



## **Skill Development, Training, and Labour Welfare in SMEs** **Opportunities and Gaps in Uttar Pradesh**

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### **Abstract**

Small and Medium Enterprises (SMEs) are vital to the socio-economic development of India, particularly in Uttar Pradesh, where they generate significant employment and contribute to regional growth. This study investigates the interrelationship between skill development, training, and labour welfare practices in SMEs, with a focus on identifying opportunities and existing gaps. Using a mixed-method approach combining survey data from entrepreneurs and workers with secondary literature, the study explores the extent to which SMEs integrate training initiatives and welfare provisions. The findings reveal that while medium enterprises show greater compliance with welfare standards and adopt structured training programs, smaller enterprises continue to rely heavily on informal practices. The study highlights critical challenges such as lack of awareness, limited financial capacity, bureaucratic hurdles, and gender disparities that restrict effective implementation of policies and welfare measures. At the same time, emerging opportunities in digital training platforms, sustainability practices, and gender-inclusive strategies present new avenues for improving both worker welfare and enterprise competitiveness. The research underscores the need for a multi-stakeholder approach involving policymakers, industry associations, training institutions, and employers to bridge the policy–practice divide and to ensure inclusive, sustainable growth in Uttar Pradesh’s SME sector.

**Keywords:** Skill Development; Training; Labour Welfare; Small and Medium Enterprises; SMEs; Uttar Pradesh; Human Capital; Worker Productivity; Policy Implementation; Gender Inclusion

## Introduction

Small and Medium Enterprises (SMEs) constitute the backbone of India's industrial economy, contributing significantly to employment generation, regional development, and inclusive growth. In Uttar Pradesh, one of India's most populous and industrially vibrant states, SMEs play a critical role in providing livelihood opportunities to millions of workers, particularly in labor-intensive sectors such as textiles, handicrafts, leather, food processing, and engineering goods. The state's SMEs not only cater to domestic markets but also contribute to export growth, positioning Uttar Pradesh as an important hub of industrial activity. However, the long-term sustainability and competitiveness of SMEs depend largely on the productivity, efficiency, and welfare of their workforce. In this context, labour welfare practices—encompassing fair wages, safe working conditions, health and social security benefits, as well as opportunities for professional growth through training and skill development—are of central importance. The contemporary industrial landscape, marked by rapid technological changes, globalization, and shifting labor market dynamics, demands that SMEs in Uttar Pradesh invest in structured skill development and employee welfare strategies to remain competitive and socially responsible.



Skill development and training form the cornerstone of enhancing workforce capabilities, enabling workers to adapt to evolving industrial requirements while simultaneously improving their employability and career progression. The Government of India, through



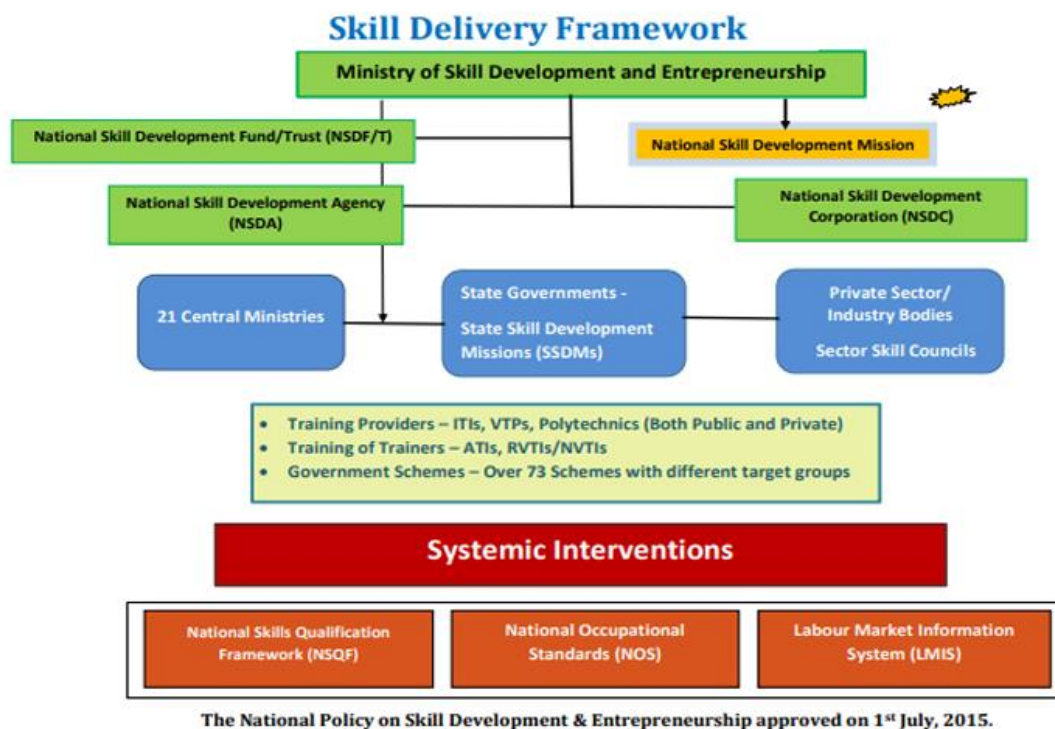
initiatives like Skill India Mission, Pradhan Mantri Kaushal Vikas Yojana (PMKVY), and state-specific programs in Uttar Pradesh, has emphasized vocational training, entrepreneurship development, and industry-linked education to bridge the skill gap. Yet, despite the presence of such policies, challenges persist in implementation at the SME level due to limited resources, low awareness, and inadequate institutional support. Many small enterprises in Uttar Pradesh continue to rely on unskilled or semi-skilled labor, often recruited through informal channels, which restricts productivity and limits the adoption of modern technologies. Further, while large industries may have dedicated training departments and welfare schemes, SMEs often lack the organizational capacity to prioritize structured workforce development. As a result, gaps emerge between policy intent and ground realities, leaving many workers with limited access to meaningful training and welfare measures. This disconnect has implications not only for worker well-being but also for the broader growth trajectory of SMEs in the state.

