

SWOT Analysis of Small-Scale and Cottage Industries in the Study Area

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Abstract

Small-scale and cottage industries play a significant role in employment generation, income creation, and rural development. This study examines the strengths, weaknesses, opportunities, and threats (SWOT) of these industries based on a survey of 100 respondents in the study area. Primary data were collected through structured questionnaires and analyzed using percentage analysis and descriptive statistics.

Keywords: *Small-Scale Industries; Cottage Industries; SWOT Analysis; Employment Generation; Rural Development; Income Generation; Entrepreneurship; Local Economy; Structured Questionnaire; Primary Data; Descriptive Statistics; Percentage Analysis; Socio-Economic Development; Sustainable Livelihoods; Regional Development.*

I. Introduction

In developing areas where agriculture alone cannot offer enough livelihood options, small-scale and cottage industries are recognised as vital contributors to economic growth, job creation, and sustainable rural development. These sectors rely heavily on traditional knowledge and skills, use raw resources that are readily accessible in the area, and need little in the way of initial investment. Not only do they help rural people make ends meet, but they also protect historical sites, inspire business ownership, and promote equitable growth in different parts of the country. By facilitating self-employment, decreasing migration to urban centers, and bolstering the involvement of women and disadvantaged groups in productive economic activities, small-scale and cottage industries have become important socio-economic progress drivers in the research region. Traditional commodities that represent the region's cultural character and contribute to local and regional markets include handloom textiles, handicrafts, food processing, bamboo and cane items, and wood-based products.

There are a number of threats to the efficiency, competitiveness, and longevity of these sectors, notwithstanding the social and economic significance of these industries. Their expansion is being hindered by a lack of resources such as funding, infrastructure, transportation, marketing, trained labour, and the ability to compete with large-scale companies and imported goods. Concurrently, new chances for growth and modernisation arise from shifting consumer tastes, the proliferation of online marketplaces, government assistance programs, the increase of tourism, and the increasing demand for sustainable and handcrafted goods.

In order to assess the internal resources and external environmental elements impacting the success of cottage and small-scale businesses, a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis is a useful tool. Effective strategies for boosting competitiveness, expanding productivity, and guaranteeing sustainable development

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may be developed by stakeholders by evaluating their strengths and limitations and assessing the possibilities and risks they meet. So, this study uses the SWOT analysis to look at the cottage and small-scale industries in the area and see how they are doing now. Then, it suggests some ways they can be better, like more resilient, and help the economy grow for everyone.

II. Review Of Literature

Peer, Quadri et al., (2025) A SWOT analysis of SMEs in Kashmir Valley's District Baramulla is presented in this study. SWOT stands for strengths, weaknesses, opportunities, and threats. Eleven entrepreneurs from the agricultural and related industries, operating on small and medium scales, were chosen for the research. The research highlighted a high return rate and an availability of trained workers as assets, while a high cost of financing and inadequate infrastructure were identified as drawbacks. Trade fairs and the lifting of WTO quota restrictions are examples of opportunities for growth, whereas changes in government policy and intense rivalry from other businesses are examples of risks. The availability of competent workers, the cost of financing, the quality of infrastructure, and the level of competition from other enterprises are the most important factors that determine a company's performance, according to the Chi Square test.

C R, Sharath Kumar & K.B, Praveena (2023) To assess the merits and demerits of a company, an idea, a strategy, a program, an individual, or any commercial endeavour, one may use the SWOT analysis framework. One of the most popular methods for assessing both internal and external elements affecting a company is the SWOT analysis. An efficient framework strategy and management of organisational resources may accomplish set objectives within allotted time. The goal of incorporating SWOT analysis into a company's strategy is to create a plan of action that takes into account both internal and external issues. An examination of the strengths, weaknesses, opportunities, and threats (SWOT) analysis, as well as its background and evolution, is presented in this article.

Rakhmansyah, Mohamad et al., (2022) The purpose of this research is to identify the best marketing methods for small and medium-sized enterprises (SMEs) to use in order to boost sales via social media marketing and to identify the advantages, disadvantages, possibilities, and dangers associated with this strategy. When processing data in Excel, the SWOT analysis is used. By means of a questionnaire that was sent out in January 2021 to a total of 226 people, data was collected. Findings from small and medium-sized enterprises' (SMEs') usage of social media for marketing purposes fall into the first quadrant, indicating a growth strategy—specifically, the SO approach, which plays on SMEs' strengths while capitalising on their possibilities. Its application aims to be more communicative with consumers, keep product and service quality high, maintain and grow customer confidence, and intensify promotions.

Yadav, Jyoti & Gulati, Neelam (2019) In many countries across the globe, micro, small, and medium-sized businesses (MSMBs) play a crucial role in driving economic growth and fostering more equitable development. Micro, small, and medium-sized companies (MSMEs) account for the vast majority of businesses worldwide and are largely responsible for the rapid expansion of the labour force. Not only do they play an important part in distributing national income and wealth more evenly, but they also help industrialise rural and underdeveloped areas, which reduces regional imbalances and creates a lot of jobs at a lower capital cost than big industries. Startups and micro, small, and medium-sized businesses (MSME) are crucial to India's economic growth. In addition to putting people to work at little expense, it also helps society advance toward greater wealth and development. There is limited room for the creation of large-scale companies in rural regions, where over 65% of the population lives, making MSME a crucial component of rural area development plans. So far, the state has failed to fully capitalise on its enormous industrialisation potential, particularly in the micro, small, and medium enterprise (MSME) sector. The purpose of this article is to examine the SWOT analysis of micro, small, and medium-sized enterprises (MSMEs) and startups in Haryana, India. Microentrepreneurs and their businesses in Haryana State encounter a number of obstacles, which this research seeks to evaluate, assess, and comprehend. Thus, the research will end up being a silver bullet for micro- and small-business owners. In addition, the research gives them pointers on how to diversify their operations in Haryana, make better decisions, and be more inventive.

