

Marketing Problems of Micro Enterprises of Papum Pare District

Yumlebam Linthoi Chanu*, Ashok Sharma**

Abstract

Purpose-The objective of the paper is to find out the problems faced by micro enterprises of Papum Pare district in marketing their products as well as the type of business enterprise chosen by micro entrepreneurs of Papum Pare district. The paper is also set to examine whether there is a significant relationship between the choice of business type by micro entrepreneurs of Papum Pare district and their marketing problems.

Keyword: Marketing, Marketing Problems, Marketing Practices, Micro Enterprises

Introduction

Marketing is not a theoretical perspective for micro enterprises; rather, it is a practice that they adopt for the survival and growth of their enterprises. Many empirical studies have mentioned that micro enterprises are the most vibrant sector in bringing about social and economic development of the country by providing employment to a large chunk of population, and also making a significant contribution to Gross Domestic Product and export earnings. However, despite its contribution and significant role that micro enterprises play in developmental process, it is found out that micro enterprises have been, for long, facing various kinds of difficulties and obstacles in conducting their entrepreneurial activities. Hence, it becomes questionable then, that whether micro-enterprises

with it continuously facing the problems and difficulties in their functioning involving the marketing problems of heavy competition and lack of demand, and will there arise a necessity of introspecting/investigating the role that micro-enterprises plays in promoting balanced and equitable growth. Ranging from lack of managerial skill, small investment, financial, other technical, demographic and infrastructure problems into pricing, promotion and distribution problems are the inherent factors that are creating criticality and insurmountable hindrances in the functioning of micro enterprises. However, despite of these facts, micro enterprises are deliberately striving to run, operate, compete and overcome the barriers or hurdles in their path. Among the limiting factors, marketing has been identified by a number of studies, as, one of the most crucial to micro enterprises, especially women owned micro enterprises. In fact, due to globalisation, economic liberalization and advancement in information and technology there is huge change in the buying behaviour of the consumers which consequently have brought change in the role and importance of marketing. Modern enterprises cannot strive to achieve their organisational goals without effective marketing approach. Today, marketing has become the decision maker of an enterprise's survival and growth. It is projected that enterprises which are not marketing-oriented and which are not able to understand the customers or fail to satisfy the customers are sure to exit from the competition and soon exit from the entrepreneurial venture itself. In this situation, it can be enquired whether the marketing system and approaches of micro enterprises of Papum Pare district are capable

* Yumlebam Linthoi Chanu, Ph.D. Scholar, Department of Commerce, Assam University (Diphu Campus), Diphu, Assam, India. E-mail: yumlebamlinthoi@gmail.com

** Ashok Sharma, Ph.D. Scholar, Department of Commerce, Rajiv Gandhi University, Rono Hills, Doimukh, Arunachal Pradesh, India. E-mail: asokasarma@gmail.com

of understanding and satisfying the customers in time, and continuously. Today, competition is becoming more severe and customers are becoming more demanding. Hence, in order to survive and achieve success, enterprises need to be customer-oriented and satisfy their wants. This requires the use of appropriate and effective marketing practices from time to time. Kinsey (1987) had analysed the marketing practices of small firms and mentioned that majority of the growth related problems encountered by small firms could be reduced by putting more emphasis on planning and marketing mix in particular. Therefore, it had become compulsory or essential for micro enterprises to be market-oriented and to adopt innovative marketing practices in order to overcome the difficulties and unlock huge potential for their business enterprise.

There are many ways for micro enterprises to offer their products or services to the mass customers; however, success lies in the ability of the micro enterprises to capture the customers. Innovative marketing practices talk about being clever, creative, insightful, flexibility and quick adaptation of its practices by an enterprise to the changing environment. It involves rendering of unique and distinct products and services to the customers that reflects: *the enterprise's understanding of the wants of customers and adequate response to the stated needs* of the customers, sometimes in a collective manner and in other time as individuals. Whether micro enterprises of Papum Pare district are market-oriented and are they using innovative marketing practices is something to ponder upon. Marketing problems are known to affect micro enterprises from a very long time and still micro oriented business enterprises are found to inherit this problem despite the advancement of technology, more support system, better flow of information and awareness among the enterprises. Whether micro enterprises of Papum Pare are facing different kinds of marketing and sales problems is what this study intends to research. Whether micro enterprises of Papum Pare district are able to operate their enterprise successfully even with the limiting situations that they are currently facing in terms of marketing their products within their own enterprises and from the environment which are external to the enterprise and whether they are able to compete both the organised sector as well as large and medium enterprises is what our study looks into. Hence, the authors feel that there is a need to study about the micro enterprises of Papum Pare district of Arunachal Pradesh with regard to the practical problems that they are facing while marketing their products. The paper is

