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“Assessing MSMEs’ Perception of GST in Haryana”

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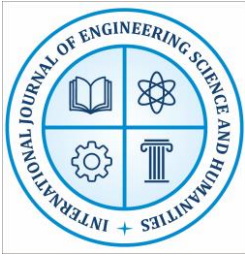
Abstract

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in economic development, employment generation, and industrial growth in Haryana. This study aims to assess MSME stakeholders’ perceptions regarding employment dynamics and the implications of Goods and Services Tax (GST). An exploratory cum descriptive research design was adopted, and primary data were collected from 100 MSME stakeholders across manufacturing, service, and trading sectors using a structured questionnaire based on a five-point Likert scale. The data were analyzed using descriptive statistics and one-way ANOVA to examine variations across demographic groups. The findings reveal that MSMEs experience moderate challenges in workforce management, including hiring postponement, employee absenteeism, productivity fluctuations, and retention of skilled labor. While employment decline and permanent job losses are not universally observed, enterprises demonstrate adaptive strategies such as reducing working hours and adjusting operational practices. The study also highlights that GST-related compliance requirements and policy changes influence employment decisions and operational efficiency. ANOVA results indicate that perceptions are largely consistent across age groups, with some variation in areas such as temporary layoffs and policy impact. Overall, the study concludes that MSMEs in Haryana exhibit resilience while navigating regulatory and operational challenges, emphasizing the need for supportive policies, simplified compliance mechanisms, and capacity-building initiatives to enhance sustainability and growth.

Keywords: MSMEs, GST, Employment Perception, Haryana, Workforce Management, Policy Impact

Introduction

Micro, Small, and Medium Enterprises (MSMEs) are integral to India’s economy, contributing significantly to employment generation, industrial output, innovation, and balanced regional development (Bhalla, Sharma, & Kaur, 2023). In Haryana, MSMEs form a vital segment of the state’s economic structure, supporting both manufacturing and service sectors while providing large-scale employment opportunities and contributing substantially to the state’s Gross Domestic



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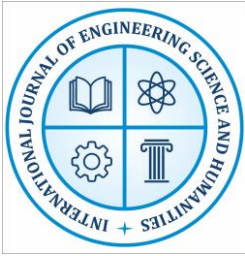
Product (Mongia & Singh, 2025). Given their economic importance, policy reforms affecting MSMEs have far-reaching implications for overall economic growth and stability.

The introduction of the Goods and Services Tax (GST) in India marked a significant structural reform in the indirect taxation system, aiming to create a unified tax regime, eliminate cascading taxes, and improve ease of doing business. GST replaced multiple indirect taxes with a single, comprehensive system, thereby enhancing transparency and promoting formalization of the economy (Pandey & Raj, 2023). While the reform was designed to benefit businesses in the long run, it posed several challenges, particularly for MSMEs, which often operate with limited financial, technological, and managerial resources.

In the context of Haryana, MSMEs have faced notable difficulties in adapting to GST requirements, including complex compliance procedures, frequent changes in tax regulations, and the necessity for digital record-keeping and return filing. Many small enterprises encountered challenges related to increased compliance costs, working capital blockages due to input tax credit mechanisms, and limited awareness of GST provisions (Mongia & Singh, 2025; Pandey & Raj, 2023). Additionally, the transition from informal to formal systems required significant adjustments in accounting practices and business operations, which proved burdensome for smaller firms with constrained capabilities.

Despite these challenges, GST has also offered several potential advantages to MSMEs, such as improved market access, elimination of inter-state tax barriers, and increased competitiveness through a standardized tax structure. However, the extent to which MSMEs perceive these benefits varies depending on factors such as firm size, sector, level of digital literacy, and access to professional support services (Bhalla et al., 2023). This divergence in experiences underscores the importance of analyzing stakeholder perceptions to evaluate the actual impact of GST on MSMEs. Furthermore, government initiatives aimed at supporting MSMEs in GST compliance, including awareness programs, simplified return filing systems, and digital facilitation measures, have played a crucial role in easing the transition. Nevertheless, gaps remain in terms of awareness, training, and accessibility, particularly among micro and small enterprises (Sharma & Rai, 2023). Understanding how MSMEs perceive these support mechanisms is essential for identifying policy gaps and improving effectiveness.