The intersection of skill development, training, and labour welfare thus presents both opportunities and challenges for SMEs in Uttar Pradesh. On one hand, strengthening vocational training, fostering industry-academia linkages, and expanding public-private partnerships can create pathways for enhancing worker capabilities and productivity. On the other hand, the absence of robust welfare practices—such as occupational health and safety provisions, social security, and gender-sensitive policies—continues to hinder inclusive growth. There exists a pressing need to explore how SMEs in Uttar Pradesh can integrate welfare practices with skill development initiatives to build a resilient and motivated workforce. Addressing these gaps requires a multi-stakeholder approach involving government agencies, employers, trade unions, and civil society organizations. This study seeks to critically examine the current practices of skill development and labour welfare in SMEs across Uttar Pradesh, identifying key opportunities, structural limitations, and policy interventions that can strengthen the state's industrial base while ensuring dignity, security, and upward mobility for its workers.

### **Motivation Of the Study**

The motivation behind this study arises from the growing recognition that the competitiveness and sustainability of Small and Medium Enterprises (SMEs) in Uttar Pradesh are closely tied to the well-being and skill sets of their workforce. While SMEs are often

praised for their potential to generate employment and support local economies, their contribution is undermined when issues of labour welfare and training are neglected. Workers in SMEs frequently face low wages, lack of formal contracts, unsafe working conditions, and limited access to social security, which in turn diminishes their productivity and overall job satisfaction. At the same time, with globalization and technological transformation reshaping industrial operations, the need for a skilled and adaptive workforce has never been greater. The stark contrast between policy frameworks that emphasize skill development and the ground realities of insufficient training opportunities in SMEs motivates the need for a systematic inquiry into these gaps.



Another key driver for undertaking this study is the socio-economic context of Uttar Pradesh. As one of India's largest states, both in terms of population and workforce, Uttar Pradesh houses a vast pool of labour, much of which is employed in SMEs spread across urban centers and rural clusters. However, despite government initiatives such as the Skill India Mission and state-level training programs, the outcomes in terms of workforce upgradation and labour welfare remain limited. Many SMEs continue to depend on informal employment arrangements, which further marginalize workers and limit their upward mobility. This raises a critical question: how can SMEs balance their cost constraints with the imperative of



investing in welfare practices and skill development to ensure long-term growth? Exploring this question is especially important for Uttar Pradesh, where socio-economic disparities and regional imbalances make the role of SMEs pivotal for inclusive development.

Finally, the study is motivated by the recognition that effective labour welfare and training practices have dual benefits: they enhance worker satisfaction and security, while simultaneously improving organizational performance and competitiveness. In an era where knowledge, efficiency, and innovation determine industrial success, SMEs that fail to invest in their human capital risk falling behind. By examining the opportunities and gaps in skill development and welfare practices in Uttar Pradesh's SMEs, this research aims to generate insights that can inform policymakers, entrepreneurs, and social stakeholders. The ultimate motivation lies in contributing to the discourse on sustainable industrial development—where growth is not merely measured by output, but also by the dignity, security, and empowerment of the workers who drive it.

### **Scope of the research**

The present study on *“Skill Development, Training, and Labour Welfare in SMEs: Opportunities and Gaps in Uttar Pradesh”* is designed to cover multiple dimensions of workforce welfare and organizational practices within the SME sector. The scope primarily focuses on examining how small and medium enterprises across different industrial clusters of Uttar Pradesh implement and integrate labour welfare measures with training and skill development initiatives. This includes analyzing formal welfare provisions such as health and safety, social security, working conditions, and employee benefits, alongside informal practices that influence worker satisfaction and productivity. The research also explores the extent to which existing government schemes, institutional frameworks, and policy interventions are reaching SMEs and their employees, thereby identifying implementation gaps between policy intent and practice.

