

An Analysis of Production and Marketing Problems of Micro and Small Enterprises

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Abstract

Small-scale enterprises have been given an important place in the framework of Indian planning since beginning both for economic and ideological reasons. India is facing the problems of unemployment and lack of capital resources. Micro enterprises are the back bone of the industrial and economical development of the country. Micro and Small enterprises are the dynamic force behind a large number of innovations and contribution to the growth of nation economies through employment creation, investment and exports. Small-scale enterprises have been given an important place in the framework of Indian planning since beginning both for economic and ideological reasons. Still Micro and small enterprises face many production and marketing problems. Hence the researcher has made an attempt to analyse the production and marketing problems of micro and small enterprises

Key words: *Micro, Small, production problems and marketing problems.*

INTRODUCTION

Small-scale industries play a vital role in the development of the national economy. Micro and Small enterprises are the dynamic force behind a large number of innovations and contribution to the growth of nation economies through employment creation, investment and exports. Small-scale enterprises have been given an important place in the framework of Indian planning since beginning both for economic and ideological reasons. Still Micro and small enterprises face many production and marketing problems. 27 problem variables have been identified. Out of these 27 variables, with the help of factor analysis most dominating problems are selected. The following five production problems and five marketing problems are identified as dependent variable and subjected to further micro level analysis.

Production problems

- Power cut affects production
- Difficult to adopt latest technology
- Low utilization of installed capacity
- Less innovation adopted

Lack of finance

Marketing problems

- Transport and communication problem affects marketing
- Lack effective marketing strategy
- Distance between production and marketing center affects marketing
- Demand affect marketing
- No cluster to sell the product

In order to find out whether there is any association between independent variables and the dependent variables production and marketing problems, F-test has been applied, using SPSS17.0. Five Socio Economic variables namely, Marital status, Education, Monthly income, Nature of family, Size of the family, and two Business variables namely, Types of the Organisation, Number of employee are identified as seven independent variables which are associated with the production and marketing problems.

OBJECTIVE OF THE STUDY

- To examine the production and marketing problems of micro and small enterprises in sivakasi.
- To offer suitable suggestion to overcome the problem encountered.

1. ASSOCIATION BETWEEN MARITAL STATUS AND PRODUCTION AND MARKETING PROBLEMS

Ho: *There is no association between the marital status and production and marketing problems of micro and small enterprises*

To know the association between the marital status and production and marketing problems of micro and small enterprises, an analysis

has been made using ANOVA. Result is presented in the following table 1.

TABLE 1
ASSOCIATION BETWEEN MARITAL STATUS AND PRODUCTION AND MARKETING PROBLEMS- RESULT OF ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
Lack of finance	Between Groups	7.085	1	7.085	3.608	.059
	Within Groups	487.015	248	1.964		
	Total	494.100	249			
Less Innovation adopted	Between Groups	3.297	1	3.297	1.674	.197
	Within Groups	488.303	248	1.969		
	Total	491.600	249			
Difficult to adopt latest technology	Between Groups	2.254	1	2.254	.995	.319
	Within Groups	561.846	248	2.266		
	Total	564.100	249			
Low utilization of installed capacity	Between Groups	.921	1	.921	.667	.415
	Within Groups	342.423	248	1.381		
	Total	343.344	249			
Power cut affects production	Between Groups	9.988	1	9.988	5.180	.024
	Within Groups	478.208	248	1.928		
	Total	488.196	249			
Heavy competition in the market	Between Groups	.062	1	.062	2.142	.029
	Within Groups	531.282	248	2.142		
	Total	531.344	249			
Lack effective marketing strategy	Between Groups	.063	1	.063	2.198	.029
	Within Groups	545.073	248	2.198		
	Total	545.136	249			
Distance between production and marketing center affects marketing	Between Groups	8.396	1	8.396	3.965	.048
	Within Groups	525.108	248	2.117		
	Total	533.504	249			
Fluctuation in demand affect marketing	Between Groups	.498	1	.498	2.041	.244
	Within Groups	506.046	248	2.041		
	Total	506.544	249			
Transport and communication problem affects marketing	Between Groups	.312	1	.312	1.936	.161
	Within Groups	480.088	248	1.936		
	Total	480.400	249			

Source: Computed Data

The above Table 1 clearly identify that the respondents are varied in two factors, when they are classified on the basic of marital status. That is the “P” value is less than the acceptance level of 0.05. It is inferred that there is an association between the marital status and power cut (P=.024), Distance between production and marketing center affects marketing (P=.048) at 5%level of significance.

