

AN INDUSTRY WISE COMPARATIVE STUDY ON EMPLOYEE PERCEPTION ABOUT THE IMPLEMENTATION OF TRANSACTION MANAGEMENT FOUNDATION (TMF) IN MSME UNITS OF INDUSTRIAL ESTATE

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ABSTRACT

***Introduction, Research Gap and Research Problem:** Micro, Small and Medium Enterprises have emerged as a vibrant and dynamic component of Indian Economy by virtue of their significant contribution to the gross domestic product, industrial production, and exports. The most important contribution of this sector is towards employment generation. The term MSME is widely used to describe the small business in the private sector. The MSME sector plays a significant role in every economy. The MSME sector in India is also characterized by its high growth potential and its contribution to economic growth and development. In spite of this, the MSME sector faces sickness due to various factors which can be overcome by the collaborative effort of supply chain partners. Among the various industrial estates in Trivandrum, Manvila Industrial Estate has caught the attention of media due to its lack of infrastructure development and government negligence. The industrial estate, which was developed with the aim of providing economic development, is now in a declining condition. The main problem could be lack of conceptual framework and basic knowledge of supply chain management amongst the business practitioners. An effective supplier and customer relationship, along with efficient internal marketing practices will help the firms in making strategic decisions that provide value addition to its customers. The study aims to evaluate the Transaction Management Foundation practices adopted by the MSME units of Manvila Industrial Estate. Transaction Management Foundation has broadened the scope of decision making for entrepreneurs. It helps to optimize the performance of the business across the entire channel partners of both upstream and downstream. TMF underscores the importance of incorporating all the marketing communication efforts.*

KEYWORDS: MSME, Transaction Management Foundation, Supplier Relationship Management, Internal Supply Chain Management, Customer Relationship Management

INTRODUCTION

Transaction Management Foundation revolves around the three macro processes – Supplier Relationship Management, Internal Supply Chain Management, and Customer Relationship Management. TMF thus helps to create a collaborative atmosphere which leads to a more integrated network where independent companies work together to create value addition. This study carried out at Manvila Industrial Estate will give a comprehensive idea on the various adopted by MSME units. It helps to understand the difference in strategies adopted by the units belonging to a different type of industries. This study will throw light into their shortcomings and how they can overcome their weakness through a collaborative partnership. This study can be further extended so as to analyze the TMF practices in the MSME units of Trivandrum. This holistic approach helps to create an atmosphere of mutual trust among the various entities where the firms rely on sharing of information, risks, and rewards.

Objectives of the Study

- To ascertain the influence of industry type on the employee perception about the effectiveness of Supplier Relationship Management in MSME units of Manvila Industrial Estate.
- To ascertain the influence of the type of industry on the employee perception about the effectiveness of Internal Supply Chain Management practices in MSME units of Manvila Industrial Estate.
- To ascertain the influence of industry type on the employee perception about the effectiveness of Customer Relationship Management in MSME units of Manvila Industrial Estate.
- To determine the factors affecting the effectiveness of Transaction Management Foundation in MSME units of Manvila Industrial Estate.
- To ascertain the relative ranking of various organizational factors by employees belonging to different industries in MSME units of Manvila Industrial Estate.

REVIEW OF LITERATURE

The emergence of extended supply chain management (ESCM) has broadened the scope of decision-making for supply chain professionals. It has expanded from trying to optimize performance within the division or business unit, then throughout the enterprise, and now across the entire supply chain, which includes trading partners both upstream and downstream. This broader scope underscores the importance of incorporating all of the supply chain processes in decision-making activities. From an enterprise's perspective, all extended supply chain management processes can be categorized into three main areas: processes focused downstream, processes focused internally, and processes focused upstream.

Chopra & Meindl (2008)

This classification is used to define the three macro 3 processes as follows:

- Supplier Relationship Management (SRM): Processes that focus on upstream interactions between the enterprise and its suppliers. SRM includes all processes that focus on the interface between a firm and its suppliers such as evaluation and selection of suppliers, negotiation of supply terms and communication regarding new products and orders.