The study is geographically confined to the state of Uttar Pradesh, which provides a rich field of inquiry due to its diverse SME ecosystem ranging from traditional handicraft-based clusters in cities like Varanasi and Moradabad to modern industrial hubs in Kanpur, Noida, and Lucknow. By limiting the geographical scope, the research ensures contextual depth while allowing for meaningful comparisons across different regions and industries within the state. Sectorally, the focus is on small and medium enterprises rather than large industries, as





SMEs face unique challenges in balancing cost efficiency with labour welfare and skill development investments. Within this frame, the research intends to cover both manufacturing and service-based SMEs, thereby providing a comprehensive understanding of sectoral variations.

In terms of analytical scope, the study emphasizes both opportunities and gaps. On the opportunity side, it identifies best practices, emerging models of training, and welfare schemes that could potentially be scaled up. On the gap side, it highlights structural challenges such as financial limitations, lack of awareness, weak institutional support, and gender inequalities in access to welfare benefits and training. The research does not aim to cover large corporate enterprises or multinational corporations, as their labour welfare mechanisms are often well-structured and distinct from SMEs. Instead, the study remains focused on SMEs' evolving practices and their implications for worker welfare, productivity, and regional economic growth in Uttar Pradesh.

### **Literature Review**

Small and Medium Enterprises (SMEs) are widely recognized as critical drivers of economic growth, innovation, and employment generation, especially in developing economies like India. Das (2021) emphasizes that micro, small, and medium enterprises (MSMEs) significantly contribute to inclusive development by providing livelihood opportunities and fostering entrepreneurship. Similarly, Ali (2016) demonstrates how small and medium agribusinesses in India enhance rural incomes while facing challenges of efficiency and competitiveness. Fatima and Akhtar (2023), in their study of Aligarh district of Uttar Pradesh, note that MSMEs have been central to the state's industrial base, though their performance is uneven due to infrastructural and financial limitations. These studies collectively highlight that SMEs not only generate employment but also play a pivotal role in regional development and social transformation, making their labour welfare practices vital for sustainability.

Labour welfare has long been a concern in industrial development literature, focusing on the provision of social security, occupational health, and safe working conditions. Kakade (2019), in his study of SMEs in Mumbai, points out that while welfare practices exist, they are often inadequately implemented in smaller enterprises. In the Indian context, Rahmatullah, Yasmin, Raj, Verma, and Jha (2022) underscore the inadequacies in applying labour welfare legislation, especially for informal and marginalized workers like those in the



beedi industry, which parallels many SME contexts. Globally, Blundell, Costa Dias, Meghir, and Shaw (2016) show that labour welfare reforms often intersect with human capital investments, particularly in influencing female labour participation. These insights suggest that welfare practices cannot be divorced from broader socio-economic and gendered realities, especially in states like Uttar Pradesh where informal labour dominates.

Skill development has been identified as a key determinant of productivity and competitiveness in SMEs. McKenzie and Woodruff (2017) argue that improved business and labour practices in small firms directly enhance performance and growth. Bisht and Singh (2020) present a systematic review highlighting how lack of structured training is one of the persistent challenges faced by Indian MSMEs. Ibrahim (2020) stresses ergonomic workplace design and training as crucial elements for improving productivity in SMEs. Furthermore, Surya, Menne, Sabhan, Suriani, Abubakar, and Idris (2021) emphasize that open innovation and continuous skill development are necessary for SMEs to contribute effectively to economic growth. These studies underline the dual role of skill training—as a welfare measure for workers and as a competitive strategy for enterprises.

Despite their importance, SMEs face structural challenges in implementing welfare and training initiatives. Maheshkar and Soni (2021) note that Indian MSMEs often struggle with human resource constraints, financial limitations, and lack of policy awareness. Similarly, Fatoki (2014) and Kambwale and Chisoro (2015), though focusing on South Africa and Namibia respectively, highlight universal problems such as lack of capital, weak institutional frameworks, and limited managerial capacity leading to enterprise failures. In the Indian setting, Dhameja and Yadav (2015) discuss the entrepreneurial struggles of women in Uttar Pradesh, noting how socio-cultural barriers further exacerbate the lack of formal welfare provisions. Together, these studies indicate that the barriers to implementing robust labour welfare and training programs are deeply structural, spanning finance, governance, and social contexts.

Gender dimensions in labour welfare and training have attracted scholarly attention due to persistent inequalities in access to opportunities. Kabeer (2021) argues that gender-inclusive labour markets are essential for achieving equitable economic growth, and SMEs play a critical role in this process. Budig, Misra, and Boeckmann (2012) discuss the “motherhood penalty” and how inadequate welfare and work-family policies disproportionately



disadvantage women workers. In Uttar Pradesh, studies such as Paralkar (2022) show the potential of MSMEs to advance women's entrepreneurship, but only if welfare and support systems are adequately provided. Thus, gender-sensitive approaches in welfare and training are vital for inclusive growth within SMEs.