This study, therefore, seeks to assess the perception of MSMEs towards the of GST in Haryana, focusing on key aspects such as compliance burden, financial impact, operational challenges, and perceived benefits. By capturing the views and experiences of MSME stakeholders, the research aims to provide a comprehensive understanding of GST's implications and contribute to the formulation of more inclusive and MSME-friendly tax policies (Mongia & Singh, 2025).



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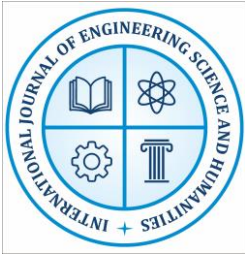
Literature Review

The of the Goods and Services Tax (GST) has introduced significant structural changes in the operational environment of Micro, Small, and Medium Enterprises (MSMEs) in India. MSMEs play a crucial role in the Indian economy by contributing substantially to GDP, employment generation, and exports (Sharma & Rai, 2023). However, due to their relatively smaller scale of operations, limited financial resources, and lower technological adoption, MSMEs often face challenges in adapting to major regulatory reforms. Empirical studies have highlighted that such enterprises are particularly sensitive to policy changes, especially those involving taxation and compliance frameworks (Mongia & Singh, 2025).

The GST regime was introduced with the objective of unifying the fragmented indirect tax system, reducing cascading taxes, and improving transparency and efficiency in the business environment. While the reform aimed to enhance ease of doing business and promote formalization, it has posed several challenges for MSMEs. Research indicates that many enterprises struggled with complex compliance requirements, including multiple return filings, frequent regulatory updates, and the need for digital record-keeping systems (Pandey & Raj, 2023; Mongia & Singh, 2025). These challenges have been particularly pronounced among micro and small enterprises, which often lack the administrative capacity and technological infrastructure required for seamless compliance. One of the key concerns identified in the literature is the financial burden associated with GST compliance. MSMEs have reported increased costs related to hiring tax professionals, upgrading accounting systems, and maintaining digital records. Additionally, delays in the processing of input tax credits have created working capital constraints, affecting liquidity and day-to-day operations (Pandey & Raj, 2023). Studies suggest that such financial pressures can hinder business expansion, reduce profitability, and limit the ability of MSMEs to compete effectively in the market.

Despite these challenges, GST has also offered certain advantages to MSMEs. The removal of inter-state tax barriers has facilitated smoother movement of goods, enabling businesses to expand their market reach beyond regional boundaries. Furthermore, the standardization of tax rates and procedures has contributed to greater transparency and reduced tax evasion, thereby creating a more level playing field (Bhalla et al., 2023). However, the extent to which MSMEs perceive these benefits varies significantly depending on factors such as firm size, sector, level of awareness, and access to professional and technological support.

Government initiatives aimed at supporting MSMEs in adapting to GST have also been discussed in the literature. These include simplified return filing procedures, digital facilitation platforms, and awareness programs designed to enhance compliance capabilities. While such measures have helped improve the overall transition process, gaps remain in terms of awareness, accessibility, and ease of use, particularly for smaller enterprises (Sharma & Rai, 2023). Studies emphasize that



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the effectiveness of these initiatives is closely linked to stakeholders' understanding and perception of the GST system.

