

Student name: Amandeep kaur

Student ID: 2106102

Module name: MBA Dissertation

Module code: LCMB7020

Lecturer name: Dr. Gladius David Kulothungan

EXPLORING THE RELATIONSHIP BETWEEN “EXTERNAL ENVIRONMENT” AND “SME” PERFORMANCE - A CASE STUDY FROM PUNJAB

Acknowledgement

I would like to express my gratitude to my supervisor for giving me such an amazing opportunity to research an interesting topic. Without his guidance, I will not be able to complete my research study systematically. I would also like to thank my family who was concerned and supported me throughout my research process. I am thanking all my batch mates for giving their help and time in the research. Thank you.

Abstract

Small and medium-sized enterprises (SMEs) contribute to the economy of the country by providing employment opportunities. However, external business environment factors such as political, economic factors, customers and competition in the market affect the performance of SMEs. Thus, this study presented the rationale regarding the utilisation of chemical fertilisers in the agricultural sector affecting Punjab's SMEs. Therefore, the aim of this study was to evaluate the impact of external factors on SMEs' performance and develop considerations to help them to associate with external factors. Existing literature has showcased that high political stability in India has contributed to the growth of SMEs though there is a federal income tax system as a college for Indian SMEs. Thus, in order to meet the aim and research questions, this research has followed a deductive approach to lay down findings in a descriptive manner. A mixed research method including interviews of Punjab's SME managers was done and secondary data was collected which were then analysed by narrative data analytical tools and thematic analysis. The findings of the study have been derived by analysing both primary and secondary qualitative information. The interview responses have shown that the high GDP, employment and technological growth in India have been effective for the performance growth of SMEs in Punjab. Moreover, it was identified from the themes that the decline in the GDP growth rate of India and high corruption in Punjab have affected their performance. On the other hand, it was demonstrated that the high IT expenditure of the Indian Government can be significant to increase technological inclusion in the SMEs of Punjab. It was also shown that the inclusion of rewards and remunerations can also be constructive to increase SME performance in Punjab. The findings also showed that the increment of Covid-19 cases in India has been detrimental to the performance growth of SMEs. It has been recommended that CSR practices can help SMEs of Punjab to increase brand awareness, so that they can adjust with harsh external environmental condition.

Table of Contents

Chapter 1: Introduction	9
1.1 Background	9
1.2 Rationale.....	10
1.3 Aim and objectives	12

1.4 Research question	13
1.5 Significance of the study	13
1.6 Research outline	14
1.7 Chapter Summary	14
Chapter 2: Literature review	15
2.1 Chapter introduction	15
2.2 Impact of external business environment on business performance of Indian SMEs	15
2.3 Factors of external business environment affecting the business performance of Indian SMEs	16
2.4 Importance of maintaining an effective relationship between business performance and external business environment	18
2.5 Factors affecting the performance of SMEs in India	20
2.6 Strategies used for analysing the external business environment	21
2.7 Usefulness of sustaining SMEs performance in post-pandemic time	23
2.8 Challenges faced by SMEs of India while managing the factors of the external business environment	23
2.9 Strategies used by Indian SMEs to tackle the external business environment factors	25
2.10 Theoretical discussion	25
2.11 Literature Gap	29
2.12 Chapter Summary	29
Chapter 3: Methodology	30
3.1 Chapter Introduction	30
3.2 Research Philosophy	30
3.3 Research approach.....	31
3.4 Research design	32

3.5 Research Strategy	33
3.6 Data collection method.....	34
3.7 Validity and reliability	34
3.8 Sampling method.....	35
3.9 Data analysis	35
3.10 Ethical consideration	36
3.11 Research limitation	36
3.12 Chapter Summary	36
Chapter 4: Findings and Analysis	38
4.1 Chapter Introduction	38
4.2 Primary qualitative data finding and analysis	38
4.3 Secondary qualitative data findings and analysis	41
4.4 Chapter Summary	47
Chapter 5: Discussion	49
5.1 Significance of findings	49
5.2 Relation to Literature	54
5.3 Marginal Implications	54
Chapter 6: Conclusion.....	56
6.1 Conclusion	56
6.2 Linking with objectives	56
6.3 Recommendations	57
6.4 Research gap	58
6.5 Future Scope	59
Reference list	60

List of Figures

Figure 1.1.1: GDP of Punjab.....	10
Figure 1.2.1: Burgeoning debt of Punjab	12
Figure 1.6.1: Research outline	14
Figure 2.2.1: Internal and external factors related to business performance	16
Figure 2.3.1: External factors affecting business performance	17
Figure 2.4.1: External factors affecting a business	19
Figure 2.5.1: Factors affecting the performance of SMEs	21
Figure 2.6.1: Strategies used for analysing the external business environment	22
Figure 2.8.1: External Environment.....	24
Figure 2.9.1: PESTLE	26
Figure 2.9.2: Henri Fayol's Theory	28
Figure 3.3.1: Research approach	31
Figure 3.4.1: Types of research design	32
Figure 3.5.1: Types of research strategy	33
Figure 4.3.1: Number of workers in Punjab	41
Figure 4.3.2: GDP growth rate of India	42
Figure 4.3.3: IT spending in India	44
Figure 4.3.4: Payment of bribes by citizens of Punjab in 2019	45
Figure 4.3.5: Confirmed, recovered and deceased cases of Covid-19 pandemic in India	46
Figure 4.3.6: Cumulative CO ₂ emissions in India	47

List of Tables

Table 1: Responses to the first question	38
Table 2: Interview responses for the second question	39
Table 3: Answers of interviewees to the third question	39

Chapter 1: Introduction

1.1 Background

The development of a country is based on the contribution made by the business in terms of economy and attaining a healthy growth rate. A majority portion of business operations in a country comprises small and medium enterprises also referred to as SMEs. According to Chege and Wang (2020), the existence of SMEs in a country contributes to the development of the economy and the creation of employment opportunities in a positive manner. Considering the economic value of India, which is one of the most populous countries after China and also emerging as a powerful country in terms of the economy, it holds its position in 6th level among the top economies of the world. The economy of India is considered to be the fastest growing economy and reaching a GDP rate of \$2.66 trillion in 2022 (Business Insider, 2022).

The factor that contributed greatly to the economic development of India is the SMEs present in the country. There are over 42.50 million registered as well as unregistered SMEs in India contributing to 65% of industrial units in the country (Evoma, 2021). The contribution of SMEs in terms of GDP is over 115 in manufacturing and over 24% in the service sector. One of the major contributors to the economy of India is the manufacturing and agricultural sector in Punjab. It has been identified that there are over 1.6 lac SMEs' operational in Punjab establishing a strong and firm base of Business Development (PbIndustries, 2022). The emergence of these SMEs in the state of Punjab is contributing to developing the economy of the state effectively.

GDP of Punjab									
Year	At current prices (crore INR)				At 2011-12 prices (crore INR)				
	GSDP	GSVA	NSDP	NSVA	GSDP	GSVA	NSDP	NSVA	
2011-12	266,628	253,774	239,227	22,637,295	266,628	253,774	239,227	22,637,295	
2012-13	297,734	280,838	267,116	25,022,049	280,823	265,401	251,813	23,639,091	
2013-14	332,147	308,329	297,908	27,409,014	299,450	279,251	267,515	24,731,649	
2014-15	355,102	328,779	316,745	29,042,294	312,125	290,094	278,485	25,645,318	
2015-16	390,087	353,155	350,011	31,307,876	330,052	305,209	294,895	27,005,167	
2016-17	426,988	386,189	384,197	34,339,784	352,721	324,845	315,783	28,790,790	
2017-18	470,834	426,776	422,458	37,839,979	375,238	344,519	334,889	30,417,006	
2018-19	525,303	467,531	471,364	41,359,285	396,866	362,791	353,747	31,967,296	
2019-20	555,778	492,029	499,693	43,594,301	412,668	375,605	368,677	33,161,406	
2020-21	541,615	480,980	487,613	42,697,790	386,215	354,715	345,192	31,369,152	

GDP per capita of Punjab					GDP Growth of Punjab				
Year	Per capita at current prices (INR)		Per capita at 2011-12 prices (INR)		Year	Growth (%) at current prices (INR)		Growth (%) at 2011-12 prices (INR)	
	GSDP	NSDP	GSDP	NSDP		GSDP	NSDP	GSDP	NSDP
2020-21	172,340	155,157	122,892	109,839	2020-21	-2.55	-2.42	-6.41	-6.37
2019-20	179,163	161,083	133,029	118,848	2019-20	5.80	6.01	3.98	4.22
2018-19	171,556	153,940	129,611	115,529	2018-19	11.57	11.58	5.76	5.63
2017-18	155,781	139,775	124,152	110,802	2017-18	10.27	9.96	6.38	6.05
2016-17	143,123	128,780	118,229	105,848	2016-17	9.46	9.77	6.87	7.08
2015-16	132,467	118,858	112,080	100,141	2015-16	9.85	10.50	5.74	5.89
2014-15	122,166	108,970	107,380	95,807	2014-15	6.91	6.32	4.23	4.10
2013-14	115,764	103,831	104,368	93,238	2013-14	11.56	11.53	6.63	6.24
2012-13	105,129	94,318	99,158	88,915	2012-13	11.67	11.66	5.32	5.26
2011-12	95,379	85,577	95,379	85,577					

Figure 1.1.1: GDP of Punjab

(Source: Statistics Times, 2021)

The performance of these SMEs is largely based on their “external environment” such as economic facilities, political factors, customers and competition in the market. According to Asad *et al.* (2020), there is a close relationship between the external environments with those of SME's performance as it influences the action of SMEs in each respect. Therefore the present research project is framed to evaluate the relationship between the “external environments” with those of SMEs’ performances in Punjab. In order to perform research in this context, there is an identification of factors that resulted in the adoption of this topic followed by framing of aims and objectives in order to develop a structure for research.

1.2 Rationale

The development of a business more precisely “SME” is largely influenced by the assistance facilitated by the role played by the external environment. Therefore the factor concerning the present research is associated with a resulting decline in the growth of SMEs in Punjab due to delays taking place in the cultivation of paddy. It has been identified that there is a shortage of

water and increased use of fertilizer prices has taken place in the state of Punjab leading to a 27% decrease in the cultivation of paddy (The Hindu, 2022). Due to the existence of this factor, the cost of fertilizers has increased tremendously in 2022 creating a resulting impact on the performance of SMEs in Punjab.

Reduction in the use of water resources and the increasing utilisation of chemical fertilizers that is followed up by an increase in the price of fertilizers is noted to be an issue due to its resulting impact on the business performance of an SME. In the words of Adam and Alarifi (2021), the business activity and progression of a business only take place with the influence of the “external environment” in an effective manner. The prevalence of the “external environment” provides an opportunity for a business to change its activity both in direct as well as indirect forms. “External environment” results in influencing the decision of a company beyond the area of company operational control. In consideration of the situation in Punjab, the prevalence of external factors such as the use of chemical fertilizers in the soil tends to create a resulting impact on the agricultural business practice of SMEs operating in Punjab. It has been observed that over 40% of soil in Punjab has a high concentration of phosphorus which is proven to be beneficial to farmers in terms of maintaining good soil (Indian Express, 2021). On the other hand, over 60% of the land is found to be unfit for cultivation due to the presence of high levels of chemical fertilizers. The utilisation of chemical fertilizers in the agriculture sector in the city of Punjab is considered to be an issue in the present circumstances due to its resulting impact on “SME” performance.

There is a reduction in agricultural practices by the “SME” due to the loss incurred in agriculture productivity. The resulted impact of this has reduced the per capita income of Punjab, at the present situation the per capita income of Punjab is Rs 1, 15,882 which is found to be lower than that of the national average accounting for over Rs 1, 16,067 representing a gap of 0.16% (Tribune India, 2022). Moreover, the farmer's protest taking place in the country has affected the city of Punjab in terms of agricultural production and developmental growth of SMEs in Punjab.

The development of an “SME” usually takes place with the inclusion of technological facilities; however, in consideration of the state of Punjab, there is an exertion of over 7% inflation in the state (Business Standard, 2022).

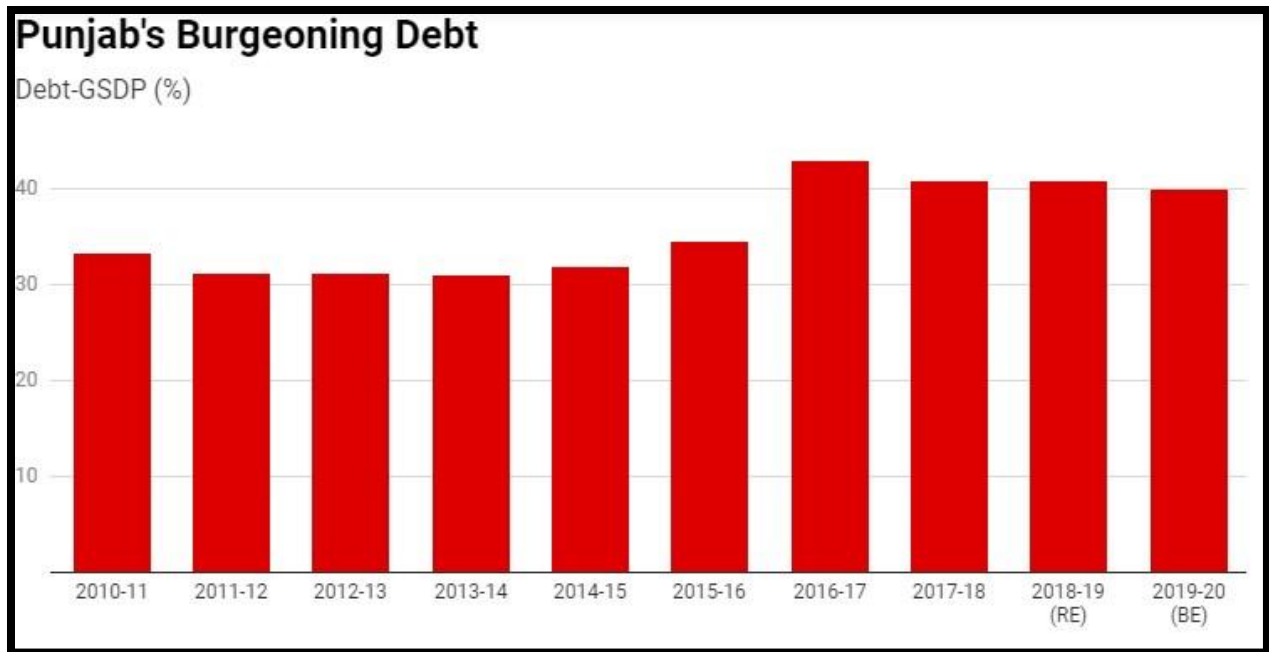


Figure 1.2.1: Burgeoning debt of Punjab

(Source: Dugal, 2020)

The graph presented above represents the debts and high revenue taking place in Punjab that affect the development of business. Therefore the existence of this economic feasibility has created a high impact on technical resources utilisation in the development of SMEs. However, another intruding factor that exhibits a relation between the “external environment” and “SME” performance is the literacy level present in the state. It has been observed that the literacy rate of Punjab as per the 2011 census is 75.84% (Punjab Data, 2021). The combination of all these external factors is creating an impact on the performance of SMEs in Punjab.

Therefore the research sheds light on evaluating the impact of the “external environment” on the performance of SMEs established in the UK. Along with that undertaking an approach to identify and develop the potential for improving the performance of SMEs in consideration of the “external environment” for its development.

1.3 Aim and objectives

The research aims to “evaluate *the impact of the external environment on the performance of SMEs in Punjab*”. Moreover, the research also aims to “develop potential considerations for helping *SMEs in order to associate the external environment with their development*”.

Research objectives are

- To explore the role of the “ external environment” in the growth of SMEs in Punjab
- To identify different challenges faced by SMEs in Punjab due to the external environment
- To adopt different strategies related to SMEs in relation to the “external environment” of Punjab.