Government initiatives form an essential part of the ecosystem in which SMEs operate. Gupta (2023) reviews government programs aimed at promoting MSMEs, noting that while policy frameworks exist, the translation into grassroots benefits remains limited. Sodhi and Dwivedi (2022) evaluate the impact of the Ease of Doing Business reforms on MSMEs across states, suggesting that states with proactive policies have more dynamic SMEs. In the context of Uttar Pradesh, Pandey (2013) highlights trends in small-scale industries, pointing out both opportunities and structural bottlenecks. More recent policy analyses, such as Mishra (2025), emphasize aligning labour rights with MSME growth to meet global standards. These contributions suggest that while policy intent is strong, its effectiveness depends on state-level implementation, institutional capacity, and awareness among SME stakeholders.

International literature provides comparative insights into how welfare and training practices shape labour outcomes. Meng (2012) studies labour market reforms in China, showing how policy shifts can dramatically alter labour welfare and productivity. Martin (2015) reviews active labour market policies in OECD countries, demonstrating their effectiveness in improving employability. McKenzie (2017) critically examines such policies in developing contexts, noting mixed results due to institutional weaknesses. Bilau, Ajagbe, Kigbu, and Sholanke (2015) highlight shortages of skilled craftsmen in Nigeria's SMEs, underscoring a universal challenge of labour training. These global perspectives reinforce the argument that while welfare and training are universally acknowledged as critical, their design and implementation vary widely depending on local institutional and cultural settings.

Technological advancement and sustainability concerns are reshaping the labour welfare discourse in SMEs. Arvind Mallik (2024) discusses how sustainable policies, including net-zero frameworks, are increasingly influencing SMEs' operations and labour practices. Elshaer, Azazz, and Fayyad (2023) show that green management practices enhance not only environmental outcomes but also employee welfare when aligned with pro-environmental behaviours. Meher, Hawaldar, Mohapatra, Spulbar, Birau, and Rebegea (2021) highlight how digital banking innovations have facilitated SME growth, indirectly supporting better welfare





provision. These studies collectively suggest that the future of welfare and training in SMEs will be shaped by their ability to integrate sustainability and technological adaptability.

### **Methodology**

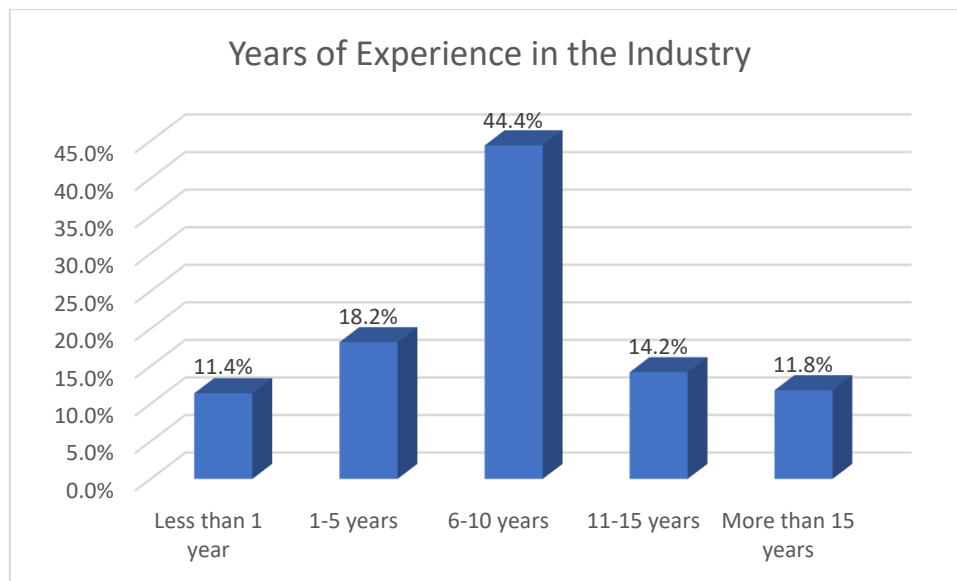
The present study adopts a descriptive and analytical research design to explore the opportunities and gaps in skill development, training, and labour welfare practices among SMEs in Uttar Pradesh. Both primary and secondary data sources have been utilized to ensure comprehensive coverage of the research objectives. Secondary data were collected from government reports, policy documents, research articles, and organizational records to build a conceptual framework and contextualize the study. Primary data were gathered through structured questionnaires and semi-structured interviews with SME owners, managers, and workers across selected districts of Uttar Pradesh, including Kanpur, Aligarh, Moradabad, Noida, and Varanasi, representing both manufacturing and service-oriented enterprises. A purposive sampling method was adopted to ensure representation across small and medium categories, as well as gender diversity among respondents.

For the quantitative part, survey data were collected from approximately 500 respondents. The questionnaire covered dimensions such as training availability, participation in government skill programs, awareness of welfare provisions, job satisfaction, and perceived challenges. Responses were analysed using simple statistical tools like percentage distribution, mean scores, and cross-tabulations to identify patterns and variations between small and medium enterprises. Qualitative data from interviews with workers and employers were subjected to thematic analysis, which helped in identifying recurring themes such as financial constraints, lack of awareness, gender disparities, and the perceived importance of welfare measures. This mixed-method approach provided both numerical insights and contextual understanding of the realities faced by SMEs in Uttar Pradesh.

