

Problems of Medium and Small Scale Industries in Srirangapatana Taluk of Karnataka

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Abstract: The medium and small scale industries have emerged as one of the important sector in the development of the economy. The growth of small-scale industries is hampered by an assortment of problems. The problems of the MSME'S can be within the organization and outside the organization. The producers in these sectors have recognized the varieties of problem in their production and marketing. The objective of this research article is to identify the various problems of MSME'S and their impact on the performance of the companies. For this research the data has been collected from 15 managers of MSME'S in Srirangapatana taluk and convenience sampling technique has been deployed. The result shows the various problems which have been faced by MSME'S.

Keywords: Marketing, Production, Performance, Srirangapatana Taluk.

INTRODUCTION

Small and medium enterprises have been receiving momentum in the growth plan of the Government of India. The Nehruvian Philosophy of industrialization has given significance and realized the value of small and medium enterprises for the nationwide development. In under developed and developing countries major portion of the country are normally dominated by agrarian economy [1-2]. The industrialization in these economies is likely to serve dual purpose of creating avenues for the incorporation of excess labour and diversification of occupation. SMEs must expand the essential support and tribute the valuable effects of Industrialization. The SMEs makes additional use of capital and labour for developing economy. They are able to manufacture a unit of production with lesser cost. Generally SMEs units are labour intensive and require smaller amounts of capital.

LITERATURE REVIEW

Tejiro Uyeda in his research article observed that Small industries play an significant role in japans industrialization [3]. Their on slaughter on the global market had created severe problems for the market economies. The research has investigated the status and the representative nature of the small scale industry in Japanese economy.

Malgawakar PD observes that there is a time lag flanked by sales and the understanding of the sale profits and this affects manufacture of the enterprise [4]. Ramakrishna Sarma, in his book on manufacturing expansion in Andhra Pradesh 1982 made a complete study of development and difficulty of the tiny sector in Andhra Pradesh and observed that the backward

districts of the situation enhanced their comparative position in terms of units, employment and resources during 1966-75 [5]. He additionally observed that a majority of the small units faced difficulties of finding sufficient raw materials and finance [5].

Valasama Antyony, in her article titled "Prospects and growth of SSIs in India: An overview [6] ". Observes that sufficient and appropriate accessibility of working capital and selling avenues for the SSI products must be ensured for developing their competitive strength in the domestic and global markets. There is the want for providing better information and competence networking for the SSIs besides expansion of superiority in infrastructural facilities.

Pandry PK in his case study of hotel industries in Nagaland examines marketing management in small service enterprises [7]. He finds that sales activity in a majority of cases is managed by hired managers. The delegation of sales function is found to have a positive association with the level of formal education of entrepreneurs. The entrepreneurs appear to sell, rather than market their service. In the perception of the majority of the entrepreneurs, sales promotion activity is an unnecessary activity that invites the attention of extortionists. According to panda, 70 per cent.

Tony Tu-Lai Yu examined the responsibility of entrepreneurship in the development of the economy in Hong-Kong [8]. It argues that dynamics of Hong Kong's economy are accredited mainly to adaptive entrepreneurs who are attentive to the opportunity, maintain high amount of suppleness in their

manufacture and react quickly to transform. Hong Kong entrepreneurs have shifted their manufacture activities from one manufactured goods to another, from one business to another, from higher cost to lower cost regions, from farming to manufacturing and then and make investment on other services. Their efforts have brought about structural change in the nation.

Neelamegam and Inigo in their research on “Managing small industries with strong equity” observed that small scale industries, serving as ancillaries to main manufacturing groups propose enormous scope for undertaking venture capital in India [9]. Major manufacturing units to remain up upgraded quality standards. Small industries might find it stiff to change over to new technology so regularly and in that occasion they may misplace a main client and might eventually collapse. Venture capitalists can be the most excellent substitutes in many of these areas and they can put aside the firm as of the disaster by providing not

only equity but also administrative expertise. It may be rigid to do so it will necessitate particular hard work by the Government to promote the venture capital in small scale units.

Objective of the Research

The objective of this research article is to identify the various problems of MSME’s in Srirangapatana taluk.

RESEARCH METHODOLOGY

The data for this research article has been collected by using a questionnaire technique. A convenient sampling technique has been used to collect the required data. The sample of 15 managers of MSME’s operating in Srirangapatana taluk has been considered for this research.