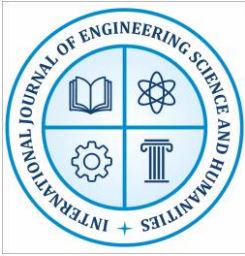
The regional context of Haryana provides an important perspective for examining MSME experiences under GST. The state's MSME sector is diverse, encompassing manufacturing clusters, agro-processing units, and service enterprises, each with unique operational characteristics. Research indicates that local factors such as infrastructure availability, market access, and institutional support significantly influence how enterprises adapt to regulatory changes (Mongia & Singh, 2025). In Haryana, MSMEs are a key driver of industrial and economic activity, yet empirical research focusing on stakeholder perceptions of GST at the regional level remains limited.

Existing studies have largely concentrated on macroeconomic outcomes, policy efficiency, or financial performance indicators at the national level. However, there is a noticeable gap in understanding the micro-level experiences and perceptions of MSME stakeholders, particularly in specific regions like Haryana. Perception-based studies are essential as they capture the practical challenges, behavioral responses, and adaptive strategies of enterprises, which may not be reflected in quantitative data alone (Bhalla et al., 2023).

Overall, the literature highlights that GST has had a multifaceted impact on MSMEs, presenting both opportunities and challenges. While the reform has improved transparency and market integration, it has also imposed compliance and financial burdens, especially on smaller enterprises. The variation in stakeholder perceptions underscores the importance of examining these experiences in a structured manner. By focusing on the regional context of Haryana, this study seeks to bridge the existing research gap and provide a nuanced understanding of how MSMEs perceive GST, thereby contributing to more effective and inclusive policy formulation.

Research Gap

Despite extensive research on the impact of the Goods and Services Tax (GST) on Micro, Small, and Medium Enterprises (MSMEs), several critical gaps continue to persist in the existing body of literature. A significant limitation of prior studies is their predominant focus on national or broad regional analyses, which often overlook state-specific variations in industrial composition, institutional frameworks, and dynamics (Sharma & Rai, 2023; Mongia & Singh, 2025). Such an approach fails to capture localized challenges and opportunities, particularly in states like Haryana, where MSMEs operate across diverse sectors including manufacturing, agro-processing, and services, each characterized by distinct operational and compliance requirements. This lack of region-specific inquiry restricts a nuanced understanding of how GST affects enterprises within different economic ecosystems. Furthermore, while earlier studies have extensively documented the operational and financial implications of GST—such as increased compliance costs, procedural complexities, and working capital constraints—there remains a noticeable gap in examining



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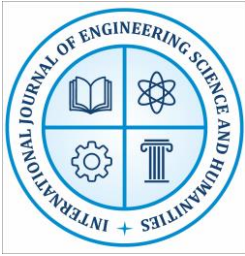
stakeholder perceptions regarding these challenges (Bhalla et al., 2023). Perception-based analysis is crucial as it reflects the lived experiences, adaptive behavior, and satisfaction levels of MSME stakeholders, which are not always evident through quantitative indicators alone. In addition, limited research has been conducted at the firm level to explore how GST compliance requirements influence internal business processes, decision-making, and long-term sustainability, particularly among micro and small enterprises that often lack adequate administrative capacity, financial literacy, and technological readiness (Pandey & Raj, 2023). The heterogeneity within the MSME sector further amplifies this gap, as enterprises differ widely in their ability to cope with regulatory changes based on size, sector, and resource availability. Moreover, although government initiatives have been introduced to facilitate GST adoption—such as simplified return filing systems and digital support mechanisms—the extent to which these measures are perceived as effective by MSME stakeholders remains insufficiently explored. This highlights the need for empirical studies that integrate both policy evaluation and stakeholder perspectives to assess outcomes more comprehensively. In this context, the present study seeks to address these gaps by focusing specifically on the MSME sector in Haryana, emphasizing stakeholder perceptions of GST, compliance burden, and associated operational challenges. By adopting a perception-based and region-specific approach, the study aims to generate deeper insights into the practical realities faced by MSMEs and contribute to the development of more inclusive, responsive, and MSME-friendly policy frameworks.

Key Objective:

“To examine the perception of MSMEs regarding the and impact of Goods and Services Tax (GST) in Haryana.”