1.4 Research question

1. What is the role of the “external environment” in the development of SMEs in Punjab?
2. What are the challenges faced by SMEs in Punjab due to the external environment?
3. What are different strategies related to SMEs in the “external environment” of Punjab?

1.5 Significance of the study

The present research is focused on evaluating the impact of the “external environment” on the performance of SMEs in Punjab. The research contains information relating to different external environmental factors tends to generate an impact on the performance of an SME operating in a state. Therefore undertaking research on the given topic is found to be highly beneficial in understanding the relationship between the external environments with those of

“SME”performance. The present given research includes the identification of different challenges faced by SMEs in the external environment. Development of potential in order to improve performance of SMEs in Punjab and improve performance capabilities, thus the existence of these factors is provided to be beneficial in regards to the development of “SME” performance in Punjab and at the same time identifying rightful potential imperative to the growth of SMEs in relation to the external environment.

1.6 Research outline

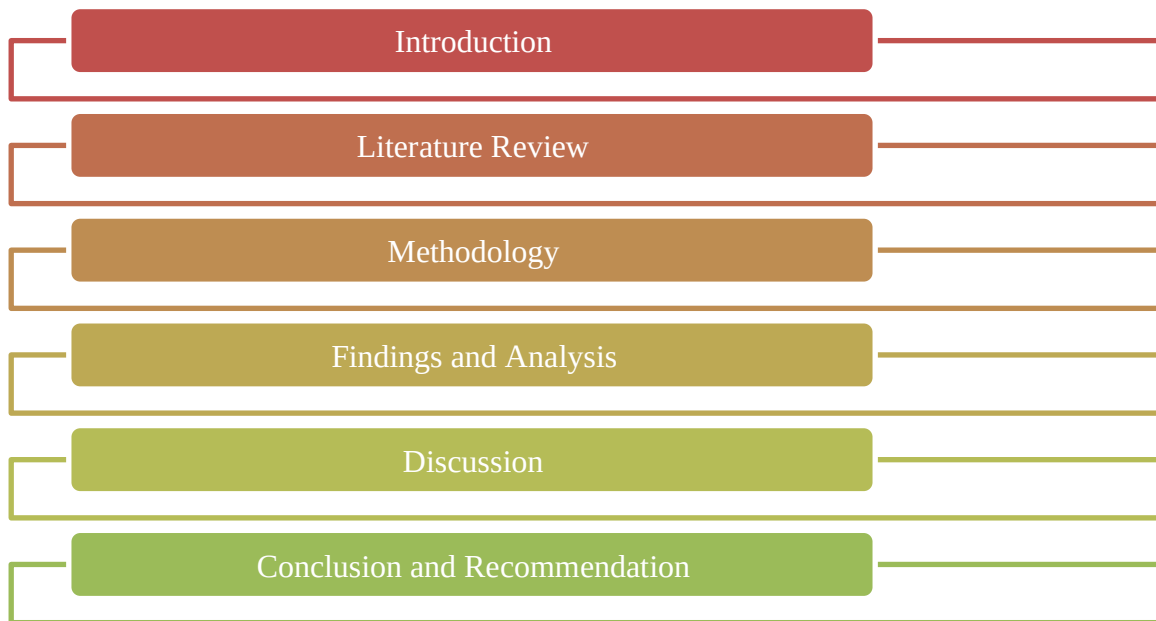


Figure 1.6.1: Research outline

(Source: self created)

1.7 Chapter Summary

In this section, there is a collection of all the data gathered in the present research that undertakes the case study of SMEs in Punjab. It has been attained that the growth and development of a business are mainly related to the activity taken up by the “SME” and its relations with its “external environment” such as political factors, economy or environment. Thus in order to conduct research in this respect, the research set objectives that undertake the development of the relationship between SMEs and the external environment. Along with that identification of different challenges taking place in SMEs in relation to their “external environment” is followed by the adoption of different strategies for improving performance. The reason behind the inclusion of all these objectives within the research is due to the existence of different influential factors affecting the performance of SMEs in Punjab. Thus detailed analysis of the objectives is presented in the next chapter of the literature review in an effective manner.

Chapter 2: Literature review

2.1 Chapter introduction

In the surging competitive business market, apart from internal factors in businesses several external factors such as political and economic factors significantly contribute to the growth and success of a business. External factors of business can be described as the aspects that play a crucial role in determining the marketing strategy, operational efficiency and success of a business. In recent times, with technological advancement and with the assistance of economics of scale, SMEs in India are growing rapidly. Hence, external research relating to external factors in the context of the development of SMEs is prevalent. Thus, in this chapter, relevant theories in relation to external factors and their interrelation with the development of SMEs are discussed. In this instance, the chapter also concludes on several factors affecting the performance and the strategies to overcome those issues with relevant theories. However, there is a literature gap identified, which will be focused on throughout this study.

2.2 Impact of external business environment on business performance of Indian SMEs

The concept of a business environment including internal and external environmental factors is essential for the development and consistent growth of any business as shown in the image below. According to Mikhno *et al.* (2021), business growth is not only influenced by the internal elements of business but also significantly affected by the external conditions determining the pace of the development of an industry. In this instance, it can be demonstrated that small and medium-sized business enterprises have been significantly influenced by major external factors such as political factors and the economic scale of India. High political stability in India has contributed to the steady and consistent acceleration of economic growth of the country. Thus, the economic factors have been beneficial for making an effective marketing strategy and execution of efficient operations in the case of small and medium-sized companies in India. Hence, it can be said that the socio-economic environment of India has been the major driver in the process of developing the backbone of Indian SMEs. The high political stability of India has helped SMEs to grow over time with the contribution of financial support to companies.



Figure 2.2.1: Internal and external factors related to business performance

(Source: Febrian and Ahmad, 2021)

External factors help micro, small and medium-sized companies to process their business structure accordingly, which will be beneficial in terms of producing an efficient overall performance. As per the report of Business Standard (2019), Indian SMEs have been recognized by the United Nations as the fast responders to public requirements in the market. Thus, the impact of external factors governing the increasing growth of SMEs can be assessed in terms of effective implementations of processes to respond quickly according to the market.

2.3 Factors of external business environment affecting the business performance of Indian SMEs

In spite of having several positive effects on the external business environment, several external factors can be considered detrimental affecting the performance and the growth of a business. According to Lee *et al.* (2021), though internal factors are the basic elements of a business, the challenges emerging from the external environment can be more detrimental in terms of the stability of an organisation. It has been identified that the increased emergence of Covid-19 has been the major external factor, significantly affecting the SMEs of India. Due to the national lockdown, the majority of SMEs in India remained disrupted, whereas many of the SMEs were

interrupted in operating their business in the post-Covid era resulting in the steep shrinkage of revenue. Moreover, the high inflation rate prevailing in India in the post-Covid era has negatively impacted Indian SMEs resulting in difficulty in maintaining their financial structure.

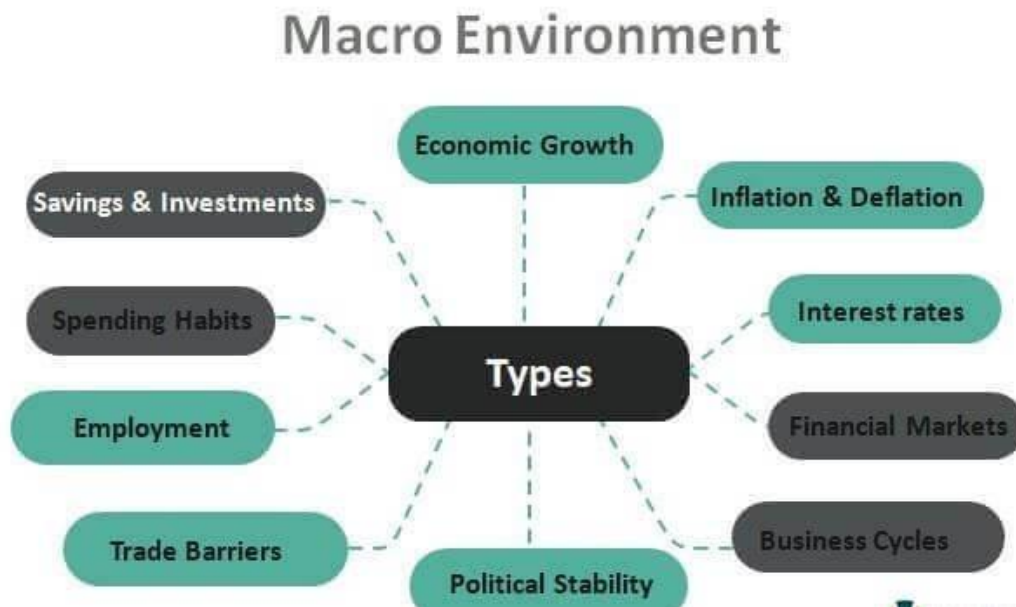


Figure 2.3.1: External factors affecting business performance

(Source: Lee *et al.*, 2021)

On the other hand, farmers' protest against government policy has significantly created a risky situation for the SMEs in Punjab (Hindustan Times, 2020). Due to the gathering and farmers' protest, there has been a major difficulty in maintaining the supply chain process resulting in the hindrance and blockade of the supply chain, especially in the case of SMEs of Punjab. It has also been identified by Jo and Kwon (2021), that several laws related to waste production, and recycling have been affecting the SMEs of India, as small and medium-sized companies faced several difficulties regarding the operation process and cost management, which negatively affected the business.

On the other hand, HewaWellalage *et al.* (2020) stated in their study, that the external business environment related to access to finance and credit in India can be an issue for SMEs in India. Inadequate access to finance will constrain emerging SMEs into certain boundaries. However, it is argued by Corredera-Catalán *et al.* (2021) that the stated introduction of different finance schemes by various banks helps SMEs to overcome financial challenges. Moreover, the support of the government through the means of different policies and schemes taken by the Indian

government would positively impact SMEs in India. As a National Manufacturing competitive program, different technological training and development programs by the government can be attributed to the growing interest and success of SMEs. However, from the technological viewpoint, a lack of technological skills and knowledge gap resulted in the shortage of tech-savvy manpower, which is negatively reflected in the performance of the majority of the Indian SMEs.

2.4 Importance of maintaining an effective relationship between business performance and external business environment

Maintaining an effective relationship between various external environments and business performance is of tremendous importance as its effectiveness will be reflected in the growth and flourishing of a business regardless of the size and type of business. According to the opinions of HewaWellalage *et al.* (2020), the relationship between the external business environment and business performance can be described as close and continuous interconnection. Thus, it is important to understand and evaluate the external business factors such as political, economic, sociological, environmental, and technological, which significantly contribute to the establishment, performance and growth of a business. Understanding and maintaining an effective relationship between external factors and business performance helps to seek and identify different opportunities and threats in the market. Additionally, maintaining an effective relationship with the external factors can be directly or indirectly attributed to the operation process, strategy and management process of the business, while will help to generate more revenue for a business.

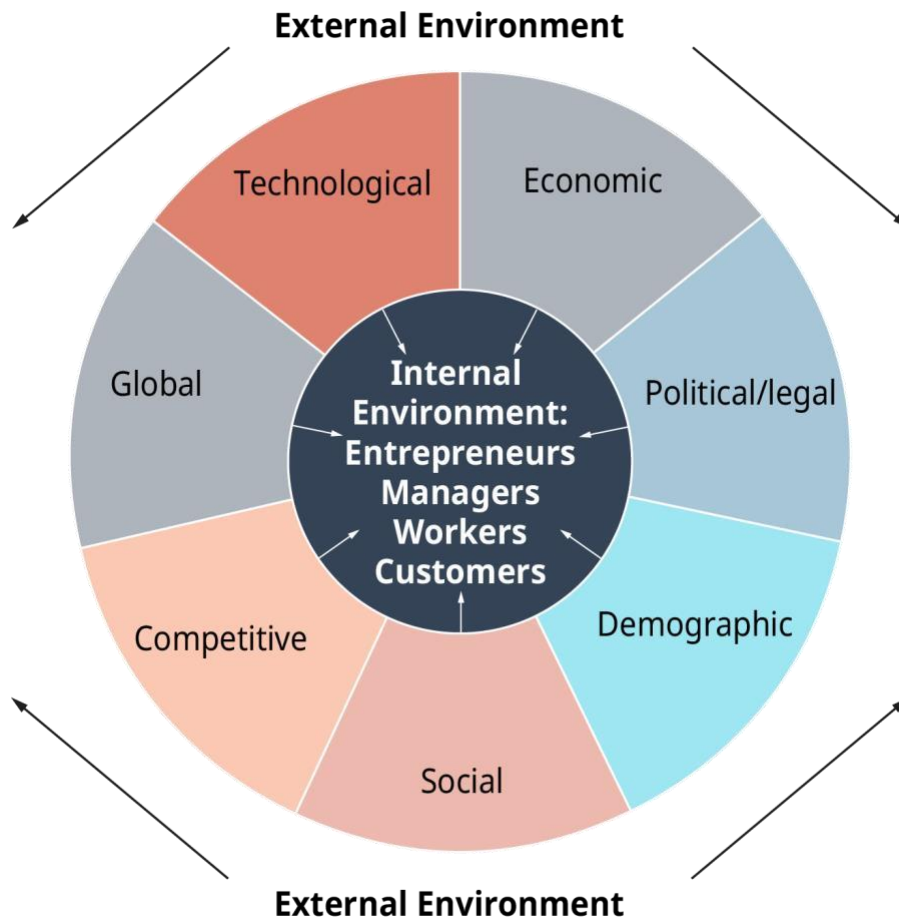


Figure 2.4.1: External factors affecting a business

(Source: Kim *et al.*, 2021)

However, it is argued by Altena *et al.* (2020) in his study that, the main critical role of maintaining a good relationship with the external business environment in terms of increasing the performance of an enterprise is that the managers can effectively avoid difficult concerns and consequences related to it, as external environments are not in the company's hand. Another major importance of understanding and maintaining an effective relationship with external factors is that it helps to understand market fluctuation, thus effectively optimising an investment process. As shown in the image the external factor will help to understand the taxation process and government policies and schemes related to the development of a business, which will be required to maintain profit and financial structure. Thus, it presents a clear view of the business market, which will be beneficial for enhancing the performance of a business.

On the other hand, maintaining external factors in terms of technological aspects provides a company with an extra edge of competitive benefit by increasing the efficiency of a system. This

also increases the interdependence between two business industries, which will be beneficial for maintaining and generating an effective customer base. It is also proposed by Bamel and Bamel (2018) that managing external factors helps an organisation to identify dynamic resources present in the environment, thus indirectly enhancing the efficiency of the production unit of an organisation.

2.5 Factors affecting the performance of SMEs in India

Small and medium-sized enterprises are emerging as a dynamic sector in India, whose performance and growth are shaped by the various internal and external factors of the business environment. As per the words of Bednar and Welch (2020), internal and external business environment factors create a structure whose acceptability and efficiency are reflected through the success of an organisation. For example, internal factors such as leadership style, management efficiency, strategy, operational efficiency, skilled workforce, and implementation of technology create the basic elements of an organisation. In India, SMEs are majorly affected by the education rate and lack of skilled people (Singh *et al.*, 2022). Alternatively, poor management systems and a gap in professional knowledge affect the business negatively to execute a smooth strategic operation. However, Altena *et al.* (2020) stated in their study, that a huge workforce can be considered strength of a company, which determines the performance and efficiency of an enterprise. Additional internal factors such as innovation, sustainability approaches, and financial capital help to increase the efficiency and performance of an organisation, thus contributing to its success.

