Acquisition of technology and growth for MSMEs

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Abstract

Innovation, which can be broadly described as the creation, commercialization, and use of novel goods, technologies, and services, is acknowledged as a crucial factor in the process of economic growth. The capacity of businesses and entrepreneurs to take economic decisions based on long term consequences for economic and social welfare advantage by commercialising new products and processes is crucial for increasing a nation's economic wealth, as world economies become more integrated and interdependent. Sufficient literature supports significant role of social media on the performance of SMES in emerging and mature economies. This paper attempts to highlight the impact of social media marketing on the earned benefits of MSMES and outlines the various obstacles that inventive businesses in developing nations face, including access to formal financing and external markets. In this research, the relationship between a capital budget's allocation for procuring new technology and sales performance is investigated between 2020-2022 using a sample of 352 Delhi-NCR SMEs. Data was obtained by an online questionnaire-based survey. The data was analysed by step wise Regression method using SPSS. The findings show that: (1) Sales are favourably and significantly impacted by the portion of capital funding allocated for technology adoption (2) The impression of business owners and managers regarding the availability of formal financing is adding significant explanatory power in the relationship (mediated by innovation) between the percentage of their capital budgets devoted to investing in new technologies and changes in sales. Study concludes that level of innovation have a good and significant impact on sales output in the regression design which is utmost requirement to sustain in competitive environment.

Keywords: Social Media, Technology adoption, Perception, Innovation, Moderated mediation, National Capital Region (NCR)

Introduction

In rapid changing environment, MSMES have to keep abreast in this competitive world by evolving with changing technologies. To gain an edge over the other they must acquire and maintain technology. However to acquire or maintain new technology firms need to make some provisions. For this financial inclusion is necessary (TOI report 2021).Access to credit sources enhances productivity of SMES as it boosts up the confidence level of owner managers towards availability of finance anytime whenever needed and they don't hesitates to experiment something new.

Finance access is a critical challenge for MSMES to maintain adopted technology. Access to credit sources boosts SME's productivity, influence performance and growth. There is a significant correlation between access to businesses' credit and innovation performance (Wu et al. 2016). Innovation, which can be broadly described as the creation, commercialization, and use of novel products, systems, and processes, is acknowledged as a crucial factor in the process of economic progress (OECD, 2001b). The capacity to adapt as the global economy becomes more linked and interdependent of company owners and companies to commercialise new goods and take advantage of global business possibilities and processes quicker than their rivals is essential to boosting a country's economic prosperity. For this owner manager must devise strategy to innovate as innovation can break there monotony as well and keep them survive in tough competition world. In study on customer relationship management technology, (Maklan and Knox, 2009) states that investment and implementation of a newer technology can results to increased revenues through increased sales or efficiency savings.

India improved significantly from 81st place in 2015 to 48th place among 131 innovative nations in the Global Innovation Index (GII) 2020, however the survey stated that the government carries out the bulk of R&D and that entrepreneurs need to contribute more to the industry. India spends 0.65% of its gross domestic product (GDP) on R&D, which is much less than the top 10 economies, which spend between 1.5 and 3% of GDP. Despite the Centre's greater contribution to GERD, it continues to be modest (gross domestic expenditure on R&D) RBI report 2021. The numerous foreign-supported solutions that are available don't always provide enough assistance for the development of technological capacity in local

SMEs. Therefore, the main concern would be determining if domestic policies based on international support systems can boost long term capacity building. A technology transfer initiative is useless if it doesn't boost business profitability and expansion. SMES wishing to gain from foreign technology transfer should view it as a technology project (Malingah et al 2021).

It is critical to explore the extent to which the perception of hurdles to formal finance by owner manager is an obstacle to the acquisition of new technology by these businesses. Recently RBI remove lending rate cap on NBFC-MFIS to increase eligibility criteria for loans. Such a move make MSMES path easy to access credit. Microfinance institutions are required to disclose price related information to a prospective borrower in a standardised fact sheet. Government should take initiatives for innovative firms' funding or support for higher growth.