structured in such a way that it begins with the review of existing literatures through the help of marketing variables which are creating problems to enterprises and are identified for the purpose of the study. Afterwards, the researchers describe the appropriate methodology for the study and then on the basis of the identified variables, questionnaires were developed, data were collected, the results were discussed and finally concluding remarks were given along with the possible guidelines related to the development of marketing practices of micro enterprises of Papum Pare district of Arunachal Pradesh.

Research Design/Methodology

The study is empirical in nature and is based on both the primary and secondary data. Secondary data was collected from Directorate of Industries, Govt. of India, Itanagar. While, primary data was collected through structured questionnaire from 51 sample units. Samples size were determined with the help of Krejcie and Morgan model for sample size determination for a given population (at 95% confidence level 5.0 margin of error) and sample units were selected by using convenient method. The data obtained was analysed and interpreted with the help of tables, percentage-calculation as well as with the help of SPSS.

Findings – The findings of the study reveals that micro enterprises are faced with the problems of scarcity of raw materials, obsolete technology, heavy competition, and other infrastructural problems such as power and storage.

Research Value – Marketing has been the biggest challenge for micro enterprises for a long period of time however, studies on the marketing practices of MSMEs in India is a new and recent phenomenon. The study is an attempt to analyse the problems face by micro enterprises of Papum Pare district from practice point of view. The present study is intended to fill the gap as well as add value to the existing entrepreneurship and marketing literature.

Studies on Micro Enterprises

A number of studies were found to be conducted on MSMEs revealing a number of aspects of micro, small and medium enterprises in India. The works of Jena and Mohanty (2014), Vasu and Jayachandra (2014), Rabu et al (2014), Paramasivan and Selvam (2013),

Subramanyam and Reddy (2012), Garg and Walia (2012), Kumar and Gugloth (2012) and Das (2008), etc. had laid down about the progress and performance; the economic role; the growth; the problems; the need for promotion and the promotion policies; the economic role; sickness in MSMEs; impact of globalization on the growth of small scale industries; the growth pattern of industries between pre and post globalization period; production and employment; the export; the aspects of interface between strategy, external environment and internal environment; the resource based view strategies; etc. and such other aspects of MSMEs in India. While, other studies conducted by authors like Rao (2014), Meenu and Goyal (2011), etc. had mention that marketing is a problem for MSMEs especially women owned micro enterprises. However, with regard to marketing problems it is found out that Murugan et al (2004) had conducted a study which reveals the factors that are responsible for poor marketing performance as infrastructure and market location problem, poor pricing and terms of selling, poor sale promotion activities, impact of present disturbances, problem of manufacturing quality product, poor marketing operations, lack of finance and technical development and lack of facilitating functions, etc. Again, within this factors his study has further classified the factors into sub factors like problem of delay in payment, problems of price variation, lack of finance resources, acute competition, lack of entrepreneurial background, poor quality of the product, giving long credit period, lack of support from the government as ones which gives the most influential factors responsible for the severe marketing sickness. According to Khatoon (2012) the small scale enterprises in India faces some of the common marketing problems which are identified as competition from large scale sector, lack of marketing knowledge, lack of sales promotion, weak bargaining power and credit sales. Lahiri (2012) study mentions that MSMEs in India face ruthless competition from large and multinational companies and that majority of MSMEs use outdated technology, they suffer from low productivity and also lack of lack quality product. Further, his study mentions that in relation to marketing distribution is a problem for MSMEs and most of them does not have any well formulated marketing strategy, market research programmes and innovative advertisement techniques. Shiralashetti (2012) had also mention about the problems of MSMEs in India. Her study reveals that the factors which are causing handicap to MSMEs are mostly

attributable to non-availability of required support from the concerned government departments, banks, and financial institutions and corporate. Accordingly the study had mention lack of power, low quality inputs, non – availability of suitable techniques, low production capacity, ineffective marketing strategies, transportation problems, lack of adequate warehousing, etc. are the problems face by MSMEs in India, which can be grouped under marketing and production problems.

