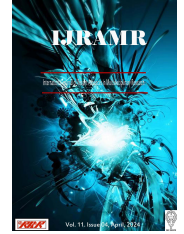




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REVIEW ARTICLE

A STUDY ON MARKETING PROBLEMS OF MICRO, SMALL AND MEDIUM ENTERPRISES

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ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) in India plays an indispensable role in the economic development of the nation through contribution to the manufacturing output, increasing foreign exchange earnings, provision of employment opportunities, exports, and promoting balanced economic development. The focus of this study is important problems of marketing of MSME units in the study area. The study also identifies the prominent marketing channels deployed by these businesses in the Indian scenario. The major issues with the transition to the internet marketing channels were thereafter investigated to generate an understanding about the digital challenges pertinent to the Indian MSMEs. In a competitive market, an individual producer or seller has to supply such goods as are not inferior to the goods of other competing firms. Therefore, the problem is to maintain and improve quality of production. Small business finds it difficult to come upto global standards of the quality. They also don't have funds for research in order to improve upon the quality. The product quality is their weakest point as compared to the standards of the large scale units. Simple random method was adopted from probability sampling method to select the sample. Both primary and secondary data was collected for the study. Secondary data was poised from specific reports, journals and other internet sources. The MSME sector has grown tremendously in the last few years in India, and it has enormous potential for growth in the future years.

INTRODUCTION

MSMEs in India plays an indispensable role in the economic development of the nation through contribution to the manufacturing output, increasing foreign exchange earnings, provision of employment opportunities, exports, and promoting balanced economic development (Mohan & Ali, 2018). India has about 36 million MSMEs providing about 80 million employment opportunities, contributing to about 8% of the Gross Domestic Product (GDP) and about 33% of total manufacturing output (Ministry of Micro, Small and Medium Enterprises, 2018). Indian MSMEs are witnessing an extremely dynamic and multi-faceted business scenario (Jena & Thatte, 2018). The increasingly complex cost structures and an insistent quest of delivering high customer satisfaction are necessitating the adoption of ICT (Information Communication Technology) tools including the adoption of internet marketing and e-commerce to sustain in the present scenario where competition is increasingly becoming global, especially due to the influx of imports from neighboring China.

Though there have been studies on usage and challenges in adoption of ICTs amongst MSMEs in different economic contexts (Giotopoulos *et al.*, 2017; Gono *et al.*, 2008; Osorio-Gallego *et al.*, 2016; Perez-Soltero *et al.*, 2017; Suhartanto & Leo, 2018), challenges faced by Indian MSMEs on adoption of ICTs especially internet marketing and e-commerce has not received enough attention in the literature. This study tried to address this gap by conducting primary research among owners of Indian MSMEs, firstly by conducting semi-structured interviews amongst a dozen MSME owners and that was later followed up by a survey amongst over a hundred MSME owners. The study investigated the opportunities, challenges and barriers faced by MSMEs in India over the adoption of internet marketing and e-commerce channels. The focus of this study is on the identification of the importance of key determinants which the problems of marketing for the MSMEs.

DEFINITION OF MSME UNITS

MSME acronym to Micro, Small and Medium Enterprises, In accordance with Micro, small & medium enterprises development act, 2006 classified into two classes:

Manufacturing Enterprises, which involved in the manufacture or production of goods relating to any industry specified in schedule of Industry act 1951 or employing plant

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and machinery in the process of value addition to final product having a discrete name or character or use and defined in terms of investment in plant & machinery:

Micro Enterprise– does not exceeds 25 lakh rupees,

Small Enterprise–more than 25 lakh but less than 5 crore rupees,

Medium Enterprise– more than 5 crore but less than 10 crore rupees.

Service Sector, which engaged in providing or rendering services and defined in terms of investment in equipment:

Micro enterprise- does not exceeds 10 lakh rupees.

Small enterprise –more than 10 lakh but less than 2 crore rupees,

Medium enterprise – more than 2 crore but less than 5 crore rupees.