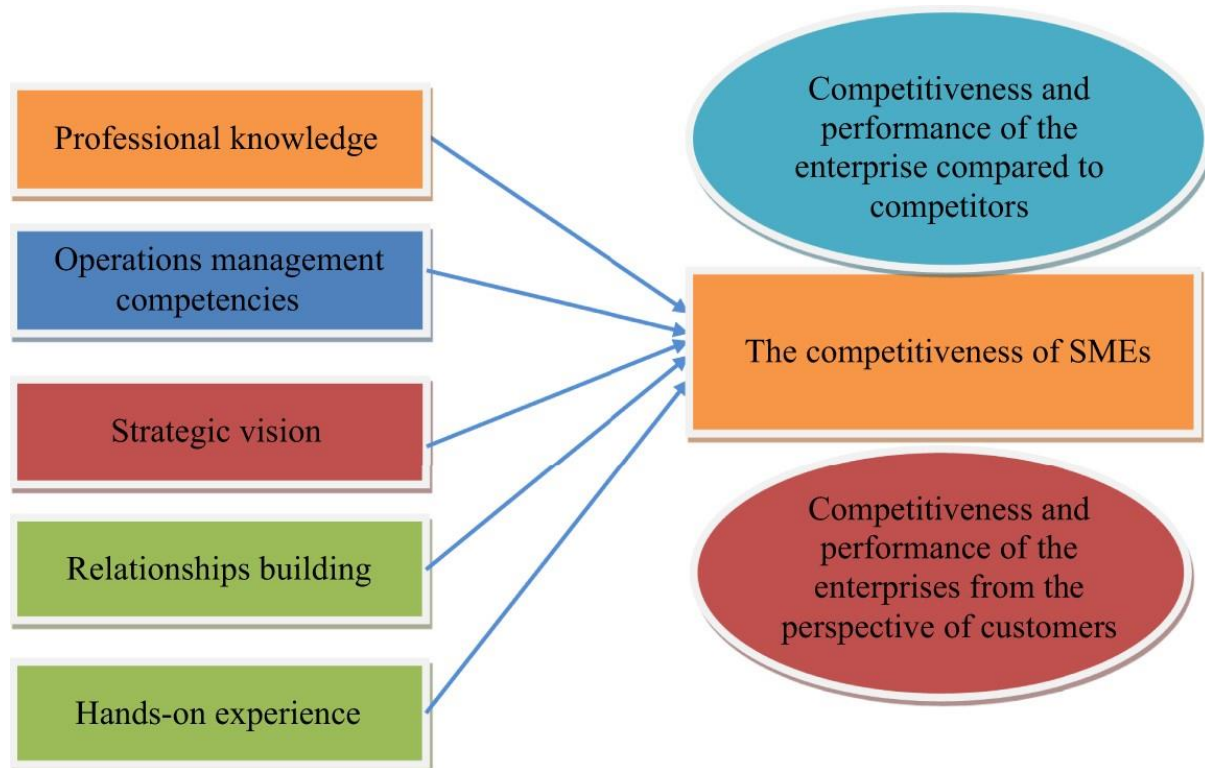


Figure 2.5.1: Factors affecting the performance of SMEs

(Source: Ali Qalati *et al.*, 2020)

On the other hand, external factors, which are not controllable by an enterprise, affect any size and type of business to a great extent. In recent times, the pandemic situation has greatly impacted the business development process of SMEs in India. It is identified by Zahraee *et al.* (2022) that the pandemic situation and post-pandemic era resulted in the significant disruption of the supply chain which causes interruption of business of Indian SMEs. Moreover, the price hike resulting in the high inflation rate cost different SMEs to undergo a financial crisis. Moreover, recent farmers' protests have left a significant effect on the SMEs of Punjab (Hindustan Times, 2020). However, it is argued by Jena (2020), that the different schemes and policies related to the development of technological knowledge and different schemes undertaken by many banks help Indian SMEs to develop a skilled workforce as well as manage their financial crisis during Covid. Additionally, fluctuation in market demand and changes in consumers purchasing behaviours significantly affected Indian SMEs which is reflected in the development of Indian SMEs.

2.6 Strategies used for analysing the external business environment

For operating an effective business, understanding and analysis of the external business environment is very critical. According to George (2019), analysing different external

environments through different strategic approaches helps a business organisation to effectively operate, so that more revenue can be generated. In this instance, strategies related to identifying the market trend and demand will provide an organisation with the ability to understand the consumer base requirements. This strategy also helps in exploring new opportunities in the market, which will be beneficial in terms of growth by avoiding certain competition.

Analysing the market share price and its fluctuation can be a strategic approach for a better understanding of external factors such as political and economic scenarios. Alternatively, an indepth analysing of market share will help an organisation to evaluate the investment processes in the market. The strategy relating to the analysis of several external factors such as technological, sociological, environmental, consumer buying behaviours, opportunities and threats can be done through the implementation of 4 step processes. As per the opinion, of Kabeyi (2019), implementing the method of scanning, monitoring, forecasting and assessing it can be considered to be one of the major applicable strategies in terms of analysis of the external business environment. As these steps will help to explore early signs of opportunities as well as threats regarding various external factors.

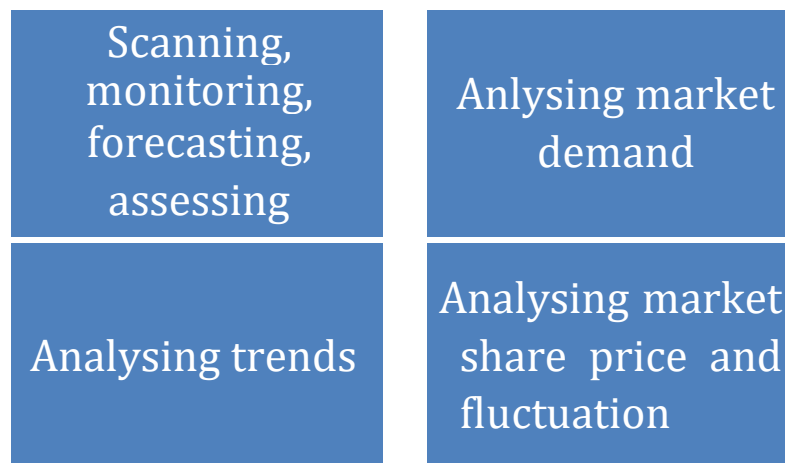


Figure 2.6.1: Strategies used for analysing the external business environment

(Source: Self-made)

However, it is argued by Stachová *et al.* (2019) that analysing and understanding the competition in the business world and having a clear view of actual scenarios enables a company to better evaluate external factors, which are crucial for the growth and success of the business. As this will provide information on various competitors and their strategic operation as well as understand their own company's position in the market. Hence, it can be considered one of the major strategic and applicable methods in terms of gaining a full insight into the business market.

2.7 Usefulness of sustaining SMEs performance in post-pandemic time

Covid -19 pandemic has a vulnerable effect on every segment including the health as well as the business market. As per the study of Bocanet *et al.* (2021), sustaining the performance of SMEs in the post-pandemic era will contribute majorly to the overall economic growth of the country. Hence, it can be demonstrated that sustaining a stable performance and productivity by SMEs during the post-pandemic time will not only reshape the financial structure of that organisation but also shape the economic growth of the country by generating more revenue. During covid, due to the national lockdown resulting in the disruption of the supply chain and business interruption, most SMEs have faced a huge loss (Aladejebi, 2020). Therefore, maintaining sustainable performance the SMEs now can generate more sales volumes, thus increasing their profit. Alternatively, maintaining a stable performance SMEs can engage more workforce as well as more customers. During the pandemic, a huge proportion of employees lost their job and due to the inflation rate and interruption in the operation process many customers were not engaged at that time. Henceforth, sustaining their performance and productivity, SMEs now can attract more customers, which will be beneficial for generating profit. On the other hand, engaging new employees in SMEs can increase the efficiency of their operation and production units. Moreover, in the post-pandemic era, there are different new opportunities in the market, especially in the hygiene, food, and health-related industry, which can be targeted effectively by efficient strategic approaches.

SMEs can also contribute by adding social value and creating a strong culture in their organisation, which helps in creating a communicative network in the business. Moreover, the efficient performance of SMEs can also be applied to the creation of a partnership between different organisations, thus creating more strategic operations to gain competitive advantages in different segments.

2.8 Challenges faced by SMEs of India while managing the factors of the external business environment

It has been identified that there are various challenges faced by SMEs in India while managing the external environment, including the lack of financial access and the deficiency of appropriate databases. External business environmental factors refer to the factors which arise from the external source of the company. According to Kurpayanid (2021), external business environment factors involve technological advancement issues, the socio-economic condition of the country,

policies and regulations of the government, increase in competition in the business market and so on. Along with that, other issues that SMEs of India can face are the non-developing channels of sales. In addition to that, according to Raza *et al.* (2018), one of the major issues that SMEs of India can face is the inclusion of finance at a low rate. Furthermore, it has been found that despite the huge contribution made to the social-economic growth in India, SMEs face various issues. One of the significant factors is the lack of capitalism that arises due to the inappropriate usage of finance.

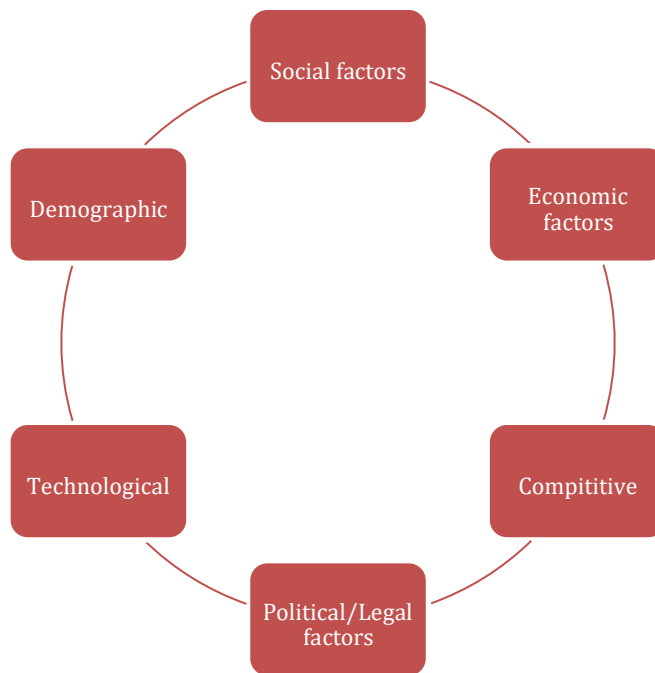


Figure 2.8.1: External Environment

(Source: Self-Developed)

In the above figure, it has been shows the different factors which come under the External Environment. It has been identified that there are six external factors which is influencing the performance of SMEs in India, which involves social factors, economical factors, demographic factors, technological advancement, increase in competition in market and legal issues. Apart from this, it has been argued by Bae *et al.* (2018), regulation of the government which is an external business environment plays a significant role in the business sector, which might stand as an issue for SMEs in India. In addition to that, another unavoidable barrier that is faced by SMEs is the federal income taxes which are considered as the external business environment. In the era of digitalization, technological advancement in the business plays a potential role in the growth of

the business, though it can be considered that change in technology is an external business environment. Hence, it can be evaluated that inadequate utilisation of the technology in order to gather information and also create brand awareness may cause a huge impact on the development of business. On the other hand, an increase in competition in the business market is known as the external business environmental factor, which stands as a barrier faced by SMEs in India. Therefore, it has been analysed that, there are different types of external business environments that are considered challenges faced by SMEs in India.

2.9 Strategies used by Indian SMEs to tackle the external business environment factors

In order to tackle the external business environment, Indian SMEs require using different strategies which might be beneficial for the business. Socio-economic factors are one of the most significant issues that come under the external business environment. In order to reduce the socio-economic risks, SMEs of India can minimise the cost which will allow the revenue to not depend on any particular region (Malesios *et al.*, 2020). On the other hand, it has been analysed that in order to reduce the inappropriate use of finance, it is significant to create an accurate financial plan and also ensure to have sufficient funds before establishing a business. Thus, in this way, the challenges faced by SMEs due to lack of capitalisation can be solved. Apart from this, it has been stated by Ulas (2019) that appropriate use of technology is highly beneficial for SMEs to create awareness. However, inappropriate use of the digital tool is harmful to the business because a piece of wrong information on social media may ruin the reputation of the business which will directly affect its growth and development of the business. Therefore, it has been evaluated that in order to reduce the external business environment factors, Indian SMEs can use certain strategies.

2.10 Theoretical discussion

PESTLE

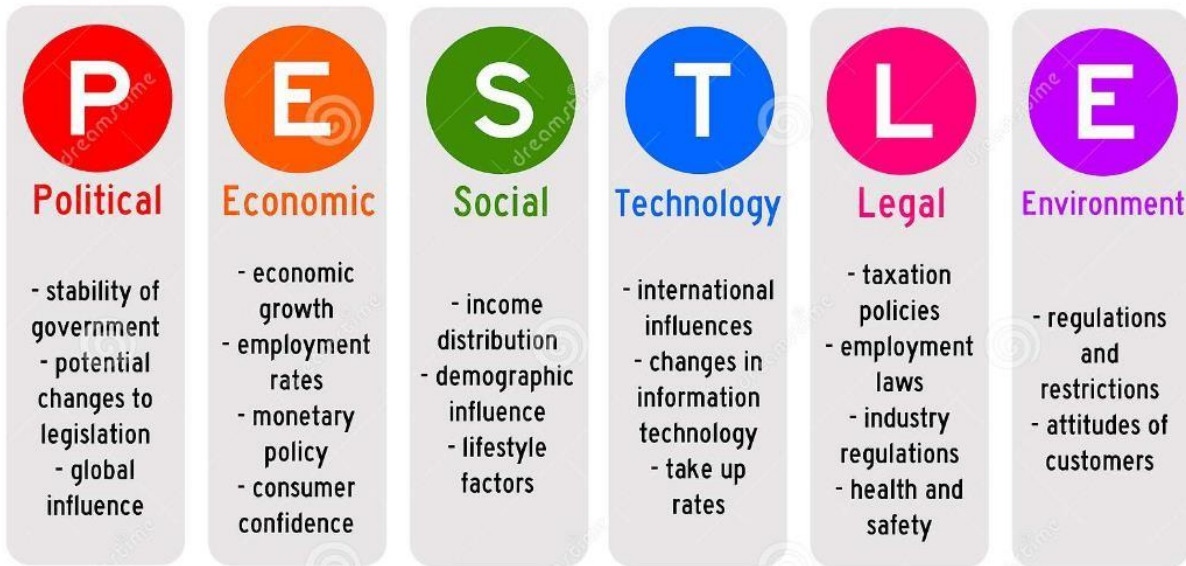


Figure 2.9.1: PESTLE

(Source: Christodoulou and Cullinane, 2019)

External factors are analysed with the help of Pestle theory, where P refers to the political factors, E refers to economic factors, S denotes social causes, T indicates the technological factors, L means the legal issues and E indicates the environmental factors (Christodoulou and Cullinane, 2019). In this research, in order to identify the external business environmental factors influencing the performance of SMEs, the PESTLE analytic tool has been employed. It has been evaluated that the external business environment includes political issues where the stability of the government, potential changes in legislation and global influence play a significant role which is responsible for influencing the performance of SMEs. Thus, in order to identify the political factors of SMEs' performance PESTLE analytics tool has been used.

In addition to that, with the help of the PESTLE analytics tool, economic issues that are affecting the performance of SMEs are also determined. Economical issues help to determine the factors which involve economic growth, rate of employment, the problem of capitalisation, and monetary policies and also measure the confidence of the consumer for a certain brand. Hence, investigating these issues will help the SME business to take precautions in order to reduce the financial risks. According to Obrenovic *et al.* (2020), social factors are essential aspects of the development of the business because the productivity of a business is directly influenced by demographic and lifestyle

factors. In order to establish a business, it is important to have knowledge about the social factors of that region in order to identify that the brand is fulfilling the requirement of the customer in respect of demographic influence and different lifestyles which will be analysed with the help of the PESTLE analytic tool. Along with that, the balance of distribution of income also comes under social factors. However, it is important to have a notion about the social factors for SMEs business to identify that their products are cooperating with that particular region and lifestyle. Technological advancement plays a significant role in creating a brand image which is highly beneficial for the SMEs business in India. However, the changing technology can also become one of the major challenging factors by ruining the brand image, which might occur due to the spread of wrong information provided to consumers. Thus, it has been analysed with the help of the PESTLE analytic tool that technological advancement, which is an external factor, has both positive and negative impacts on the SME business.

