



# STUDY ON ROLE OF MSME TOWARDS SOLVING UNEMPLOYMENT OF WORKERS IN COIMBATORE

*Ms. R. Sri Devi Saradha<sup>1</sup>, Ms. Shabana Rahman<sup>2</sup>*

<sup>1</sup> Student, Department of Management Studies, Karpagam College of Engineering, Coimbatore, Tamil Nadu.

<sup>2</sup> Assistant Professor, Department of Management Studies, Karpagam College of Engineering, Coimbatore, Tamil Nadu

## ABSTRACT :

Unemployment continues to be a critical socio-economic issue in India, affecting both educated and unskilled segments of the population. In the Coimbatore region—known for its industrial and entrepreneurial environment—the role of Micro, Small, and Medium Enterprises (MSMEs) has become increasingly significant in combating this challenge. This study aims to evaluate how MSMEs contribute to reducing unemployment by generating employment opportunities, especially for youth and underutilized segments of the workforce. The research investigates various dimensions of unemployment, including its causes, effects, and types—frictional, structural, and cyclical—while assessing how MSMEs act as catalysts for inclusive economic growth. Drawing from secondary data, government reports, and International Labour Organization (ILO) standards, the study highlights how MSMEs not only absorb a large portion of the labor force but also encourage self-employment and entrepreneurial ventures.

Despite facing constraints such as limited access to finance, inadequate infrastructure, and market competition, MSMEs have proven resilient and adaptive, offering sustainable employment across various sectors. The findings emphasize the need for supportive policies, access to credit, skill development initiatives, and innovation to enhance the impact of MSMEs on employment generation. This study concludes that strengthening the MSME sector is crucial for addressing unemployment and fostering long-term economic development in the Coimbatore region.

**KEYWORDS:** MSME in Coimbatore, Jobs from small businesses, How MSMEs help workers, Small business jobs, Local job growth, MSME and unemployment, Work chances in Coimbatore

## INTRODUCTION

Unemployment is one of the most pressing economic and social issues affecting both developed and developing nations. In India, the challenge of unemployment is particularly severe due to the growing population and limited availability of formal job opportunities. Among the most affected are the youth and recent graduates, who often struggle to secure employment despite possessing formal education and qualifications. The issue is not only limited to the unskilled but also extends to skilled and semi-skilled individuals, making unemployment a multidimensional concern.

In recent years, **Micro, Small, and Medium Enterprises (MSMEs)** have emerged as a powerful tool in addressing this problem. Recognized for their flexibility, lower capital requirement, and employment-intensive nature, MSMEs play a crucial role in fostering economic development and job creation. Particularly in industrially vibrant regions like **Coimbatore**, which is known for its strong base in textiles, manufacturing, engineering, and entrepreneurial culture, MSMEs have the potential to significantly reduce unemployment by absorbing a large section of the labor force.

This study focuses on understanding the role of MSMEs in tackling the unemployment issue in the Coimbatore region. It explores how small and medium enterprises can generate sustainable livelihoods, enhance local productivity, and contribute to inclusive economic growth. Furthermore, the research investigates the barriers MSMEs face in scaling operations and how government policies, access to finance, and skill development can enhance their employment-generating capacity. By identifying the link between MSME growth and employment opportunities, this study aims to provide insights into how the sector can be better supported to address unemployment challenges in a sustainable and impactful manner.

## REVIEW OF LITERATURE

1. **CURBING THE UNEMPLOYMENT PROBLEM IN NIGERIA THROUGH ENTREPRENEURIAL DEVELOPMENT.** (2016)<sup>5</sup>

Hassan, Olanrewaju Makinde are the authors of this project. This study aims to analyze to motivated by the facts that unemployment problem is to find out the possibility of unemployment problems solution by Micro, Small and Medium enterprise (MSME). In this study, the survey was used by the researcher to source primary data. the primary data from 220 respondents through questionnaire tested using statistical tools like chi-square and simple percentage

2. **SMALL-SCALE ENTERPRISES SOLVES UNEMPLOYMENT PROBLEMS FOR YOUTH IN AFRICA ON MARCH 7** (2017)<sup>7</sup>

Francis Chigunta, department of development studies, university of Zambia. Here he researches on solving unemployment problems for youths on reducing poverty and mitigation against severe poverty in Africa.

