



A Study on the impact of Social Networking on Micro, Small and Medium Enterprise with reference to Ernakulam District

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Abstract: In Kerala, the impact of MSME towards economic development is of great significance as they contribute its major output headed for the industrial development. To assess the impact, measurement of performance of entrepreneur with respect to competitive sustainability is essential. Despite the changing business environment, the ability of the enterprise to remain competitive over an indefinite period of time is the Competitive Sustainability with reference to MSME. The competitive sustainability parameters such as adoption to digital technologies, social networking, intellectual property rights, can be considered as major game changers towards economic growth. Among them, Social Networking helps in capital acquisitions, technology acquisitions as well as acquisition of innovative ideas which are considered to be significant milestones to measure entrepreneurs as well as enterprise growth towards globalisation. The performance of entrepreneurs with respect to social networking in relation to micro, small and medium enterprises is studied. The study is confined to the district of Ernakulam, where MSME concentration is higher.

Keywords: MSME, Competitive Sustainability, game changers, social networking, intellectual property rights.

I. Introduction

Modern Society always undergoes changes. These changes are the result of advancement in technology, improvement in the quality of personnel, changes in government policies and the like. These changes have a significant impact in each sector namely, manufacturing sector, health sector, telecom sector, as well as service sector. The general public as a result of these changes is affected either in the positive or negative way. In the manufacturing sector the expected outcomes affected by these changes will be in the form of quality products and services. The manufacturing sector's contribution is the sum total of output from public sector, private sector, partnership as well as proprietary concerns. The Micro, Small and Medium Enterprises, in the form of ancillary units as well as those having a separate standing in the industrial scenario has made remarkable progress towards industrial output. The Twelfth five year plan constantly underlines the importance of Micro, Small and Medium Enterprises as they are strong foundation for our domestic economy because India is the land of 51 million MSMEs. The Make in India programme initiated by our Honourable Prime Minister Sri Narendra Modi made the importance of Micro, Small and Medium Enterprises on to the screen. Thus MSME as well as entrepreneur responsibility has been doubled. As part of Make in India Programme, digitisation is a serious concern. As part of Digitisation, the Government of India initiated digitisation from the basic level such as registering the units online, filing taxes online etc. As per the report on "Impact of internet and digitisation on SMBs in India" only two percent of SMEs actively involved in engaging business online. From the report it is clear that the entrepreneur's attitude towards digitisation has to improve a lot. Attitude towards Digitisation act as an important parameter for measuring the competitiveness of entrepreneur as it is considered as a tool towards measuring the performance of MSME. Thus as part of measuring the attitude of entrepreneurs towards digitisation, it is necessary to study the extent of support received by the entrepreneur from different stakeholders such as Government, MSME training institutes, financial institutions as well as workers.

The entrepreneur makes outstanding contributions towards all these sectors. Entrepreneurs are the person who always shows a destructive behaviour. It means whenever he identifies opportunities and challenges, tries to capture it by forgiving the one that has already been experimented and implemented. The opportunities and challenges may be in the form of identifying a niche market, where the entrepreneur can explore his talents and ideas together with the support of various stake holders involved in the operation. Entrepreneur alone could not operate in the market. Entrepreneurs can sustain only with the help of the support initiated from family, friends,

suppliers, organisations, and customers, workers, who in turn maintain direct or indirect relationship with the entrepreneur, which is necessary for improving the growth of Micro, Small and Medium Enterprises.

II. Statement of the problem

The entrepreneurship in Kerala is characterised as small, and less innovative due to deficiencies in infrastructure, low per capita income, constraints in policies and procedures. There are other constraints such as institutional training as well as lack of incentives which makes entrepreneurs less productive.

Social Networking is the degree of relationship maintained by the entrepreneurs in relation to its stakeholders. Social Networking is the preliminary performance measure which is necessary for sustainability of MSME. Social networking helps in the accumulation of social capital both in the form of knowledge and finance. These resources are considered vital for the growth of entrepreneurs as well as MSME. The study considered Government, Entrepreneurship training institutions and financial institutions as the important stakeholders for measuring the degree of social networking.