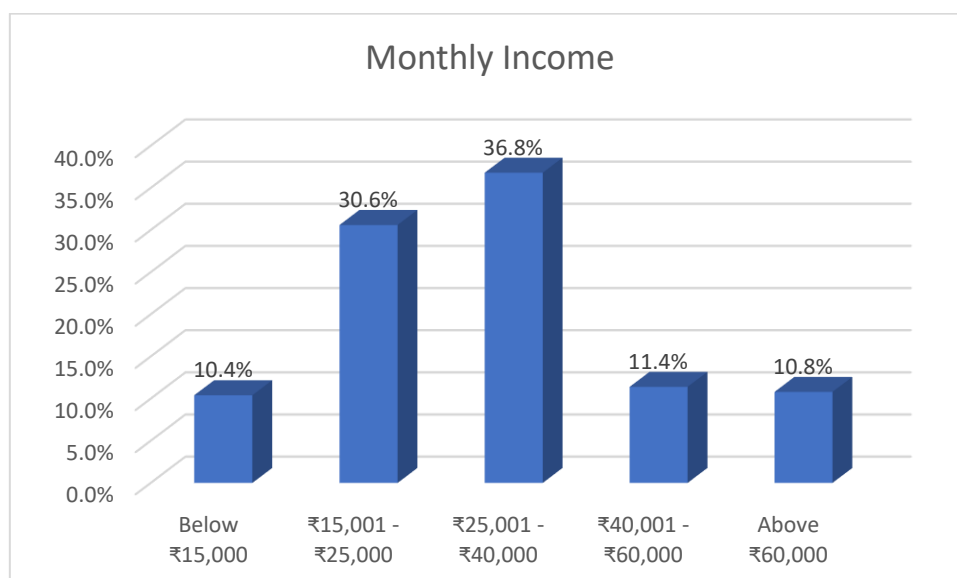
The scope of the study remains limited to SMEs formally registered under state or central government frameworks, and informal micro units were excluded due to data inaccessibility. Despite this limitation, the research provides valuable insights into the systemic gaps between policy frameworks and ground realities, while also highlighting the lived experiences of workers and entrepreneurs. By combining statistical evidence with qualitative perspectives, the methodology ensures a balanced and nuanced understanding of how skill development and welfare practices are shaping the SME sector in Uttar Pradesh.

## Results and Discussion

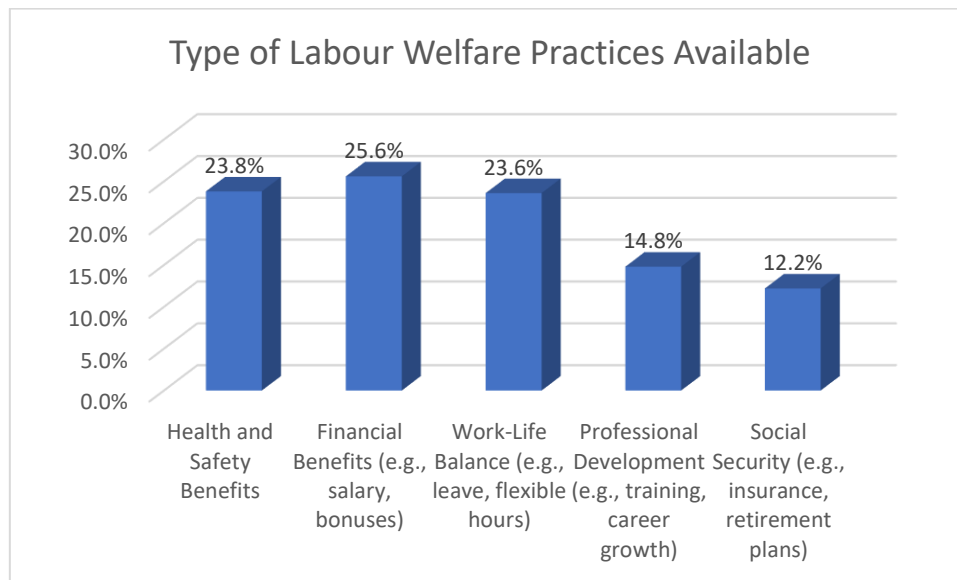
The findings of this study reveal that skill development initiatives within SMEs in Uttar Pradesh remain fragmented and uneven, despite the strong policy emphasis at both state and national levels. Government programs such as the *Pradhan Mantri Kaushal Vikas Yojana (PMKVY)* and *Skill India Mission* have created a framework for vocational training, but their penetration into the SME sector is limited.