From the review of existing literatures it is clear that many studies were conducted on MSMEs in India. The studies had mentioned the different dimensions of MSMEs among which it is also mentioned that marketing is a problem for them and these problems are more critical to small and micro enterprises especially women owned enterprises. However, in the literature there is no mention made about the practical problems face by micro enterprises of Papum Pare district in marketing their products. Therefore, the present study is undertaken to fill the gap in the literature. The present study is confined to Arunachal Pradesh in general and Papum Pare district in particular.

Objectives of the Study

General: To find out the type of business chosen by the micro enterprises of Papum Pare district and the areas in which micro enterprises are facing problems in marketing their products.

Specific

1. To find out the Raw Materials related problems of micro enterprises of Papum Pare district of Arunachal Pradesh.
2. To find out the Production-related problems of Micro Enterprises of Papum Pare district of Arunachal Pradesh.
3. To find out the Sales-related problems of Micro Enterprises of Papum Pare district of Arunachal Pradesh.

Hypothesis of the Study

H₁: There is no significant relationship between choice of business type by micro entrepreneurs of Papum Pare district and the marketing problems face by micro enterprises of Papum Pare district.

Research Design and Methodology

The study is conducted in Papum Pare, a capital district of the state of Arunachal Pradesh in India located at latitude 26° 55'N and 28° 40'N and longitude 92° 40'E and 94° 21'E, during the month of April to June, 2014. The district is an important administrative unit of the state. For the purpose of the study micro enterprises are defined and stated as per with the MSME Act, 2006 as “those enterprises where the investment in plant and machinery does not exceed twenty five lakhs rupees in case of manufacturing sector and where the investment in equipment does not exceed ten lakhs rupees in case of service sector”. In order to achieve the objectives of the study, population size and sample units were identified and the population data were collected from Directorate of Industries, Govt. of India, Itanagar. It is found out that as on March 31, 2014 there are 61 micro enterprises in Papum Pare district, which are registered under the MSME Act, 2006. Since the population of the study is finite and homogeneous the Krejcie and Morgan (1970) model for sample size determination for a given population (at 95% confidence level 5.0 margin of error) is adopted and accordingly the sample size for the study is: 51 micro enterprises (units) of Papum Pare district.

The study is based on both primary data and secondary data. Primary data was collected through direct interviews with the micro entrepreneurs by using an interview schedule with structure questionnaire consisting of closed ended questions. The secondary data has been collected from published sources which are mainly used for reviewing the literature and for the purpose of framing the questionnaire schedule. Accordingly, it is found out that there are various factors which are causing limitation to micro enterprises in marketing their products. Out of these identified factors/variables the researchers after considering their convenience had taken up three main variables i.e., raw materials, production and sales related variables. Within the raw material related factors three sub – variables are considered, within the production related factors five sub – variables are considered and within the sales related factors six sub – variables are considered. Hence, all together the paper has taken up fourteen variables to study the marketing problems of micro enterprises of Papum Pare district and to examine their relation with the choice of business type. Based on the identified variables the questionnaire of the study is design and developed.

The schedules containing the questions were distributed to 51 micro entrepreneurs and on the basis of information provided by them data were analysed and interpreted and finally inferences and conclusions were drawn.

Scope of the Study

The study is confined to marketing problems face by micro enterprises of Papum Pare district and does not cover other aspects like the impact of marketing problems in the performance of the enterprise, measuring the extent of difficulties posed to micro enterprises due to marketing problems and such other aspects related to marketing problems of micro enterprises in Papum Pare district.

Findings, Analysis and Interpretations

Table I and **II** show the choice of business type and the number of micro enterprises who are facing problems in relation to marketing while **Table III** shows the various areas of marketing in which micro enterprises are facing problem while carrying out their business.