Another external factor includes the legal factors where it has evaluated the taxation policies, and laws of employment and also focuses on industrial regulations (Christodoulou and Cullinane, 2019). It has been determined that legal factors are considered as one of the significant factors that directly influence the development of SMEs business in India. Thus, in order to analyse the legal factors affecting the performance of SMEs business, PESTLE analytic tool has been used in this research.

Environmental issues involve the regulations, restrictions and attitudes of the customers towards the brand. In addition to that, it has been identified that environmental issues can affect SMEs performance. Thus, all the factors that reflect the external factors which play an effective role in influencing the performance of SMEs business in India are analysed and evaluated by the PESTLE analytics tool.

Henri Fayol's Theory

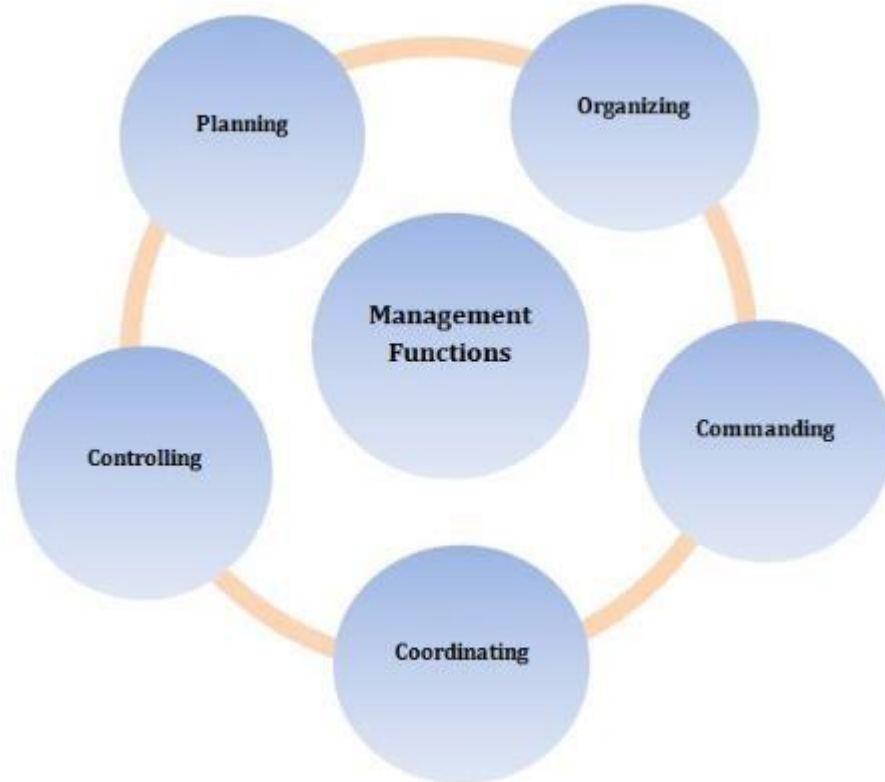


Figure 2.9.2: Henri Fayol's Theory

(Source: Edwards, 2018)

From the above figure, it has shown that there are five aspects of Henri Fayol's Theory which include adequate planning for the process, organising, coordination which indicates the cooperative behaviour among the members of the organisation, commanding, organising and controlling (Edwards, 2018). In addition to that, it has been found that adequate planning is important for avoiding the unpredictable risks that may appear in future, it also helps to reduce the overall price. Along with that, proper planning inspires the employees of the organisation in order to enlarge productivity. Thus, it can be determined that the adaptation of Henri Fayol's Theory helps to increase the productivity of the organisation by following adequate planning. In the commanding phrase of Henri Fayol's Theory, it mainly ensures that employees are highly inspired and motivated which will be beneficial for the business to achieve the desired goal. Apart from this, in coordination, it has been examined that employees are working systematically in order to enlarge the productivity of the business. In addition to that, commanding measures and monitors

the performance of the business organisation. It has been controlled by the management which has been analysed with the help of Henri Fayol's Theory.

2.11 Literature Gap

It has been determined from all the gathered information collected from previous literary works which explore the relationship between the external environment and SMEs' performance. However, it has been identified that there is a literary gap which has not been found in the literary work previously. The literature gap that has not been found in the previous literary work is the relationship between the external environment and SMEs' performance in Punjab. This literary gap can be filled through this research by implying certain strategies in order to reduce external business environment risks and establish a strong relationship between the external environment and SMEs' performance. Therefore, the primary aim of the research is to explore applying the strategies that are required to maintain the relationship between the external environment and SMEs' performance.

2.12 Chapter Summary

It can be summarised from all the gathered information in the present chapter that shed light on the influence of the external business environment on the performance of SMEs. Along with that, it has been discussed the importance of balancing the effective relationship between the external business environment and business performance. In addition to that, it also reflects the various factors responsible for the performance of SMEs in India. Apart from this, this chapter also strategies that are required to analyse the external business environment and reduce the external business environment risks.

Chapter 3: Methodology

3.1 Chapter Introduction

The methodology is one of the significant aspects which help the researchers to determine the accurate way to analyse the gathered information and the data for the research. In addition to that, it governs the researcher to conduct the research in an effective way which will provide significant details and information for the research. It has been evaluated that this chapter involves the various philosophy, approaches, designs, strategies and data collection methods which can be beneficial for the researcher to gather relevant data for the research in order to identify the relationship

between the external environment and SMEs performance. Apart from this, the researchers have taken measures to maintain ethical considerations for this research.

3.2 Research Philosophy

Research philosophy refers to the link between philosophies, the genre of study and the thesis. Research philosophy indicates a potential manner which helps to enlarge the knowledge. In addition to that, it helps us to have better knowledge about the various philosophies, notions and perceptions addressed by different researchers. Apart from this, it has been stated by Corry *et al.* (2019) that there are various research philosophies available which guide the researchers to conduct the research in an effective manner, which involves positivism, interpretivism, realism and pragmatism.

Justification

Interpretivism philosophy has been employed by the researchers in this research concerning achieving the aims and objectives of the research. As per the words of Van der Walt (2020), interpretivism is a type of research philosophy which is subjective, which means it depends on the fact of social construction based on perspectives from various angles. In this instance, as this research study revolves around investigating the extent of relationships between the business external factors and the SMEs of Punjab, thus the researcher has applied this philosophy to integrate his subjective view to follow the downstream research process. Moreover, the interpretivism research philosophy was likely to be more appropriate in terms of undertaking the exploration of different changes in the business of SMEs of Punjab. As it has been determined that interpretivism philosophy helps to interpret and gather the relevant data in an effective manner. Along with that, interpretivism philosophy helps to reflect the bond between the external environment and the SMEs' performance. Apart from that, the adaptation of interpretivism is significant to determine the external factors which are influencing the performance of SMEs business in India. Thus, it can be concluded that in order to fulfil the aims and objective of the research, the researchers have used interpretivism.

3.3 Research approach

In the research study, the research approach presents the way of undertaking the research in terms of data collection method and data analysis. According to the description given by Bryson *et al.* (2018), the research approach provides strategic plans and procedures from investigating broad assumptions to a detailed interpretation of the pool of data. The inclusion of the research approach was beneficial for the researcher to make the research study to be productive and valuable. As it

can be seen from the figure below, majorly three types of research approaches such as inductive, deductive and abductive are undertaken in the research study.



Figure 3.3.1: Research approach

(Source: Created by author)

Justification

In this research, the research has implicated a ***deductive research*** approach. In this context, Patel and Patel (2019) stated in their study that deductive research approaches start with assumptions and hypotheses which are explored through different types of collection of data to reach a genuine interpretation. Thus, in this case, a deductive method has been applied to demonstrate the relationships between the concept of interlinking external business factors and SMEs of Punjab to variable sets of data. On the other hand, it can be highlighted that this research approach helped the researcher to generalise key findings of the research to a certain extent (de Villiers *et al.*, 2019). Moreover, this approach attained the interest of the research to explore existing literature for data collection purposes as well as observing the variables in the research process.

3.4 Research design

Research design in a dissertation is the structural framework for research procedures and techniques that are undertaken by the researcher. Hence, Sileyew (2019) commented that research design enables the researcher to formulate the whole research process in such a way that sharpened research methods are available to conduct the research study and set up the process of successful outcomes. Moreover, based on the research question related to the subject of the research matter there are different types of research design that can be chosen such as descriptive, exploratory and explanatory which can be seen from the below figure.



Figure 3.4.1: Types of research design

(Source: Self-developed)

Justification

A ***descriptive research design*** has been integrated into this particular research study. As per Mohajan (2018), a descriptive research design allows the researcher to gather information in a systematic way to demonstrate different phenomena, observations and circumstances. External business environments play a critical role in the performance and success of business organisations. Henceforth, for this research study, a descriptive research design for investigating the key challenges in the external business environment which have been major barriers for SMEs of Punjab was likely to be best suitable. Exploring the extent of interconnectedness between external factors and SMEs of Punjab was likely to present key aspects and influence of the business environment. Moreover, this research design was utilised as the descriptive design was more associated with case studies and observations in terms of influencing factors, challenges, and benefits of the external business environment for the Punjab SMEs.

3.5 Research Strategy

Research strategy can be defined as the step-by-step or systematic plan for the research process that sets up the general direction of the thoughts of the researcher. In this aspect, Bobrovskij (2018) demonstrated research strategy as the pillar of the research method which influences the outcome of the research. Thus, the importance of choosing the appropriate research strategy lies in the fact that it integrates the data collection and data analysis method with the aims and objectives of the research study. Qualitative, quantitative and mixed strategies are widely used by present researchers in order to carry out their research process in a systematic way which can be identified from the below figure.

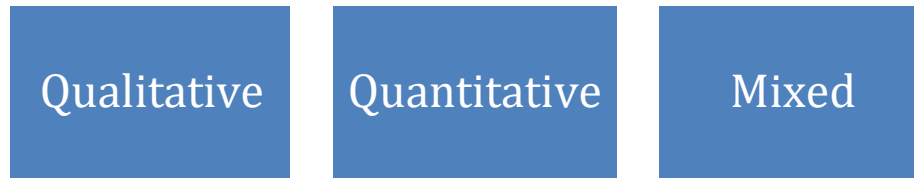


Figure 3.5.1: Types of research strategy

(Source: Self developed)

Justification

In this research study, the ***qualitative research process*** has been used by the researcher to investigate key research questions by including the aim of evaluating the impact of the external environment on the performance of the SMEs of Punjab. According to Surmiak (2018), qualitative research empowers a researcher to obtain as much as possible information from a small sample pool. Thus, undertaking qualitative research work, observations and variables related to the external business environment and performance of Punjab's SMEs were presented in this research study. Moreover, a qualitative type of research often involves the human experience which shapes the methods of data collection thus enhancing the quality of the result by integrating real-time data in the research study (Neubauer *et al.*, 2019). Hence, it can be demonstrated that qualitative research allows the researcher to adapt the research process based on different responses and reactions in the data collection process.

3.6 Data collection method

The data collection method is the process of collecting relevant data from different sources in order to carry out the research project based on the research questions and objectives. (Li *et al.*, 2019) stated in his study that the data collection method is directly linked with the quality of the result thus determining the successiveness of the research study. As it can be seen from the below figure three types of data collection methods are vigorously used in the present research era such as primary, secondary and mixed data collection methods.

Justification

For this research study, a ***mixed data collection method*** has been implicated to gather real-time primary data as well as existing data from secondary resources. According to DeJonckheere and Vaughn (2019), the primary data collection process involves direct resources for gathering the information such as surveys, interviews and others. Thus, primary research helped the research to be more accurate and informative. In order to perform the primary data collection process, the

researcher has undertaken a primary semi-structured interview process to gather real-time and real-life information from 5 managers of SMEs in Punjab, where they were asked three open-ended questions regarding the relationship between external business factors with the performance of their SMEs.

On the other hand, authentic secondary resources such as Google Scholar, and Proquest were used for gathering requisite data from 20 articles, journals and others from 2018 on the external environment affecting the performance of Punjab's SMEs. Hence, secondary data provided an in-depth knowledge inclusion in this study in terms of relatedness and challenges of the external environment on SMEs which can be correlated to laying down of different strategies implemented by SMEs of Punjab in this aspect. The integration of secondary research has helped the researchers to correlate the information with the primary data (König *et al.*, 2019). Thus, a mixed research method was used in this research study to investigate the present-time influence and impact of external environments which affect Punjab's SMEs with relevant existing articles and journals. It was kept in check that no plagiarised secondary resources were used in this study.

3.7 Validity and reliability

Validity refers to the accuracy and suitability of a research process in terms of presenting true findings (Rose and Johnson, 2020). Thus the measurement of validity was assessed by the suitability of the measurement tool used in the study. In order to make the research valid, the high-quality research process was maintained throughout the study such as the inclusion of data from 2018 onwards. On the other hand, avoiding any plagiarised content included in the study maintained the accuracy of the research study. Reliability of the research denotes as the potential relatedness of the research results in the same research topic by any researchers undertaking similar research processes (Sürücü and Maslakçı, 2020). This helped in the production of consistent results which are considered to be reliable. Hence, the integration of relevant data regarding the external factors impacting the performance of Punjab's SMEs from only reputed databases such as Google Scholar has been helpful to make this research study reliable.

3.8 Sampling method

The sampling method is essential for a research study to derive particular samples from a large pool of data sets (Vasileiou *et al.*, 2018). In this aspect, a **random sampling method** was performed by the researchers to give an equal chance for every sample to be chosen for the study such as specific case studies, articles and journals from secondary resources. Thus, through this sampling

method, the researcher was able to select and integrate relevant information without any biasedness. Interviews of 3 managers were included and 12 genuine secondary resources were picked up to represent key elements of the external business environment and the performance of Punjab's SMEs to underpin the findings in the study.

3.9 Data analysis

Data analysis is the method of assessing the data for interpretation in the form of key findings in the research study. As per Assarroudi *et al.* (2018), the data analysis process helps to examine and transform the variables to derive required findings and information related to the subject matter. As both primary and secondary data collection methods were used in this research thus, the way of analysis also differed. In this aspect, information from semi-structured interviews was analysed by **a narrative data analytical approach** using the transcripts. The narrative data analytical process helped the researcher to construct the information in a storied way with the help of transcripts (Nasheeda *et al.*, 2019). Thus, it can be said that this analytical tool has been helpful for the evaluation of different perspectives of SME managers in terms of the impact of external business factors on the performance of their SMEs.

On the other hand, **the thematic analysis technique** was approached for analysing the secondary data to formulate six themes based on the objectives of the study. Hence, Robinson (2022) stated in his study that this thematic analysis process helps to analyse and interpret data in a systematic way which satisfies the aim and objectives of the research study. Adaptation of thematic analysis completed the process of data analysis by creating a set of patterns in gathered information. Moreover, this process is implicated to highlight the extent of the relationship between the external business environment and Punjab's SMEs from various perspectives that affects their overall performance of them.

3.10 Ethical consideration

Ethical consideration in a research work plays a crucial role in fulfilling the research work ethics while at the same time avoiding ethical issues that can emerge during the research process (Kaewkungwal and Adams, 2019). In this aspect, it can be highlighted that several ethical approaches were performed for this research purpose as this research involved both primary and secondary types of research work. Hence, before arranging the interviews for primary data gathering, **consent** from all five managers of Punjab's SMEs were taken. It also ensured the maintenance of the confidentiality of the overall process and information. In the case of secondary

research, *The General Data Protection Act 2018* was followed throughout the research process. Secondary data was secured and protected by creating a separate folder for storing up the data which were further locked by securing with a strong password. Hence, it can be said that proper ethical norms and terms were performed for conducting this research process.

3.11 Research limitation

Research limitation is the critical gap in the research process in terms of undertaking techniques and methods. In this research qualitative type of research work was carried out in the form of undertaking interviews and collection of authentic secondary data. However, a research limitation has been identified as the exclusion of quantitative research work which can be fulfilled through surveys. This will provide access to a large information base which can be more beneficial for the researcher to conclude a particular element of the research. As well as integration of statistical data in the research will help to present the data in a more accurate and convincing way.