Research Methodology

The present study adopts an exploratory cum descriptive research design to examine MSME stakeholders' perceptions towards the of the Goods and Services Tax (GST) in Haryana. Given the evolving nature of tax reforms and their varied implications across enterprise categories, the exploratory approach facilitates the identification of key challenges, perceptions, and emerging patterns among MSMEs, while the descriptive component enables systematic measurement and analysis of stakeholder responses using statistical tools such as mean, standard deviation, and frequency distributions (Kothari, 2022; Creswell, 2018). Primary data were collected from 100 MSME stakeholders, including owners and managers operating in micro, small, and medium enterprises across manufacturing, service, and trading sectors in Haryana. A structured questionnaire was utilized as the primary instrument for data collection, comprising sections related to demographic profile and perceptions towards GST, including aspects such as compliance burden, financial implications, operational challenges, and perceived benefits. Responses were measured using a five-point Likert scale to ensure consistency and comparability. The



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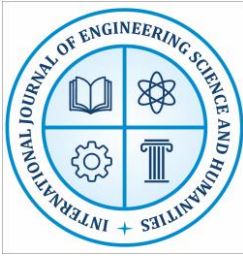
questionnaire was pretested and refined based on expert feedback to enhance clarity, validity, and reliability. The collected data were coded and analyzed using SPSS software, where descriptive statistics were used to summarize general trends, and inferential statistical techniques such as one-way ANOVA were applied to examine differences in perceptions across demographic variables. Reliability analysis using Cronbach's Alpha was conducted to confirm the internal consistency of the measurement scales. This methodological framework ensures a comprehensive and reliable assessment of MSME stakeholders' perceptions regarding GST and its implications in Haryana.

Data Analysis

This chapter presents the analysis of primary data collected from 100 MSME stakeholders in Haryana to examine their perceptions towards the of GST. The data were gathered through a structured questionnaire based on a five-point Likert scale and analyzed using both descriptive and inferential statistical techniques. Descriptive measures such as frequencies, percentages, means, and standard deviations were employed to summarize the demographic characteristics of respondents and to understand general perception patterns regarding GST, including compliance requirements, financial impact, and operational challenges. Inferential statistical tools, particularly one-way ANOVA, were used to assess whether significant differences exist in perceptions across selected demographic variables such as age, type of enterprise, and business sector. The analysis provides empirical insights into the experiences and viewpoints of MSME stakeholders, thereby contributing to a better understanding of GST challenges and supporting the formulation of effective policy measures.

Descriptive Statistics

S. No.	Statement	Mean	Std. Deviation
B1	Employment opportunities in my MSME have declined in recent years.	2.95	1.39
B2	Temporary layoffs are sometimes used in my business during difficult business conditions.	3.11	1.37
B3	Permanent job losses have occurred in my enterprise due to long-term business challenges.	2.94	1.36
B4	Employee productivity in my MSME has fluctuated due to operational challenges.	3.17	1.34
B5	Flexible or remote work arrangements are feasible for my MSME.	2.64	1.38
B6	My MSME has experienced a shortage of skilled labor.	3.10	1.35
B7	Employee absenteeism has increased in my MSME in recent years.	3.22	1.36

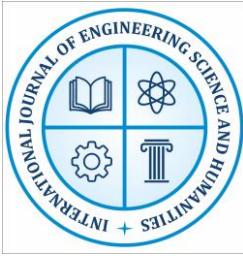


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B8	Hiring of new employees is sometimes postponed due to business uncertainty.	3.25	1.33
B9	Existing staff in my MSME have occasionally experienced salary adjustments.	3.14	1.34
B10	Employee morale in my MSME has declined due to workplace challenges.	3.24	1.35
B11	Retaining skilled workers is challenging for my MSME.	3.20	1.36
B12	My MSME sometimes reduces working hours due to operational or market conditions.	3.21	1.34
B13	Demand fluctuations influence staffing decisions in my MSME.	3.22	1.33
B14	Regulatory or policy changes sometimes affect employment levels in my business.	3.16	1.35
B15	Recent business improvements have led to better employment opportunities in my MSME.	3.21	1.34