The paper attempts to measure the degree of social networking as critical performance parameter for measuring competitiveness among micro, small and medium enterprises in the District of Ernakulam.

III. Research Objective

To analyse the performance of MSME in the District of Ernakulam with the help of social networking. The research objective aims to study the performance of MSME with the help of social networking in terms of Government, Financial institutions, MSME training institutes.

IV. Hypothesis

There is no significant difference between social networking and performance of MSME.

V. Research Methodology

The study is descriptive in nature. Data collection is purely based on primary and secondary. Interview schedules are administered among 28 entrepreneurs in the District of Ernakulam. Articles, websites, journals, books are the sources of secondary data.

VI. Data Analysis

Data Analysis is based on percentage and ANOVA

VIII. Review of Literature

1. Mohibul Islam Masum & Alejandra Fernandez (2008) studied internationalisation of SMEs on the basis of three internationalisation theories- Uppsala model, Network theory and International Entrepreneurship theory. The entry of SMEs to the foreign market is possible only by evaluating the market abroad, financial constraints, and competitiveness. The study was a combination of exploratory as well as descriptive research. The sample selected consists of firms that have already internationalised and firms that are planning to internationalise. The study has given equal importance to International Entrepreneurship and Network theory considering Uppsala model less important.
2. Rose Narooz (2014) studied internationalisation pattern and social networking, together with their relationship in the evolutionary stages. The study focused on internationalisation in three aspects such as the importance of time in internationalisation performance, identification of pattern and speed of internationalisation and analysis of different modes such as entry modes, types of modes.
3. Muhammed Azam Roomi (2013) studied the impact of human capital and social capital among women entrepreneurs in UK in connection with employment, sales and profit. The study supported the theoretical framework of human capital as it stands as a moderator for identifying the relationship between social capital and growth of women owned enterprises. The study considered women owned enterprises of more than 45 months of experience as sample in three provinces. The research adopted cross sectional study as the role of human and social capital in the growth of women owned enterprises is studied.
4. Samuel.M.Mwuara (2012) investigated the role of product innovation and product Enovation in explaining variation in productivity and growth among firms. The study selected clothing and garment industry in Nairobi and analysed whether product innovation together with sub innovation had a significant impact on firm productivity. This study suggested a structural relationship between the various input factors, including innovation efforts, the observed product enovation, and firm productivity. The impact of innovation efforts is more on firm's productivity rather than product enovation.
5. Tomy Mathew (2010) has made an inter related analysis on successful, small and sick units. The study also made a sector wise analysis based on their performance. The study analysed the factors and reasons

behind increased mortality of sick and closed units. The study revealed that the size of fixed capital, working capital, percentage of loan to total capital, advertisement and total expenditure are the most important factors that lead to sickness and closure of modern small enterprises through multi stage sampling and non proportionate random sampling. The study suggested early intervention of Government during the unit's early years of operation, establishment of more industrial development area, insurance linkage should be established to cover loss arising due to external problems. The study focused on a particular region as their area of study which stands as a major drawback.

6. Jimmy. S. Madatta (2011), identified factors such as flexibility and ability to adopt to changes, strategic planning, and ability to seize opportunities are responsible for the success of business. The owner's ability to innovate, self confidence, structure of the firm constitutes important constituents of firm's survival and success. Even though they have low level of education, their competencies depend on strong relationship with employees, risk taking, and evaluation of market opportunities as well as ability to assimilate experiences. Through random sampling the sample for the interview study was drawn from SME's in Ilala and Temeke Municipal Councils.
7. Manuel Eberhard (2013) examined the relationship between manager's interpersonal network and SME internationalisation. The formal interpersonal network positively influences SME internationalisation, while the informal just opposite. A multiple regression model was used to analyse the results.
8. JS Wiese (2014) with the help of literature reviews identified the success factors of successful small businesses and compared the same in the Potchefstroom area of South Africa. The research is based on sustainability factors identified for the survival of SMEs. The study pinpoints the importance of communication as a major factor contributing towards sustainability whereas the need for achievement the least. Apart from communication, creation of websites, networking, relationship building, goal setting is some of the factors contributing to the survival of SMEs.