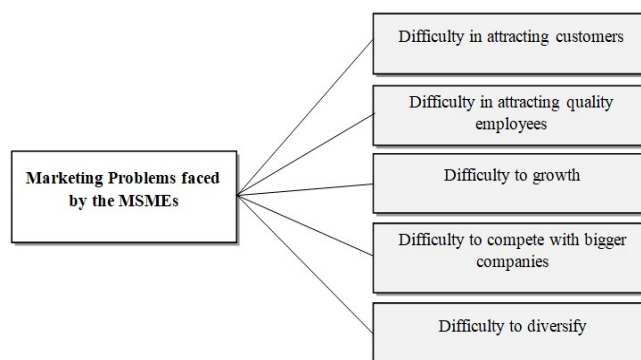
MSME IN INDIA

The MSME sector has grown tremendously in the last few years in India. MSME contributes immensely to Indian economy through creating employment, production, innovation and development and enriching entrepreneurship skills, and it has enormous potential for growth in the future years while eliminating poverty and unemployment, which are two of the biggest bottlenecks for growth. Despite the potential it possesses, the Micro, Small, and Medium Enterprises are not free of challenges. The government is required to play its part in the growth and development of MSMEs going forward. The government can play a crucial role in creating domestic manufacturing capabilities by the leverage of proposed public procurements and projects. A greater connection between government industry-academia is required to identify the evolving requirements in manufacturing and prepare an employable workforce, and also will boost the industrial supply chains in India. In order to conquer the challenges mentioned above, investment in better technology in the future is one of the viable solutions. The Indian Government has taken numerous steps for the technological development of Indian MSMEs with a view to improving its competitiveness in the international market, but it's not just the technological aspect that requires attention; other key areas of challenge are also required to be addressed simultaneously. However, MSME's faces many problems, which includes: unduly delayed payments by large industry players, absence of timely credit, lack of infrastructure input, limited capital & knowledge, low managerial capability, low ROI, low production & productivity, inefficient marketing strategies, non-identification of new markets, hurdle in expansion & innovation, lack of warehousing, ruthless competition and decline exports of total exports.

As per the Reserve Bank of India, in the year 2015-16, the MSME sector comprised of over 51 million enterprises employing more than 117 million persons. The MSMEs manufacture more than 8000 products, which vary from traditional to sophisticated products. As per the report on MSMEs' growth for the 12th 5-year plan from 2012-17, this sector accounts for 45 percent of manufacturing output and 40 percent of the total exports in the country.

The Ministry of MSME highlighted that MSMEs accounted for 30.74% of GDP in the year 2014-15. Therefore the development and growth of MSME are crucial as it is the backbone of the Indian economy.

Marketing Problems faced by the Micro, Small, and Medium Enterprises: Marketing problems refer to the specific marketing aspects that might obstruct, disturb, or impede the progress, advancement, and enlargement of the company in its endeavor to meet the needs of its target market and generate value for the business. MSMEs face several problems. Some size-related problems include inconsistent power supply, limited financial resources, ineffective management, challenges in hiring skilled employees, fraudulent activities, inadequate market analysis, difficulties in advertising and marketing, shortcomings in research and production, issues with standardization, and low-quality products. The primary marketing problems encompass the inability to implement contemporary marketing techniques and strategies, challenges in overseeing the firm's advertising and promotional tools, competition from major corporations, insufficient research capabilities, outdated and unremarkable production technology, inadequate funding for marketing endeavors, subpar product quality, and issues related to standardization, warehousing, inventory control, transportation facilities, branding/packaging, financing, financial resources, and risk management, among others. Stull, Myers, and Scott (2008) identified the following as marketing problems such as standards issues, competition from major corporations, inadequate sales promotion, and limited negotiating power. MSMEs have fundamental marketing obstacles such as insufficient raw materials, lack of skilled labor, inadequate financing, and ineffective marketing tactics. These problems put MSMEs at a disadvantage when it comes to competing with large-scale enterprises in terms of quality, cost, research, and understanding market dynamics such as changing consumer preferences, competition, and technology advancements. Micro, small, and medium enterprises (MSMEs) lack the necessary competence to adapt their operations to the altered circumstances. Inadequate advertising and underutilization of other promotional strategies may fail to attract clients of high quality to support the firm. There are some Market problems that MSMEs face:



Source: Adopted from Ebitu, E. T., Ufot, J. A., & Olom, P. A. (2015)

Figure 1. Marketing Problems faced by the MSMEs

A significant marketing problem that MSMEs often encounter is a deficiency in comprehending and implementing marketing principles. Many small company owners inaccurately associate the term 'marketing' with 'selling', which is evident in their ineffective business practices that hinder client happiness and a strong business and marketing focus. They have a deficiency in

their understanding and abilities related to fundamental marketing concepts such as marketing research, market segmentation, and marketing strategy and control(Ayozie, et. a., 2013).