The descriptive statistics of employment-related perceptions among MSME stakeholders in Haryana indicate a moderately dynamic and evolving employment environment, as reflected in the mean scores ranging from 2.64 to 3.25. Most of the statements record mean values slightly above the neutral point of 3, suggesting a general tendency toward moderate agreement with issues related to workforce adjustments and operational challenges. The highest mean value is observed for hiring postponement due to business uncertainty (Mean = 3.25), followed closely by decline in employee morale (Mean = 3.24), absenteeism (Mean = 3.22), and demand-driven staffing decisions (Mean = 3.22), indicating that MSMEs are significantly influenced by fluctuations in market conditions and internal operational pressures. Similarly, reduced working hours (Mean = 3.21), improved employment opportunities (Mean = 3.21), and challenges in retaining skilled workers (Mean = 3.20) reflect a mixed scenario where enterprises are simultaneously managing constraints while gradually stabilizing or expanding their workforce. Productivity fluctuations (Mean = 3.17), the impact of regulatory or policy changes (Mean = 3.16), and salary adjustments (Mean = 3.14) further highlight the adaptive strategies adopted by MSMEs to cope with changing business environments. Temporary layoffs (Mean = 3.11) and skilled labor shortages (Mean = 3.10) also indicate moderate agreement, suggesting that workforce management issues remain prevalent across many enterprises. In contrast, permanent job losses (Mean = 2.94) and overall employment decline (Mean = 2.95) are closer to neutrality, implying that while some MSMEs have experienced workforce reductions, these effects are not uniformly severe across all firms. Notably, flexible or remote work feasibility (Mean = 2.64) shows a tendency toward disagreement, reflecting the operational nature of many MSMEs that require physical presence and limit the adoption of flexible work models. The standard deviation values, ranging from 1.33 to 1.39,



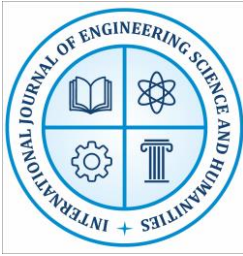
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indicate moderate variability in responses, suggesting differences in experiences across enterprises based on size, sector, and resource availability. Overall, the findings suggest that MSMEs in Haryana are navigating a complex employment landscape characterized by cautious workforce management, operational adjustments, and gradual improvement in employment conditions, although challenges related to labor retention, productivity, and adaptability continue to persist.

ONE WAY ANOVA- with Age-Group Demographics

Statement	F-value	p-value	Significant (p<0.05)
Employment opportunities in my MSME have declined in recent years.	1.89	0.12	No
Temporary layoffs are sometimes used in my business during difficult business conditions.	3.57	0.01	Yes
Permanent job losses have occurred in my enterprise due to long-term business challenges.	1.24	0.30	No
Employee productivity in my MSME has fluctuated due to operational challenges.	2.11	0.08	No
Flexible or remote work arrangements are feasible for my MSME.	1.72	0.15	No
My MSME has experienced a shortage of skilled labor.	2.05	0.09	No
Employee absenteeism has increased in my MSME in recent years.	1.30	0.28	No
Hiring of new employees is sometimes postponed due to business uncertainty.	1.98	0.10	No
Existing staff in my MSME have occasionally experienced salary adjustments.	1.56	0.18	No
Employee morale in my MSME has declined due to workplace challenges.	2.42	0.05	Borderline
Retaining skilled workers is challenging for my MSME.	1.68	0.14	No
My MSME sometimes reduces working hours due to operational or market conditions.	2.89	0.03	Yes
Demand fluctuations influence staffing decisions in my MSME.	3.12	0.02	Yes
Regulatory or policy changes sometimes affect employment levels in my business.	4.05	0.008	Yes



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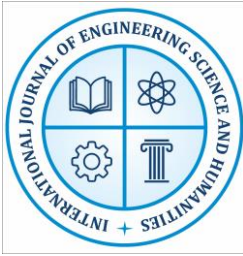
Recent business improvements have led to better employment opportunities in my MSME.	1.37	0.25	No
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Note: F-value indicates variance between groups; p-value < 0.05 indicates statistically significant differences among age groups.