IX. Analysis and Findings

Social Networking is used as critical performance parameter to measure the performance of MSME. Social Networking in terms of Government, MSME training institutes and financial institutions are taken into account.

Hypothesis 1

There is no significant difference between Government support and performance of MSME

Table No: 1 Percentage table showing the awareness on different schemes offered by Government

	Frequency	Percent	Cumulative percent
Strongly agree	4	14.3	14.3
Agree	12	42.9	57.1
Neither agree nor disagree	28	42.9	100
Total	28	100	

Source: Primary data

From table No. 1 it is clear that more than 70 percent of entrepreneurs are aware of the schemes. It indicates that entrepreneurs maintain up-to-date knowledge on the sources from where funds can be acquired, awareness on subsidies for acquiring basic infra structural facilities. The entrepreneurs are of the opinion that most of the schemes are meant for backward sections as well as women.

Table No: 2 Percentage showing the support of Government during initial stage of operation

	Frequency	Percent	Cumulative Percent
strongly agree	16	57.1	57.1
agree	8	28.6	85.7
neither agree nor disagree	2	7.1	92.9
disagree	2	7.1	100.0
Total	28	100.0	

Source: Primary data

From table no: 2 it is clear that above 80 percent of entrepreneurs receive assistance during the initial stage of operation in the form of registration of unit, and obtaining licenses. But the entrepreneurs struggle a lot and it may involve huge procedures to get them sanctioned.

Table No: 3 Support received after the commencement of operation of the unit the form of guidance and counselling

	Frequency	Percent	Valid percent	Cumulative percent
Agree	4	14.3	14.3	14.3
Neither agree nor disagree	22	78.6	78.6	92.9
disagree	2	7.1	7.1	100
Total	28	100	100	

Source: Primary data

Table No: 4 Financial assistance in the form of subsidies and grants

	Frequency	Percent	Valid percent	Cumulative percent
Neither agree nor disagree	22	78.6	78.6	78.6
disagree	6	21.4	21.4	100
Total	28	100	100	

Source: Primary data

From table no: 3 and 4, the entrepreneurs have not received any assistance during the subsequent stages of operation of the unit. There are units that stands as ancillary to public sector undertakings and also receive the raw materials at subsidised cost, simultaneously the public sector undertakings should take initiative to promote the unit to further level of advancements.

Table No: 5 One way ANOVA showing entrepreneur's attitude towards Government support

	Sum of squares	df	Mean Square	F	Sig
Awareness on different schemes offered by Government for MSME	3.714	2	1.857	4.643	.019
Unweighted	.833	1	.833	2.083	.161
Weighted	1.984	1	1.984	4.959	.035
deviation	1.731	1	1.731	4.327	.048
Within group total	10.000	25	.400		
total	13.714	27			
Support received from the Government during first stage of operation	4.629	2	2.314	3.250	.056
Unweighted	2.700	1	2.700	3.792	.063
Weighted	4.005	1	4.005	5.626	.026
deviation	.623	1	.623	.875	.358
Within group total	17.800	25	.712		
total	22.429	27			
Support received after commencement of operation	.857	2	.429	2.143	.138
Unweighted	.833	1	.833	4.167	.052
Weighted	.665	1	.665	3.324	.080
deviation	.192	1	.192	.962	.336
Within group total	5.000	25	.200		
total	5.857	27			
Financial support from Government	.914	2	.457	3.008	.068
Unweighted	.533	1	.533	3.509	.073
Weighted	.791	1	.791	5.205	.031
deviation	.123	1	.123	.810	.377
Within group total	3.800	25	.152		
total	4.714	27			