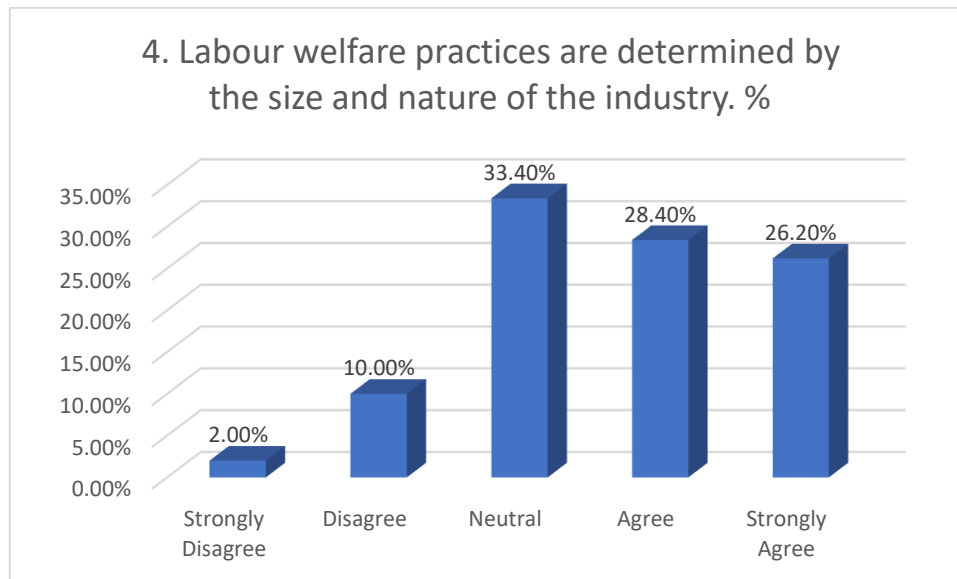
Many SMEs surveyed, particularly in traditional sectors like textiles, handicrafts, and leather, continue to depend on informal apprenticeship models, where workers learn skills on the job rather than through structured training modules. This system provides immediate workforce availability but limits technological adaptability and long-term competitiveness.



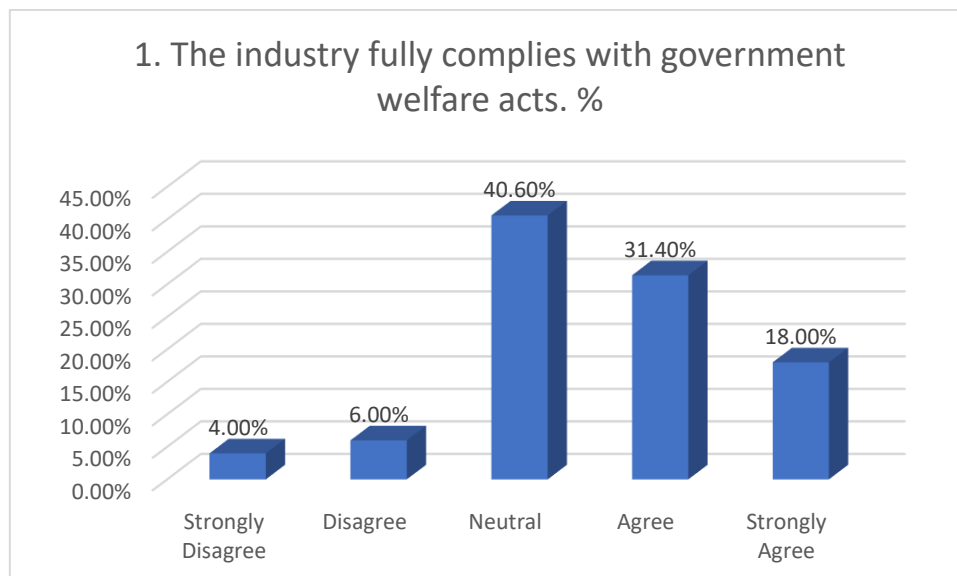
Interestingly, in more urbanized hubs like Noida and Kanpur, medium-sized enterprises show greater adoption of structured training programs, often in collaboration with private training institutions or government skill centers. These firms tend to report higher productivity and lower turnover, suggesting a positive relationship between investment in skill development and organizational outcomes. However, small enterprises, especially in rural or semi-urban regions, lack the resources to replicate such practices. Workers in these settings often complain of stagnant skill levels and limited career progression opportunities, indicating that the benefits of formal skill initiatives are unevenly distributed across the SME ecosystem.



Labour welfare in SMEs of Uttar Pradesh presents a similar pattern of inconsistency. The study indicates that welfare practices such as occupational health and safety measures, provision of social security benefits, and gender-sensitive policies are largely underdeveloped in small enterprises. Medium enterprises, particularly those integrated into global supply chains, are more likely to adopt formal welfare practices, often due to compliance with international labour standards demanded by buyers. Workers in such firms report relatively better access to health insurance, safer working conditions, and structured grievance redressal systems.