The one-way ANOVA results highlight the extent to which MSME stakeholders' perceptions (B1–B15) vary across different age groups in Haryana. Overall, the majority of variables, including B1, B3, B4, B5, B6, B7, B8, B9, B11, and B15, show non-significant differences ($p > 0.05$), indicating that stakeholders across age categories share relatively similar perceptions regarding employment dynamics and operational challenges. This suggests a broad consensus among MSMEs irrespective of age with respect to general workforce issues such as employment trends, productivity, and retention. However, certain variables demonstrate statistically significant differences across age groups. Specifically, B2 ($p = 0.01$), B12 ($p = 0.03$), B13 ($p = 0.02$), and B14 ($p = 0.008$) indicate that perceptions related to temporary layoffs, reduction in working hours, demand-driven staffing decisions, and the impact of regulatory or policy changes vary significantly with age. This implies that stakeholders belonging to different age groups may experience or interpret workforce adjustments and policy impacts differently, possibly due to variations in managerial experience, decision-making roles, or adaptability to changing business environments. The borderline significance observed in B10 ($p = 0.05$) suggests that age may have a limited influence on perceptions related to employee morale, with slight variation in how different age groups perceive workforce motivation and engagement challenges. In contrast, the lack of significant differences in variables such as B5 and B15 indicates that feasibility of flexible work arrangements and improvements in employment opportunities are perceived consistently across all age groups. Overall, the findings suggest that while most employment-related perceptions are uniform among MSME stakeholders, certain operational and policy-related aspects are influenced by demographic factors such as age. These insights imply that policy interventions and managerial strategies aimed at addressing workforce challenges in MSMEs should consider age-specific perspectives in areas such as workforce flexibility, demand responsiveness, and regulatory adaptation, while maintaining uniform support mechanisms for broader employment-related concerns.

Discussion

The present study provides a comprehensive analysis of MSME stakeholders' perceptions regarding employment dynamics and operational adjustments in Haryana within the context of evolving regulatory and business environments, particularly the of the Goods and Services Tax (GST). The findings reveal that MSMEs operate within a moderately challenging yet adaptive employment framework, where workforce-related decisions are influenced by a combination of internal operational constraints and external policy-driven factors. The descriptive analysis indicates that most variables exhibit moderate agreement, suggesting that MSMEs are neither