Source: Primary data

From table no: 5, the null hypothesis is rejected, as the attitude of entrepreneurs is negative to Government Support. As part of digitisation, the micro units should start thinking of recording their orders, customer details, acquisition of orders, and details of supplier with the help of Enterprise Resource Management System. But the entrepreneurs due to their lack of knowledge in computer related aspects find it difficult to do the basic entry. Training programmes are provided to entrepreneurs on behalf of the Government through Entrepreneurial training institutes help to improve knowledge on IT, filing of tax returns, technological acquaintance etc. The Government officials despite of encouraging entrepreneurs visit the unit for monetary benefits. During the time of inception of the unit, the entrepreneurs are faced with a lot of difficulties in connection with obtaining municipal license, pollution control, electricity connections, water supply etc. Earlier the entrepreneurs need to file Entrepreneurs Memorandum to register the unit. Now it has been replaced with Udyog Adhar where online registration of the unit is made which is an easier one. As part of their product promotion, the public sector undertakings should ensure that reasonable proportion of MSME products should be brought by them. The District Industries Centre should make online Directory of MSME working units. The Government should take steps to acquire more number of lands and develop the same into industrial parks or estate.

Table No: 6 Multiple Comparison

Tukey HSD

Dependent variable			Sig
Awareness on different schemes offered by Government for MSME	micro	small	.021
		medium	.335
	small	micro	.021
		medium	.512
	medium	micro	.335
		small	.512
Support received from the Government during first stage of operation	micro	small	.147
		medium	.147
	small	micro	.147
		medium	1.000

	medium	micro	.147
		small	1.000
Support received after commencement of operation	micro	small	1.000
		medium	.123
	small	micro	1.000
		medium	.272
	medium	micro	.123
		small	.272
Financial assistance from Government	micro	small	.167
		medium	.167
	small	micro	.167
		medium	1.000
	medium	micro	.167
		small	1.000

Source: Primary data

From table no: 6, multiple comparison is made on the attitude of entrepreneurs towards Government support. The small and medium enterprises are having a positive attitude on the schemes offered, but after commencement of operation the expected support is not received.

Hypothesis 2

There is no significant difference between support of training institutions and performance of MSME

Table No: 7 Training programmes help to improve managerial competencies

	Frequency	Percent	Cumulative percent
Strongly agree	18	64.3	64.3
Agree	4	14.3	78.6
Neither agree nor disagree	4	14.3	92.9
disagree	2	7.1	100
Total	28	100	

Source: Primary data

Table No: 8 Training programmes help for technological acquaintance

	Frequency	Percent	Cumulative percent
Strongly agree	18	64.3	64.3
Agree	4	14.3	78.6
Neither agree nor disagree	4	14.3	92.9
disagree	2	7.1	100
Total	28	100	

Source: Primary data

From table no: 7 and 8, the entrepreneurs have acquired the managerial and technical skill from professional colleges they already attended. Most of them are passed out with their engineering degrees. Apart from that they were working for public sector undertakings after their collegiate education for above 10 years. As a result they were specialised in their respective areas.

Table No: 9 Training programmes help to generate new project ideas

	Frequency	Percent	Cumulative percent
Strongly agree	14	50	50
Agree	4	14.3	64.3
Neither agree nor disagree	6	21.4	85.7
disagree	4	14.3	100
Total	28	100.0	

Source: Primary data

From table no: 9, it is clear that around 65% of the entrepreneurs have positive opinion on the generation of new project ideas with the collaboration from educational institutions and previous work experiences.

Table No: 10 Training programmes help to improve knowledge on ICT

	Frequency	Percent	Cumulative percent
Strongly agree	2	7.1	7.1
Agree	6	21.4	28.6
Neither agree nor disagree	14	50	78.6
disagree	6	21.4	100
Total	28	100.0	

Source: Primary data

As most of the entrepreneurs are above the age of 35 years, they are not user friendly with computers. The entrepreneurs are less aware on the training programmes arranged by Kerala Small scale Industrial Associations

and other Entrepreneurship training institutes. Even though the entrepreneurs are paying membership fee in these institutions the relationship maintained by the entrepreneurs with them is poor. Therefore, there is monetary loss and less gain.

