



SME's AND THEIR ATTITUDE TOWARDS CREATIVITY AND CROSS CULTURE MANAGEMENT FOR BUSINESS PRODUCTIVITY

K. Ratheesh Kumar* & Dr. P. Pavithra**

* Assistant Professor in Commerce, Sri Ramakrishna Mission Vidyalaya College of Arts and Science, Coimbatore, Tamilnadu

** Assistant Professor in Commerce CA, TERF's Academy College of Arts and Science, Tirupur, Tamilnadu

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Abstract:

Creativity and cross culture management is generally the result of out-of-the-box thinking by the people who are motivated to create something different and new. This thinking differently may lead to the bringing out a new product, change in the service or process which is carried out routinely. Business efficiency alone cannot sustain competition and growth, although it is an essential part of the business. Creativity and cross culture management leads to revenue growth and in turn results into wealth creation. Hence, the present study is intended to analyze the impact of both creativity and cross culture management and its impact on the productivity in the selected small and medium Sized Enterprises in Coimbatore city.

Key Words: Creativity, Cross Culture Management, Small and medium Sized Enterprises

The Indian MSME sector is the backbone of the national economic structure and has unremittably acted as the bulwark for the Indian economy, providing it resilience to ward off global economic shocks and adversities. With around 63.4 million units throughout the geographical expanse of the country, MSMEs contribute around 6.11% of the manufacturing GDP and 24.63% of the GDP from service activities as well as 33.4% of India's manufacturing output. They have been able to provide employment to around 120 million persons and contribute around 45% of the overall exports from India. The sector has consistently maintained a growth rate of over 10%. About 20% of the MSMEs are based out of rural areas, which indicate the deployment of significant rural workforce in the MSME sector and is an exhibit to the importance of these enterprises in promoting sustainable and inclusive development as well as generating large scale employment, especially in the rural areas. Governmental as well as non-governmental organizations are trying their best to make SMEs enhance their presence and output. With skill enhancement, better networking, and using ever innovative technology are the main reasons for the successful development of SMEs in India. The sector has ventured in all the realms of business from handicraft to homemade products to large machines. All these products have successfully captured domestic as well as global markets. The process of opening up of the economy and competition in the market has accelerated and must be taken into account when formulating new policy initiatives. The SMEs should have the ability to respond effectively to change. Global practices have come to the Indian market and a high level of technological sophistication is being expected of SMEs. In this process of forced and accelerated metamorphosis, it is necessary to look at SME in a disaggregated manner. Up gradation of standards is also enabling these SMEs to export in their own right. To remain competitive SMEs must constantly upgrade technology and make fresh investments. Government policy must facilitate a seamless movement from small to medium and large scale sectors. This process must also ensure that the employment intensity of operations, which is crucial to SMEs, is retained.

Tamil Nadu is a leader in Auto parts and components, Readymade Garments and Leather and leather goods. In order to give special drive the following 13 Industries have been identified as thrust sector- Electrical and electronic industry, Leather and leather goods, Auto parts and components, Drugs and pharmaceuticals, Solar energy equipment, Gold and Diamond Jeweler for exports, Pollution Control equipments, Sports Goods and Accessories, Cost effective building material, Readymade Garments, Food processing, Plastic and Rubber. The sectors are of significant in various aspects as they are contributing the growth of the state as well as the development of the nation. The performance of the SMEs in all aspects leads to its better standing among other firms in the industries. The SMEs and the management concerned must act in way so that it can overshadow their competitors. The authority granted, responsibility shared, control, communication and the work itself of the SMEs defined their development. It is in which the innovation and creativity stands apart from anything that can take the business of SMEs forward. The cultural influence irrespective any businesses have a deep impact on it and it is of no exemption to SMEs.

Review of Literature:

Munjuri and Maina (2013) undertook the study to find out the impact of diversity management on the output or performance of Kenyan bank employees. It brought into the light that the policies like - diversity

training, help or support to minority balanced recruitment etc was used by the bank. It was also observed that the only measurement tool for employee's compensation was the employees' education and performance ability. The study proved that the performance of managerial and non-managerial staff of the bank was affected by workforce diversity and that too in varying degrees. However, the greatest impact was noticed on the managerial and less impact on the non-managerial staff. They concluded that the performance of the employees and the 39 average productivity of the bank employees when classified on the basis of gender, age and education level were significantly associated.

Choi and Rainey (2010) conducted a study to examine the impact of diversity (in race, gender and age) as well as the moderators such as diversity management, organizational culture, etc. on the perception of the employees about organizational performance in U.S Federal agencies by applying the technique of hierarchical regression analysis. The findings of the study concluded that there is a negative relationship between organizational performance and racial diversity. But, positive relationship between racial diversity and organizational performance is reflected, when team processes and diversity management policies are used as moderators to racial diversity. It was also observed that interactions of diversity in terms of gender and age with the contextual variables gave mixed outcomes, indicating thereby that gender and age diversity carry complex association.