2. ASSOCIATION BETWEEN EDUCATION AND PRODUCTION AND MARKETING PROBLEMS

Ho: *There is no association between the education and production and marketing problems of micro and small enterprises*

To know the association between education and production and marketing problems of micro and small enterprises, an analysis has been made by using ANOVA. Result is presented in the following table 2

TABLE 2
ASSOCIATION BETWEEN EDUCATION AND PRODUCTION AND MARKETING PROBLEMS - RESULT OF ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
Lack of finance	Between Groups	8.596	3	2.865	1.452	.228
	Within Groups	485.504	246	1.974		
	Total	494.100	249			
Less Innovation adopted	Between Groups	17.151	3	5.717	2.964	.033
	Within Groups	474.449	246	1.929		
	Total	491.600	249			
Difficult to adopt latest technology	Between Groups	3.677	3	1.226	2.278	.538
	Within Groups	560.423	246	2.278		
	Total	564.100	249			
Low utilization of installed capacity	Between Groups	5.254	3	1.751	1.374	1.274
	Within Groups	338.090	246	1.374		
	Total	343.344	249			
Power cut affects production	Between Groups	28.891	3	9.630	1.867	5.158
	Within Groups	459.305	246	1.867		
	Total	488.196	249			
Heavy competition in the market	Between Groups	.552	3	0.184	1.867	.085
	Within Groups	530.792	246	2.158		
	Total	531.344	249			
Lack effective marketing strategy	Between Groups	7.747	3	2.582	2.137	1.208
	Within Groups	525.757	246	2.137		
	Total	533.504	249			
Distance between production and marketing center affects marketing	Between Groups	5.235	3	1.745	2.204	.856
	Within Groups	501.309	246	2.041		
	Total	506.544	249			
Fluctuation in demand affect marketing	Between Groups	5.235	3	1.745	2.137	1.208
	Within Groups	501.309	246	2.041		
	Total	506.544	249			
Transport and communication problem affects marketing	Between Groups	8.796	3	2.932	1.917	1.529
	Within Groups	471.604	246	1.917		
	Total	480.400	249			

Source: Computed Data

The above Table 2 clearly identify that the respondents are varied in two factors, when they are classified on the basic of education. That is the “P” value is less than the acceptance level 0.05. It is inferred that there is an association between education and Less Innovation adopted (P=.033), and Power cut affects production (P=.002) at 5%level of significance.

3. ASSOCIATION BETWEEN MONTHLY INCOME AND PRODUCTION AND MARKETING PROBLEMS

Ho: There is no association between the monthly income and production and marketing problems of micro and small enterprises

To know the association between the monthly income and production and marketing problems of micro and small enterprises, an analysis has been made by using ANOVA. Result is presented in the following table 3

TABLE 3
ASSOCIATION BETWEEN MONTHLY INCOME AND PRODUCTION AND MARKETING PROBLEMS - RESULT OF ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
Lack of finance	Between Groups	6.037	4	1.509	.758	.554
	Within Groups	488.063	245	1.992		
	Total	494.100	249			
Less Innovation adopted	Between Groups	27.091	4	6.773	3.572	.007
	Within Groups	464.509	245	1.896		
	Total	491.600	249			
Difficult to adopt latest technology	Between Groups	5.858	4	1.464	.643	.633
	Within Groups	558.242	245	2.279		
	Total	564.100	249			
Low utilization of installed capacity	Between Groups	7.399	4	1.850	1.349	.252
	Within Groups	335.945	245	1.371		
	Total	343.344	249			
Power cut affects production	Between Groups	13.062	4	3.266	1.684	.154
	Within Groups	475.134	245	1.939		
	Total	488.196	249			
Heavy competition in the market	Between Groups	21.530	4	5.383	2.587	.038
	Within Groups	509.814	245	2.081		
	Total	531.344	249			
Lack effective marketing strategy	Between Groups	15.113	4	3.778	1.746	.140
	Within Groups	15.113	245	2.163		
	Total	545.136	249			
Distance between production and marketing center affects marketing	Between Groups	16.941	4	4.235	2.009	.094
	Within Groups	516.563	245	2.108		
	Total	533.504	249			
Fluctuation in demand affect marketing	Between Groups	2.865	4	.716	.348	.845
	Within Groups	503.679	245	2.056		
	Total	506.544	249			
Transport and communication problem affects marketing	Between Groups	29.127	4	7.282	3.953	.004
	Within Groups	451.273	245	1.842		
	Total	480.400	249			

Source: Computed Data

The above Table 3 clearly identify that the respondents are varied in three factors, when they are classified on the basis of monthly income. That is the “P” value is less than the acceptance level 0.05. It is inferred that there is an association between monthly income and Less Innovation adopted (P=.007), Heavy competition in the market (P=.038) and Transport and communication problem affects marketing (p=.004) at 5% level of significance.