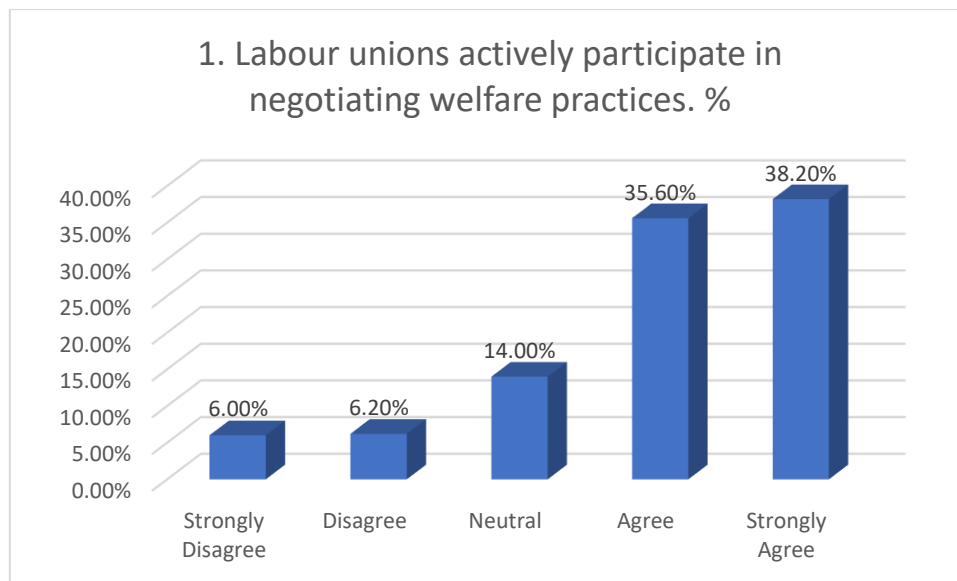


The results also underline a major gap between the policy frameworks designed to support SMEs and their actual implementation.



Another significant gap lies in monitoring and accountability mechanisms. While some larger clusters benefit from the presence of industry associations and NGOs that facilitate training and welfare programs, smaller and scattered enterprises remain isolated. This has created a dual-track development within Uttar Pradesh's SME sector, where some firms are progressing towards modernization and welfare inclusivity, while others remain trapped in informal and exploitative structures. By contrast, the majority of small enterprises still operate within an informal framework, where labour welfare depends largely on the discretion of the employer. In these contexts, workers are often deprived of basic benefits like

paid leave, health coverage, or retirement security. Many respondents highlighted that low wages and lack of welfare support force them to rely on multiple sources of income or informal credit networks, leading to financial insecurity. Importantly, the gender dimension remains critical: women workers, especially in handicrafts and home-based industries, face systemic exclusion from welfare schemes, reflecting broader patterns of social inequality in the state.



One of the most significant findings of this research is the intersection between skill development and labour welfare. Workers who had access to structured training programs reported higher job satisfaction and perceived welfare, even when material benefits were limited. Training not only improved their technical competencies but also fostered a sense of recognition and professional identity, which contributed positively to morale. Conversely, lack of skill development opportunities often compounded welfare issues, as workers felt stagnant and undervalued.

Descriptive Statistics of Emphasis on Labour Welfare in Industries			
	N	Mean	Std. Deviation
1. The management places high emphasis on employee welfare.	500	4.04	1.100



2. There are regular initiatives for improving labour welfare in the industry.	500	4.04	.998
3. Labour welfare is considered a key aspect of the company's success.	500	4.10	.966
4. The company allocates sufficient resources for labour welfare programs.	500	4.12	1.110
5. Employee welfare programs are regularly evaluated for effectiveness.	500	3.90	1.103
Valid N (listwise)	500		

While schemes exist to provide credit, training, and welfare support, the lack of awareness among entrepreneurs and workers severely limits their impact. Small entrepreneurs often cite bureaucratic hurdles, inadequate access to finance, and lack of technical know-how as reasons for not availing government initiatives. Furthermore, many workers remain unaware of their entitlements under labour welfare laws, which allows non-compliance to persist unchecked.

Employers who invested in training also recognized indirect benefits in terms of reduced attrition, improved quality of output, and greater worker loyalty. However, such investments were more feasible for medium-sized enterprises with stronger financial bases. For smaller enterprises, especially those in low-margin sectors, the trade-off between immediate cost savings and long-term productivity gains often discouraged investment in either welfare or training. This indicates a structural barrier that policy must address through subsidies, incentives, and stronger public-private partnerships.

<b>Chi-Square Test</b>			
	<b>Value</b>	<b>df</b>	<b>Asymptotic Significance (2-sided)</b>

Pearson Chi-Square	2613.823 <sup>a</sup>	182	<.001
Likelihood Ratio	1208.596	182	<.001
Linear-by-Linear Association	338.234	1	<.001
N of Valid Cases	500		
a. 183 cells (87.1%) have expected count less than 5. The minimum expected count is .18.			

Despite the evident challenges, the research highlights several opportunities for SMEs in Uttar Pradesh to strengthen labour welfare and skill development. First, the increasing digitalization of training platforms creates possibilities for cost-effective delivery of skill development programs. Online and blended training modules could help SMEs in remote areas access technical expertise without heavy infrastructure costs. Second, the growing emphasis on sustainability and green practices—driven by both policy and global market requirements—provides an opportunity for SMEs to integrate welfare and training with environmental goals. Training workers in eco-friendly practices not only enhances compliance but also improves market competitiveness.