3.12 Chapter Summary

In this chapter, interpretivism philosophy was applied to undertake the investigation of different changes in the performance of SMEs of Punjab due to the external business environment. Moreover, following a deductive approach with a descriptive design has contributed to narrating valuable information. Moreover, a mixed qualitative research strategy including interviews and secondary data collection integrates this study by providing the key impacts and challenges of external factors on the performance of Punjab SMEs. Moreover, this chapter highlights the importance of the narrative analytical approach and thematic analysis in laying down interpreted data in an in-depth informative and systematic way. The chapter summarises the integration of ethical consideration in terms of following specific acts and approaches which maintained the confidentiality of the work. However, quantitative research has been identified as the key research limitation in this research study.

Chapter 4: Findings and Analysis

4.1 Chapter Introduction

The evaluation of datasets in terms of deriving effective results for the dissertation can be effective in developing the concluding remarks to the study. In this prospect, both primary and secondary qualitative datasets have been used effectively to derive the outcomes for this study. An interview of 3 managers from SMEs in Punjab, along with a “thematic analysis” has been included in this section. The evaluation of the interview responses and themes from “secondary information” has been constructive to provide insights into the prospective results to find the relationship between the external environment and SME performance in Punjab, India.

4.2 Primary qualitative data finding and analysis

Findings

<i>Question 1: What do you think regarding the role of the external environment in developing SMEs’ performance in Punjab?</i>	
<i>Manager 1</i>	<i>“The political stability and economic growth prospects in Punjab and overall India have been helpful for us to increase our performance.”</i>
<i>Manager 2</i>	<i>“The GDP growth and technological growth in Punjab and India have assisted us to enhance our productivity.”</i>
<i>Manager 3</i>	<i>“High employment rate and low GHG emissions have influenced our social and environmental performance in Punjab.”</i>

Table 1: Responses to the first question

(Source: Derived by author)

The responses to the first interview question have demonstrated that political stability, economic growth, technological growth, high employment rate and low GHG emissions have played effective roles in developing SMEs’ performance in Punjab.

<i>Question 2: According to you, what are the challenges that have faced by your organisation in Punjab for external environmental issues?</i>

<i>Manager 1</i>	<i>“The pandemic situation in India has affected our economic performance.”</i>
<i>Manager 2</i>	<i>“Constant protests of farmers in Punjab have affected our stability of performance.”</i>
<i>Manager 3</i>	<i>“I believe that the decline in India’s GDP growth rate has affected our financial performance.”</i>

Table 2: Interview responses for the second question

(Source: Derived by author)

The above tabular format has shown that managers of SMEs in Punjab have faced various issues, such as the pandemic, farmers’ protests and GDP growth rate decline.

<i>Question 3: What do you think about the strategies that can be adopted for enhancing SMEs’ growth in Punjab?</i>	
<i>Manager 1</i>	<i>“I think that constructive support facilities for rewards and remunerations for staff in my company can help to enhance our growth in Punjab.”</i>
<i>Manager 2</i>	<i>“In my opinion, effective market analysis during the pandemic can assist in our growth as an SME in Punjab.”</i>
<i>Manager 3</i>	<i>“I believe that inclusion of constructive technological growth in our operational performance can enhance our development in Punjab.”</i>

Table 3: Answers of interviewees to the third question

(Source: Derived by author)

The answers of interviewees to the third question have shown that strategic actions for rewards, remunerations, constructive market research and technological transformation in SMEs in Punjab can help to develop their performance.

Analysis of the findings

The interview questions have been developed as per the objectives of the dissertation effectively. The external environment for SMEs operating in Punjab, India has effectively played a pivotal role

in influencing the performance and market growth of companies. The first interview question and its responses have shown that the first manager of the first SME in Punjab has stated that the economic growth and political stability in India have effectively enhanced the performance growth of their company effectively. On the other hand, the second manager interviewee answered that India's high GDP growth and technical development in recent times have effectively increased the prospects of market development for small and medium-sized companies in the state of Punjab. Contrary to this, in this state, the third manager has responded that the low GHG and CO₂ emissions and the high employment rate in the Indian environmental and social aspects have been influential to their performance growth as an enterprise with small or medium size. The social, economic, political, technological and environmental aspects of the Indian market sector have increased their market growth. The answers of the interviewees have effectively helped to understand the roles of the external environment in SME performance development in Punjab. The answers of the first manager to the second question have demonstrated that they think that the global pandemic caused by the Covid-19 widespread in India has deleteriously affected their performance as an SME in Punjab. On the other hand, the second manager, in this aspect, responded that the protests of farmers in recent times in Punjab have been inimical for their business to increase their market growth as an SME. The economic and social issues in Punjab have created negative impacts on the development of SMEs in Punjab in the present external environmental aspect.

Along with that, the third manager of the third SME in Punjab has answered that the decline in the GDP growth rate of India during the pandemic situation has affected their economic growth in the external environment of Punjab. The deficiency of economic and social stability due to the pandemic in recent times has affected the development of small and medium-sized organisations in Punjab and India. Therefore, the answers have analysed the challenges faced by SMEs in Punjab for the external environment.

In order to analyse the strategies for reducing the issues faced by SMEs in Punjab, the answers to the third question of the interview have been constructive. The first manager responded that effective rewards and remuneration structures for employees during the pandemic can be effective for their SME performance in Punjab, India. On the other hand, the second manager answered the question that the application of effective market research techniques in their related market sector can be significantly influential to their performance as an SME in Punjab effectively. Moreover,

the third manager of the third SME has responded that the incorporation of technological advancements in their operational activities can be remarkably influential to their performance in recent external environmental aspects effectively. The answers to the third interview question have been constructive to understand the managerial perceptions for strategic actions that can increase their performance as SMEs.

4.3 Secondary qualitative data findings and analysis

Theme 1: High employment rate as an external environmental factor in Punjab has influenced the growth of SMEs

The high employment rate, as a factor of the external environment for the SMEs in Punjab has been constructive to increase their performance significantly in their related market sector. In the words of Hendri (2019), a high proposition for employment in a market sector can be significant to increase the acquisition of skilled human resources effectively. The above-mentioned factor in the SMEs of Punjab has been constructive to increase their business operations effectively. Moreover, it has also increased the social growth opportunities for SMEs in Punjab constructively.

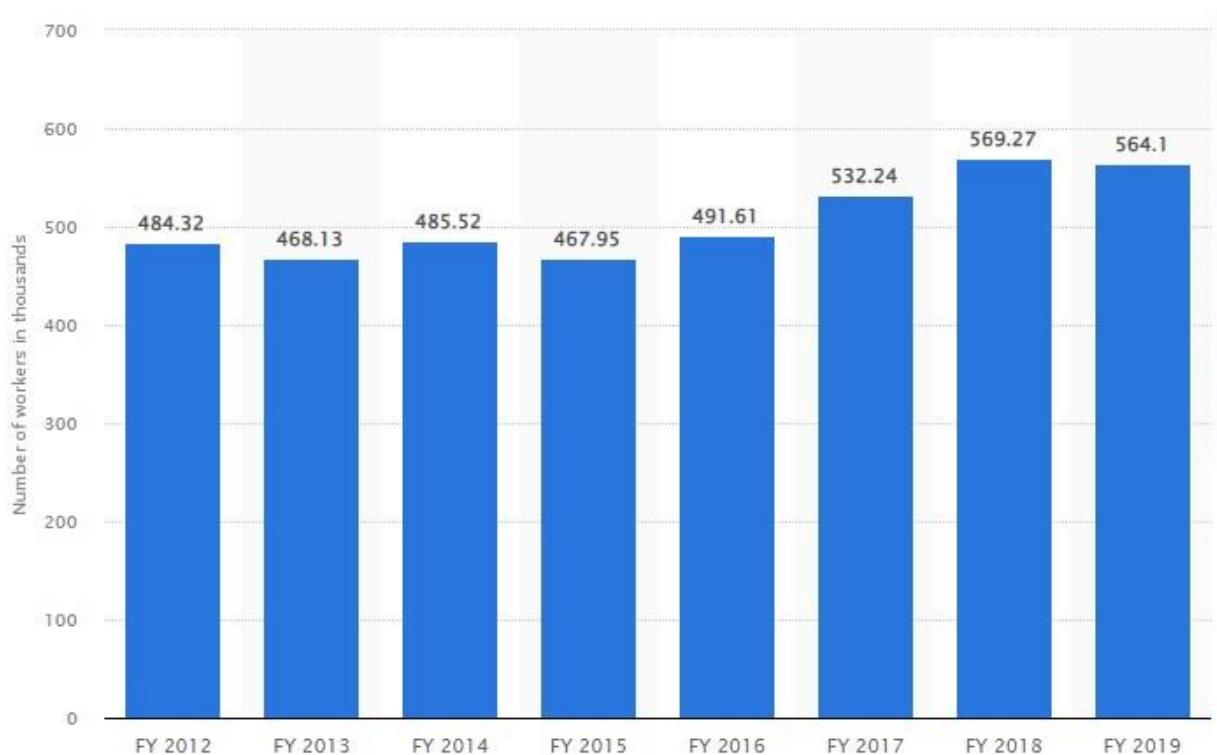


Figure 4.3.1: Number of workers in Punjab

(Source: Statista, 2022a)

As demonstrated in the above figure, it can be depicted that the number of staff in Punjab as of FY2019 was 564.1 thousand (Statista, 2022a). The increasing rate of employment in Punjab has effectually increased the social factor of acquiring skilled staff for increasing the performance of SMEs in the state effectively. According to the study by Dalkrani and Dimitriadis (2018), the employment rate as an external environmental factor has been constructive to the performance growth and allocation of human resources effectively. In the case of SMEs in Punjab, the high rate of workers working in the companies of the state has been constructive in order to increase the productivity and performance of small and medium-sized organisations. Moreover, it has also been constructive to enhance the job satisfaction for employees effectively in SMEs of Punjab. The social factor of employment rate in Punjab has been constructive in order to increase the market growth of companies significantly.

Theme 2: During the pandemic, the decline in India's GDP growth rate has affected the performance growth of SMEs in Punjab

The economic performance decline of the overall industrial aspects of India during the pandemic situation has been an inimical issue for SMEs operating in Punjab in order to increase their financial performance. In the words of Ghosh (2020), the government of India has presented that the economic performance of India has been affected by the outbreak of the Covid-19 disease. The instability in the financial prospects of India has been inimical to the performance management of SMEs in Punjab, India.

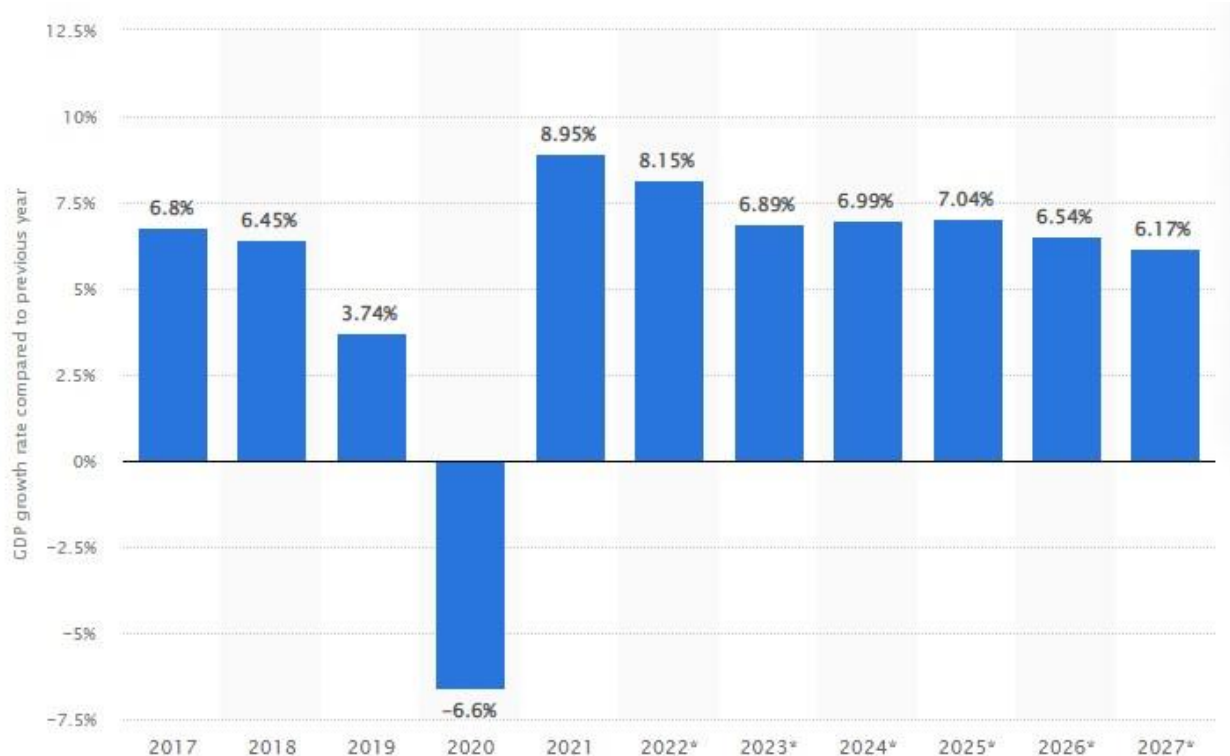


Figure 4.3.2: GDP growth rate of India

(Source: Statista, 2022b)

The illustration above has demonstrated that in 2020, the growth rate of GDP in India declined by 6.6% (Statista, 2022b). The reduction of the GDP growth rate of India during the infestation of the Covid-19 virus in the country has been inimical to the performance management of companies, including the SMEs in Punjab. According to the study by Kesar *et al.* (2021), the pandemic situation in India has been a negative factor in the economic growth of the country as a developing country in the global economy. The above-mentioned factor in the performance of SMEs in Punjab as an external environmental factor has been negatively impactful on the management of financial productivity. Moreover, it has also reduced the opportunities for companies to acquire much financial strength in their related market sector effectively. The factor analysed above has destabilised the economic factor of the external environment of SMEs operating in the state of Punjab during the pandemic in the Indian market sector.

Theme 3: High expenditure on IT by the Indian Government can help SMEs in Punjab increase their technological inclusion

The digital transformation activities for companies in the recent situation of the pandemic in India can be constructive to the growth of SMEs in Punjab. In the words of Priyono *et al.* (2020), the

digitalisation of business operations during the negative scenario of the pandemic can be constructively impactful to the performance growth of the companies in their respective market sector. In the context of SMEs in Punjab, the high expenditure on IT inclusion by the Indian Government can support the digitalisation of the companies to increase their performance.

Moreover, it can also enhance their inclusion activities for technological advancements.