- Internal Supply Chain Management (ISCM): Processes that focus on internal operations within the enterprise. Note that we are adopting the software industry's definition of supply chain management, which generally refers to operations conducted within the enterprise. ISCM includes all processes that are internal to the firm such as finalization of demand and supply plans, preparation of inventory management policies, order fulfillment, and planning of capacity.
- Customer Relationship Management (CRM): Processes that focus on downstream interactions between the enterprise and its customers. CRM includes all processes that focus on the interface between the firm and its customers such as marketing, sales, call center management, and order management.

Chopra & Meindl (2008) stated that from the enterprise's perspective, all the processes within its supply chain can be categorized into three main areas:

- Processes focused output – Customer Relationship Management,
- Processes focused internally – Internal Supply Chain Management,
- Processes focused input – Supplier Relationship Management.

And the category providing the flow between all of these processes called Transaction Management Foundation.

RESEARCH METHODOLOGY

In this study, the researcher used a descriptive survey research design. The descriptive survey involves acquiring information about one or more groups of people asking them questions and tabulating their answers. The ultimate goal of survey research design is to learn about a large population by surveying their representative sample, summarizing their responses in percentages, frequency, or more sophisticated statistical tools. Finally, drawing inferences about a particular population from the responses of the sample would be possible. Accordingly, the researcher used a descriptive survey (quantitative approach) to test the hypotheses. The employees working in various MSME units of Manvila Industrial Estate were taken as the sampling unit to study their perception on the implementation of TMF in MSME units. The population of the study included 322 employees working in the 25 MSME units of Manvila Industrial Estate. From the population, a sample size of 176 was taken for the purpose of analysis. Proportionate stratified random sampling method was used for selecting the respondents. Stratified sampling is a probability sampling technique wherein the researcher divides the entire population into different subgroups or strata, then randomly selects the final subjects proportionally from the different strata. The 25 companies in Manvila Industrial Estate were stratified on the basis of the industry in which they belong and the number of employees to be interviewed was selected proportionately from each industry. Twenty employees of the furniture industry, 6 of packaging, 13 of steel and aluminum, 5 of bio-chemical, 19 of food, 60 of engineering works and 50 of polymer industry were interviewed to find their perception on Transaction Management Foundation in MSME units of Manvila Industrial Estate. The primary data was collected by means of a survey. The schedule was prepared and the employees of the 25 MSME units in Manvila Industrial Estate were interviewed personally.

The questionnaire contained 6 demographic questions and the rest covered the various aspects of supplier relationship management, internal supply chain management, and customer relationship management. The response of the sample was recorded on a five-point grade scale of very less, less, moderate, high and very high for each question. The

information obtained was later analyzed to obtain the interpretations and the findings. The secondary data used for the study was collected from various company websites, textbooks, national and international journals, articles and government websites. The questionnaire was designed to analyze the implementation of the Transaction Management Foundation in MSME units of Manvila Industrial Estate. The questionnaire framed for the study is a structured questionnaire in which all the questions are predetermined before conducting the interview. The questionnaire was designed to gather homogenous data, which will help in the easy analysis of data. The questionnaire had six parts. It comprised of 46 closed-ended items to measure six variables used in the study. These items were measured on a five-point Likert scale that ranged from “very less” to “very high”. Other than closed-ended questions, there was a section to capture demographic details. Thus, in total, the questionnaire had 52 questions. Data analyses depend on both the objectives of the study and the nature of the variables in the data collected. The obtained data were analyzed using descriptive and inferential statistics. Descriptive statistics such as frequency and percentage were used to analyze the collected data. Inferential statistics such as ANOVA, correlation, and regression analysis test were used to compare the mean differences.

Data Analysis and Interpretation

Effectiveness of SRM Based on Industry Type

H_0 : There is no significant relationship between the type of industry and the employee perception on the effectiveness of Supplier Relationship Management practices adopted in MSME units of Manvila Industrial Estate.

H_1 : There is a significant relationship between the type of industry and the employee perception on the effectiveness of Supplier Relationship Management practices adopted in MSME units of Manvila Industrial Estate.