Mulimani *et al* (2012),argued that mostly MSME are facing problems of shortage of raw materials, low levels of technical knowledge and counseling, poor infrastructure, inadequate capital and credit facilities, improper distribution system, lack of facilities for market analysis, and research and development in India. Rao & Apparao, (2012) The major financial problems of MSMEs owner are unable to obtain internal and external finance, high cost of start-up, not sufficient capital, costly raw material, huge losses due to scrap rate, crime, decrease in sales, write offs and bad debts, high cost of equipment, high government tax, high cost of transportation and petrol, high rate of interest on loans, high cost of insurance and payment delay of account receivables. Kotler *et al.*,(2012), “Marketing is about identifying and meeting human and social needs.” In other words, Marketing is an organizational function and a set of processes for creating, communicating and delivering value of customers and for managing customer relationship in ways that benefit the organization and its stakeholders. Marjanova and Stojanovski, (2012), Generally Indian MSMEs sector, face strong competition from products and sales strategies of the large scale of industries due to cost, standards, quality and meeting dynamic demands of customers (Problems Relating to MSMEs). Small firms face a shortage of managerial skills. Usually, they depend on knowledge and marketing ability of Owners/ManagersThus, limited marketing and promotional activities are performed and as a result, MSMEs are not able to understand and respond quickly and correctly to the current as well as continuously changing market trends scenario (Marjanova and Stojanovski, 2012).Aruna (2015) focused that hurdele like financial constrain and issues relating to power, raw material procurement should be more effectively dealt by the government. Kumar & Kumar, (2018) studied the problems and prospects of MSMEs in Coimbatore district. They identified that problems of MSMEs were both internal and external and were related to safety, production and lack of capital, inadequate working capital, unavailability of raw material, competition etc. they surveyed 25 MSMEs and found that there was no relationship between educational qualification/age and problems faced by MSME. They concluded that labour laws were needed to be amended. They also found that most of the MSME entrepreneurs were not aware of the government schemes which were being run by the government.

METHODOLOGY

OBJECTIVES OF THE STUDY

- To study the importance of MSME units in the study area of Bihar.
- To identify the marketing problems of MSME units in the study area.

Sampling technique: Simple random method was adopted from probability sampling method to select the sample.

Method of Data collection: Both primary and secondary data was collected for the study. Secondary data was poised from specific reports, journals and other internet sources. Key data

was collected by personally interviewing people or sending them questionnaires.

Sample size: Sample size taken up for the study is 80 MSMEs units.

Analysis and Interpretation

Table4.1. Msme located in the area

S.no	Particulars	Number of MSME units	Percentage	Cumulative percentage
1.	Rural Area	26	32.5%	32.5
2	Urban Area	54	67.5 %	100
	Total	80	100	

Source: Primary Data

Statistical tools: The researcher adopted the Percentage, Cumulative Percentage, and also the weighted average method. Table 4.1 reveals that, 26 (32.5%) MSME Units are located in rural areas and 54 (67.5%) MSME Units in the urban areas. It is found that majority of the MSME units area located in urban area. Table 4.2 shows that, 22 (27.5%) MSME Units are doing business sole proprietorship, 43 (53.75%) MSME Units in the partnership and only 18.75 % are doing family business and others. It is found that the family business doing small business is very less.

It suggested that, The government should give more encourage to the family business. Table 4.3 depicts that, 36(45.0%) MSME Units are purchasing the material National across the country, followed by within region 22 (27.5%) and 15 (18.75) are purchasing raw material with in city, only 8.75% are purchasing of raw material in foreign market. Table 4.4 reveals that, the purchasing policy of MSME units, 38.75% (31 out of 80) MSME Units are purchasing the of as and when necessary, 46.25% percent of MSME units are periodical purchase and 15% are purchasing material during the seasons only. It is found that most of the MSME units are purchasing policy is during the season only and followed by the as and when necessary.

Marketing Problems of MSME units: One of the main problems faced by the MSME units is in the field of marketing. The MSME units has great weakness in marketing. Hence an attempt of the objective of the problem in marketing is depicted in the table 4.5. The above table clearly points out the fact that competition from the large business the major problem, Since many of the msme units have given first rank to it. It is followed by lack of knowledge of marketing , lack of service after sales service and management competence The ranks given have been converted into scores as given below:

The weighted arithmetic mean thus ascertained are exhibited in the table 4.6. The above table clearly shows that lack of precision is the major problem in the study area. Since the weighted Arithmetic mean (WAM) is the highest for it, the score being 4.45. It is followed by improper marketing strategy , and competition from large business WAM being 4.1 and 4.01 respectively. It is suggested that the MSMEs Units provide the quality of the product to the customer. And it could be increased the sales and profits also.

