in the competitive global landscape, hence maintaining their crucial contribution to India's economic advancement and social development.

Keywords: Micro and Small Enterprises, Empowerment, Socio-Economic Characteristics, Entrepreneurship, Inclusive Growth, Economic Development and Sustainability

Introduction

MSME play a vital role in the development of the world economy. The relative cost and benefits of globalization pave the way for resolving the problems in both developing and developed economies. The Apart from the employment generation and income generation which boost the local economy MSMEs Indian MSMEs

comprising the largest part of industrial and job creation system of the country, are very vulnerable during the globalization period. Global integration provides a supplier with a chance to expand markets, utilize technology, and collaborate with various organizations internationally, but at the same time, it poses intense competition in the face of multinational corporations that have higher resources, more advanced technologies, and have a strong brand name. Due to poor access to cheap finance, inadequate infrastructure and techno-readiness, MSMEs tend to not be able to compete internationally. In addition, international quality standards, fluctuating demand among the global players coupled with the fluctuations in the prices of the raw materials contribute to the pressure in operations. There is paucity of expertise manpower and exposure to international best practices that limit the growth in innovation and productivity. Besides, digital transformation, though vital, is not equal throughout the sector because of cost issues and a lack of training. The weakness of MSMEs is also underlined by global supply chain disruptions, which occurred in the situation with COVID-19. Indian MSMEs will need specific policy encouragement, capacity building, and technology update and enhanced participation in both local and global value chains so that they can remain competitive without neglecting their social-economic inputs.

Research Background

The literature research revealed that numerous studies have been undertaken on topics pertaining to the MSME sector. No pertinent study has been conducted explicitly to elucidate the function of MSMEs in economic development through both objective and subjective criteria. The objective measurements are the economic indicators that elucidate numerous economic aspects in MSMEs. The subjective measures reflect the owners' perspectives on several aspects of economic development attributed to MSMEs. The Madurai district in Tamil Nadu is a historic and old region that serves as a centre for rural industries. Industrialization, particularly in rural regions, demonstrates the substantial contribution of MSMEs to local development. This work endeavours to address this research gap.

Research Gap

Micro and Small Enterprises (MSEs) have been widely recognized as vital contributors to economic development, employment generation, and poverty alleviation. Existing literature primarily focuses on their economic performance, challenges in access to finance, and technological adoption. However, there is limited research exploring how empowerment initiatives—such as skill development, policy support, market access, and digital integration—interact with the socio-economic characteristics of entrepreneurs, including age, gender, education, income level, and domicile. While several studies examine MSEs in the broader context of small business growth, few establish a direct empirical link between empowerment strategies and variations in outcomes based on these socio-economic factors. Furthermore, research often treats MSEs as a homogeneous group, overlooking regional, cultural, and demographic differences that shape entrepreneurial behavior and resilience. The dynamic impact of globalization, digitalization, and sustainability requirements on MSE empowerment also remains underexplored, particularly in developing economies like India. Addressing these gaps can provide deeper insights into tailoring empowerment programs to specific socio-economic contexts, thereby enhancing the inclusivity, sustainability, and effectiveness of MSE development strategies.

Statement of the Problem

In emerging nations such as India, the contribution of MSMEs to national economic development is crucial. The effective utilization of India's abundant human resources is crucial for attaining a

satisfactory quality of living. Micro enterprises facilitate self-employment and self-sufficiency, while small enterprises offer limited job prospects. Medium firms can generate numerous employment possibilities, enhance the level of living, and improve infrastructural amenities in the local area. Economic development signifies enhanced wealth and improved quality of life achieved by advancements in four aspects of capacity outcomes: community capacity, company and industry capacity, entrepreneurial capacity, and innovative infrastructure. The inquiry pertains to whether the role of MSMEs in the research area contributes to enhanced economic development outcomes. This issue also affects MSMEs. The response to the inquiry would be exceedingly beneficial not only to policymakers but also to MSMEs. The MSMEs can be incentivized to attain balanced development in our nation and fulfill worldwide demand due to the provision of goods and services at a lower cost. Consequently, the current work has endeavoured to address this problem.