Last but not least, one goal of this study is to offer evidence-based findings that can aid policymakers in pursuing the strategic goal of creating an environment that will facilitate the flow of capital between credit providers and businesses, particularly regarding the perception of formal finance availability among entrepreneurs. The authors specifically aim to determine the impact of the capital budget's fraction devoted to purchasing new equipment (a stand-in for new technology) on firm sale performance. The role of innovation activities, export, and firm owner-manager perceptions of obtaining formal financing are all further explored in the study. The review of current literature that follows gives a rundown of the pertinent studies that have already been done. The part also includes explanations of our hypotheses, sampling, model, and methodology for choosing the study variables for our model. The study's findings are presented in Section 3, and the pertinent discussion of the test data is presented in Section 4. The research is concluded in Section 5 with a summary of the findings and a discussion of its limitations.

Literature Review

According to existing research, the private sector in the majority of developing and developed countries is significantly made up of SMEs. Additionally, there is enough evidence to demonstrate that small businesses face more significant barriers to obtaining formal external financing, especially in emerging countries (Beck and Demirguc-Kunt 2006). However, the effects of financial constraints vary. Contemporary research reveals a considerable link between firm performance and access to business loans. As a result, businesses with restricted resources, especially those with tight budgets, must prioritize innovation. (Tino et

al. 2017). The implementation of innovation management methods, according to a number of academics, researchers, and business professionals like Wagner (2010) and Gunday et al. (2011), can have a major impact on a company's ability to function sustainably. SMEs need to identify resources that fit technological, financial and other factors for business growth. Accordingly, many SMEs have become aware of the importance of social media tools, and they have been using social media in their business activities, and engaging with customers. Without the need for the same level of resources, SMEs can use social media in the same ways as large corporations; however, they must have a knowledge of marketing. Moreover, SMEs have to keep up to date with advancements in social media technologies to maximize their efficiency. Additionally, enhancements and changes must be made in the way that roles, responsibilities, command chains, and information flows are distributed within organisational structures (Armbruster et al., 2008).

For Romanian business statistics series between 2009 and 2017, study examined the effects of investments and innovation on territorial economic growth as assessed by turnover. The empirical findings support a favourable influence of investments on territorial economic growth by estimating a number of log-log linear regressions. The partnership has been established for all nationally operating businesses as well as for small, medium, large, and extremely large businesses (Gherghina, S. C et al., 2020).

Small and medium-sized businesses need support to develop their human resource capacity, to use technology, and to innovate through sustainable company diversification in order to increase productivity and competitiveness. According to their field research, four factors—including a lack of company capital, a low competency staff, inadequate business management, and a limited understanding of technology—lead to the inadequate competitiveness of small and medium-sized firms in Makassar City. Therefore, small and medium-sized businesses will thrive if they can gain access to markets through government policy support, innovation, and the advancement of company management (Batara Surya et al., 2021)

In study of 13,430 businesses from Eastern Europe and Central Asia, investigates the connection between external financing for small and medium-sized businesses and firm-level innovation (SMEs) finds that formal financing and process innovation have a favourable association that is stronger for early-stage SMEs than for their mature counterparts. However, informal finance has a bigger impact on the product innovation of established businesses. Our empirical research emphasises the policy ramifications for nations looking to improve the

external financing of their SMEs in order to increase innovation within such SMEs in emerging economies, the policy framework on external financing is critical for firms seeking to improve their innovation activities, mainly for small and medium enterprises. (Wellalage and Fernandez 2019)

Corporate innovation is related to access to formal capital. In developing nations, formal financing is more effective at promoting innovation. An author give evidence on a potential avenue through which formal finance might contribute to business growth by demonstrating a relationship between formal finance and innovation. The results also highlight the limitations of using informal finance to support firm innovation, especially for smaller businesses in developing nations that heavily rely on this type of financing (Ullah et al 2019)

In this study researcher uses a multi-dimensional analytical method to study the effects of various innovation types on the business performance of small and medium-sized firms (SMEs). Noticed that the performance of SME's on the financial and operational fronts is favourably impacted by innovation of any kind (product, process, and/or organisational), according (Exposito and Sanchis-Llopis 2019)

In this study researcher demonstrated the role of innovation commercialisation a very important in an emerging economy. His study indicates that governments should initiate technological policy for technology development, and firm managers should improve indigenous innovation capacity more to have better output (G .Zhang et al 2016)