RESULTS

Data Analysis and Interpretation

Table-1: marketing problems which has been faced by medium and small scale industries

Marketing problems	Strongly Agree	Somewhat Agree	Neutral	Somewhat Disagree	Strongly Disagree	Total
Price competition	4(27%)	11(73%)	--	--	--	15
Product attributes	2(13%)	5(33%)	6(40%)	2(13%)	--	15
Promotional activities	5(33%)	3(20%)	6(40%)	1(7%)	--	15
Distribution activities	3(20%)	8(53%)	2(13%)	2(13%)	--	15

The above table shows the various kinds of marketing problems which has been faced by medium and small scale industries in Srirangapatana taluk district. The analysis shows that 73% of the managers of MSME’s somewhat agree that price competition is one of the major problem. In the case of product attributes 40% of the managers have opinion of neutral, 33% of the managers somewhat agree with the statement, and the remaining 13% of the managers have the opinion of strongly agree and somewhat disagree. Promotional activities is another vital marketing

problem the managers of the MSME’s have faced 40% of the managers have neutral opinion in this statement, 33% of the respondents strongly agree, 20% of them somewhat agree and the remaining 7% of the respondents have a opinion of somewhat disagree. The another major marketing problem is distribution activities of MSME’s 53% of the sample have a view of somewhat agree, 20% are strongly agree, 13% have neutral opinion and rest of the 13% have somewhat disagree views over Price competition.

Table-2: One-Sample Statistics of marketing problems

	N	Mean	Std. Deviation	Std. Error Mean
Product attributes	15	1.7333	.45774	.11819
Price competition	15	2.8000	.67612	.17457
Promotional activities	15	2.0000	.92582	.23905
Distribution activities	15	2.2667	.88372	.22817

Table-3: One-Sample Test for significance value of marketing problem

Marketing problems	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Product attributes	14.666	14	.000	1.73333	1.4798	1.9868
Price competition	16.039	14	.000	2.80000	2.4256	3.1744
Promotional activities	8.367	14	.000	2.00000	1.4873	2.5127
Distribution activities	9.934	14	.000	2.26667	1.7773	2.7561

The above one sample test also determines that all the parameters of marketing activities are considered as significant problems by the managers of

the MSME's as the significant value of all the parameters are less than .05

Table-4: Labour problems which has been faced by medium and small scale industries

Labour problems	Strongly Agree	Somewhat Agree	Neutral	Somewhat Disagree	Strongly Disagree	Total
Absenteeism	6(40%)	6(40%)	2(13%)	1(7%)	--	15
High wage rate	2(13%)	3(20%)	5(33%)	3(20%)	2(13%)	15
Training cost	3(20%)	5(33%)	3(20%)	4(27%)	--	15
Work stoppage	2(13%)	5(33%)	7(47%)	1(7%)	--	15

Based on the results of the above table we can determine the various kinds of labour problems which have been faced by MSME's. In the absenteeism variable 40% of the managers have an opinion of strongly agree and somewhat agree (40%). 13% have neutral opinion and 7% have a belief of somewhat disagree. For high wage rate attribute 33% of the managers have neutral opinion, 20% as somewhat agree, 13% as strongly agree, 20% as somewhat

disagree and remaining 13% as strongly disagree. In the aspect of training cost 33% have a belief of somewhat agree, 27% have a opinion of strongly disagree, 20% each have a view of strongly agree and neutral. Work stoppage is another major problem 47% of manager view it as neutral, 33% have somewhat agree, 13% contains strongly agree views and 7% have somewhat disagree.

Table-5: One-Sample Statistics of Labour problems

Labour Problems	N	Mean	Std. Deviation	Std. Error Mean
Absenteeism	15	1.8667	.91548	.23637
High wage rate	15	3.0000	1.25357	.32367
Training cost	15	2.5333	1.12546	.29059
Work stoppage	15	2.4667	.83381	.21529

Table-6: One-Sample Test for significance value of Labour problems

	Test Value = 3					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Absenteeism	7.897	14	.000	1.86667	1.3597	2.3736
High wage rate	9.269	14	.000	3.00000	2.3058	3.6942
Training cost	8.718	14	.000	2.53333	1.9101	3.1566
Work stoppage	11.457	14	.000	2.46667	2.0049	2.9284

Based on the analysis of one sample t test it has been analysed that all the variables of labour activities have a significant value as the p value of all

the variables are less than .05 and are considered as important problems by the managers of the MSME's.

Table-7: Production problems which have been faced by medium and small scale industries

Production problems	Strongly Agree	Somewhat Agree	Neutral	Somewhat Disagree	Strongly Disagree	Total
Shortage of raw materials	3(20%)	5(33%)	5(33%)	1(7%)	1(7%)	15
Lack of technology	1(7%)	3(20%)	5(33%)	4(27%)	2(13%)	15
Power shortage	1(7%)	11(73%)	2(13%)	1(7%)	--	15
Change in working conditions	--	8(53%)	2(13%)	5(33%)	--	15

The above descriptive analysis shows the different kinds of production problem which have been faced by MSME's managers, in the attribute of shortage of raw materials, 33% rate it as neutral and 33% as somewhat agree, 20% of managers have an opinion of strongly agree, 7% have a view of somewhat disagree and 7% strongly disagree. Lack of technology is the second attribute of production problem the managers feel that 33% as neutral, 27% somewhat disagree, 20%

somewhat agree and 13% strongly disagree. In the Power shortage parameter 73% have a opinion of somewhat agree followed by 13% having neutral views, 7% have strongly agree and 7% have belief of somewhat disagree. The last parameter of production problem is change in working condition in this attribute 53% have a opinion of somewhat agree, 33% is somewhat disagree and 13% is neutral.

