

A comparative study on development of small and medium enterprises (SMEs) in kanchipuram district

V. Venkatasubramanian^{1}, Dr. K.P.V. Ramanakumar^a,*

^{1*}Department of Mechanical Engineering, Sri Chandrasekharendra Saraswathi Viswa Mahavidyalaya, Enathur, Kanchipuram – 631561, Tamilnadu, India.

^aDepartment of Management Studies, Sri Chandrasekharendra Saraswathi Viswa Mahavidyalaya, Enathur, Kanchipuram – 631561, Tamilnadu, India.

^{*1}Corresponding Author: venmoon@gmail.com

Abstract. This research paper explains the role of small- and medium-sized enterprises in the financial scheme of diverse countries, through a picky focal point on Kanchipuram District. The function of the research is to maintain and build up the growth of small- and medium-sized businesses in the country by formative the efficiency of programs held by the government to support better SMEs activity, as well as presenting successful examples from international practices in order to adopt them to Kanchipuram District conditions. In the present period, the development of the entrepreneurship culture and attractive the scope of small- and medium-sized business are significant for the outlook economic growth, employment and income of the country's population.

1. Introduction

Developed countries' experiences show that, in the last years, the role of SMEs in the economy has strengthened and the majority of enterprises have been ranked in the SMEs category – more than 95% (Ayyagari et al, 2011). Especially after the recent economic crisis beginning in 2008, experience has shown that SMEs have been able to respond to the challenges of the crisis more quickly and flexibly than large corporations and, indeed, they succeeded to survive and thrive. With a view to this observation, many developed countries have devised various kinds of non-financial and monetary incentive mechanisms aimed at enhancing the weight of SMEs in different sectors. The research is structured as follows. In the 1th chapter, literature review, definition of small and medium entrepreneurship have been explained and readers could get information about different kind of models related SMEs and their realization mechanism. In the following chapter, the level of development of small and medium sized entrepreneurship in different regions and countries such as United State, European Union, Asia region, Georgia, Russia, Turkey, and its role in economic development are investigated. In the next chapter, the realistic situation of SMEs in the economy of Azerbaijan, SWOT analysis of SME, the possible constrains for the SMEs development and growth as well as the role of the government policies for improving SMEs



have been analyzed. In conclusion, in order to development of the small and medium-sized entrepreneurs several suggestions have been offered.

2. Literature Review

In a world of globalization, transitioning and developing countries and their enterprises face major challenges in trying to take advantage of trade and investment opportunities. While governments make policies in trade and investment areas, it is enterprises that trade and invest and so, their role in the economy is pivotal. SMEs are significant players in transitioning and developing countries. These firms typically account for more than 90% of all firms outside the agricultural sector, constitute a major source of employment and generate substantial domestic and export earnings (OECD, 2009). As such, SME development emerges as a key instrument in further poverty reduction efforts.

2.1. *Small and Medium Enterprise in India*

As we all know that the industrial sector of any country particularly small sector are the back bone of any developing country but India showed little concern for industrialization especially for small scale industry until 1970s. But after that period, government policy of industrialization were promoted through the restricted foreign trade regime which discriminated the large firm from the small firm and the large scale sector obtain better place from the small scale sector. Since large firms were better placed to obtain import permits for capital equipment, components, and raw materials and were also better able to obtain tariff rebates intended to alleviate some of the harmful effects of high protection. Since the inception of the industry policy resolution the role of cottage and small scale industries were stressed for balanced growth and individual development i.e., for utilization of local resources and providing employment opportunity. So there were lots many efforts put up by the government by providing tax rebates and subsidies, and fix some items in the reserve category in which there exclusive production were made from the small scale sector. But after 1977 Industrial resolution the policy of government had emphasized on development of SSI in rural area and small town through the promotion of khadi and village industries and handloom sector. These industrial initiatives not only increased the items in reservation category for production in small scale sector, and but also established district industries center (DIC) to serve as focal point for development of small and cottage industries, emphasized on product standardization, quality control, market survey etc. These changes had shifted the emphasis of industrial resolution towards raising investment limits in these small scale industries. But after the 1991 industrial policy resolution the process of globalization had enhanced the relevance of Special economic zones (SEZs) which have become an important contact in the export led industrialization strategy playing a crucial role in promoting the manufacturing sector including providing an enabling international climate for small and medium enterprises (SMEs) and offer platform for attracting export oriented. Therefore there is the need to improve the operation of these firms through improving their supply chain and promoting them globally