By demonstrating a link between technology acquisition and enterprise-level performance that is positively mediated by new product (innovation) commercialization, researcher succulently sums up the first hypothesis of his research (Saji and Mishra 2012),

Evaluation of flat knitting industries in 2008-11, concludes that all the four dimensions of innovation positively affects performance. Flat knitting industry invests in innovation compatible with the market demands and fashion trends. The quantitative findings revealed connections between the variables annual turnover, employee count, and amount spent on marketing innovation. The innovations mentioned by respondents include incremental changes in the procedures, techniques, materials and marketing components, which are related to the four dimensions of innovation. (H.Idota et al 2019) evaluation of product innovation concludes that use of social media plays an important role in the innovation process which improve the performance of Japanese firms. Social media is one of the

essential basis to for promoting innovation. Even the simple use of social media among employees can lead to innovation (Ganzer et al 2017)

The literature demonstrate the role of innovation as a desirable effect of technology acquisition which ultimately affects sales. Results show that entrepreneurs who use social media and innovate tend to report higher satisfaction with their performance. It also evaluate a connection between financial performance and formal financing for technological adoption However research always not indicate the better business performance for innovative than non-innovative and for capital budget expenditure then non-financing firms. Whatever be their tactic the firm has to make up their own individual strategy to implement new technology in their system. The current study first examines the interplay between technology adoption and sales performance and then correlation between technology adoption outlay and sales performance, based on the other factors like perception of owner manager regarding availability of finance and innovation. This paper extend the area of analysis on cities of Delhi-NCR without particular focus on business area to extend the theoretical knowledge of existing literature regarding social media use and its impact on sales.

Objectives

To examine the effect of capital budget's proportion for acquiring new technology and sales performance between 2018-22 of Delhi-NCR msmes.

Hypothesis of research

H1: There is significant association between sales and technology acquisition expenditure (no moderation or mediation).

H2: Innovation significantly affect association between sales and technology acquisition expenditure.

H3: Perception of owner manager towards formal finance availability significantly moderate the relationship between technology acquisition expenditure and sales.

Methods

This study draws on Delhi-NCR cities data with choice based on research objectives. This analysis draws on data obtained through a survey that focuses on the correlation between technology adoption and financial performance mediated by innovation activities. In particular, owner managers' role perception of formal finance availability is examined in particular research which may be real or imaginary. The variables "technology acquisition,"

"owner-managers perception," "innovation-activities," represent the predictor, moderator, and mediator variables. The variables selection was at random but it reflects the grasp of the most frequently examined firm access to credit and its effect on firm performance. Other previous studies also used sales to measure financial performance when evaluating the effect of innovation include Lara (2015) and Rodil et al. (2016).

The sample frame consist of 326 micro, small and medium enterprises that sell locally their products and services selected from the list issued by DIC offices from respective cities. The selected firms cut across different economic sectors, either in manufacturing, services, or both sectors. National Capital Region (NCR) is a unique example of inter-state regional planning and development for a region with NCT-Delhi as its core. The NCR as notified covers the whole of NCT-Delhi and certain districts of Haryana, Uttar Pradesh and Rajasthan, covering an area of about 55,083 sq. kms. To choose the firms to be surveyed simple random sampling is employed. Between November 2020 and December 2022 data collection was mainly through emails and few hard copies. The research instrument was tested by sharing across 20 msmes. Their feedback improved the efficiency of questionnaire. Senior managers were targeted. Respondents included managers in finance, sales, operations, innovation, Research and Developments department. Innovations and perception of owner manager are touched as some of the study variables. The respondents were questioned on whether they had implemented new organisational structures, staff decision-making processes, or networks over the previous years.

Measurement development

To deal with the research objective, series of in-depth interviews were performed with a variety of micro small and medium enterprises. Then, using information from the prior research and comments acquired during the interviews, items of the questionnaire were generated. With the assistance of professionals (including academics and practitioners) with extensive e-Learning expertise, questionnaires were improved. The validity and reliability of the questionnaire was checked using SPSS. The measurement is performed using a 5-point Likert scale, where 1 represents strongly disagree and 5 represents strongly agree.