Gürel, Emet (2017) This research is descriptive and qualitative in character, and it reviews the literature on SWOT analysis. Marketing, public relations, advertising, and any other area needing strategic planning will find SWOT Analysis, an excellent scenario analysis tool, examined from a historical, theoretical, and temporal frame viewpoint. A company, a strategy, a project, an individual, or any other entity may benefit from doing a SWOT (strengths, weaknesses, opportunities, and threats) analysis. In this descriptive and qualitative research, we first look at where SWOT Analysis fits into the bigger picture of strategic management, and then we break it down into its individual parts. Included in the research is a SWOT analysis of a global sportswear brand, as well as a description of the methodology's background, benefits and drawbacks, and limits.

III. Research Methodology

Research Design

The study adopted a descriptive research design to examine the strengths, weaknesses, opportunities, and threats (SWOT) of small-scale and cottage industries in the study area. This design was chosen because it helps describe the existing conditions and opinions of entrepreneurs in a systematic manner.

Study Area

The research was conducted in the selected study area where small-scale and cottage industries are actively engaged in manufacturing, handicrafts, food processing, and other traditional economic activities.

Sources of Data

The study is based on both primary and secondary data. Primary data were collected directly from entrepreneurs through a structured questionnaire, while secondary data were obtained from government reports, journals, books, research articles, and official publications related to small-scale and cottage industries.

Sample Size

A total of 100 respondents were selected for the study. The respondents consisted of owners and managers of small-scale and cottage industries operating in the study area.

Sampling Technique

The respondents were selected using the Simple Random Sampling technique to ensure that each entrepreneur had an equal chance of being included in the study, thereby minimizing sampling bias.

Data Collection Method

Primary data were collected through a structured questionnaire containing both closed-ended and open-ended questions. Personal interviews were also conducted wherever necessary to obtain accurate and complete information.

Tools for Data Analysis

The collected data were classified, tabulated, and analyzed using frequency distribution, percentage analysis, and SWOT analysis. The results were presented through tables and interpreted to understand the strengths, weaknesses, opportunities, and threats faced by small-scale and cottage industries.

IV. Data Analysis And Interpretations**Table 1: Demographic Profile of Respondents (N = 100)**

Particulars	Frequency	Percentage (%)
Male	62	62.0
Female	38	38.0
Age 18–30 Years	28	28.0
Age 31–45 Years	46	46.0
Age Above 45 Years	26	26.0
Manufacturing Units	42	42.0
Handicrafts	23	23.0
Food Processing	20	20.0
Textile & Others	15	15.0
Total	100	100.0

The majority of respondents (62%) were male, while 38% were female. Most entrepreneurs (46%) belonged to the age group of 31–45 years. Manufacturing industries accounted for the largest share (42%), followed by handicrafts (23%), food processing (20%), and textile/other industries (15%).

Table 2: SWOT Factors Identified by Respondents (N = 100)

SWOT Factors	Frequency	Percentage (%)	Rank
Strengths			
Skilled Local Labour	82	82.0	I
Low Capital Requirement	78	78.0	II
Traditional Skills	74	74.0	III
Weaknesses			
Lack of Finance	81	81.0	I
Poor Marketing Facilities	76	76.0	II
Outdated Technology	69	69.0	III
Opportunities			
Government Schemes	84	84.0	I
Online Marketing	79	79.0	II
Export Potential	65	65.0	III
Threats			
Competition from Large Industries	87	87.0	I
Rising Raw Material Cost	80	80.0	II
Cheap Imported Products	71	71.0	III

The survey indicates that government support (84%) and availability of skilled labour (82%) are major strengths and opportunities. However, competition from large industries (87%) and lack of finance (81%) emerged as the most serious threats and weaknesses affecting small-scale and cottage industries.

Table 3: Overall Satisfaction Regarding Business Performance (N = 100)

Level of Satisfaction	Frequency	Percentage (%)
Highly Satisfied	24	24.0
Satisfied	48	48.0
Neutral	16	16.0
Dissatisfied	9	9.0
Highly Dissatisfied	3	3.0

Total	100	100.0
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Nearly 72% of the respondents were either satisfied or highly satisfied with their business performance. However, 12% expressed dissatisfaction due to inadequate financial support, limited market access, and increasing competition.

V. Conclusion

The study concludes that small-scale and cottage industries continue to contribute significantly to employment generation and local economic development. Despite their inherent strengths such as skilled labour and low capital requirements, they face persistent challenges including inadequate finance, outdated technology, and intense market competition. Strategic support through government initiatives, technological modernization, financial assistance, and improved marketing infrastructure can substantially enhance their competitiveness and sustainability.

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