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experiencing extreme distress nor complete stability, but rather navigating a transitional phase characterized by cautious decision-making. Variables such as hiring postponement (B8), decline in employee morale (B10), absenteeism (B7), and demand-driven staffing decisions (B13) recorded relatively higher mean values, highlighting that uncertainty and fluctuating market conditions significantly shape workforce strategies. This aligns with existing literature which emphasizes that MSMEs, due to their limited financial and managerial capacity, are highly sensitive to external economic and regulatory changes. The moderate agreement observed in variables such as reduced working hours (B12), retention challenges (B11), and productivity fluctuations (B4) further suggests that enterprises are adopting flexible workforce management practices to cope with changing conditions while attempting to sustain operations. At the same time, variables such as employment decline (B1) and permanent job losses (B3) remain closer to neutrality, indicating that while some enterprises have experienced workforce reductions, the impact is not uniformly severe across all MSMEs, reflecting sectoral and firm-level heterogeneity. Notably, the relatively lower mean for remote work feasibility (B5) highlights the structural limitation of MSMEs, particularly those engaged in manufacturing and labor-intensive activities, where physical presence remains essential, thereby restricting the adoption of modern work arrangements. The ANOVA results provide further depth to the analysis by revealing that most perceptions are consistent across age groups, suggesting a shared understanding of employment challenges among stakeholders. However, significant differences observed in variables such as temporary layoffs (B2), reduced working hours (B12), demand fluctuations affecting staffing (B13), and policy impacts (B14) indicate that age influences how stakeholders perceive and respond to workforce adjustments and regulatory pressures. Younger stakeholders may be more adaptable to dynamic workforce strategies, while older stakeholders may rely on traditional management approaches, leading to variation in perception. The borderline significance in employee morale (B10) further suggests that perceptions of workforce engagement may differ slightly based on managerial outlook and experience. The role of GST as a regulatory framework is indirectly reflected in these findings, particularly in variables related to policy impact (B14), financial adjustments, and operational flexibility. GST compliance requirements, including digital record-keeping, tax filings, and working capital management, may contribute to the need for cautious hiring, salary adjustments, and workforce restructuring. These findings are consistent with prior studies which highlight that while GST enhances transparency and long-term efficiency, it also imposes short-term compliance burdens, especially on smaller enterprises with limited resources. The moderate variability in responses, as indicated by standard deviation values, further underscores the diversity within the MSME sector, where experiences differ based on size, sector, and resource availability. Overall, the study demonstrates that MSMEs in Haryana are actively adapting to a complex business environment shaped by regulatory changes and market



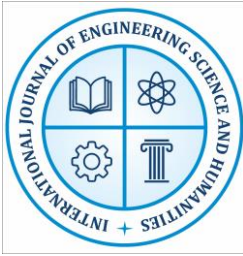
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uncertainties, employing strategies such as flexible staffing, cautious recruitment, and cost management to sustain operations. However, challenges related to workforce stability, skill retention, and operational efficiency persist, indicating the need for targeted policy support and capacity-building initiatives. The findings also emphasize the importance of perception-based analysis, as stakeholder experiences provide valuable insights into the practical implications of policy measures like GST, which may not be fully captured through macroeconomic indicators alone.

Conclusion

The study concludes that MSMEs in Haryana exhibit a balanced yet cautious approach toward employment management and operational decision-making in response to regulatory and business environment changes, particularly the of GST. The findings reveal that while enterprises are not uniformly experiencing severe employment decline, there is a clear indication of moderate challenges related to workforce adjustments, including hiring delays, absenteeism, productivity fluctuations, and retention issues. The descriptive analysis highlights that MSMEs are adopting adaptive strategies such as reducing working hours, postponing recruitment, and implementing financial adjustments to maintain operational stability. At the same time, the limited feasibility of flexible work arrangements underscores the structural characteristics of MSMEs, especially in labor-intensive sectors. The ANOVA results further indicate that perceptions are largely consistent across age groups, suggesting a shared understanding of employment challenges; however, certain aspects such as temporary layoffs, working hour reductions, demand fluctuations, and policy impacts show significant variation, reflecting the influence of demographic factors on managerial perspectives. The role of GST emerges as a critical underlying factor influencing MSME operations, particularly through compliance requirements, financial pressures, and administrative complexities, which indirectly affect workforce decisions. Despite these challenges, the absence of strong agreement on employment decline and permanent job losses suggests resilience within the MSME sector, with many enterprises maintaining workforce stability and gradually improving employment opportunities. The study highlights the importance of targeted policy interventions that address compliance burdens, enhance access to financial and technological resources, and support skill development to strengthen MSME adaptability. Furthermore, awareness programs and simplified regulatory processes can improve stakeholder perceptions and facilitate smoother GST. Overall, the research emphasizes that while MSMEs in Haryana are navigating a complex and evolving environment, their ability to adapt and sustain operations reflects inherent resilience, and with appropriate policy support, the sector can achieve stronger growth, improved employment generation, and long-term sustainability.



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