Table-8: One-Sample Statistics of Production problems

Production problem	N	Mean	Std. Deviation	Std. Error Mean
Shortage of raw materials	15	2.4667	1.12546	.29059
Lack of technology	15	3.2000	1.14642	.29601
Power shortage	15	2.2000	.67612	.17457
Change in working conditions	15	1.9333	.96115	.24817

Table-9: One-Sample Test for significance value of Production problems

Production problem	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Shortage of raw materials	8.488	14	.000	2.46667	1.8434	3.0899
Lack of technology	10.811	14	.000	3.20000	2.5651	3.8349
Power shortage	12.602	14	.000	2.20000	1.8256	2.5744
Change in working conditions	7.790	14	.000	1.93333	1.4011	2.4656

Based on the results of the One sample t-test analysis at 95% confidence level. Mean values of all the parameters fall in positive side of rating (less than 3), tcal value > ttab value and p-value <

$\alpha = 0.05$ for the entire select production problem under study. Hence all the parameters are considered as the major problems.

Table-10: Management and Finance problems which have been faced by medium and small scale industries

Management and Finance problems	Strongly Agree	Somewhat Agree	Neutral	Somewhat Disagree	Strongly Disagree	Total
Non availability of skilled workforce	5(33%)	5(33%)	2(13%)	3(20%)	--	15
Non availability of professional managers	2(13%)	8(53%)	4(27%)	1(7%)	--	15
Ineffective consultancy service	4(27%)	5(33%)	5(33%)	1(7%)	--	15
Shortage of working capital	5(33%)	5(33%)	2(13%)	3(20%)	--	15
Shortage of income for fixed assets	2(13%)	8(53%)	3(20%)	2(13%)	--	15
Inadequate assistance from Bank	3(20%)	7(47%)	2(13%)	3(20%)	--	15

The above table shows the various kinds of management and finance problems which has been faced by medium and small scale industries in Srirangapatana taluk district. The analysis shows Non availability of skilled workforce in this parameter 33% of the managers of MSME's somewhat agree, 33% have strongly agree views, 20% have somewhat disagree and 13% is neutral. In the case of Non availability of professional managers 53% of the managers have opinion of somewhat agree, 27% of the managers have neutral opinion with the statement, and the remaining 13% of the managers have the opinion of strongly agree. Ineffective consultancy service is another vital problem the managers of the MSME's have faced 33% of the managers have neutral opinion in this statement, 33% of the respondents somewhat agree,

27% of them strongly agree and the remaining 7% of the respondents have a opinion of somewhat disagree. Another major problem is Shortage of working capital in MSME's 33% of the sample have a view of somewhat agree, 33% of the sample have a view of strongly agree, 13% have neutral opinion, 20% have somewhat disagree opinion. In the case of Shortage of income for fixed assets 53% have the views of somewhat agree, 20% have neutral opinion, 13% have the opinion of strongly agree and the remaining has somewhat disagree view. Inadequate assistance from Bank in this attribute 47% of the managers have the opinion of somewhat agree, 20% is strongly agree, 20% is somewhat disagree and rest of the remaining is neutral.

Table-11: One-Sample Statistics of Management and Finance problems

Management and Finance Problem	N	Mean	Std. Deviation	Std. Error Mean
Non availability of skilled workforce	15	2.2340	.74612	.17457
Non availability of professional managers	15	2.0457	.84572	.22817
Ineffective consultancy service	15	1.9344	.84115	.24817
Shortage of working capital	15	2.2030	.74442	.29601
Shortage of income for fixed assets	15	2.2667	.79881	.20625
Inadequate assistance from Bank	15	2.2000	.94112	.24300

Table-12: One-Sample Test for significance value of Management and Finance problems

Management and Finance Problem	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Non availability of skilled workforce	12.602	14	.000	2.2034	1.8256	2.5744
Non availability of professional managers	9.057	14	.000	2.06667	1.5773	2.5561
Ineffective consultancy service	7.790	14	.000	1.93333	1.4011	2.4656
Shortage of working capital	7.432	14	.000	2.20000	1.5651	2.8349
Shortage of income for fixed assets	10.990	14	.000	2.26667	1.8243	2.7090
Inadequate assistance from Bank	9.054	14	.000	2.20000	1.6788	2.7212

Based on the results of the One sample t-test analysis at 95% confidence level, since one sample t-test successfully revealed a statistically significant values for management and finance problems. Mean values fall in positive side of rating (less than 3), tcal value > ttab value and p-value < $\alpha = 0.05$ for all the select management and finance problems under study. Hence all the parameters are considered as the most important problems.

CONCLUSION

The growth of small-scale industries is hindered by an mixture of problems. The problems of the MSME'S are within the organization and outside the organization. This research article has identified the varieties of problem in their production and marketing activities and the government need to take the appropriate decision in order to promote the MSME'S.

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