4. ASSOCIATION BETWEEN NATURE OF FAMILY AND PRODUCTION AND MARKETING PROBLEMS

Ho: There is no association between the nature of the family and production and marketing problems of micro and small enterprises

To know the association between the nature of family and production and marketing problems of micro and small enterprises, an analysis has been made by using ANOVA. Result is presented in the following table 4

TABLE 4
ASSOCIATION BETWEEN EDUCATION AND PRODUCTION AND MARKETING PROBLEMS - RESULT OF ANOVA

		Sum of Squares	Df	Mean Square	F	Sig.
Lack of finance	Between Groups	1.067	1	1.067	.537	.465
	Within Groups	493.033	248	1.988		
	Total	494.100	249			
Less Innovation adopted	Between Groups	6.017	1	6.017	3.073	.081
	Within Groups	485.583	249	1.958		
	Total	491.600	248			
Difficult to adopt latest technology	Between Groups	2.017	1	2.017	.890	.346
	Within Groups	562.083	249	2.266		
	Total	564.100	248			
Low utilization of installed capacity	Between Groups	.054	1	.054	1.384	.844
	Within Groups	343.290	249	1.384		
	Total	343.344	248			
Power cut affects production	Between Groups	13.443	1	13.443	7.022	.009
	Within Groups	474.753	249	1.914		
	Total	488.196	248			
Heavy competition in the market	Between Groups	.011	1	.011	2.142	.005
	Within Groups	531.333	249	2.142		
	Total	531.344	248			
Lack effective marketing strategy	Between Groups	3.456	1	3.456	1.582	.210
	Within Groups	541.680	249	2.184		
	Total	545.136	248			
Distance between production and marketing center affects marketing	Between Groups	2.321	1	2.321	1.083	.299
	Within Groups	531.183	249	2.142		
	Total	533.504	248			
Fluctuation in demand affect marketing	Between Groups	.171	1	.171	2.042	.084
	Within Groups	506.373	249	2.042		
	Total	506.544	248			
Transport and communication problem affects marketing	Between Groups	.817	1	.817	1.934	.422
	Within Groups	479.583	249	1.934		
	Total	480.400	248			

Source: Computed Data

The above Table 4.4 clearly identify that the respondents are varied in one factor, when they are classified on the basic of nature of family. That is the “P” value is less than the acceptance level 0.05. It is inferred that there is an association between the nature of the family and Power cut affects production (P=.009) at 5%level of significance.

5. ASSOCIATION BETWEEN SIZE OF FAMILY AND PRODUCTION AND MARKETING PROBLEMS

Ho: *There is no association between size of family and production and marketing problems of micro and small enterprises*

To know the association between the size of the family and production and marketing problems of micro and small enterprises, an analysis has been made by using ANOVA. Result is presented in the following table 5.

TABLE 5
ASSOCIATION BETWEEN SIZE OF FAMILY PRODUCTION AND MARKETING PROBLEMS - RESULT OF ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Lack of finance	Between Groups	16.41	2	8.208	4.244	.01
	Within Groups	477.68	247	1.934		
	Total	494.10	249			
Less Innovation adopted	Between Groups	33.53	2	16.768	9.042	.00
	Within Groups	458.06	247	1.855		
	Total	491.60	249			
Difficult to adopt latest technology	Between Groups	7.87	2	3.936	1.748	.17
	Within Groups	556.22	247	2.252		
	Total	564.10	249			
Low utilization of installed capacity	Between Groups	9.55	2	4.779	3.537	.03
	Within Groups	333.78	247	1.351		
	Total	343.34	249			
Power cut affects production	Between Groups	.42	2	.211	.107	.89
	Within Groups	487.77	247	1.975		
	Total	488.19	249			
Heavy competition in the market	Between Groups	3.40	2	1.704	.797	.45
	Within Groups	527.93	247	2.137		
	Total	531.34	249			
Lack effective marketing strategy	Between Groups	13.47	2	6.736	3.129	.04
	Within Groups	531.66	247	2.152		
	Total	545.13	249			
Distance between production and marketing center affects marketing	Between Groups	1.14	2	.571	.265	.76
	Within Groups	532.36	247	2.155		
	Total	533.50	249			