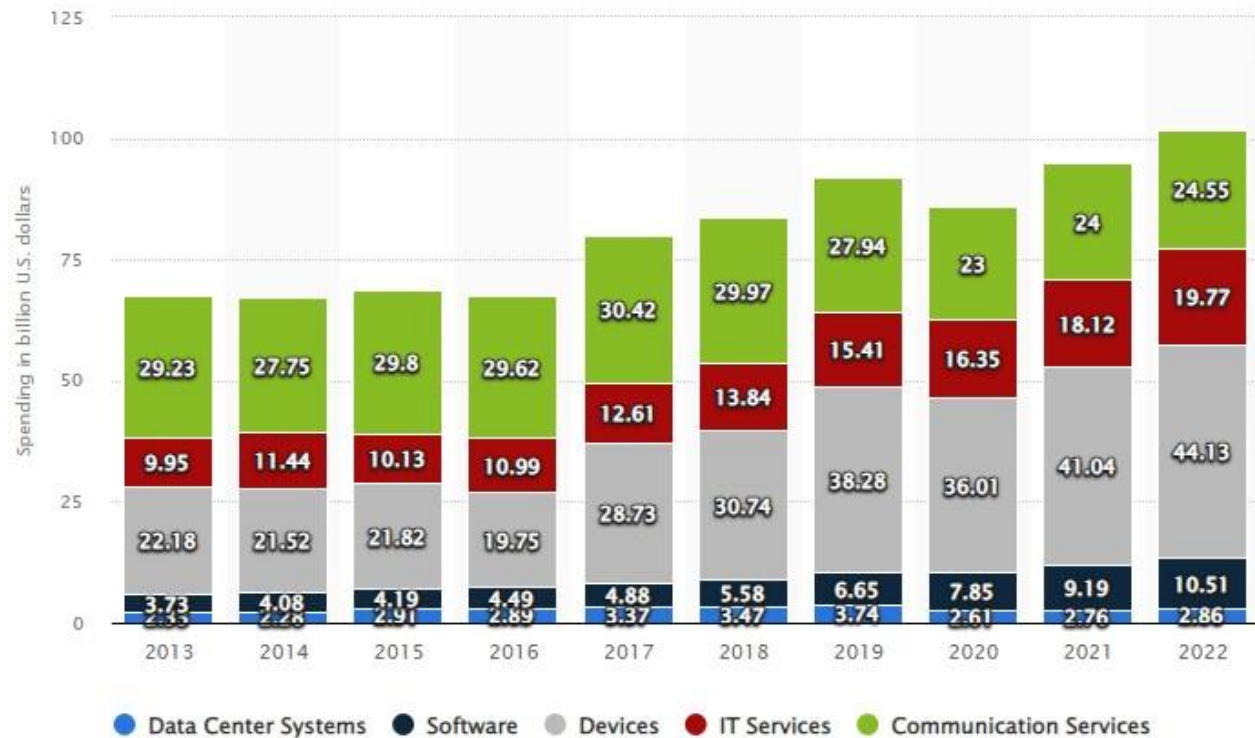


Figure 4.3.3: IT spending in India

(Source: Statista, 2022c)

As depicted in the above figure, it can be identified that the government of India has spent more than \$101 billion in 2022 for including IT services (Statista, 2022c). The above aspect in the performance growth of SMEs in Punjab can be significant to the digitalisation of the companies and enhance their productivity in recent times. As per the study by Bai *et al.* (2021), the digitisation of firms during the adverse situation of the pandemic can be significant to performance management and technical inclusion in companies. As an important external environmental factor, the high IT expenditure of the Indian Government can be remarkable for companies, in this case, the SMEs in Punjab. The above-mentioned factor can significantly influence the performance growth of SMEs operating in Punjab.

Theme 4: High payment for bribery and corruption in Punjab has affected the stable performance of SMEs in Punjab

Bribery and corruption in Punjab have been inimical causes to the performance growth of SMEs in the state. Despite India having a high corruption perception index, the corruption aspects in Punjab have been inimical to the stabilisation of the performance of SMEs. As per the study by HewaWellalage *et al.* (2020), the effects of bribery and corruption in Indian SMEs have been inimical to the management of business ethics and legal prospects. The above-mentioned factor in the context of SMEs in Punjab has been inimical to the performance management and political stability of the state ineffectively.



Figure 4.3.4: Payment of bribes by citizens of Punjab in 2019

(Source: Gupta, 2019)

The figure above has shown that 57% of citizens in Punjab have paid bribes for property registration and land issues (Gupta, 2019). The high amount of bribes paid by residents of Punjab in recent times has been inimically ineffective for companies to stabilise their legal and ethical performance in order to increase their market growth. In the words of Noshad *et al.* (2019), the external environmental factor of political factors for corruption perception helps to increase their stability of performance. In the case of SMEs operating in the state of Punjab, the high payment of bribes and increasing issues of corruption have been inimically impactful to the performance of companies in the unstable political situation. Moreover, the protests of farmers and other corruption issues in the recent situation of the state of Punjab have been critically challenging for SMEs to increase their performance in order to strive in their respective market sector in the overall Indian market sector.

Theme 5: Cumulative cases of the Covid-19 disease in India have increased staff safety issues in the SMEs of Punjab

The recent pandemic in the Indian region has affected the overall health and safety prospects of staff working in Indian organisations, including SMEs in Punjab. In the words of Sharma *et al.* (2021), the negative repercussions of the Coronavirus outbreak in India have affected the growth of the economy and induced issues in offering health and safety aspects to the workers, such as exposure to Covid-19 disease and infection, mental illnesses and many more. In the context of SMEs operating in the state of Punjab in India, the issue as mentioned earlier has been unfavourable to the growth of the company and staff safety.

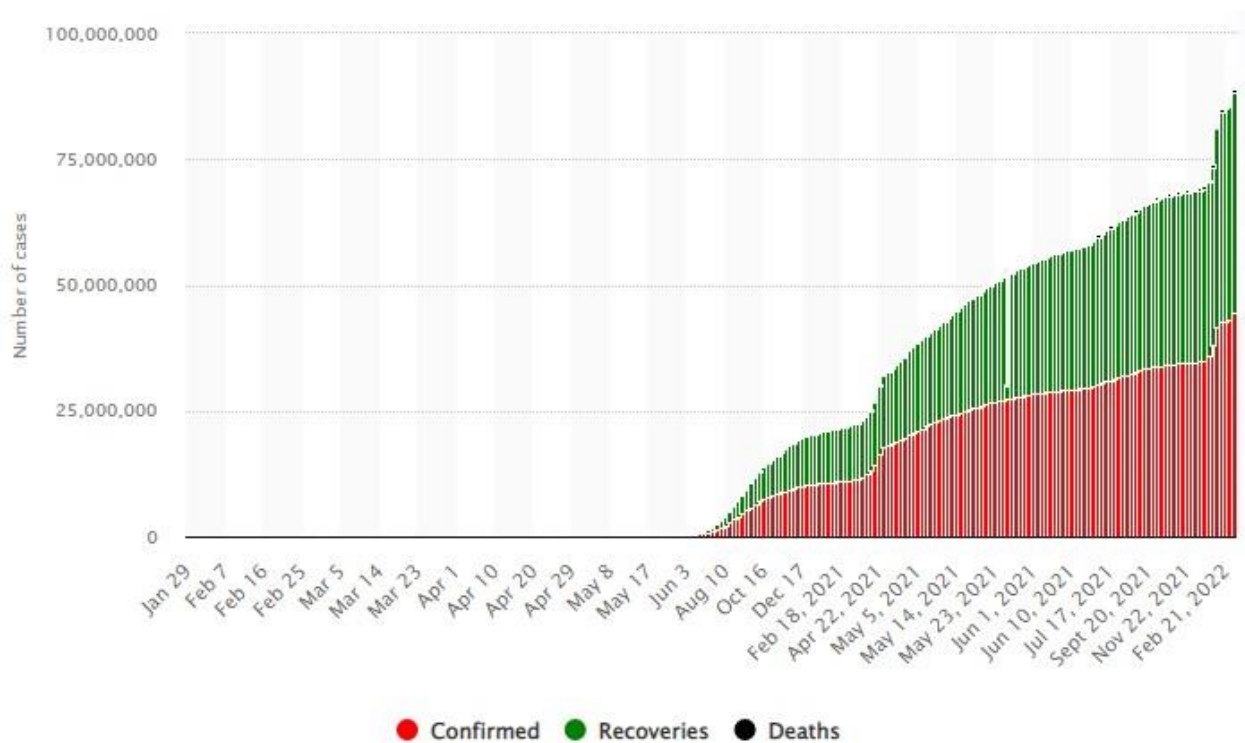


Figure 4.3.5: Confirmed, recovered and deceased cases of Covid-19 pandemic in India

(Source: Statista, 2022d)

The image, as shown above, has demonstrated that as of 2022, the number of confirmed, recovered and deceased cases of the pandemic in India measured at over 44 million, 43 million and 527 thousand respectively (Statista, 2022d). The high number of cases in every aspect of the pandemic in India has been adverse to the development of the economy and offering safety activities for workers in companies and industries. Kar *et al.* (2021) have stated that the deficiency of governmental responses to the Covid-19 pandemic in India has negatively affected the state of

health for citizens. The staff working in SMEs in Punjab has faced the issue stated above, which has affected their performance and economic growth.

Theme 6: High production of CO₂ in India has negatively affected the environmental performance growth of SMEs in Punjab

The increasing usage of fossil fuels and non-renewable energy sources has increased CO₂ production in India, which has affected the environmental sustainability of the country. The issue mentioned above has negatively impacted the environmental impact of SMEs in Punjab. As per the study by Gull *et al.* (2020), the increasing development of GHG emissions in India is due to the increasing utilisation of non-renewable energy and fuel resources, which has created a negative effect on the business sustainability of companies. In the context of SMEs operating in the state of Punjab in India, the risk mentioned above has been a deleterious challenge to the external environment of the companies.

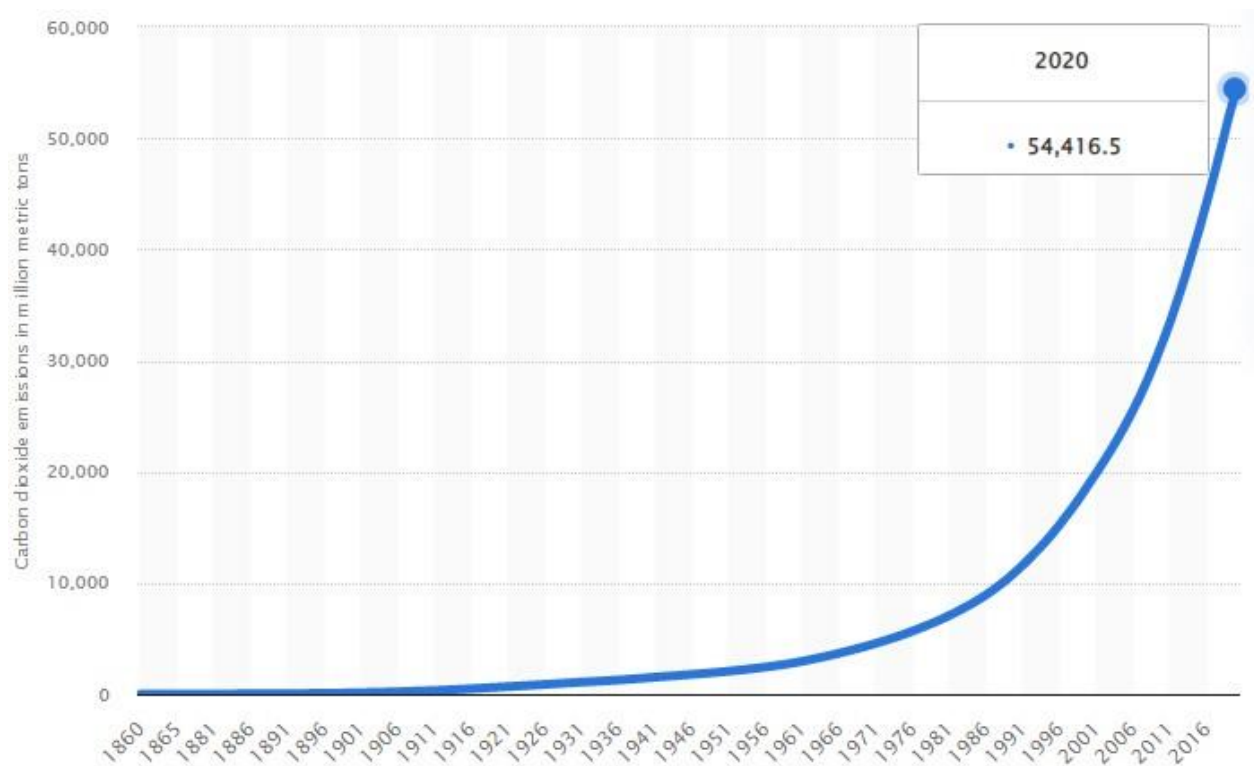


Figure 4.3.6: Cumulative CO₂ emissions in India

(Source: Statista, 2022e)

As shown in the above illustration, it can be depicted that the cumulative CO₂ emissions amounted to 54.42 billion MtCO₂e (Statista, 2022e). The high usage of fossil fuels has affected the emissions and production of CO₂ in the country, which has inimically impacted the environmental aspects of

the country. Barrows and Ollivier (2021) have identified that the firm-level CO₂ emissions in India have created many issues regarding sustainability, such as air, water and many other pollutions. The issue as mentioned earlier has affected the sustainable growth of SMEs in Punjab and reduced their environmental performance.

4.4 Chapter Summary

The present chapter effectively included the analysis of both primary and secondary qualitative information effectively. It was identified that the managers of SMEs in Punjab have faced the issues of economic growth decline and protests from farmers in the state. Moreover, it was also demonstrated that the managers have stated that the constructive implication of rewards and remunerations and technological advancements can be significant strategic activities to increase their performance significantly. On the other hand, it was also shown that the GDP growth decline in India has affected the performance growth of SMEs in Punjab. The next chapter has demonstrated the research results and their marginal implications.

Chapter 5: Discussion

5.1 Significance of findings

Findings 1: High employment rate of Punjab has influenced the growth of performance in SMEs

The responses to the first question of the interview by the third manager have shown that the high employment rate of Punjab has effectively helped to allocate skilled human resources for SMEs. On the other hand, it was also shown in the **first theme** that the high rate of employment in the state of Punjab has also been constructive to the performance management of SMEs. The graph on the workers of Punjab has shown that in 2019, the number of total workers in Punjab measured at 564.1 thousand. The high employment of skilled staff has effectively increased the operational performance of small and medium-sized companies. Therefore, this finding has effectively corroborated the first objective to explore the roles of the external environment in the growth of SMEs in Punjab.

Findings 2: The reduction of the GDP growth rate in India has affected the economic performance of SMEs in Punjab

The **second theme** has shown that the GDP growth decline in the Indian market sector has reduced the financial growth of companies, including SMEs in Punjab. On the other hand, the first and third managers in the interview responded that the pandemic and the decline in the GDP rate of India have affected their business performance. The statistical representation of the GDP growth rate of India has shown that in 2020, the GDP of the country was reduced by 6.6%. The decline in the economic aspects of the country, as well as the state of Punjab, has been inimical to the performance of SMEs. Hence, this finding has helped to meet the second objective of identifying challenges in the external environment for SMEs in Punjab.

Findings 3: High GDP in India has increased the economic growth prospects for SMEs in Punjab

The response of the second manager to the first interview question has shown that the increasing amount of the GDP of India has assisted their company to acquire a high financial performance as an SME in Punjab. Despite the pandemic situation, the overall GDP of the country has significantly increased effectively. As India is a developing country, the growth of GDP in the country has been constructive in order to increase the economy of the country effectively. The increment in the gross domestic product amount in India has effectively helped companies throughout the country. In the

context of SMEs in Punjab, the GDP growth of India has been constructive to raise the economic performance of the company. As a factor to the external environment of SMEs in Punjab, the GDP growth of India has been constructive to the financial productivity growth of the companies effectively.

The development of financial prospects of companies in India, including SMEs in Punjab has been induced by the growth of GDP in the country. The governmental activities for helping small and medium-sized companies financially in the country have been constructive to enhance their productivity and performance. The financial prospects in a country are an effective economic factor in the external environment of a company. In the case of SMEs in Punjab, the financial growth prospects of the country, including the GDP growth of India have been constructive to the performance development of the chosen companies in the selected state. Therefore, this particular result has helped the researcher to corroborate the first objective of the dissertation. This result has demonstrated that the GDP growth of India as an economic factor in the external environment has played a pivotal role in the performance development and growth of SMEs in Punjab.

Findings 4: Farmers' protests in Punjab have been inimical social factors to the performance of SMEs

The response of the second manager to the second interview question has shown that the raising issues of farmers' protests in Punjab have affected the performance of SMEs in the state. Various issues, such as increasing issues of the water crisis, inimical Farm bills provided by the Punjab and Indian government and many more have affected the agricultural growth in Punjab and induced a state-wide protest of farmers as a social issue. The raising risks in farmers' protests have destabilised the external environment and social aspects in Punjab. The issue, as mentioned earlier, has affected the social impact of SMEs in the state ineffectively. The performance growth of SMEs in Punjab has also been induced by the above-mentioned risk.