SMEs are perceived as vital to socio-economic growth, including Gross Domestic Product (GDP) growth, and sustainable development in emerging economies for many reasons. These include such aspects as their familiarity with local communities, their perceived capacity to create employment for low-skilled workers due to their labour-intensive nature and their “innovation and sustainable initiatives due to inherent flexibility and risk-taking ability”. [1] In South Africa, “at least 90% of the manufacturing sector is small and medium, in terms of enterprise size...[These enterprises] contribute about half of the employment; half of the gross domestic product and 1 out of 5 units exported is produced in the small and medium sector in South Africa”[2]. Hence, South African Manufacturing SMEs perform a vital role in the economy and form critical links in large Supply Chains. Finch [3] posed the question of whether large companies increase their exposure to risk by incorporating small to medium enterprises (SMEs) in “business critical positions” in their supply chains. He concluded that “inter-organizational networking” did elevate risk

exposure and this was exacerbated by the presence of SMEs as supply chain partners. This is because risk events impact SMEs more severely due to their “size and limited resources” (human, structural and information). This consequently highlights the importance of understanding risk management and business continuity planning across the whole supply chain. The importance of SMEs in the supply chains of large companies, including Multi-national Corporations, cannot, however, be under-estimated [4]. Benefits, such as, productivity improvement, greater innovative capacity, increased access to talent and local markets can be derived from partnering with SMEs. This is because smaller businesses have lower overheads, specialized knowledge, innovative products and adaptability to changing conditions [4], [1]. Additionally, SME’s that manage their own risks and assist larger supply chain partners in mitigating their risks are sought after in supply networks [4], thus, increasing the competitiveness and sustainability of SMEs.

2.2. Kanchipuram

Kanchipuram district is one of the industrially fastest growing districts in the state of Tamilnadu. The electronic and software industry is one of the fastest growing sectors in the district. Special industrial parks for software industries assisted the growth of this sector. Software industry in the district grows at over 40- 50%. Auto components and automobile industry grows at 15-20%. The recent development in this sector has created a strong base for engineering industry. Major car manufacturers located in the district like Ford, Hyundai, Nissan and BMW have spurred the development of auto component and engineering sectors, which have seen a growth trend of over 15 %. Garment industry has faced a slight set back but at present picket up growth momentum. The sound agro base in the district has helped in the development of rice milling and Oil extraction units. Its bovine population helped in the growth of dairy and dairy products. In fact Kanchipuram district has attained self-sufficiency in milk availability and started supplying to nearby districts also. The growth of traditional industries has also assisted in export of traditional items like silk sarees/products. Leather & Leather products grow at 10%.

Table 1. Potential for new Manufacturing MSMEs and Block-wise Potential for MSMEs in Kanchipuram

s.no	Name of the Block	Potential Activities
1	Kancheepuram	Engineering Auto Components Rice Milling, Silk Weaving, Garments
2	Walajabad	Engineering, Rice Milling, Oil Crushing, Readymade Garments
3	Sriperumbudur	Automobile Ancillaries, Plastic items Electronics, Engineering Industries
4	Kundrathur	Bio tech, Electronics Electronic Industries Software
5	St. Thomas mount	Computer Software Engineering Components Multiple products, Electronics, paints
6	Kattankulathur	Auto Ancillaries, Engineering, Wood Works, Electrical Electronic Works
7	Thiruporur	Pharmaceuticals, Rice Milling, Oil Crushing Software, Engineering
8	Thirukalukundram	Rice Milling, Food Products Fish net, Engineering Agricultural based products
9	Uthiramerur	Agricultural based products garments, Engineering
10	Acharapakkam	Weaving, Rice Milling, PVC Plastic Pipe, Engineering
11	Lathur	Cashewnut, Fish Food, Rice Milling, Oil Crushing, Bricks
12	Chithamur	Fish Net, Cashew Nut, Rice Milling Bricks

Table 2. Year Wise Trend of Units Registered in Kanchipuram District

Year	Micro	Small	Medium	Total
2007-2008	1377	213	6	1,596
2008-2009	1832	339	11	2,182
2009-2010	2264	632	63	2,959
2010-2011	3693	712	52	4,457
2011-2012	3956	1065	254	5,275
2012-2013	5656	2503	610	8,769
2013-2014	7073	4824	848	12,745
2014-2015	9117	6483	909	16,509