Table No: 11 One way ANOVA showing the attitude of entrepreneurs towards training programmes organised by training institutions

	Sum of squares	F	Sig
Training programmes help to improve managerial competencies(combined)	2.229	1.151	.332
Unweighted	.300	.310	.583
Weighted	.929	.959	.337
deviation	1.300	1.343	.257
Within group	24.200		
total	26.429		
Training programmes provide assistance for technological acquaintance	4.800	4.225	.026
Unweighted	.133	.235	.632
Weighted	1.077	1.896	.181
deviation	3.723	6.555	.017
Within group	14.200		
total	19.000		
Support received after commencement of operation	5.200	2.110	.142
Unweighted	4.033	3.274	.082
Weighted	2.423	1.967	.173
deviation	2.777	2.254	.146
Within group	30.800		
total	36.000		

Source: Primary data

From table no: 11, the null hypothesis is rejected the entrepreneurial training programmes enable to enhance the skill of entrepreneurs in relation with ICT as well as managerial competencies. As these entrepreneurs are the persons who come out from professional colleges and are placed in well reputed MNCs, enables them to apply the skills while starting their own unit. MSME training institutes have lesser role in up gradation of skill level of entrepreneurs.

Table No: 12 Multiple Comparison

Tukey HSD

Dependent variable	msme category	msme category	Sig
Training programmes help to improve managerial competencies	micro	small	.315
		medium	.844
	small	micro	.315
		medium	.755
	medium	micro	.844
		small	.755
Training programmes provide assistance for technological acquaintance	micro	small	.020
		medium	.879
	small	micro	.020
		medium	.166
	medium	micro	.879
		small	.166
Entrepreneurship Development programmes help to generate new project ideas	micro	small	.790
		medium	.187
	small	micro	.790
		medium	.156
	medium	micro	.187
		small	.156
Entrepreneurship Development programmes enables to improve knowledge on ICT	micro	small	.976

Source: Primary data

From table no: 12, the respondents are of the opinion that training programmes provided by MSME training institutes will not improve managerial competencies, technological acquaintance as well as idea generation. The entrepreneurs even though they receive training from MSME training institutes and other professional organisations, appraisal of the performance of entrepreneurs are not made regularly. Even if they have availed training, they find it difficult to meet emergency situations.

Therefore before the introduction of such major changes in the economy, the entrepreneurs should be given a preparation time to make arrangements regarding the source of funds as well as raw materials. Therefore managerial competencies are required to meet uncertain circumstances.

Hypothesis 3 There is no significant difference among financial institutions and performance of MSME.

Table No: 13 Attitude of entrepreneurs towards rate of interest charged by financial institutions

	Frequency	Percent	Cumulative percent
Strongly agree	12	42.9	42.9
Agree	9	32.1	75.0
Neither agree nor disagree	5	17.9	92.9
disagree	2	7.1	100.0
Total	28	100.0	

Source: Primary data

From the table no:13, it is clear that majority of the entrepreneurs are of the opinion that banks are charging high rates of interest. Even though some nationalised banks offer relaxation in terms of interest rates, the entrepreneur's mind set still stick on to the traditional beliefs on interest rates.

Table No: 14 Attitude of entrepreneurs towards financial institutions with respect to borrowings.

	Frequency	Percent	Cumulative percent
Neither agree nor disagree	16	57.1	57.1
disagree	11	39.3	96.4
Strongly disagree	1	3.6	100.0
Total	28	100.0	

Source: Primary data

From table no: 14, the entrepreneur shows the attitude of silence for the above question. As the entrepreneurs are not interested in borrowing from financial institutions, the response was neither positive nor negative.

Table No: 15 Attitude of entrepreneurs towards financial institutions with respect to credit guarantee scheme.