3. **STRENGTHENING ENTREPRENEURSHIP AND ENTERPRISE DEVELOPMENT (SEED) ON JULY 25 (2018)<sup>15</sup>**

Aly zein elabdeen Kasseem, dairy ve mapping and assessment consultant. This study provides constraints and opportunities within dairy ve especially for Micro, Small and Medium Enterprises (MSMEs). This study provides an analysis to assess bottlenecks, constraints, opportunities within VC Dairy. For integrating Micro, Small and Medium Enterprises (MSMEs) in the VC. The report is divided into three main chapters, they used sampling techniques for primary data for analysis.

4. **ROLE OF SMALL-SCALE INDUSTRIES BY SOLVING UNEMPLOYMENT IN SIVAGANGAI DISTRICT OF TAMILNADU on January 1 (2019)<sup>16</sup>**

K. Indhu, M. Phil Research scholar at Alagappa University, and N. Ramar, Ph.D. Research scholars at Alagappa University are the authors of this project. Here they mainly considered that the small- scale enterprises solve two major problems such as poverty and unemployment. They used sampling techniques for the research and primary data for analysis.

5. **THE ROLE OF MSME ON UNEMPLOYMENT IN INDONESIA" P EKO PRASETYO (2020)<sup>24</sup>**

This study aims to analyze the growth of Micro, Small and Medium Enterprise (MSMEs) and the unemployment rate in Indonesia. The objective of the study is to analyse the Schumpeter effect. The research methodology used in this study is Ratio scale analysis. The study concluded with the problem existing with the relationship between the Micro, Small and Medium Enterprise (MSMEs) and unemployment in Indonesia.

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## SCOPE OF STUDY

The study aims to find out the various ways to address the unemployment issues faced by the MSME workers. The unemployment problems are rising every year, how the MSME gives a solution to this unemployment problem. The motto of the study is to find out the unemployment issues. This problem is easily and readily solved by Micro, Small and Medium enterprise (MSME). The Micro, Small and Medium Enterprises (MSMEs) sector has contributed immensely to the nation's economic development. It provides employment opportunities and helps in uplifting the living conditions of the rural communities. The idea of the project is to perceive the satisfaction of MSME workers and how they are beneficial to consumers. This study is conducted to find the possible ways for unemployment problems by giving the opportunity to work in MSME. The study of unemployment issues is solved by the MSME giving opportunities to the unemployed. The scope of the Study covers the role of Micro, small and medium enterprises in providing broad space for workers in Coimbatore.

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## STATEMENT OF PROBLEM

MSMEs play a vital role in reducing unemployment, especially in developing countries like India. While the jobs they create may be of lower quality compared to large enterprises, they are crucial in managing high unemployment rates. Governments should support MSME development by providing infrastructure, innovation hubs, and business clusters. With more youth entering the job market, promoting small-scale businesses becomes essential. MSMEs offer low-cost job creation and significantly boost employment opportunities. Moreover, MSMEs encourage self-employment and entrepreneurial mindsets among youth, reducing overdependence on government jobs. They also help diversify the economy by creating jobs across various sectors like manufacturing, services, and trade. This study aims to explore the potential of MSMEs in addressing unemployment challenges and enhancing sustainable job creation.

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## LIMITATIONS OF THE STUDY

1. The sampling is restricted to Coimbatore only.
2. The respondents have to spare some time to answer all the questionnaires.
3. The primary data collection from the workers is limited due to time restrictions.
4. As the number of companies is 8, we have a limited perspective analysis of worker behaviour.

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## RESEARCH OBJECTIVE

- a. To know the sceptical view of workers towards MSME.
- b. To study the challenges and problems faced by the MSME worker.
- c. To find out the satisfaction level of workers employed in MSME.

## RESEARCH METHODOLOGY

The study is based on primary data collection. The primary data is collected through structured questionnaires. The questionnaires are prepared based on the objectives taken in the study. The questionnaires are presented to the workers and their responses were duly collected in them. The respondent frame covers the MSME workers in Coimbatore. The data source is collected through questionnaires in physical and google forms. This study is based on the data collected from individual workers from Coimbatore.