RESULTS

- Small and Medium Enterprises (SMEs) play a very vital role for the growth of Indian economy by contributing 45% of industrial output, 40% of exports, employing 60

Table4.2. Organisation Wise Msme Units

S.NO	PARTICULARS	Number of MSME units	Percentage	Cumulative percentage
1.	Sole Proprietorship Business	22	27.5 %	27.5
2	Partnership Firm	43	53.75 %	81.25
3	Family business and others	15	18.75 %	100
	Total	80	100	

Table 4.3. Raw material Purchase

S.NO	PARTICULARS	Number Of MSME units	Percentage	Cumulative percentage
1.	Within City	15	18.75	18.75
2	With in Region	22	27.5	46.25
3	National Across country	36	45.0	91.25
4	Foreign Market	7	8.75	100.00
	Total	80	100	

Source: Primary Data

Table 4.4. Purchasing policy of MSME Units

S.NO	PARTICULARS	Number Of MSME	Percentage	Cumulative percentage
1.	As and when necessary	31	38.75	38.75
2	Periodical Purchase	37	46.25	85.0
3	During the seasons only	12	15.0	100.0
	Total	80	100	

Source: Primary Data

Table 4.5. Marketing problems of MSME units

S.No	Particulars	Ranks						
		I	II	III	IV	V	VI	VII
1	Lack of service after sales	12	13	14	7	12	14	8
2	Lack of knowledge of marketing	15	10	6	19	12	7	11
3	Competition from large business	7	5	21	16	8	9	14
4	Poor designing	8	16	6	9	17	11	13
5	Lack of quality control	11	9	4	7	18	16	15
6	Lack of Precision	13	14	13	15	13	5	7
7	Improper marketing strategy	14	13	16	7	0	18	12
	Total	80	80	80	80	80	80	80

Table 4.6. Marketing problems with weighted Average

S.NO	Particulars	Weighted Average
1	Lack of service after sales	4.15
2	Lack of knowledge of marketing	4.15
3	Competition from large business	4.01
4	Poor designing	3.125
5	Lack of quality control	3.5
6	Lack of Precision	4.45
7	Improper marketing strategy	4.1

Source: Primary Data

- million people, create 1.3 million jobs every year and produce more than 8000 quality products for the Indian and international markets.
- Marketing is a crucial area especially in small units whose marketing infrastructure is susceptible to frequent and chronic illnesses. Units with strong marketing set-up grow better even in rough weather. The organizational design should be so planned as to meet any marketing situation.
 - The marketing team should be dynamic and aggressive enough to produce and market (meet) contemporary needs and the products should be better than those of competitors.
 - The market for a product is an external element, which cannot, in general, be controlled by small-scale industrialists. They should constantly study the trend and adjust their production to meet it. Small-scale industrialists may need to change their marketing techniques from time to time.
 - The marketing problems of the small-scale industrial units are identified as competition from large-scale industries, slackness in demand, price competition and competition from established brands.
 - 26 (32.5%) MSME Units are located in rural areas and 54 (67.5%) MSME Units in the urban areas.
 - 22 (27.5%) MSME Units are doing business with sole proprietorship, 43 (53.75%) MSME Units in the partnership.
 - 36 (45.0%) MSME Units are purchasing the material National across the country, followed by within region 22 (27.5%) . only 8.75% are purchasing of raw material in foreign market.
 - 38.75% (31 out of 80) MSME Units are purchasing the of as and when necessary, 46.25% percent of MSME units are periodical purchase and 15% are purchasing material during the seasons only.
 - Lack of precision is the major problem in the study area. Since the weighted Arithmetic mean (WAM) is the highest for it, the score being 4.45. It is followed by

improper marketing strategy, and competition from large business WAM being 4.1 and 4.01 respectively.

- It suggested that, The government should give more encourage to the family business.
- Most of the MSME units are purchasing policy is during the season only and followed by the as and when necessary.
- The MSMEs Units provide the quality of the product to the customer. And it could be increased the sales and profits also.

CONCLUSION

The MSME sector has the potentialities to emerge as the backbone of state economy and to continue as an engine of growth provided an environment-friendly policy framework and enabling infrastructural support are made available for its functional operations. The government is required to play its part in the growth and development of MSMEs going forward. The government can play a crucial role in creating domestic manufacturing capabilities by the leverage of proposed public procurements and projects. A greater connection between government industry-academia is required to identify the evolving requirements in manufacturing and prepare an employable workforce. The roadmap for MSME development should include a target for increase in the share of their contribution in the state economy, a substantial increase in generation of employment avenues up to 50%, an enhancement in MSME contribution in the key public and private industry sector by meeting the growing domestic demand, indigenization and important substitution and growth in foreign exports.

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