Table 1: ANOVA Result for Industry Type and SRM Practices

ANOVA					
SRM Practices					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	38.172	7	5.453	119.083	.000
Within Groups	7.693	168	.046		
Total	45.866	175			

Inference

The ANOVA results indicated that the effectiveness of Supplier relationship management practices adopted by various MSME units significantly differs on the basis of the type of industry. Since the obtained value of significance.000 is less than the critical value of 5 percent significance, the null hypothesis is rejected. Hence the alternate hypothesis that there is a significant relationship between the type of industry and employee perception on the effectiveness of Supplier Relationship Management practices adopted in MSME units of Manvila Industrial Estate is accepted. The test result implies that the supplier relationship management practices adopted by the firms of different industries are different. The effectiveness of SRM practices is high in engineering works while it is least in the food industry.

Effectiveness of ISCM Based on Industry Type

H_0 : There is no significant relationship between the type of industry and the employee perception on the effectiveness of Internal Supply Chain Management practices adopted in MSME units of Manvila Industrial Estate.

H₁: There is a significant relationship between the type of industry and employee perception on the effectiveness of Internal Supply Chain Management practices adopted in MSME units of Manvila Industrial Estate.

Table 2: ANOVA Result for Industry Type and ISCM Practices

ANOVA					
ISCM of the Organization					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.564	7	.509	19.044	.000
Within Groups	4.491	168	.027		
Total	8.055	175			

Inference

The ANOVA results indicated that the effectiveness of internal supply chain management practices adopted by various MSME units significantly differs on the basis of the type of industry. Since the obtained value of significance.000 is less than the critical value of.05 significance, the null hypothesis is rejected. Hence the alternate hypothesis that there is a significant relationship between the type of industry and employee perception on the effectiveness of Internal Supply Chain Management practices adopted in MSME units of Manvila Industrial Estate is accepted. The test result implies that the internal supply chain management practices adopted by the firms of different industries are different. The effectiveness of internal supply chain practices is high in engineering works and least in the steel and aluminum industry.

Effectiveness of CRM Based on Industry Type

H₀: There is no significant relationship between the type of industry and employee perception on the effectiveness of Customer Relationship Management practices adopted in MSME units of Manvila Industrial Estate.

H₁: There is a significant relationship between the type of industry and employee perception on the effectiveness of Customer Relationship Management practices adopted in MSME units of Manvila Industrial Estate.

Table 3: ANOVA Result for Industry Type and CRM Practices

ANOVA					
CRM Practices					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.064	7	1.295	9.492	.000
Within Groups	22.918	168	.136		
Total	31.983	175			

Inference

The ANOVA results indicated that the effectiveness of customer relationship management practices adopted by various MSME units significantly differs on the basis of the type of industry. Since the obtained value of significance.000 is less than the critical value of 5 percent significance, the null hypothesis is rejected. Hence the alternate hypothesis that there is a significant relationship between the type of industry and employee perception on the effectiveness of Customer Relationship Management practices adopted in MSME units of Manvila Industrial Estate is accepted. The test result implies that customer relationship management practices adopted by the firms of different industries are different. The effectiveness of CRM practices is high in the glass industry and it is least in the food industry.

Relationship between CRM and Competitive Positioning

H₀: There exists no relationship between employee perception on customer relationship management and the competitive positioning in MSME units of Manvila Industrial Estate.

H₁: There exists a relationship between employee perception on the customer relationship and the competitive positioning in MSME units of Manvila Industrial Estate.

Table 4: Correlation between CRM Practices and Competitive Positioning

			CRM Practices	Competitive Positioning
Spearman's rho	CRM practices	Correlation Coefficient	1.000	.369**
		Sig. (2-tailed)	.	.000
		N	176	176
	Dimensions of Competitive Position	Correlation Coefficient	.369**	1.000
		Sig. (2-tailed)	.000	.
		N	176	176

It is observed that there is a weak positive correlation between customer relationship management practices adopted by the MSME units and the competitive positioning of the firms ($r=0.369$). Also the obtained significance value 0.000 is less than the critical value of 0.05. Therefore the null hypothesis is rejected.

Inference

The correlation coefficient 0.369 implies that customer relationship management practices have some impact on the competitive positioning of the firms. Therefore, the alternate hypothesis that there exists a relationship between employee perception on the customer relationship and the competitive positioning in MSME units of Manvila Industrial Estate is accepted.

Relationship between Information Sharing and Supplier Partnership

H₀: There exists no significant relationship between employee perception on the information sharing paradigm and the efficient supplier partnership in MSME units of Manvila Industrial Estate.