## RESEARCH DESIGN

This chapter presents the analysis and interpretation of the study titled "*Role of MSME Towards Solving Unemployment of Workers in Coimbatore*". The data for this research was collected using the **primary data collection method** through a structured questionnaire consisting of 31 questions, administered to a **sample size of 200 respondents** from the Coimbatore region. The analysis has been carried out using appropriate statistical tools aligned with the objectives of the study. The tools used include **Simple Percentage Analysis, T-test, ANOVA, and Chi-Square Test**, which helped in drawing meaningful insights and understanding the impact of MSMEs on employment generation in the region.

## DATA ANALYSIS AND INTERPRETATION

### Descriptive challenges in THE DIFFERENT RANKS OF STATEMENT :

The respondents have asked to record an appropriate option in relation to their challenges of the workers in MSME. The following statements have been analysed by using descriptive Statistics (Mean and Standard deviation) and are presented in the table.

### THE DIFFERENT RANKS OF LEVELS

DESCRIPTIVE STATISTICS					
STATEMENT	N	MINIMUM	MAXIMUM	MEAN	STD. DEVIATION
Opportunity to advance	200	1	10	3.85	3.025
Development of MSME in the future	200	1	10	4.52	2.851
Governments importance to MSME	200	1	10	4.69	2.743
Provisions of training by MSME	200	1	10	5.04	2.862
Reasonable income	200	1	10	4.96	2.652
Work corresponds to your skill	200	1	10	5.07	2.642
Helps to deal with unemployment problem	200	1	10	5.16	2.887
Risk management	200	1	10	5.20	2.908
Lift the standard of living	200	1	10	5.18	3.110

(Sources: Primary data)

The highest mean rating was observed for *Risk management* (5.20), followed by *Lifting the standard of living* (5.18), and *Helps deal with unemployment* (5.16). Other notable factors include *Work matching skills*, *Training by MSMEs*, and *Reasonable income*. Lower mean ratings were seen for *Government support*, *Future development*, and *Opportunity to advance*. This indicates that respondents view MSMEs as most effective in improving living standards and managing employment-related risks.

### T – Test

#### Test Satisfaction Descriptive Factors Vs Age group of the respondents

The null hypothesis has been tested for the Satisfaction level of Factor with gender group of the respondents and the results are presented in the table

**H 0: "The mean score of Satisfaction Descriptive Factors Vs Gender group of the respondents"**

**TABLE: GENDER AND SATISFACTION LEVEL OF RESPONDENT**

GROUP STATISTICS						
FACTOR	GENDER	N	MEAN	STD. DEVIATION	T-VALUE	SIG
SATISFACTION	Female	72	2.7958	.52580	-3.414	
	Male	128	3.0461	.44331		

(Source: Computed Ns-Not Significant \*-Significant at 5% level. \*\*- Significant at 1% level)

It is observed from the table that, the Male respondents have highly satisfied (Mean 3.0461) and the Female respondents have less satisfied (Mean 2.7958) about their work in MSME. However, with the F-ratio value it is understood that, there exists a significant difference among the respondents in the mean score of when they are classified based on gender groups. Therefore, the null hypothesis has been rejected at 5 percent level.

#### ANOVA Satisfaction Descriptive Factors Vs Age group of the respondents

The null hypothesis has been tested for the Satisfaction level of Factor with age group of the respondents and the results are presented in the table

**H0: "The mean score of Satisfaction Descriptive Factors Vs Age group of the respondents"**

**TABLE: AGE AND SATISFACTION LEVEL OF RESPONDENT**

AGE	MEAN	STD. DEVIATION	N	F	SIG.
21-30	3.0384	.39216	73	2.39	NS
31-40	2.9094	.52952	85		
41-50	2.8036	.56272	28		
50 above	3.1143	.44869	14		
Total	2.9560	.48842	200		

(Source: Computed Ns-Not Significant \*- Significant at 5% level, \*\*-Significant at 1% level)

It is defined from the table that, the respondents whose age group has 50 above years have highly agreed (Mean 3.1143) and the respondents whose age has 41-50 years have less agreed (Mean 2.8036) about their work in MSME. However, with the F-ratio value it is understood that, there exists no significant difference among the respondents in the mean score of when they are classified based on gender groups. Therefore, the null hypothesis has been accepted

#### NPar Tests

The work we had taken have different challenges at different ranks of levels, rank the following, at your experience