Profile of the Owners of MSMEs

The owners of MSMEs are classified into various groups on the basis of gender, age, level of education, domicile, social class, previous occupation, personality traits and MSMEs are classified on the basis of nature of ownership, type of business, locale, length of service, reasons for starting enterprise, sources of initial capital and initial investment.

Gender of the Respondents

Gender composition is relevant to the examination of diversity and inclusivity of the respondent group. Being a woman or a man affects opportunities, challenges and viewpoints in many ways because of social, cultural and economic processes. The knowledge of the gender distribution is a good way of gauging whether the opinions and experiences differ substantially between the male and the female respondents, and thus presents us with possible underlying gender-based dissimilarity. Within the framework of the socio-economic or behavioral analysis, gender can be analyzed to determine some patterns that may affect the result. These kinds of information are specifically valuable in developing fair policies, interventions or suggestions that support the special needs of various gender populations.

Table 1 Gender of the Respondents

S. No	Gender	Number of Respondents in						Total	
		Micro		Small		Medium			
		Numbers	Percentage	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
1	Male	142	51.64	172	77.48	62	89.85	376	66.43
2	Female	133	48.36	50	22.52	7	10.14	190	33.57
	Total	275	100	222	100	69	100	566	100

It is inferred from table 2 that more than two thirds of the respondents (66.43 percent) are males and the remaining one third (33.57 percent) are female. In the case of micro enterprises, the female respondents are nearly equal (48.36 percent) to males (51.64 percent). In the case of small enterprises, the female respondents constitute just 22.52 percent to its total of 222. In the case of Medium enterprises, the female respondents are negligibly low as they constitute only 10.14 percent to its total of 69. The analysis shows that the numbers and percentage of the female respondents are relatively higher in Micro enterprises compared to small and medium enterprises.

Age of the Respondents

The age profile of the respondents gives the key to learning about the demographical profile of the target population of the study and its possible impact on the perceptions, attitudes, and decision-making patterns. The age can frequently influence life experiences, levels of maturity and adaptability to the new concepts or technologies. The applicability of change and innovation might be higher among younger respondents whereas stability, experiences and traditional views will be represented by the older participants. The age composition then allows the researchers to realize the generational trends and evaluate differences in the responses of all age groups. This demographical factor is also useful in correlating the age related factors with narrow elements of behavior or socio-economic constructs in respect of the research context..

Table 2 Age of the Respondents

S. No	Gender	Number of Respondents in						Total	
		Micro		Small		Medium			
		Numbers	Percentage	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
1	Less than 25	72	26.18	31	13.96	-	-	103	18.20
2	25.01 - 35	46	16.73	46	20.72	18	26.09	110	19.43
3	35.01 - 45	41	14.91	87	39.19	27	39.13	155	27.39
4	45.01 - 55	63	22.91	45	20.27	14	20.29	122	21.55
5	Above 55	53	19.27	13	5.86	10	14.49	76	13.43
	Total	275	100	222	100	69	100	566	100

Table 2 shows that the top two dominant age groups of respondents are 35.01 to 45 and 45.01 to 55 years which constitute 27.39 and 21.55 percent to the total respectively. The first two dominant groups age in micro enterprises are less than 25 and 45.01 to 55 years which constitute 26.18 and 22.91 percent to its total of 275. In the case of small enterprises, these two are 35.01 to 45 and 25.01 to 35 years which constitute 39.19 and 20.72 percent to its total of 222. In the case of Medium enterprises, these are 35.01 to 45 and 25.01 to 35 years which constitute 39.13 and 26.09 percent, to its total of 68. The analysis reveals that the dominant age groups among the respondents are 35.01 to 45 and 45.01 to 55 years.

Level of Education among the Respondents

Educational levels of the respondents are very important factors that determine their knowledge, skills and awareness which can drastically alter their responses as well as views. The level of education tends to be indirectly related to informational access, higher cognitive skills and increases engagement in economic or society activities. On the other hand, the needs of respondents with lower education might be different concerning issues and things that are of priority or experiences. Investigation of the education profile gives the opportunity to researchers to study the influence of formal learning on opinions, choice and involvement towards the subject. This knowledge is also useful in coming up with specific knowledge raising programs or policies that can deal with the diversity in education within the respondent pool.