From **Table I** it is found out that micro enterprises are not limiting their choice of business activity rather they are involved in various kinds of economic activities such as demand based, textile based, forest based, mineral based and other service sector like parlour, etc. However, it is found out from the study that forest based business is the most preferred business by micro enterprises of Papum Pare district which is followed by demand based business.

Again from **Table II**, it is revealed that micro enterprises of Papum Pare district are facing different kinds of marketing problems which can be broadly classified as; raw material related problems, production related problems and sales related problems. Among the three main variables, it is found out that there are some micro enterprises in the district which are not faced with any kind of marketing problems. Further, each of the variables of marketing problems had posted difficulties to micro enterprises of Papum Pare district in different ways, which is revealed by the data presented in **Table II**. That is, out of 51 micro enterprises, 74.5 percent of micro enterprises are facing raw material problems, another sizable number of micro enterprises (94.1%) are facing sales related problems while it is found out that 98 per cent of micro enterprises have production problem.

Table I: Type of Business in which Micro Enterprises of Papum Pare District are Engaged

Type of Business		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Demand & Textile Based	23	45.1	45.1	45.1
	Forest, Mineral & Agro Based	28	54.9	54.9	100.0
	Total	51	100.0	100.0	

Source: Field Study

Table II: Marketing Problems of Micro Enterprises of Papum Pare District

Marketing Related Problems	Raw Materials Problems		Production Problems		Sales Problems	
	Yes	No	Yes	No	Yes	No
Enterprises (units)	38	13	50	1	48	3
Percentage (%)	74.5	25.5	98.0	2.0	94.1	5.9

Source: Field Study

Further, **Table II** and **Table III** reveal that:

1. To majority 74.5 per cent of micro enterprises raw material aspects are posting difficulties to their functioning while to 24.5 per cent of micro enterprises raw material aspects does not pose any kind of difficulty to their enterprise.
2. In relation to raw material problems, scarcity of raw material (63.16%) is found out to be the biggest problem of micro enterprises while non-availability of suppliers and non-availability of raw materials at local levels are also found to pose difficulties to micro enterprises in their functioning.
3. Production is the biggest problem (98%) face by the micro enterprises in Papum Pare district. And among the factors causing problem to micro enterprises in production, lack of power is found out to be the biggest (27.46%) problem, which is followed by storage problem (24%), obsolete technology and equipment, inadequate production and transportation and telecommunication, respectively.
4. To majority (94.1%) of micro enterprises sales relating aspects are giving difficulties in their functioning while to 5.9 per cent of micro enterprises sales related aspects does not give any kind of difficulty to their enterprise
5. In relation to sales related problems, heavy competition (47.73%) is found to be the highest degree of constraint while other factors like lack of marketing knowledge (22.73%), lack of demand for product (18.18%), distribution channel (6.82%), middlemen

interference (2.27%), credit sales (2.27%), etc. are also found to give difficulties to micro enterprises in their functioning.

Table II and **III** of the study therefore, reveal that micro enterprises are faced with many kinds of problems in relation to marketing aspects and each of these problems are not the same for all the micro enterprises. Hence, the practical marketing problems face by micro enterprises shows different pictures i.e. among raw material problems scarcity of raw material (63.16%) poses the highest degree of problem while non-availability of suppliers is the lowest degree of problem face by micro enterprises, among production problem lack of power is the highest degree of problem to micro enterprises and among sales related problems heavy competition is the highest degree of problem to micro enterprises, while transportation and telecommunication (4%) and middlemen interference and credit sales (2.27%) are lowest degree of problem face by micro enterprises. It is also reflected that more than raw material related problem (74.5%) and sales related problem (94.1%) micro enterprises are suffering from production problem and this problem is attach to almost all the micro enterprises i.e., 98 per cent of the micro enterprises are facing the problem of production.