Data analysis

Data analysis for this study is done using IBM SPSS version 22, as was described in the preceding section. The relevance of the variables was demonstrated using a stepwise multiple regression analysis.

Reliability and validity analysis

The questionnaires were distributed to many experts, as was previously described, to increase face and content validity. Then each variable's Cronbach's alpha values were used to measure internal consistency which shows association among collection of item is as a group.

Construct Reliability

The Cronbach value of greater than .60 indicates higher internal consistency and reliability. For the items, alpha coefficients of (.998, .660, .790, and .820) indicate a rather high degree of internal consistency between the sets of questions.

Construct	**Cronbach's Alpha**
Product Innovation	.998
Process Innovation	.660
Marketing Innovation	.790
Organisation Innovation	.820

Test –Retest reliability

Test-retest reliability is a form of reliability that evaluates a construct consistency & precision over time. In other words, it refers "the extent that a test produces similar results over time'.Test-retest reliability coefficients (also known, as stability coefficients) range from 0 to 1, where:

- 1 - Perfect reliability,
- ≥ 0.9 - Excellent reliability,
- ≥ 0.8 < 0.9 - Good reliability,
- ≥ 0.7 < 0.8 - Acceptable reliability,
- ≥ 0.6 <0.7 - Questionable reliability,
- ≥ 0.5 < 0.6 - Poor reliability,
- <0.5 - Unacceptable reliability,
- 0 - No reliability.

On this scale, seeking the correlation between the values of Day 1 Day 2, a correlation of .9(90%) indicates. a very high correlation (good reliability) were as a value of .1 (10%) indicates a very low correlation (poor reliability).As it can be seen that all the highlighted values range fall between $\geq 0.8 < 0.9$, ≥ 0.9 which shows a good and excellent reliability.

Correlations

		tech_acqu_day1	tech_acqu_day2	owner_perce_day1	owner_perce_day2	inno1_day1	inno1_day2	inno2_day1	innov2_day2
tech_acqu_day1	Pearson Correlation	1	.949**	-0.175	-0.018	-.814**	-.785**	.460**	.370*
	Sig. (2-tailed)		0	0.285	0.914	0	0	0.003	0.021
tech_acqu_day2	Pearson Correlation	.949**	1	-0.198	-0.03	-.773**	-.760**	.448**	.354*
	Sig. (2-tailed)	0		0.226	0.856	0	0	0.004	0.027
owner_perce_day1	Pearson Correlation	-0.175	-0.198	1	.867**	0.088	0.018	-0.034	-0.058
	Sig. (2-tailed)	0.285	0.226		0	0.593	0.915	0.836	0.725
owner_perce_day2	Pearson Correlation	-0.018	-0.03	.867**	1	-0.03	-0.147	0.006	-0.146
	Sig. (2-tailed)	0.914	0.856	0		0.856	0.373	0.973	0.374
inno1_day1	Pearson Correlation	-.814**	-.773**	0.088	-0.03	1	.909**	-.522**	-.441**
	Sig. (2-tailed)	0	0	0.593	0.856		0	0.001	0.005
inno1_day2	Pearson Correlation	-.785**	-.760**	0.018	-0.147	.909**	1	-.506**	-.443**
	Sig. (2-tailed)	0	0	0.915	0.373	0		0.001	0.005
inno2_day1	Pearson Correlation	.460**	.448**	-0.034	0.006	-.522**	-.506**	1	.928**
	Sig. (2-tailed)	0.003	0.004	0.836	0.973	0.001	0.001		0
innov2_day2	Pearson Correlation	.370*	.354*	-0.058	-0.146	-.441**	-.443**	.928**	1
	Sig. (2-tailed)	0.021	0.027	0.725	0.374	0.005	0.005	0	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Correlations