Moreover, the state's demographic dividend offers an abundant young workforce eager for opportunities. If SMEs can effectively leverage government support programs and collaborate with vocational institutes, they could transform this large labour pool into a skilled and motivated workforce. Gender inclusion presents another untapped opportunity. By adopting women-friendly welfare practices and targeted training, SMEs can harness the potential of women workers, particularly in sectors like handicrafts, food processing, and textiles, where female participation is traditionally strong.

Placing the findings within the broader discourse of SME development globally, the issues in Uttar Pradesh resonate with patterns observed in other developing economies. Similar to Nigeria (Bilau et al., 2015) and Namibia (Kambwale & Chisoro, 2015), skill shortages and weak welfare mechanisms remain central obstacles. International evidence (McKenzie, 2017) suggests that active labour market policies succeed only when supported by robust institutional frameworks, a lesson equally relevant for India.



At the national level, Uttar Pradesh's SMEs reflect the duality of India's MSME sector: while some firms embrace modernization and welfare inclusivity, many others continue to operate informally, prioritizing survival over structured worker development. Bridging this divide requires not only policy interventions but also cultural shifts in how employers perceive labour welfare—not as a cost burden but as an investment in productivity and sustainability.

### **Conclusion**

The study set out to examine the dynamics of skill development, training, and labour welfare practices in small and medium enterprises (SMEs) of Uttar Pradesh, with the aim of identifying both opportunities and gaps that shape the sector's growth and sustainability. The findings demonstrate that while SMEs are critical engines of employment and regional development in the state, their potential is constrained by uneven adoption of welfare and training initiatives. Medium enterprises, particularly those integrated into formal supply chains and global markets, show greater compliance with welfare standards and greater investment in structured training programs. In contrast, small enterprises, which constitute the majority in Uttar Pradesh, continue to rely on informal practices, with limited resources devoted to systematic skill upgradation or comprehensive welfare provisions. This divide reflects not only the resource disparities between small and medium enterprises but also the broader structural limitations of the state's industrial ecosystem.

A central conclusion of this research is that skill development and labour welfare are deeply interconnected. Workers who have access to structured training programs not only acquire new competencies but also report higher levels of job satisfaction, security, and professional identity. These psychological and material benefits contribute to improved organizational performance, reduced attrition, and greater adaptability to technological changes. Conversely, the absence of training opportunities often reinforces feelings of stagnation among workers and compounds the challenges created by weak welfare provisions such as low wages, lack of health benefits, and unsafe working conditions. Thus, the integration of training with welfare measures emerges as a necessary strategy for SMEs aiming to balance competitiveness with social responsibility.

The study further highlights the persistent gaps between policy intent and implementation. Although both the central and state governments have introduced numerous initiatives to promote skill development and improve welfare in the SME sector, their reach remains



limited due to bureaucratic hurdles, lack of awareness among entrepreneurs and workers, and weak monitoring mechanisms. Many employers remain reluctant to engage with government schemes, perceiving them as administratively cumbersome, while workers—particularly women and those in informal or home-based sectors—are often unaware of their entitlements. This disconnect underscores the need for stronger institutional support systems and more targeted outreach strategies to ensure that policies translate into tangible benefits at the enterprise level.

At the same time, the findings suggest a range of opportunities for reform and growth. The increasing use of digital platforms for training can provide cost-effective solutions for SMEs, particularly in rural and semi-urban regions where access to physical infrastructure is limited. Similarly, the growing emphasis on sustainability and environmental compliance creates scope for linking welfare and training with green practices, thereby enhancing both competitiveness and social outcomes. Importantly, greater gender inclusion presents a significant untapped potential for SMEs in Uttar Pradesh. By adopting women-friendly welfare policies and investing in gender-sensitive training programs, enterprises can unlock productivity gains while contributing to broader social equity.

From a broader developmental perspective, the study concludes that strengthening labour welfare and skill development in SMEs is not merely a matter of compliance or corporate social responsibility but a strategic necessity for building a resilient and competitive industrial base in Uttar Pradesh. SMEs that invest in their workforce stand to benefit not only through improved productivity and reduced turnover but also by positioning themselves as socially responsible entities capable of contributing to inclusive growth. Conversely, neglecting these aspects risks perpetuating cycles of informality, exploitation, and stagnation, undermining both enterprise sustainability and worker well-being.

In summary, the research establishes that SMEs in Uttar Pradesh occupy a paradoxical position: they are simultaneously sites of opportunity and sites of vulnerability. On one hand, they offer immense potential for employment, skill formation, and regional development; on the other hand, they struggle with financial, structural, and institutional barriers that limit their ability to fully realize this potential. Bridging this gap requires a multi-stakeholder approach involving government agencies, industry associations, training institutions, and civil society organizations, working collectively to design and implement inclusive welfare and



training strategies. Only through such concerted efforts can the SME sector in Uttar Pradesh evolve into a robust and equitable driver of economic growth, while also ensuring dignity, security, and upward mobility for its workers.

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