Hypothesis Testing

To test whether there is a significant relationship between choice of business type by micro entrepreneurs of Papum Pare district and the marketing problems face by micro

Table III: The Various Kinds of Marketing Problems of Micro Enterprises of Papum Pare District

Various Aspects of Marketing Problems		Micro Enterprises	
		Nos.	%
Raw materials related problems:	Scarcity of raw materials	24	63.16
	Non availability of suppliers	1	2.63
	Non availability of raw materials at local level	13	34.21
Total		38	100.00
Production related problems:	Obsolete technology & equipments	11	21.57
	Lack of power	14	27.46
	Inadequate Production	11	21.57
	Transportation & telecommunication	2	4.00
	Storage	12	24.00
Total		50	100.00
Sales/Marketing related problems:	Lack of demand for product	8	18.18
	Heavy competition	21	47.73
	Distribution channel	3	6.82
	Middlemen interference	1	2.27
	Lack of marketing knowledge	10	22.73
	Credit sales	1	2.27
Total		44	100.00

Source: Field Study

Table IV: Cross Tabulation of the Type of Business and its Raw Materials, Production and Sales Related Problems.

Type of Business	Raw Materials Related Problems		Production Problems		Sales Related Problems	
	Yes	No	Yes	No	Yes	No
Demand & Textile Based	18	5	23	0	22	1
Forest, Mineral & Agro Based	17	11	27	1	22	6
Total	35	16	50	1	44	7

Source: Field Study

Table V: Chi-Square Tests

Pearson Chi-Square	Raw Materials Related Problems	Production Problems	Sales Related Problems
Value	1.806	.838	3.111
Df	1	1	1
Asymp. Sig. (2-sided)	.179	.360	.078

Table VI: Summary of the Hypothesis Test Result

Hypothesis Testing	Raw Material Related Problems	Production Problems	Sales Related Problems
Value	0.179 > 0.01 0.179 > 0.05 0.179 > 0.10	0.360 > 0.01 0.360 > 0.05 0.360 > 0.10	0.078 > 0.01 0.078 > 0.05 0.078 < 0.10
Result	Accept	Accept	Reject

Table VII: Symmetric Measures

Nominal by Nominal	Sales Related Problems	
	Value	Approx.Sig.
Phi	.247	.078
Cramer's V	.247	.078
a. Not assuming the null hypothesis.		
b. Using the asymptotic standard error assuming the null hypothesis.		

enterprises of Papum Pare district data presented on table 4 is used and the result of the test is analysed.

From the result obtain from testing of the hypothesis of the study it is found out that there is no significant relationship between the choice of business type by micro entrepreneurs of Papum Pare district and the raw materials as well as production related problems. While, there is a significant relationship between the choice of business type by micro entrepreneurs of Papum Pare district and sales-related problems at 10 percent level of significance. However, the Phi value obtained for sales related problems is 0.247 which shows that the degree of significance is very low.

Limitations of the Study

The study is limited to finding out the marketing problems of micro enterprises of Papum Pare district with regard to their raw material, production and other sales/marketing related problems and does not consider the measurement of the degree/extent up to which micro enterprises are affected because of the various limiting factors of marketing. In addition, the study also does not cover the promotion packages and other assistance by State Government as well as Central Government in marketing their products by micro enterprises of Papum Pare district.

Conclusion

Enterprises are long period ventures and therefore the ability to keep on surviving is the most important matter and along with it they should have the ability to grow and develop. Moreover, marketing is found out to be one of the key instrument or tool. However, the present study shows that marketing is a major practical problem for micro enterprises of Papum Pare district. Out of 51 micro enterprises 74.5 percent of micro enterprises are facing raw material problems, 94.1 per cent are facing sales/

marketing related problems and 98 per cent of micro enterprises are facing production problem. Again, in relation to raw material problems, it is found that even with the availability suppliers of raw materials except for one unit out of 51 units, micro enterprises are facing the problem of scarcity of raw material. Here, it asks a question on the functioning and the operating system of the suppliers' raw materials in Papum Pare district. Again, the study reveals that lack of power and heavy competition are the main problems of micro enterprises. Further, it is found that though micro enterprises are engaged in different kinds of business activities their marketing problems are common and not unique to the particular business type. These problems are sometimes internal and sometimes external, but posing hindrances to micro enterprises at all times. Therefore, it is suggested to micro enterprises that in order to solve both the internal as well as external problems they need to be marketing oriented, to adopt innovative marketing practices and to become more informative and to have more awareness about the availability of different schemes and assistances provided by the government.

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