		inno3_day1	inno3_day2	inno4_day1	inno4_day2	sales_day1	sales_day2
inno3_day1	Pearson Correlation	1	.986**	-.418**	-.353*	0.015	0.016
	Sig. (2-tailed)		0	0.008	0.027	0.926	0.925
inno3_day2	Pearson Correlation	.986**	1	-.390*	-.320*	-0.026	-0.024
	Sig. (2-tailed)	0		0.014	0.047	0.875	0.883
inno4_day1	Pearson Correlation	-.418**	-.390*	1	.725**	-.426**	-.433**
	Sig. (2-tailed)	0.008	0.014		0	0.007	0.006
inno4_day2	Pearson Correlation	-.353*	-.320*	.725**	1	-0.224	-0.184
	Sig. (2-tailed)	0.027	0.047	0		0.171	0.262
sales_day1	Pearson Correlation	0.015	-0.026	-.426**	-0.224	1	.990**
	Sig. (2-tailed)	0.926	0.875	0.007	0.171		0
sales_day2	Pearson Correlation	0.016	-0.024	-.433**	-0.184	.990**	1
	Sig. (2-tailed)	0.925	0.883	0.006	0.262	0	

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Content Validity

Examining a test's content validity determines whether it is representative of the concept in its entirety. A test, survey, or measurement method's content must include all pertinent aspects of the thing it seeks to measure in order to generate reliable results. The acceptable CVR range is 0.75 to 1.The higher the score the more an agreement of the panel on necessity of an item. For an item whose value below 0.70 it is recommended to delete that item. In this research all item used have an acceptable range.

Item	Judge 1	Judge 2	Judge 3	Judge 4	Judge 5	Judge 6	Judge 7	Judge 8	Judge 9	Judge 10	Total Count 1	Content Validity Ratio (CVR)
Tech_acqu	1		1	1		1	1	1	1	1	8	1
owner_perce	1		1	1		1	1	1	1		7	0.75
Innovation1	1	1	1	1	1	1	1		1		8	1
Innovation2		1		1	1		1	1	1	1	7	0.75
Innovation3	1	1	1	1		1	1			1	7	0.75
Innovation4	1	1	1		1	1		1	1	1	8	1
Sales	1		1		1	1	1	1	1	1	8	1

Data Analysis and Interpretation

Regression Analysis

Case I

Dependent variable: Increase in sales volume

Independent variable: Technology acquisition expenditure

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.631[a]	.398	.396	.85776

a. Predictors: (Constant), Technology Acquisition Expenditure

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	170.235	1	170.235	231.376	.000[a]
	Residual	257.512	350	.736		
	Total	427.747	351			

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	170.235	1	170.235	231.376	.000[a]
	Residual	257.512	350	.736		
	Total	427.747	351			

a. Predictors: (Constant), Technology Acquisition Expenditure

b. Dependent Variable: Increase in Sales Volume

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.350	.412		20.269	.000
	Technology Acquisition Expenditure	1.394	.092	.631	15.211	.000

a. Dependent Variable: Increase in Sales Volume

Adjusted R2=0.398

Therefore Technology expenditure can explain only 39.8% variability in increase in sales.

However the coefficient table reflects that the coefficient of technology acquisition is statistically significant ($p<0.05$)

Therefore low Adjusted R2 may be on account of some missing variables which may contribute to explaining variance in dependent variable

As a sequel to this model was re-run by including mediating variable of innovation.

Case II (Innovation including)

Dependent variable: Increase in sales volume

Independent variable: Technology acquisition expenditure, process innovation, product innovation, marketing innovation, organisation innovation.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.912[a]	.831	.829	.45706

a. Predictors: (Constant), Marketing_Innovation, Process_Innovation, Organisation _Innovation, Technology Aqusition Expediture, Product_Innovation

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	355.465	5	71.093	340.310	.000[a]
	Residual	72.282	346	.209		
	Total	427.747	351			

a. Predictors: (Constant), Marketing_Innovation, Process_Innovation, Organisation _Innovation, Technology Acquisition Expenditure, Product_Innovation

b. Dependent Variable: Increase in Sales Volume

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-19.410	1.079		-17.987	.000
	Technology Acquisition Expenditure	.468	.083	.212	5.655	.000
	Product_Innovation	2.946	.101	1.319	29.044	.000
	Process_Innovation	.170	.072	.064	2.368	.018
	Organisation _Innovation	.419	.051	.234	8.276	.000
	Marketing_ Innovation	1.125	.109	.378	10.287	.000

a. Dependent Variable: Increase in Sales Volume

Dependent variable: Increase in sales volume

Independent variable: Technology acquisition expenditure, process innovation, product innovation, marketing innovation, organisation innovation.