Table 3 Level of Education among the Respondents

S. No	Level of education	Number of Respondents in						Total	
		Micro		Small		Medium			
		Numbers	Percentage	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage

1	School Level	117	42.54	46	20.72	9	13.04	172	30.39
2	Higher Secondary Level	107	38.90	59	26.58	12	17.39	178	31.45
3	Under graduation	23	8.36	41	18.47	21	30.43	85	15.02
4	Post Graduation	12	4.36	48	21.62	11	15.94	71	12.54
5	Technical/ Professional Education	16	5.81	28	12.61	16	23.18	60	10.60
	Total	275	100	222	100	69	100	566	100

It is inferred from table 3 that the first two levels of education among the respondents are higher secondary level and school level which constitute 31.45 and 30.39 percent respectively to the total of 566. In the case of Micro enterprises, these two levels are school level and higher secondary level which constitute 42.54 and 38.90 percent respectively to the total of 275. In the case of small enterprises, these two are higher secondary level and post graduation which constitutes 26.58 and 21.62 percent respectively to the total of 222. In the case of medium enterprises, these two are under graduation and technical / professional education which constitute 30.43 and 23.18 percent respectively to the total of 69. Thus Table 3.3 makes it crystal clear that the respondents with higher secondary education and school education dominate.

Domicile of the Respondents

The domicile of the respondents; whether it is urban or rural is significant since it gives insights about their environmental, economic, and cultural frameworks that affect their perception about the views and experiences. The urban respondents can afford a higher access to infrastructure, education, and employment opportunities, whereas their counterparts are rural respondents whose views are based on traditional forms of livelihoods, the lack of resources, and the tightly knit community networks. Knowledge of the distribution of domiciles increases the ability of the researchers to capture differences in regional regions, differences in lifestyles and the provision of services that would have an impact on responses. The variable also makes it easier to determine the location-specific needs, which enables the policymakers and practitioners to come up with interventions that are contextual and effective to the rural and urban populations.

Table 4 Domicile of the Respondents

S. No	Domicile	Number of Respondents in						Total	
		Micro		Small		Medium			
		Numbers	Percentage	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
1	Urban	27	9.18	68	30.63	41	59.42	136	24.03
2	Semi-Urban	106	38.55	67	30.18	25	36.23	198	34.98
3	Rural	142	51.64	87	39.19	3	4.35	232	40.98
	Total	275	100	222	100	69	100	566	100

It is found from table 4 that a maximum of 40.98 percent of the respondents are in rural area, followed by 34.98 percent of respondents in semi-urban area. The first two domiciles of the respondents in micro enterprises in rural and semi-urban areas constitute 51.64 and 38.55 percent

respectively to their total. In the case of small enterprises, these two are rural and urban with the percentage of 39.19 and 30.63 respectively. Among the owners of medium enterprises, these two are urban and semi-urban which constitute 59.42 and 36.23 percent respectively to the total of 69. The analysis reveals that most of the owners of MSMEs are from rural and semi-urban areas.

Social class of the Respondents

Table 5 Social Class of the Respondents

S. No	Social Class	Number of Respondents in						Total	
		Micro		Small		Medium			
		Numbers	Percentage	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
1	SC/ST	46	16.72	26	11.71	7	10.14	79	13.96
2	Most Backward	75	27.27	57	25.68	18	26.09	150	26.50
3	Backward	128	46.55	104	46.85	27	39.13	259	45.76
4	Others	26	9.45	35	15.77	17	24.64	78	13.78
	Total	275	100	222	100	69	100	566	100

Table 5 shows that maximum of 45.76 percent of the respondents belong to backward class followed by most backward and SC/ST with the percent of 26.50 and 13.96 percent respectively. The first two social classes of the owners in Micro Enterprises are backward and most backward with the percentages of 46.85 and 25.68 percent respectively to these total of 275. In the case of Medium enterprises, these two are backward and most backward class with the percentage of 39.13 and 26.09 percent respectively to the total of 69 units. It is thus found from the above table nearly three fourths of respondents (72.25%) belong to most backward and backward classes.