		Sum of Squares	df	Mean Square	F	Sig.
Fluctuation in demand affect marketing	Between Groups	24.63	2	12.316	6.312	.00
	Within Groups	481.91	247	1.951		
	Total	506.54	249			
Transport and communication problem affect marketing	Between Groups	5.39	2	2.698	1.403	.24
	Within Groups	475.00	247	1.923		
	Total	480.40	249			

Source: Computed Data

The above Table 5 clearly identify that the respondents are varied in five factors, when they are classified on the basic of size of family. That is the “P” value is less than the acceptance level 0.05. It is inferred that there is an association between size of family and Lack of finance (P=.015), Less Innovation adopted (P=.000), Fluctuation in demand affect marketing (P=.002), Low utilization of installed capacity (P=.031), and Lack of effective marketing strategy (P=.045) at 5%level of significance.

6. ASSOCIATION BETWEEN TYPE OF THE ORGANISATION AND PRODUCTION AND MARKETING PROBLEMS

Ho: *There is no association between type of organisation and production and marketing problems of micro and small enterprises*

To know association between Type of the organisation and production and marketing problems of micro and small enterprises, analysis has been made by using ANOVA .Result is presented in the following table 6

TABLE 6
ASSOCIATION BETWEEN TYPE OF THE ORGANISATION AND PRODUCTION AND MARKETING PROBLEMS - RESULT OF ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Lack of finance	Between Groups	15.214	2	7.607	3.923	.021
	Within Groups	478.886	247	1.939		
	Total	494.100	249			
Less Innovation adopted	Between Groups	25.425	2	12.713	6.736	.001
	Within Groups	466.175	247	1.887		
	Total	491.600	249			
Difficult to adopt latest technology	Between Groups	14.044	2	7.022	3.153	.044
	Within Groups	550.056	247	2.227		
	Total	564.100	249			
Low utilization of installed capacity	Between Groups	6.147	2	3.074	2.252	.107
	Within Groups	337.197	247	1.365		
	Total	343.344	249			
Power cut affects production	Between Groups	7.880	2	3.940	2.026	.134
	Within Groups	480.316	247	1.945		
	Total	488.196	249			
Heavy competition in the market	Between Groups	9.917	2	4.959	2.349	.098
	Within Groups	521.427	247	2.111		
	Total	531.344	249			
Lack effective marketing strategy	Between Groups	8.276	2	4.138	1.904	.151
	Within Groups	536.860	247	2.174		
	Total	545.136	249			

Distance between production and marketing center affects marketing	Between Groups	6.439	2	3.220	1.509	.223
	Within Groups	527.065	247	2.134		
	Total	533.504	249			
Fluctuation in demand affect marketing	Between Groups	8.175	2	4.087	2.026	.134
	Within Groups	498.369	247	2.018		
	Total	506.544	249			
Transport and communication problem affects marketing	Between Groups	6.738	2	3.369	1.757	.175
	Within Groups	473.662	247	1.918		
	Total	480.400	249			

Source: Computed Data

The above Table 6 clearly identify that the respondents are varied in three factors, when they are classified on the basic type of organisation. That is the “P” value is less than the acceptance level 0.05. It is inferred that there is an association between type of organisation and Less Innovation adopted (P=.001), Lack of finance (P=.021) and Difficult to adopt latest technology (P=.044) at 5%level of significance.

7. ASSOCIATION BETWEEN NUMBER OF EMPLOYEE AND PRODUCTION AND MARKETING PROBLEMS

Ho: *There is no association between number of employee and production and marketing problems of micro and small enterprises*

To know the association between the number of employee and production and marketing problems of micro and small enterprises, an analysis has been made by using ANOVA. Result is presented in the following table 7