Adjusted R2=0.829

Therefore the predictor variables can explain 82.9% variability in increase in sales.

Thus including the variables pertaining innovations the predictors have substantially increased the accountability of variance in dependent variable. The results reveal a direct positive and significant relationship between the capital budget percentage for acquiring new technology and innovation activities. In other words such acquisition allow firms to enhance their level of innovation programs. All Regression Coefficients are statistically significant.

Increase in sales volume=0.468Technology acquisition expenditure+2.946 Product innovation+0.170Process Innovation +0.146 Organisation innovation +0.125 Marketing innovstion-19.410

It is further proposed to see the effect of moderating variable "Perception of owner manager towards finance availability".

Case III

Dependent variable: Increase in sales volume

Independent variable: Technology acquisition expenditure, process innovation, product innovation, marketing innovation, organisation innovation, owner manager perception.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.912[a]	.831	.828	.45735

a. Predictors: (Constant), Owner Manager Perception, Marketing Innovation, Process Innovation, Organisation _Innovation, Technology Acquisition Expenditure, Product Innovation

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	355.583	6	59.264	283.328	.000[a]
	Residual	72.164	345	.209		
	Total	427.747	351			

a. Predictors: (Constant), Owner Manager Perception, Marketing Innovation, Process Innovation, Organisation _Innovation, Technology Acquisition Expenditure, Product Innovation

b. Dependent Variable: Increase in Sales Volume

Coefficients[a]

		B	Std. Error	Beta		
1	(Constant)	-19.413	1.080		-17.978	.000
	Technology Acquisition Expenditure	.470	.083	.213	5.664	.000
	Product_ Innovation	2.951	.102	1.322	29.016	.000
	Process_ Innovation	.171	.072	.064	2.375	.018
	Organisation _Innovation	.421	.051	.235	8.294	.000
	Marketing_ Innovation	1.129	.110	.379	10.306	.000
	Owner Manager Perception	.054	.073	.017	.751	.453

a. Dependent Variable: Increase in Sales Volume

Coefficients of owner manager perception is statistically significant, it is smallest amongst all the independent variables. There is no substantial change between previous adjusted R2 in Case II and the one in Case III. Therefore owner manager perception towards formal credit access contribute to increase in sales but minimal.

Increase in sales volume =0.470Technology acquisition expenditure+2.951 Product innovation+0.171Process Innovation +0.421 Organisation innovation +1.129 Marketing innovstion-19.413+Technology acquisition expenditure +.054Owner Manager Perception.

Owner manager perception moderates the mediating variable but minimal.

Findings and Discussion

The findings show that the capital budget percentage for investing in new technology and innovation activities have a direct, positive, and significant link. When putting innovative initiatives into practise innovation can enhance the impact on business outcome of MSMEs. Although owners-manager impression of formal finance has a negligible impact as its coefficients value is lowest which does not indicate that it has no impact. Owner-manager impression of formal financing may have a smaller effect on MSME performance than other elements, while it is still important as per results which is in accordance to a study by (Azam and Khan 2016), who reports that, while access to capital was a significant factor determining the performance of MSMEs in Pakistan, it was not the most important one. The study discovered that aspects including education, experience, and innovation played a bigger role in influencing MSMEs' performance.

The ability of an MSME to invest in cutting-edge tactics or hire specialised individuals to oversee their social media marketing efforts may be impacted by financial resources, which can have a significant impact on the success of social media marketing initiatives. The impact of financial accessibility may be less obvious, though, if an MSME has the funds to invest in creative social media marketing methods.

At an early stage personal saving of entrepreneurs, family, friends are often the most important source of income. Following the early stage, the company needs further cash infusion to expand its manufacturing and distribution capabilities as well as to support additional R&D. Firms need to make provisions for the maintenance of existing equipment or the acquisition of new technology. The limited availability of internal innovation/technology experts in traditional banks, who might accurately analyse the future growth potential of innovative projects, further increases the difficulties of securing financing. It is also inappropriate to raise stock through a public listing due to its low profitability and recent history. On the other hand, young, expanding SMEs with uncertain earnings potential might opt to avoid debt funding because it limits their flexibility and requires monthly principal and interest payments.