Previous Occupation the Respondents

Occupational profile of the respondents has proved to be of great value in terms of their socio-economic status, their ways of life and their income-generating activities. In this research, respondents will be divided into eight different categories; homemakers, students, unemployed persons, agricultural labourers, farmers, employees working in the private sector, and employees working in the government sector, and other persons pursuing different occupations. These two categories are based on different experiences, priorities and challenges that could interfere with perception and decision making. As an example, housewives and children who are in college might not be able to get direct money and rural farmers and agricultural workers have to depend on the seasonal payment. The incomes of the private and government employees are normally more stable, the so-called other group depicts more heterogeneous, informal or self-employed work. The analysis is enhanced by learning the occupational differences.

Table 6 Previous Occupation of the Respondents

S. No	Previous Occupation	Number of Respondents in						Total	
		Micro		Small		Medium			
		Numbers	Percentage	Numbers	Percentage	Numbers	Percentage	Numbers	Percentage
1	Home Maker	162	58.90	28	12.61	7	10.14	197	34.81
2	Student	42	15.27	49	22.07	12	17.39	103	18.19
3	Unemployed	26	9.45	36	16.22	9	13.04	71	12.54
4	Agricultural Labour	17	6.18	22	9.91	8	11.59	47	8.30
5	Farming	7	2.55	19	8.56	7	10.14	33	5.83

6	Private Employee	9	3.27	36	16.22	12	17.39	57	10.07
7	Government Employee	-		7	3.15	5	7.25	12	2.12
8	Others	12	4.36	25	11.26	9	13.04	46	8.13
	Total	275	100	222	100	69	100	566	100

From table 6 it is clear that the top two previous occupations of the respondents are ‘homemaker’ and ‘students’ which constitute 34.81 and 18.19 percent respectively to be total of 566. The first two previous occupations among the respondents in micro enterprises are ‘homemaker’ and ‘students’ which constitute 58.90 and 15.27 percent respectively to the total of 275. While the previous occupation of ‘student’ tops the list among respondents of small enterprises, the second spot is shared by two namely ‘unemployed’ ‘private employee’ with an identical percentage of 16.22 each. Similarly in the cause of the owners of medium enterprises the top spot is shared by two namely ‘student’ and ‘private employee’ with an identical percentage of 17.39 each. The analysis reveals that the dominant previous occupation of the respondents is homemaker and students.

Conclusion

In an era of globalization, Indian Micro, Small and Medium Enterprises (MSMEs) are placed in an ambivalent position, facing unprecedented opportunities and at the same time facing massive structural and operational challenges. They play an important role as agents of employment, regional development and inclusive economic growth; however, the challenges posed by competitive forces of liberalized markets and technologically advanced global players have shown that the industry has severe flaws. Limited access to finance, poor infrastructure, technological incompetence and inability to meet the high international standards are among the factors that continue to affect their competitiveness at the global stage. Globalization has facilitated MSMEs to become involved in global value chains, open up to various markets and use the online platforms to grow. Nevertheless, the benefits of increased inspection rates are unevenly distributed, with large organisations taking the bulk beneficiary status due to their superior resources and technological competencies as well as management skills. Many small business organizations are struggling to cope in the rapidly changing business environments most notably in the rural and semi-urban areas, which makes it all the more clear that capacity building and legislative interventions are vital in these areas. The COVID-19 pandemic served as the indicator of how MSMEs were susceptible to international shocks, and defining resilience-boosting measures is necessary. The analysis reveals that the dominant previous occupation of the respondents is homemaker and students and The incomes of the private and government employees are normally more stable, the so-called other group depicts more heterogeneous, informal or self-employed work. The analysis is enhanced by learning the occupational differences. Indian MSMEs have to embrace technology, nourish innovation, widen skills, and enhance quality in order to respond adequately to the complexities of globalization. At the same time, governments should ensure availability of finance, easy laws and strong infrastructure to develop favorable business environment.

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