Table 3. Details of Udyog Aadhaar Memorandum (UAM) Filed/Registered

Particular	Micro	Small	Medium	Total
Total Units registered under UAM	6882	1036	22	7940
Manufacturing Units	2114	400	18	2532
Service units	4766	636	4	5406

Table 4. Details of Existing Micro & Small Enterprises in Kanchipuram District

Type of industries	Numbers	Investment in Lakhs	Employment
Agro based	931	5586	3736
Soda water	164	820	492
Cotton textile	1500	8624	5920
Woollen, silk & artificial Thread based clothes	1043	4172	5020
Jute and jute based	876	2678	1232
Readymade garments	4502	20646	27012
Wood / wooden based furniture	1008	3062	3624
Paper and paper products	785	3925	3630
Leather based	914	2940	3125
Chemical / chemical based	700	2316	2012
Rubber, plastics and petrol based	674	1930	1876
Mineral based	1419	7095	3860
Metal based	1450	7452	3928
Engineering based	1879	5217	4212
Electrical machinery and transport equipment	522	1502	1420
Repairing and services	1690	1020	3978
Others	340	1020	1216

3. Research Design and Methodology

3.1 Scope of the Study

The present study has collected the Comparative Study on Small Medium Large Scale Strategies. This study opens beautiful vistas over on Small Medium Large scale Strategies preference and awareness of various major objectives. This also paves the way to SMEs region attract the outsider state investors and have continued need for foreign as well as government assistance

for improvement of their industrial base approval in an intensified manner. It also focuses exact problems related with scale manufacturers and retailers supply Chain Strategies in Kanchipuram District

3.2 Nature of the Study

The researcher was adopted by descriptive and nature of the study. In this study to examine various direct as well as indirect factors that lead to comparative and Competitive Study on Small Medium Large Strategies. This study is restricted only to dyadic chain i.e., Manufacturers and retailers in business to business orientation, there by exclusive of small and medium enterprises. The considered work will endow with useful insights to small and medium enterprises of Kanchipuram District, policy makers and promotion researchers, as it will help top management in framing such policies that can increase Manufacturers and Retailers Supply Chain Strategies in business to business orientation

3.3 Pilot Study

A beginning inquiry is undertaken by contacting 75 small medium large scale to identify the important variables about characteristic features of strategy, problem of Manufacturers, factors of comparative, instrument and the changes in return of manufactures. The purpose of the pilot study is to test the quality of the items in the questionnaire and to confirm the feasibility of the study. This preliminary investigation is conducted in different parts of small and medium enterprises of Kanchipuram District. The study used principal component analysis; alpha method and T-square test were applied. It is found that the alpha value is 0.912 and T-square value is 422.31 which are statistically significant at 5 per cent level. It is ascertained that the items in Liker's five point scale of the questionnaire are highly dependable and the samples satisfy the ordinary distribution reasonably. So, the items in the questionnaire can be used further in this study.

3.4 Research Gap

The small scale industrial sector which plays an important role in the Indian economy in terms of employment and growth has recorded a high rate of growth since independence inspire of stiff competition from the large sector and so encouraging support. Moreover the fourth census (2015-2016) of MSME the most of industries registered were of manufacturing, assembling, processing, repairing and maintenance in nature. The census of MSME also shows that 90.08% of enterprises registered were proprietary enterprises, which means they may carry out the concept of supply chain management directly or indirectly in their firms. Hence this sector has been acknowledged as a growing as well as most important one for the local, regional and national economy of the country. The focus of the study therefore is to find out comparative strategies the customer service measures including service strategy, service interface, service quality and overall size of the firm in supply chain management of SMEs in business to business orientation. Moreover supply chain management in small and medium enterprise helps to improve product quality, timely delivery, and integration with logistics functions to deliver improved customer service.

3.5 the Objectives of the Study

1. To study comparative study on small medium large scale strategies
2. To examine the role of service quality in attractive customer service in supply chain management

3.6 Formulation of Hypotheses

1. H_0 = Association between comparative study on small medium large scale strategies
2. H_0 = Association between the impact of overall size of firms and the customer service strategy

4. Field Work and Collection of Data

This study was conducted by district industrial center in Kanchipuram district and other SMEs and government employees the study identified various items to measure the supply customer service in supply chain management that includes the service quality, service interface, service strategy in terms of retailer and customer orientation for business to business chain. The researcher used structured interview schedule for the purpose of personal interviews. Interviews are conducted in different manufacturers, retailers and customers in their convenience. Before the interview, proper understanding is conventional. The data collected are recorded by the researcher in the interview schedule. The schedules thus filled up are systematically checked to ensure accuracy, reliability and totality. On an average, each interview took about an hour. The data thus collected were categorized and posted in the master table for further processing. The generation of items for customer service, its influence on customer and supplier are discussed as under: Basically, the study was based on the customer service construct in the supply chain management of the SMEs, so single instrument was constructed with business to business orientation in supply chain management. In the supply chain management of the small firm which has only single owner/manager who carried out the function of the customer for their different supplier and supplier for their customer in business to business orientation had been consulted for the response through convenient sampling technique.