The deficiency of governmental support to the farmers of Punjab has been inimical to the social aspect of the state in the Indian subcontinent. The detrimental impact of the Farm Bill proposed by the Indian Government has been negative on the economic development of agriculture in the state.

The current aspect of SMEs in Punjab has inimically influenced the decline in social stability in the state ineffectively. Increasing protests of farmers throughout the state have been a crucial factor in the growth of companies in order to enhance their social impact on the society in Punjab.

Henceforth, this result has helped the scholar to correlate with the second objective of the dissertation paper. Increasing protests of farmers in Punjab have been a critical issue as an external environmental factor to the performance development and growth of SMEs in the state as a region in the Indian subcontinent.

Findings 5: High IT expenditure by the Indian Government can be significant to increase technological implications in SMEs in Punjab

Theme 3 in the secondary data analysis has shown that the Indian Government has effectively spent in order to increase the growth of technology and IT services in the country. The high expenditure on technology can be constructive to the performance development of companies. In the context of SMEs operating in Punjab, the high spending of the national government on technology can be effective in order to increase technical inclusion and technological advancement growth in small and medium-sized companies. The digital transformation of small and medium-sized organisations in India, including Punjab can be remarkably influenced by the high spending and IT support of the government in technological growth. Moreover, it can also be effective in terms of increasing the overall market effectiveness of companies and enhancing the operational efficiency of companies.

The graphical illustration of IT spending in India has demonstrated that the country's government has spent over \$101 billion on IT services, such as data centre systems, software, devices, IT services and communication services in 2022. The high expenditure of the government of India can be constructive to the performance growth of SMEs in Punjab including their technological implications. The strategic activities of technological advancement implications in the companies can be significant to increase their performance aspects and operational efficiency. Moreover, it can be crucial to increase performance management in the related market sector in the adverse situation of the pandemic. Therefore, this finding has helped the researcher to meet the third research objective and research question in this dissertation. This result has presented an overview of strategic actions that can enhance the performance of SMEs in relation to the external environment of the companies in the state of Punjab in India.

Findings 6: Rewards and remunerations for staff in SMEs in Punjab can increase their prospects of performance

The responses to the third interview question have shown that the first manager has stated that constructive monetary and other support activities can be significant to the performance growth of

SMEs operating in Punjab. Constructive support to the staff during the pandemic situation can significantly influence the growth of motivation and performance of workers to thrive in the related market sector. In the context of SMEs in the state of Punjab, the support of the company to its workers during the pandemic situation can be effective in order to increase their performance development and productivity growth in their selected market sector. Moreover, it can also be constructive to increase the management of overall performance and productivity of the company by motivating the staff and helping them to enhance their work efficiency.

Rewards and remunerations as a monetary performance recognition method can be significant to increase the effectiveness of the company as an employer. In the case of SMEs in Punjab in India, the rewards and remunerations in the companies can be significant to increase the staff recognition and motivation of staff effectively. Moreover, it can also enhance the social impact of the company as a viable employer in their related market sector effectively in Punjab. Apart from that, it can also enhance the perceptions of the company to the staff effectively by motivating them to increase their performance. Therefore, this finding specifically has effectively met objective 3 and research question 3 in the present dissertation. The inclusion of rewards and remunerations for employees in Punjab's SMEs can be a significant strategic action to enhance their performance in relation to the external environment of the organisations in the state of Punjab in India.

Findings 7: Bribery payment and corruption in Punjab have affected the stability of performance of SMEs in Punjab

Theme 4 has demonstrated that the high index of corruption and bribery payment in Punjab has destabilised the political stability of the state ineffectively. The high corruption in the selected state has affected the political and legal aspects of the state for citizens and operating firms. Payment of bribes in Punjab has affected the legal and business ethics of SMEs in the state ineffectively. Moreover, it has also affected the overall effectiveness of performance management in companies. The statistical illustration of the payment of bribes by citizens of Punjab has shown that 57% of the residents in the state have paid bribes for stabilising their property registration and land issues. The high payment of bribes for illegal means in the state has been inimical to the ethical aspects of the state, which has affected the business ethics of SMEs in Punjab. Therefore, this finding has met the second research objective and question to understand the external environmental challenges faced by SMEs in Punjab.

Findings 8: Increasing Covid-19 cases in Punjab and India have increased staff safety issues in SMEs

Theme 5 has identified that the increasing cases of Covid-19 in India have affected the prospects of providing staff safety in SMEs in Punjab. The exposures to the virus in the workplace and the increasing risks of infection in recent times in Punjab have been an inimical issue in order to increase the effectiveness of SMEs as employers. The inadequacy of safety prospects for staff in Punjab's SMEs in the pandemic situation has been inimical to the performance growth of the companies in their related market sector.

The graph on the cases of Covid-19 in India has demonstrated that the death cases in India after the pandemic amounted to 527 thousand in 2022. The increasing cases of deceased and confirmed cases of the Covid-19 pandemic in India have been inimical to the performance management aspects and staff safety in companies. The above-mentioned factor has been detrimental to the performance aspects of SMEs in Punjab. Moreover, it has also been deleterious to the financial performance growth of SMEs in Punjab in their related industrial areas. Therefore, this particular result has helped to corroborate the second objective of the study to understand the challenges faced by SMEs in Punjab in terms of the external market environment.

Findings 9: Enhanced CO₂ emissions in India have affected the sustainable performance of SMEs in Punjab

Theme 6 depicted that the increasing amount of CO₂ production and emissions in India has been inimical to the sustainable performance growth of companies. The SMEs operating in Punjab have been ineffective in the performance management of companies in terms of environmental aspects in the macro-environment of the selected organisations. The high CO₂ emissions in companies have been induced by the usage of fossil fuels and non-renewable energy sources. Punjab's SMEs have been inimically affected by CO₂ emissions in order to increase their sustainability impact.

The illustration of CO₂ emissions in India has shown that in 2020, the amount of CO₂ emissions in the country measured at 54.42 billion MtCO₂e. The inclusion of fossil fuels and non-renewable sources of energy has been detrimental to the performance of SMEs in Punjab in terms of impacting the environmental prospects in the state of Punjab. Therefore, this finding has helped to meet the second research objective and second research question of the dissertation paper. The high emissions of CO₂ have been negatively impactful on the performance growth of SMEs in the state of Punjab.

5.2 Relation to Literature

The review of literary sources in this dissertation has been constructively related to the findings. HewaWellalage *et al.* (2020) have demonstrated that the external business environment of a company can be influential to the increment of business performance through constructive financial help. In this prospect, the findings of the study have shown that the growth of GDP amount in India has been constructive to the financial performance growth of SMEs operating in the state of Punjab effectively.

On the other hand, Altena *et al.* (2020) have stated that the external environment of a company can help to acquire a high workforce. In the present context, the SMEs in Punjab have been effectively influenced by the high employment rate in the companies. The findings of the study have shown that the high employment rate in India, including Punjab, has been constructive to increase the performance growth of SMEs in the state effectively.

Apart from that, Ulas (2019) has identified that technological inclusion in companies can be a significant strategic action to thrive their performance in the external environment effectively. In the present dissertation, the findings of the study have identified that the Indian Government's high IT expenditure can be significant for SMEs in Punjab to increase their technological inclusion in order to thrive in the competitive market sector. The relation between the results and the literary article sources has been constructive to increase the feasibility and relevancy of the study. Therefore, this study has been constructive to increase the insight into the external environmental factors influencing the performance of SMEs in Punjab.

5.3 Marginal Implications

The present study has a high purview for providing effective insights into the external environmental factors that have helped to influence the performance of SMEs in the state of Punjab in India. The macro-environmental prospects in Punjab and India can be significant to the growth and prosperity of SMEs in the selected state. The researcher will have high scope for understanding and studying further the negative impacts of the farmers' protests and corruption in Punjab on the performance of SMEs in the state. Moreover, it will also help to demonstrate the effects of the pandemic on the performance of small and medium-sized companies in the state of Punjab in recent times.

The findings of the present study will further help to demonstrate and recommend strategies that can be significant for SMEs in Punjab to increase their performance prospects. The feasibility and

relevancy of the present dissertation paper will be constructive to future scholars to conduct feasible research under similar conditions to develop more suitable and relevant findings effectively. Moreover, it will also help to increase the practicality of the present study as a valuable piece of information effectively.

Chapter 6: Conclusion

6.1 Conclusion

The external environment of companies plays a pivotal role in order to increase the market growth and performance development of the company in the related market sector effectively. As demonstrated in the present research, the external environment of SMEs in Punjab has been constructively influenced by the economic growth prospects, social factors of employment and many more aspects.

The methodology of the present study included a mixed-method strategy to collect both primary and secondary qualitative datasets through interviews of three SME managers in Punjab and 12 articles published in Google Scholar and Proquest. The interview responses were recorded in transcripts and the articles were analysed by using a “thematic data analysis” method.

The findings of the study had shown that Punjab and India’s high employment rate has been constructive to increase the performance of SMEs in the selected state in the Indian subcontinent. Moreover, it was also identified that the overall high GDP growth of the country has been constructive to the performance increment of SMEs in Punjab effectively. However, it was also shown that the high corruption, payment of bribes, increasing Covid-19 cases and enhanced CO₂ emissions in the country have been inimical to the performance growth of the SMEs operating in Punjab ineffectively. The results had also shown that the inclusion of technology and remuneration structures for employees in Punjab’s SMEs can constructively increase their performance in the related macro-environment significantly in the Indian region.

6.2 Linking with objectives

Objective 1

The very first objective of this research study is to explore and investigate the role of external business factors in the growth and development of SMEs in Punjab, which was fully met by **theme 1** and response to **interview question number 1**. Theme 1 explained high employment rate in SMEs of Punjab influenced their growth as an external business factor. Thus, it can be demonstrated that the role of employment rate as an external business factor has constructed Punjab SMEs to increase their productivity and performance. On the other hand, the response to interview question 1 has showcased that several external factors majorly contribute to the development of SMEs in Punjab such as high political stability in India and technological advancement developments. Moreover,

low greenhouse gas emissions known as GSG also have been beneficial to the growth of Punjab SMEs.

Objective 2

The objective of identifying challenges faced by Punjab SMEs because of the external environment was completely fulfilled by ***theme 2, theme 4, theme 5, theme 6*** and ***interview response 2***. Theme 1 stated the reduction in India's GDP rate and theme 5 highlighted the cumulative rise of Covid19 cases in the pandemic situation has affected the growth and productivity of Punjab SMEs. Moreover, it has been identified from theme 4 that high bribery payments and corruption have been affecting the stability of Punjab's SMEs. Thus, it can be demonstrated that the performance of Punjab's SMEs has been decreased by several external factors. On the other hand, theme 6 has identified external environmental factors such as high CO2 emissions that negatively impacted the growth of environmental performance of Punjab's SMEs. Responses to interview question 2 revealed that farmer protest in Punjab has been the main influential challenge which severely affected the growth and performance of SMEs in Punjab.

Objective 3

The last objective of adaptation of different strategies to increase the performance of Punjab's SMEs was partially met by ***theme 3*** and ***response to interview question 3***. Theme 3 identified high IT expenditure by the Indian government can improve technological integration while response interview question 3 responses has suggested reward, remuneration and constructive market research can be strategies to improve the current condition. However, the detailed strategic approach in terms of types of IT investment, in particular, SMEs or constructive market research methods are not identified which caused this objective to be partially met.

6.3 Recommendations

Recommendation 1: Analysing consumer feedback can help SMEs of Punjab to sustain their performance

Customers are the basis of the profit and growth of an enterprise. Thus, it can be said that engaging a large base of customers helps businesses to attract more customers through existing customers. In this aspect, it can be recommended that analysis of customers' feedback can be the most effective suggestion which can help SMEs of Punjab to better understand their customers' needs. Through the creation of a feedback loop, customers can review and showcase their concerns about a particular aspect, which needs to be focused on and improved by SMEs. Hence, they can easily

attain customer satisfaction by providing them with an excellent and unique buyer experience, which will be helpful to gain attract those customers. Thus, it can be demonstrated in terms of servicing and sales creation and analysis of customer feedback processes that can help SMEs of Punjab to sustain their performance.

Recommendation 2: Zero waste initiative can help Punjab's SMEs to build a high brand reputation

Brand reputation is an important aspect which attracts and engages customers, which in turn gives competitive advantages over other companies. Hence, it can be recommended in order to build an effective brand reputation a unique innovative strategy such as an initiative for zero waste production can be undertaken by SMEs of Punjab. This strategy not only helps to create a high brand reputation in the market but also helps them to mitigate other external environmental issues related to the production of goods in SMEs. Moreover, through the implementation of this strategy, the brand also can reduce its operational cost. Henceforth, the zero waste initiative can be recommended to Punjab's SMEs to serve them various purposes.

Recommendation 3: CSR practices can enhance the brand awareness of SMEs in Punjab

Brand awareness is another key driver determining the success of an organisation. In this context, it can be recommended that corporate social responsibility (CSR) practices can help Punjab's SMEs impact society positively which in turn creates brand awareness for them. Through the implication of this strategy, SMEs in Punjab can be socially accountable. CSR practices involve environmental, social and economic responsibilities to build a greater society. Therefore, it can be said contribution to various social domains through CSR policies and approaches enterprises in Punjab can socially engage all its stakeholders, which in return creates the required brand awareness for them, which will be beneficial in mitigating harsh external business environmental conditions.

6.4 Research gap

A research gap refers to a particular area of the research which cannot be fully covered in the research study due to the lack of information. In this suspect, a research gap corresponds to the last objective. The lack of detailed analysis and information regarding the adaptation of various strategies by SMEs of Punjab in relation to the external environment can be considered as the research gap for this study. Though the research has identified expenditure by government and technological integration to be strategies for coping with certain challenges emerging from the

external environment, the lack of real-time and practical approaches for aligning the business model of SMEs to the external environment has been considered to be the research gap.

6.5 Future Scope

As the study has identified a particular research gap relating to the adaptation of strategies to align the business with the external environment, thus the future scope of this study can be the investigation of the practical approaches for SMEs in Punjab relating to the external factors. Future researchers can explore this particular area through a primary data collection process which will be helpful to obtain real-time information so that a detailed analysis of this area can be done. Moreover, future researchers can address this specific study to explore the extent of the relationship of the external environment to SMEs in Punjab.

Reference list

- Adam, N.A. and Alarifi, G., (2021). Innovation practices for survival of small and medium enterprises (SMEs) in the COVID-19 times: the role of external support. *Journal of innovation and entrepreneurship*, 10(1), pp.1-22.
- Aladejebi, O., (2020). Managing small businesses in Nigeria during covid-19 crisis: impact and survival strategies. *IOSR Journal of Business and Management*, 22(8), pp.24-34.
- Ali Qalati, S., Li, W., Ahmed, N., Ali Mirani, M. and Khan, A., (2020). Examining the factors affecting SME performance: the mediating role of social media adoption. *Sustainability*, 13(1), p.75.
- Altena, E., Baglioni, C., Espie, C.A., Ellis, J., Gavrilloff, D., Holzinger, B., Schlarb, A., Frase, L., Jernelöv, S. and Riemann, D., (2020). Dealing with sleep problems during home confinement due to the COVID-19 outbreak: Practical recommendations from a task force of the European CBT-I Academy. *Journal of sleep research*, 29(4), p.e13052.
- Asad, M., Chethiyar, S. and Ali, A., (2020). Total quality management, entrepreneurial orientation, and market orientation: Moderating effect of environment on performance of SMEs. Paradigms; *A Research Journal of Commerce, Economics, and Social Sciences*, 14(1), pp.102-108.
- Assarroudi, A., HeshmatiNabavi, F., Armat, M.R., Ebadi, A. and Vaismoradi, M., (2018). Directed qualitative content analysis: the description and elaboration of its underpinning methods and data analysis process. *Journal of Research in Nursing*, 23(1), pp.42-55.
- Bae, S.M., Masud, M.A.K. and Kim, J.D., (2018). A cross-country investigation of corporate governance and corporate sustainability disclosure: A signaling theory perspective. *Sustainability*, 10(8), p.2611.
- Bai, C., Quayson, M. and Sarkis, J. (2021). COVID-19 pandemic digitization lessons for sustainable development of micro-and small-enterprises. *Sustainable production and consumption*, 27, pp.1989-2001.
- Bamel, U.K. and Bamel, N., (2018). Organizational resources, KM process capability and strategic flexibility: a dynamic resource-capability perspective. *Journal of Knowledge Management*.
- Barrows, G. and Ollivier, H. (2021). Foreign demand, developing country exports, and CO2 emissions: Firm-level evidence from India. *Journal of Development Economics*, 149, p.102587.