Karma and Vedina (2009) discussed the potential relationships between workforce diversity and cultural intelligence (CQ) from organizational perspective. Workforce diversity can provide a useful organizational resource to the organization, but in order to get its advantage, cultural intelligence (CQ) is required. The study stated that the effects of different types of diversity can be both positive and negative but, when cultural intelligence (CQ) is present in an organization and is applied to tackle them, then it (CQ) works as a prism and these effects like rays of light deflect and become positive. It was argued that the negative effects of diversity can be turned into advantages through cultural intelligence (CQ).

Objectives of the Study:

- To analyze the attitude of selected SMEs towards having creativity and cross culture management in their productivity.

Research Methodology:

The study is both analytical and descriptive in nature. Primary data has been used in this study. Primary data will be collected using mailed questionnaire technique from the selected SMEs in the Coimbatore district. Secondary data for the study has been collected from books, websites and few journals and newspaper and company reports. The population targeted for this study is the SMEs of Coimbatore district in Tamilnadu. A total 20 companies from the district are being selected and to whom the questionnaires will be distributed using simple random sampling technique.

Analysis and Discussion:

Table 1: Demographic Profile of the companies

| Variables | Classification | No. of Companies |
|--------------------------------|----------------------|------------------|
| Nature of Company | Trading | 06 |
| | Manufacturing | 14 |
| Size of the Company | Small sized | 09 |
| | Medium sized | 11 |
| Years of Existence | Less than 5 years | 04 |
| | Between 5& 10 years | 09 |
| | Above 10 years | 07 |
| Trade involved | Domestic | 02 |
| | Foreign | 18 |
| Annual Turnover (in crores) | Between 500 and 1000 | 14 |
| | More than 1000 | 06 |

Source: Primary data

The table 1 denotes the demographic classification of SMEs district of Coimbatore. It is inferred from the table that most of the companies are involved in manufacturing, majority of the company are medium sized, most of companies are existing between 5 and 10 years and involving in foreign trade. Majority of the companies have the annual turnover between 500 and 1000 crores.

Impact of Creativity on Productivity of SME's:

H₀₁: There is no significant impact of creativity on the productivity of selected SMEs

Table 2: Regression Analysis

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|-----------|-------------|------------|--------------------|-------|
| Cr | 4.11 | 5.02 | -6.32 | 0.00 |
| C | 6.30 | 3.16 | -3.96 | 0.04 |
| R-Squared | 0.51 | | Durbin-Watson Stat | 1.74 |

| | | | | |
|--------------------|------|--|--------------------|------|
| Adjusted R-squared | 0.49 | | | |
| F-statistic | 2.69 | | Prob (F-statistic) | 0.00 |

Source: Primary data

The table 2 shows the regression analysis between creativity and productivity. The analysis placed creativity as independent variable and productivity as dependent variable. The analysis shows ($R^2 = 0.51$), which states that the creativity contributed significantly for the productivity. It can be inferred from the table that Adjusted R-square value is 0.49. The F-statistic is significant indicating the hypothesized relationship between the creativity and productivity validated. The value of Durbin-Watson statistic is 1.74 indicating that the model is not suffering from auto correlation problem. The calculated F value is more than the table value and hence, the null hypothesis is rejected and concluded that there is a significant impact of creativity on the productivity of selected SMEs.

Impact of Creativity on Productivity of SME's:

H₀₂: There is no significant impact of cross culture management on the productivity of selected SMEs

Table 3: Regression Analysis

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|--------------------|-------------|------------|--------------------|-------|
| CCM | 3.52 | 4.16 | .987 | 0.01 |
| C | 2.33 | 2.50 | 4.59 | 0.03 |
| R-Squared | 0.48 | | Durbin-Watson Stat | 1.36 |
| Adjusted R-squared | 0.43 | | | |
| F-statistic | 10.79 | | Prob (F-statistic) | 0.00 |

Source: Primary data

The table 3 shows the regression analysis between cross culture management and productivity. The analysis placed cross culture management as independent variable and productivity as dependent variable. The analysis shows ($R^2 = 0.48$), which states that the cross culture management contributed significantly for the productivity. It can be inferred from the table that Adjusted R-square value is 0.43. The F-statistic is significant indicating the hypothesized relationship between the cross culture management and productivity validated. The value of Durbin-Watson statistic is 1.36 indicating that the model is not suffering from auto correlation problem. The calculated F value is more than the table value and hence, the null hypothesis is rejected and concluded that there is a significant impact of cross culture management on the productivity of selected SMEs.

Conclusion:

Globalization has made our world very small and opportunities of business very big. So organisations must adopt to change from old conventional way to growth plan as well as breakthrough innovations that are creating a new world. The development of fast growing technology made the global linked together. The transformations are taking place very frequently with high demands. Creativity and up gradation in capital, investment, financing, marketing, pricing, promotion and much more will take any business forward in all aspects. The cross cultural management and attaining efficiency in it too would have the power to make business prosper in short span of time. Therefore it is very important for institution to maintain the creativity on one hand and manage the cultural diversity on the other hand which consequently leads to better productivity.

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