4.1 Collection of Data

The data collected by the researcher primary as well as secondary sources relevant for gathering necessary information pertaining to the research problem in hand have been used in the study. Primary data based on the first hand information has been collected from the bank customers through self personalized and well structured schedule. Secondary data has been generated from books, journals, annual reports, magazine, news paper and Internet has also been used to substantiate primary information.

4.2 Sample Size

4.2.1 Data Collection Forms

The pretesting of the instrument designed was done before going for the final construct. Since the pretesting was done on only 50 firms of small and medium enterprises on the basis of the convenient sampling technique. The single construct was used in the study which consisted of two orientations one in terms of suppliers and other in terms of customers in a single questionnaire with business to business orientation. The total number of the items included in the pretesting instrument consists of 150 items in which the only 67 items were retained with reliable value of Cronbach Alpha and KMO (Kaiser-Meyer-Olkin) measure of sample adequacy. The overall value of these measure lies above the 0.5 for the cronbach alpha and KMO which is acceptable in nature (Malhotra, 2000). The final outcome of this instrument would be laid down for the study in order to achieve the objectives of this study. The respondents chosen from an age group ranging from more than 20 years to 65 years in Kanchipuram district including different strata of like Small medium large scale strategies. Initially 720 questionnaires were distributed to the Manufacturers and Retailers spread over in Kanchipuram district. But only 615 respondents returned the filled up questionnaires out of 720. In which 600 of them are found usable. Hence, the accurate sample of the study is 600.

5. Framework Analysis

The sources of data are primary as well as secondary. The data collected from small medium large scale manufacturers and retailer's survey constitutes primary and information gathered through books, journals, magazines, reports, dairies are considered as the secondary source. The data collected from both the

sources is scrutinized, edited and tabulated. The data is analyzed using statistical package for social sciences (SPSS). The following statistical tools are used in the study univariate, bivariate and multivariate, Kruskal Wallis test, One-way analysis of variance, Factor analysis, value of Cronbach Alpha and KMO (Kaiser-Meyer-Olkin) Multiple discriminate analyses, multiple regression analysis, Non-parametric chi-square analysis, and percentage analysis have been employed. The reliability and validity of the final instrument were carried out after the collection of the final data in the small and medium sized enterprises. The final questionnaire consists of 12 blocks for the manufacturers and retailers service make in terms of supply chain strategies of the firm. These includes manufacturing units constitutes for supply chain management segmentation, 5406 items for service strategy for the service quality were lastly dropped in the final run of the model through confirmatory factor analysis (CFA) and lastly the customer service construct consist of overall size of the firm with 5 items. The normality of these items was tested through the Kolmogorov-Smirnov (K-S) test for all dependent and independent variables were conducted.

6. Limitations of the Study

The study is limited to Kanchipuram district only. Therefore the conclusion may not be comprehensive for the other parts of the district. The study is appropriate to the comparative and competitive study on small medium large scale manufacturers and retailers supply chain strategies. Public limited companies remain excluded. The limitations associated with the statistical tools are related for the tools in work in this study. Period of the study commenced from 2015 to 2016.

7. CONCLUSION

The study is appropriate to the comparative and competitive study on small medium large scale manufacturers and retailers supply chain strategies is an essential condition in logistics activities and is affected by various environmental factors shaping today's marketplace. Logistics manufacturers and retailers supply chain service has its roots in the logistics discipline, and logisticians can use and learn from marketing techniques and methodologies to investigate customer service. A strategy for logistics customer service requires a basic trade-off between costs incurred and enhanced profit received. Each industrial sector will also have its own unique needs and issues that further complicate such considerations. However, while the importance of individual customer service elements varies among firms, there is a common set of elements offered higher than that should provide a useful starting point for most firms. A global point of view focuses on seeking common market demands universal rather than cutting up world markets and treating them as separate entities with very diverse product needs.

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