**TABLE: NPAR TESTS (DESCRIPTIVE)**

DESCRIPTIVE STATISTICS					
STATEMENT	N	MEAN	STD. DEVIATION	MINIMUM	MAXIMUM
Opportunity to advance	200	3.85	3.025	1	10
Development of MSME in the future	200	4.52	2.851	1	10

<b>Governments importance to MSME</b>	<b>200</b>	<b>4.69</b>	<b>2.743</b>	<b>1</b>	<b>10</b>
<b>Provisions of training by MSME</b>	<b>200</b>	<b>5.04</b>	<b>2.862</b>	<b>1</b>	<b>10</b>
<b>Reasonable income</b>	<b>200</b>	<b>4.96</b>	<b>2.652</b>	<b>1</b>	<b>10</b>
<b>Work corresponds to your skill</b>	<b>200</b>	<b>5.07</b>	<b>2.642</b>	<b>1</b>	<b>10</b>
<b>Helps to deal with unemployment problem</b>	<b>200</b>	<b>5.16</b>	<b>2.887</b>	<b>1</b>	<b>10</b>
<b>Risk management</b>	<b>200</b>	<b>5.20</b>	<b>2.908</b>	<b>1</b>	<b>10</b>
<b>Lift the standard of living</b>	<b>200</b>	<b>5.19</b>	<b>3.110</b>	<b>1</b>	<b>10</b>

(Sources: Primary data)

The above analysis table gives a clear rank that the highest mean rank is 5.20 given to 'Risk Management' and the lowest rank is 3.85 given to 'Opportunity to Advance'. Hence it is considered that most of them ranked their challenges faced in work as risk management.

## RESULT

The survey reveals that 52% of respondents are male, 95% are aged 21-30, and 68.5% are married, with most having completed a diploma (34%) and coming from rural areas (63.5%). A majority (79%) work full-time, and 46.5% consider skills essential for MSME jobs. The most highly ranked factors are *Risk management* and *Lifting the standard of living*. Significant differences were found based on income, marital status, and locality, while no significant associations were found between family type and demographic factors with MSME employment preferences.

## SUGGESTION

The study indicates that while MSME workers' employment status is moderately rated, more female participation and better transportation are needed. Advanced technology can reduce mental pressure, and improving management is key for worker well-being. Positive views on easy income highlight the need for awareness among non-MSME workers. Underemployment is a concern, and offering incentives could raise living standards. Most workers are satisfied with existing practices, though some are undecided, requiring attention. Proper training for technical roles is vital to maintain a healthy work environment.

## CONCLUSION

MSMEs play a crucial role in job creation, employment, and economic growth in Coimbatore, offering a solution to the devaluation of the Indian Rupee. They are essential for addressing regional imbalances, particularly when established in underdeveloped areas. The future of MSMEs in Coimbatore looks promising, contributing to poverty reduction, urban and rural development, and increased income levels. The government's support for MSMEs through infrastructure and manufacturing helps tackle issues like slums and poverty. However, challenges remain as India lacks a cohesive SME policy framework. Despite this, MSMEs continue to be vital for economic development, increasing savings, investment, and industrial growth. With rising unemployment and a budget deficit, MSMEs must be supported to compete globally and help resolve key national issues.

## REFERENCE

1. **"Financing Small Enterprises: The Key to Job Creation" by Michael R. King (2020)** discusses the significant relationship between the financing of small businesses and their potential to create jobs, highlighting how access to funding is critical for business growth and employment opportunities.
2. **"Technology and Innovation in SMEs" by Stephen Hill (2022)** delves into the impact of technological advancements and innovation within small and medium enterprises, emphasizing how these factors can drive job creation and improve productivity in SMEs.

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3. **"Women-Led SMEs: Unlocking Employment Potential"** by Susan Marlow (2019) focuses on the role of women entrepreneurs in the small and medium enterprise sector, exploring how their leadership in SMEs contributes to job creation and economic growth.
  4. **"COVID-19 and the Resilience of SMEs"** by Jonathan Levie and Mark Freel (2022) examines how the COVID-19 pandemic has impacted SMEs and their role in job recovery, shedding light on the resilience of these enterprises during times of crisis and their ability to contribute to employment recovery.
  5. **"Small Business Management: Entrepreneurship and Beyond"** by Timothy S. Hatten (2023) explores the strategic role small businesses play in the economy, discussing how effective management and entrepreneurship lead to job creation and sectoral growth.