TABLE 7
ASSOCIATION BETWEEN NUMBER OF EMPLOYEE AND PRODUCTION AND MARKETING PROBLEMS
RESULT OF ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Lack of finance	Between Groups	26.251	3	8.750	4.601	.004
	Within Groups	467.849	246	1.902		
	Total	494.100	249			
Less Innovation adopted	Between Groups	5.226	3	1.742	.881	.451
	Within Groups	486.374	246	1.977		
	Total	491.600	249			
Difficult to adopt latest technology	Between Groups	10.327	3	3.442	1.529	.207
	Within Groups	553.773	246	2.251		
	Total	564.100	249			
Low utilization of installed capacity	Between Groups	7.593	3	2.531	1.854	.138
	Within Groups	335.751	246	1.365		
	Total	343.344	249			
Power cut affects production	Between Groups	7.687	3	2.562	1.312	.271
	Within Groups	480.509	246	1.953		
	Total	488.196	249			
Heavy competition in the market	Between Groups	4.095	3	1.365	.637	.592
	Within Groups	527.249	246	2.143		
	Total	531.344	249			

		Sum of Squares	df	Mean Square	F	Sig.
Lack effective marketing strategy	Between Groups	6.492	3	2.164	.988	.399
	Within Groups	538.644	246	2.190		
	Total	545.136	249			
Distance between production and marketing center affects marketing	Between Groups	11.923	3	3.974	1.875	.134
	Within Groups	521.581	246	2.120		
	Total	533.504	249			
Fluctuation in demand affect marketing	Between Groups	11.067	3	3.689	1.831	.142
	Within Groups	495.477	246	2.014		
	Total	506.544	249			
Transport and communication problem affects marketing	Between Groups	9.657	3	3.219	1.682	.171
	Within Groups	470.743	246	1.914		
	Total	480.400	249			

Source: Computed Data

The above Table 7 clearly identify that the respondents are varied in one factor, when they are classified on the basic number of employee. That is the “P” value is less than the acceptance level 0.05. It is inferred that there is an association between number of employee and Lack of finance (P=.004) at 5%level of significance.

Result of F-Test

TABLE 8
RESULT OF F-TEST

S.No	Independent variable	Dependent variable
1	Marital status	Power cut (P=.024), and Distance between production and marketing center affects marketing (P=.048).
2	Education	Less Innovation adopted (P=.033), and Power cut affects production (P=.002).
3	Monthly income	Less Innovation adopted (P=.007), Heavy competition in the market (P=.038) and Transport and communication problem affects marketing (p=.004).
4	Nature of family	Power cut affects production (P=.009)
5	Size of family	Lack of finance (P=.015), Less Innovation adopted (P=.000), Fluctuation in demand affect marketing (P=.002), Low utilization of installed capacity (P=.031), and Lack of effective marketing strategy (P=.045).
6	Type of organisation	Less Innovation adopted (P=.001), Lack of finance (P=.021) and Difficult to adopt latest technology (P=.044).
7	Number of employee	Lack of finance (P=.004).

FINDINGS

Analysis of factor Influencing production and marketing problems with F- test clearly indicates that the there is high association between the socio - eco and business variable and the problem factors power cut, less innovation adopted and lack of finance.

SUGGESTION

- The government should give better solution to overcome power cut problems.
- Entrepreneur training should be properly provided the government to create awareness on latest technology to overcome the low utilization of installed capacity.
- The DIC should take loan facility properly which is sanctioned and also should try to allocate to the distributors on right time.

CONCLUSION

Micro and small enterprises play a key of role in the development of economy with their effective, efficient, flexible and innovative entrepreneur spirit. Government is striving hard to promote small scale industries by announcing different promotional schemes. The first and foremost step of the government in the direction of providing financial benefits was to announce tax concessions and certain exemptions on indirect taxes. The Marketing Development Assistance was established to help SSI in 2001. The spread of industrialization to backward areas of the country will be actively promoted through micro and small enterprises. Individuals are increasingly expected to seek out their own opportunities, actively create value and behave ethically, rather than faithfully follow rules and routines set by others. In particular, today's young people need to learn to be enterprising, both when working for others and when setting up their own businesses. Being enterprising involves taking responsibility for decision making, becoming increasingly self dependent, pioneering, adventurous, daring, dynamic, progressive, entrepreneur ambitious and holding values, as well as being able to initiate ideas and see them through into action. Entrepreneurship can be encouraged by going to educational institutes and rendering the students some training programmes, motivating them to start their own ventures. Executives of District Industry Centres can take initiatives in further improvements on Micro, Small and medium Enterprises, so that India can successfully achieve the set goals of 'Make in India'. In the process, the government expects to generate jobs, attract much foreign direct investment, and transform India into a manufacturing hub preferred around the globe. MSMEs are the real driving force for 'Make in India' campaign.

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