- Bednar, P.M. and Welch, C., (2020). Socio-technical perspectives on smart working: Creating meaningful and sustainable systems. *Information Systems Frontiers*, 22(2), pp.281-298.
- Bobrovskij, I.N., (2018). How to select the most relevant roughness parameters of a surface: Methodology research strategy. In IOP Conference Series: *Materials Science and Engineering* (Vol. 302, No. 1, p. 012066). IOP Publishing.
- Bocanet, A., Alpenidze, O. and Badran, O., (2021). Business analysis in post-pandemic era. *Academy of Strategic Management Journal*, 20(4), pp.1-9.
- Bryson, J.M., Edwards, L.H. and Van Slyke, D.M., (2018). Getting strategic about strategic planning research. *Public management review*, 20(3), pp.317-339.
- Business Insider, (2022). *Top 10 largest economies in the world*. (Online). Available at: <https://www.businessinsider.in/top-10-largest-economies-in-the-world/articleshow/70547252.cms>. [Accessed on 14th August 2022].
- Business Standard, (2019). *SME Landscape in India - Growth, Challenges and Opportunities*. Available at: https://www.business-standard.com/content/specials/sme-landscape-in-india-growth-challenges-and-opportunities-119062100357_1.html [Accessed on: 28 August 2022].
- Business Standard, (2022). *Rural UP sees over 7% inflation in Jan; Punjab, Manipur witness lower rates*. (Online). Available at: https://www.business-standard.com/article/politics/rural-up-sees-over-7-inflation-in-jan-punjab-manipur-witness-lower-rates-122021600036_1.html#:~:text=Punjab%20had%20an%20inflation%20rate,than%20the%20all%20India%20level. [Accessed on 14th August 2022].
- Chege, S.M. and Wang, D., (2020). Information technology innovation and its impact on job creation by SMEs in developing countries: an analysis of the literature review. *Technology Analysis & Strategic Management*, 32(3), pp.256-271.
- Christodoulou, A. and Cullinane, K., (2019). Identifying the main opportunities and challenges from the implementation of a port energy management system: A SWOT/PESTLE analysis. *Sustainability*, 11(21), p.6046.
- Corredera-Catalán, F., di Pietro, F. and Trujillo-Ponce, A., (2021). Post-COVID-19 SME financing constraints and the credit guarantee scheme solution in Spain. *Journal of Banking Regulation*, 22(3), pp.250-260.
- Corry, M., Porter, S. and McKenna, H., (2019). The redundancy of positivism as a paradigm for nursing research. *Nursing Philosophy*, 20(1), p.e12230.

- Dalkrani, M. and Dimitriadis, E. (2018). The effect of job satisfaction on employee commitment. *International Journal of Business and Economic Sciences Applied Research*, 11(3).
- de Villiers, C., Dumay, J. and Maroun, W., (2019). Qualitative accounting research: dispelling myths and developing a new research agenda. *Accounting & Finance*, 59(3), pp.1459-1487.
- DeJonckheere, M. and Vaughn, L.M., (2019). Semistructured interviewing in primary care research: a balance of relationship and rigour. *Family medicine and community health*, 7(2).
- Dugal, I, (2020). *Managing State Finances: Punjab Struggles With High Debt, Revenue Plunge*. (Online). Available at: <https://www.bqprime.com/economy-finance/managing-state-financespunjab-struggles-with-high-debt-revenue-plunge>. [Accessed on 14th August 2022].
- Edwards, R., (2018). An elaboration of the administrative theory of the 14 principles of management by Henri Fayol. *International journal for empirical education and research*, 1(1), pp.41-51.
- Evoma, (2021) “SME”Sector In India – Statistics, Trends, Reports.(Online). Available at:<https://www.evoma.com/business-centre/sme-sector-in-india-statistics-trendsreports/#:~:text=Number%20of%20SMEs%20in%20India,million%2C%20registered%20%26%20unregistered%20together>. [Accessed on 14th August 2022].
- Febrian, F. and Ahmad, N.F., (2021). Internal and External Factors Affecting the Sales of Hype Drinks in Online Platform. *Jurnal Minds: Manajemen Ide danInspirasi*, 8(1), pp.89-106.
- George, B., Walker, R.M. and Monster, J., (2019). Does strategic planning improve organizational performance? A meta-analysis. *Public Administration Review*, 79(6), pp.810-819.
- Ghosh, J. (2020). A critique of the Indian government’s response to the COVID-19 pandemic. *Journal of Industrial and Business Economics*, 47(3), pp.519-530.
- Gull, R., Bhat, T.A., Sheikh, T.A., Wani, O.A., Fayaz, S., Nazir, A., Saad, A.A., Jan, S. and Nazir, I. (2020). Climate change impact on pulse in India-A review. *Journal of Pharmacognosy and Phytochemistry*, 9(4), pp.3159-3166.
- Gupta, A. (2019). *63% citizens of Punjab paid a bribe in the last 1 year..* (Online). Available at: <https://www.localcircles.com/a/press/page/punjab-corruption-survey-2019#.YzKetT1BzIU> [Accessed on 25th September 2022].
- Hendri, M.I. (2019). The mediation effect of job satisfaction and organizational commitment on the organizational learning effect of the employee performance. *International Journal of Productivity and Performance Management*.

HewaWellalage, N., Locke, S. and Samujh, H. (2020). Firm bribery and credit access: evidence from Indian SMEs. *Small Business Economics*, 55(1), pp.283-304.

Hindustan Times, (2020). *Here's why farm protests have been loudest in Punjab, Haryana*. Available at: <https://www.hindustantimes.com/india-news/here-s-why-farm-protests-have-beenloudest-in-punjab-haryana/story-G18qzwYWo7UuvrFmb06xuK.html> [Accessed on: 28 August 2022].

Indian Express, (2021). *Farm protests eating into economy, will harm Punjab more than Centre*.(Online). Available at: <https://indianexpress.com/article/india/farm-protests-eating-intoeconomy-will-harm-punjab-more-than-centre/>. [Accessed on 14th August 2022].

Indian Express, (2021). *World Soil Day: 'Need to increase organic matter in our soil which can enhance productivity level manifold'*. (Online). Available at: <https://indianexpress.com/article/cities/jalandhar/world-soil-day-need-to-increase-organicmatter-in-soil-7658053/>. [Accessed on 14th August 2022].

Jena, P.K., (2020). Impact of pandemic COVID-19 on education in India. *International journal of current research (IJCR)*, 12.

Jo, D. and Kwon, C., (2021). Structure of Green Supply Chain Management for Sustainability of Small and Medium Enterprises. *Sustainability*, 14(1), p.50.

Kabeyi, M., (2019). Organizational strategic planning, implementation and evaluation with analysis of challenges and benefits. *International Journal of Applied Research and Studies*, 5(6), pp.27-32.

Kaewkungwal, J. and Adams, P., (2019). Ethical consideration of the research proposal and the informed-consent process: An online survey of researchers and ethics committee members in Thailand. *Accountability in research*, 26(3), pp.176-197.

Kar, S.K., Ransing, R., Arafat, S.Y. and Menon, V. (2021). Second wave of COVID-19 pandemic in India: Barriers to effective governmental response. *EClinicalMedicine*, 36.

Kesar, S., Abraham, R., Lahoti, R., Nath, P. and Basole, A. (2021). Pandemic, informality, and vulnerability: Impact of COVID-19 on livelihoods in India. *Canadian Journal of Development Studies/Revue canadienned'études du développement*, 42(1-2), pp.145-164.

Kim, J., Lee, J. and Lee, T.J., (2021). The Sustainable Success and Growth of Social Ventures: Their Internal and External Factors. *Sustainability*, 13(9), p.5005.

- König, C., Weigelt, P., Schrader, J., Taylor, A., Kattge, J. and Kreft, H., (2019). Biodiversity data integration—the significance of data resolution and domain. *PLoS biology*, 17(3), p.e3000183.
- Kurpayanidi, K.I., (2021). Financial and economic mechanism and its role in the development of entrepreneurship. *ISJ Theoretical & Applied Science*, 1(93), p.1.
- Lee, T., Liu, W.T. and Yu, J.X., (2021). Does TMT composition matter to environmental policy and firm performance? The role of organizational slack. *Corporate Social Responsibility and Environmental Management*, 28(1), pp.196-213.
- Li, T., Higgins, J.P. and Deeks, J.J., (2019). Collecting data. *Cochrane handbook for systematic reviews of interventions*, pp.109-141.
- Malesios, C., Dey, P.K. and Abdelaziz, F.B., (2020). Supply chain sustainability performance measurement of small and medium sized enterprises using structural equation modeling. *Annals of Operations Research*, 294(1), pp.623-653.
- Mikhno, I., Koval, V., Shvets, G., Garmatiuk, O. and Tamošiūnienė, R., (2021). Green economy in sustainable development and improvement of resource efficiency. *Central European Business Review* (CEBR), 10(1), pp.99-113.
- Mohajan, H.K., (2018). Qualitative research methodology in social sciences and related subjects. *Journal of Economic Development, Environment and People*, 7(1), pp.23-48.
- Nasheeda, A., Abdullah, H.B., Krauss, S.E. and Ahmed, N.B., (2019). Transforming transcripts into stories: A multimethod approach to narrative analysis. *International Journal of Qualitative Methods*, 18, p.1609406919856797.
- Neubauer, B.E., Witkop, C.T. and Varpio, L., (2019). How phenomenology can help us learn from the experiences of others. *Perspectives on medical education*, 8(2), pp.90-97.
- Noshad, M., Amjad, M., Shafiq, M.N. and Gillani, S. (2019). Performance and Obstacles of SMEs: An Empirical Evidence from BRICS Countries. *iRASD Journal of Economics*, 1(2), pp.113-131.
- Obrenovic, B., Du, J., Godinic, D., Tsoy, D., Khan, M.A.S. and Jakhongirov, I., (2020). Sustaining enterprise operations and productivity during the COVID-19 pandemic: “Enterprise Effectiveness and Sustainability Model”. *Sustainability*, 12(15), p.5981.
- Patel, M. and Patel, N., (2019). Exploring Research Methodology. *International Journal of Research and Review*, 6(3), pp.48-55.

PbIndustries, (2022) *MSME*. (Online). Available at: https://pbindustries.gov.in/static/policy_framework;Key=MSME. [Accessed on 14th August 2022].

Priyono, A., Moin, A. and Putri, V.N.A.O. (2020). Identifying digital transformation paths in the business model of SMEs during the COVID-19 pandemic. *Journal of Open Innovation: Technology, Market, and Complexity*, 6(4), p.104.

Punjab Data, (2021). *Literacy Rate In Punjab*. (Online). Available at: <https://www.punjabdata.com/Literacy-Rate-In-Punjab.aspx>. [Accessed on 14th August 2022].

Raza, S., Minai, M.S., Zain, A.Y.M., Tariq, T.A. and Khuwaja, F.M., (2018). Dissection of small businesses in Pakistan: *Issues and directions*. *International Journal of Entrepreneurship*, 22(4), pp.1-13.

Robinson, O.C., (2022). Conducting thematic analysis on brief texts: The structured tabular approach. *Qualitative Psychology*, 9(2), p.194.

Rose, J. and Johnson, C.W., (2020). Contextualizing reliability and validity in qualitative research: toward more rigorous and trustworthy qualitative social science in leisure research. *Journal of Leisure Research*, 51(4), pp.432-451.

Sharma, A., Ghosh, D., Divekar, N., Gore, M., Gochhait, S. and Shireshi, S.S. (2021). Comparing the socio-economic implications of the 1918 Spanish flu and the COVID-19 pandemic in India: A systematic review of literature. *International Social Science Journal*, 71(S1), pp.23-36. Sileyew, K.J., 2019. *Research design and methodology* (pp. 1-12). Rijeka: IntechOpen.

Singh, A., Das, U. and Kumar, S., (2022). Gender, technology and innovation: the role of women in Indian micro, small and medium enterprises. *World Review of Entrepreneurship, Management and Sustainable Development*, 18(4), pp.429-443.

Stachová, K., Papula, J., Stacho, Z. and Kohnová, L., (2019). External partnerships in employee education and development as the key to facing industry 4.0 challenges. *Sustainability*, 11(2), p.345.

Statista (2022a). *Number of workers across Punjab in India from financial year 2012 to 2019*. (Online). Available at: <https://www.statista.com/statistics/1123764/india-number-of-workerspunjab/> [Accessed on 25th September 2022].

Statista (2022b). *India: Real gross domestic product (GDP) growth rate from 2017 to 2027*. (Online). Available at: <https://www.statista.com/statistics/263617/gross-domestic-product-gdpgrowth-rate-in-india/> [Accessed on 25th September 2022].

Statista (2022c). *IT spending in India from 2013 to 2021, with an estimate for 2022, by segment*. (Online). Available at: <https://www.statista.com/statistics/328144/end-user-it-spending-indiaforecast-by-segment/> [Accessed on 25th September 2022].

Statista (2022d). *Cumulative of the coronavirus (COVID-19) confirmed, recovered and deceased numbers across India from January 2020 to September 2022*. (Online). Available at: <https://www.statista.com/statistics/1104054/india-coronavirus-covid-19-daily-confirmedrecovered-death-cases/> [Accessed on 27th September 2022].

Statista (2022e). *Cumulative carbon dioxide emissions produced in India from 1860 to 2020*. (Online). Available at: <https://www.statista.com/statistics/1282760/cumulative-historical-co2emissions-india/> [Accessed on 27th September 2022].

StatisticsTimes, (2021). *The economy of Punjab*. (Online). Available at: <https://statisticstimes.com/economy/india/punjab-economy.php>. [Accessed on 14th August 2022].

Surmiak, A., 2018, September. Confidentiality in qualitative research involving vulnerable participants: Researchers' perspectives. In *Forum: Qualitative Social Research* (Vol. 19, No. 3, pp. 393-418). FreieUniversität Berlin.

Sürücü, L. and Maslakçı, A., (2020). Validity and reliability in quantitative research. *Business & Management Studies: An International Journal*, 8(3), pp.2694-2726.

The Hindu, (2022). *Trends show 27% dip in paddy sowing*. (Online). Available at: <https://www.thehindu.com/news/national/early-trends-suggest-27-percent-dip-in-paddysowing/article65612917.ece>. [Accessed on 14th August 2022].

TribuneIndia, (2022). *Punjab's per capita income falls to Rs1.15L, lower than the national avg*. (Online). Available at: <https://www.tribuneindia.com/news/punjab/punjabs-per-capita-incomefalls-to-rs1-15l-lower-than-national-avg-211096>. [Accessed on 14th August 2022].

Ulas, D., (2019). Digital transformation process and SMEs. *Procedia Computer Science*, 158, pp.662-671.

Van der Walt, J.L., (2020). Interpretivism-constructivism as a research method in the humanities and social sciences—more to it than meets the eye. *International Journal*, 8(1), pp.59-68.

Vasileiou, K., Barnett, J., Thorpe, S. and Young, T., (2018). Characterising and justifying sample size sufficiency in interview-based studies: systematic analysis of qualitative health research over a 15-year period. *BMC medical research methodology*, 18(1), pp.1-18.

Zahraee, S.M., Shiwakoti, N. and Stasinopoulos, P., (2022). Agricultural biomass supply chain resilience: COVID-19 outbreak vs. sustainability compliance, technological change, uncertainties, and policies. *Cleaner Logistics and Supply Chain*, 4, p.100049.