	Frequency	Percent	Cumulative percent
Neither agree nor disagree	18	64.3	64.3
disagree	8	28.6	92.9
Strongly disagree	2	7.1	100.0
Total	28	100.0	

Source: Primary data

The entrepreneurs who are the recipients of credit guarantee scheme are limited. As the scheme's availability is entirely based on the project profiles, the branch manager should have reasonable knowledge on respective business projects and discuss in consensus with the entrepreneur and provides guarantee.

Table No: 16 One way ANOVA showing the relationship between attitude of entrepreneurs towards financial institutions

	F	Sig
The rate of interest charged by financial institutions is high (combined)	.065	.937
Unweighted	.076	.785
Weighted	.035	.853
deviation	.096	.759
The funds availed by entrepreneurs are sanctioned within a shorter period of time (combined)	1.644	.213
Unweighted	.701	.410
Weighted	.077	.783
deviation	3.211	.085
In the event of default of interest payment ,any alternatives provided by financial institutions(combined)	.761	.478
Unweighted	.888	.355
Weighted	1.317	.262
deviation	.205	.655

Source: Primary data

From table no: 16, it is clear that there is no significant variation on the attitude of entrepreneurs concerned with the rate of interest charged by financial institutions. Entrepreneurs have positive opinion as high rate of interest is charged.

Table No: 17 Multiple comparison

Tukey HSD

Dependent variable	msme category	msme category	Sig
The rate of interest charged by financial institutions is high	micro	small	.981
		medium	.959
	small	micro	.981
		medium	.932
	medium	micro	.959
		small	.932

The funds availed by entrepreneurs are sanctioned within a shorter period of time	micro	small	.333
		medium	.684
	small	micro	.333
		medium	.200
	medium	micro	.684
		small	.200
In the event of default of interest payment ,no alternatives are provided by financial institutions	micro	small	.619
		medium	.619
	small	micro	.619
		medium	1.000
	medium	micro	.619
		small	1.000
Loans available under credit guarantee scheme	micro	small	.279

Source: Primary data

From table no: 17, the entrepreneur's attitude towards the rate of interest charged by financial institutions are synonymous. i.e., the financial institutions charge exorbitant rate of interest. Despite of the above, the funds are not available at the right time when required by entrepreneurs. Generally, the Government's credit guarantee scheme have become popular, the entrepreneurs attitude towards the scheme was negative.

X. Suggestions

1. More areas of land should be acquired by the Government and develop them into industrial plots to foster entrepreneurial growth.
2. The entrepreneurs who are in the scene of manufacture of environment friendly products should be given special priority by extending subsidies and grants.
3. As part of digitisation, the entrepreneurs are in panic situations to maintain up-to-date filing of taxes. Therefore it is necessary on the part of Government to provide proper education on GST related areas, since certain units are in the stage of closure. Through the medium of entrepreneurship training institutions, workshops and seminars should be organised.
4. The bank officials should be given proper education to analyse on the project profiles that involve high cost by entrepreneurship training institutes.
5. The Government should organise more number of vendor development programmes for showcasing the products of entrepreneurs.
6. The entrepreneurs who come out from PSUs and nurtures their own units should be given special assistance in the form of advances, raw materials, technical and advisory skills.

XI. Conclusion

Social Networking act as an important parameter for measuring the competitive sustainability of Micro, Small and Medium Enterprise. The relationship maintained by the entrepreneurs with Government, financial institutions and other entrepreneurship supporting institution are vital for fund acquisitions which may lead to the substantial growth of entrepreneurial ventures. Social Networking provides massive opportunities to the entrepreneurs to grab huge market share. Therefore, the sustainability of entrepreneurs as well as the enterprise depends on their ability to form social networks so that it becomes easier to think to a global shift. For the purpose the attitude of Government should be futuristic. The Government who act as the basic milestone should come forward for providing all forms of support and assistance, followed by other entrepreneurial institutions.

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