The findings of the first hypothesis test reveal a significantly positive linear association between the sale and the capital budget's share for acquiring new technologies. This support a research by Lara (2015) and Rodil et al. (2016); that showed a favourable correlation between the use of technology resources and financial performance.

Innovation activities correlate positively with the sales and that is statistically significant. That is firms should focus on innovation activities. This support the second hypothesis. Innovation activities mediate the correlation between technology acquisition and sales. This support the research by (A Narayan, S Hungund 2021); (GK Gouda, B Tiwar 2022). Businesses who want to stay competitive in today's environment of growing market globalisation must innovate continually. Giving employees the tools and freedom they need to innovate within the company has been advocated by many authors as a way to promote innovation and harness employee creativity. Tiny enterprises also must innovate in order to stay competitive (Carrier, C. 1996). According to a research by (Laursen and Salter from 2006), innovation was not always constrained by budgetary limitations. According to the study, businesses with tight budgets were more likely to implement cost-cutting strategies, which ultimately compelled them to become more creative in their search for new ways to enhance their goods or procedures. This could imply that the sense of financial accessibility

by the owner-manager is not a big motivator for innovation in the company. It's possible that other elements, such the availability of trained labour, access to technology, and market demand, are more crucial for fostering innovation. Employees' perceptions of environmental dynamism reinforce employee proactive innovation behaviour which could be main forces behind corporate innovation (Huang, Y. F., Lin, H. C., & Lee, H. M. 2023). It does not imply that the company cannot innovate or that financial resources are not necessary for innovation.

For instance, a study by Nwankwo and Okafor (2018) discovered a favourable correlation between MSMEs' performance in Nigeria and access to formal funding. The study did discover that formal funding was not a significant factor in the impact of technology adoption on MSME performance.

In a comparable way, (Uddin and Akhtar's 2017) study discovered that while MSMEs in Bangladesh needed formal finance to survive, this access did not have a major impact on how well they performed in terms of innovation.

The perception for the availability of formal funding may, however significant but have less of an impact on the success of MSMEs in terms of technology acquisition and innovation. It indicates that the variable is providing the model with independent, substantial explanatory power. Therefore, even if the R-squared value stays the same, the inclusion of the third variable may enhance the model's capacity to predict the dependent variable.

These results imply that although having access to formal funding may have a significant impact on MSMEs' performance, it may not be a crucial factor in determining how technology adoption and innovation would affect MSMEs' performance. Even in the absence of institutional financing, MSMEs that are able to implement cutting-edge technology and tactics may be better positioned to improve their performance.

Conclusions

The goal of the study was to determine how spending on new technologies will impact sales. Based on the results, it can be said that MSMEs' ability to succeed in business is directly and favourably impacted by investing in new technology and innovation activities. When implemented, innovation initiatives can improve how social media marketing affects MSMEs' performance. However, the study also reveals that other criteria, such as education, experience, and creativity, could have a greater impact on MSME performance than how owner-managers perceive the availability of formal funding. Although MSMEs need access to financing to survive, other factors may have a greater impact on how well they perform. As

a result, it's crucial for MSMEs to concentrate on investing in innovative projects and technologies while also taking other crucial variables that which demonstrated a strong positive correlation between capital expenditures for acquiring new technology and sales, supported the first hypothesis. Spending on technology acquisition is favourably correlated with the change in sales when it is mediated by innovation activities. The second hypothesis is also supported by the test's finding that there is a mediated relationship between the capital budget's share of new technology purchase and sales performance. Thus, innovation programs play a critical role in firm sale performance. Innovation requires the view of firm owners and management regarding the availability of conventional financing. In any case, the owner-managers' mindset, attitude, or view toward funding will have an impact on the operations of the company, either favourably or unfavourably**.** The test also confirms the third hypothesis. Owner manager perception is significantly related with other variables but does not have so much impact. The reason may be uncertainty in their mind regarding financing or they have no proper idea of finance availability. As per economic times online survey 2021, funding is the bigger challenge for MSMES in India.

Future research could assess the relationship between the study variables by looking at the impact of company age and/or size. The research we conducted could have some flaws. Despite the fact that we used methods from the past to record these impressions, the process is psychological. However, we believe the study's conclusions are in line with research on other economies.

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