H₁: There exists a significant relationship between employee perception on the information sharing paradigm and the efficient supplier partnership in MSME units of Manvila Industrial Estate.

Table 5: Correlation between Information Sharing and Supplier Partnership

			Supplier Partnership	Information Sharing
Spearman's rho	SRM practices	Correlation Coefficient	1.000	.670**
		Sig. (2-tailed)	.	.000
		N	176	176
	Information Sharing	Correlation Coefficient	.670**	1.000
		Sig. (2-tailed)	.000	.
		N	176	176

It is observed that there is a moderate positive correlation between the information sharing paradigm and the supplier relationship management of the firms ($r=0.670$). Also the obtained significance value 0.000 is less than the critical value of 0.05. Therefore the null hypothesis is rejected.

Inference

The correlation coefficient 0.670 implies that the extent of information sharing practiced by the MSME units has an impact on their supplier relationship management. Since the significant value obtained is less than the critical value of significance, the null hypothesis is rejected and the alternate hypothesis that there exists a relationship between employee perception on the information sharing paradigm and the efficient supplier partnership in MSME units of Manvila Industrial Estate is accepted.

Relative Ranking of Organizational Factor Affecting Employees

Table 6: Ranking of Organizational Factor Affecting Employees

Organizational Factors	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Mean	Standard Deviation	Rank
Working Atmosphere	0	0	0	23.3	76.7	4.7670	.42392	1
Employee Assistance	3.4	0.6	3.4	51.7	40.9	4.2614	.84169	3
Employee Welfare	4.5	5.7	12.5	67	10.2	3.7273	.89094	4
Organizational Climate	0	0	1.7	40.9	57.4	4.5568	.53148	2

Inference

The importance of organizational factors affecting the work as perceived by the employees is shown in table 4.11. The mean of all the four organizational factors is above the average mean value. This shows that employees give very much importance to the working atmosphere of the firm, employee assistance provided to them, employee welfare measures taken by them and the organizational climate. The working atmosphere is ranked first by the employees followed by the organizational climate in the second position. Employee assistance is accorded rank 3 and employee welfare is given rank 4 by the employees of MSME units.

Findings

It was found through ANOVA analysis that there is a significant relationship between the type of industry and the effectiveness of Supplier Relationship Management practices adopted in MSME units of Manvila Industrial Estate. ANOVA results also revealed that there is a significant relationship between the type of industry and the effectiveness of internal supply chain management practices adopted in MSME units of Manvila Industrial Estate. It was found through the ANOVA test that there is a significant relationship between the type of industry and the effectiveness of Customer Relationship Management practices adopted in MSME units of Manvila Industrial Estate. The study observed that there is a weak positive correlation between customer relationship management practices adopted by the MSME units and the competitive positioning of the firms ($r=0.369$). It was observed that there is a moderate positive correlation between the information sharing paradigm and the supplier relationship management of the firms ($r=0.670$). The study also revealed the importance of organizational factors as perceived by the employees and it was identified that Working atmosphere, employee assistance, employee welfare, and organizational climate are given high importance by the employees. It was found from the ANOVA test that there is a significant difference in the working atmosphere of the MSME units on the basis of industry. The ANOVA test also revealed that the employee assistance provided by the MSME units differs on the

basis of the type of industry. It was found through the ANOVA test that the welfare measures provided to the employees of MSME units differ on the basis of the type of industry. From the results of ANOVA, it was observed that there exists no significant difference in the organization climate of MSME units on the basis of type of industry in which they belong. The regression analysis revealed that the SRM practices, level of information sharing, dimensions of competitive positioning, internal operations, operational flexibility and CRM practices adopted by the firms have an influence on the effectiveness of Transaction Management Foundation in MSME units.

Implications of the Study

Strategic supplier partnership is an important factor for the growth of the firm. It was found that the food industry gives the least importance for SRM practices. The MSME units of the food industry have to improve their supplier relationship strategies so that they can improve their operational efficiency. The extent of information sharing can be improved by all the MSME units since effective information sharing between supply chain partners enhances most supply chain initiatives, including vendor, managed inventory, continuous replenishment program, collaborative forecasting and replenishment, and efficient customer response. The MSME units can make use of web-based data exchange between its supply chain members which will increase their operational efficiency. The MSME units need to focus more on capturing market share by improving their product quality, by keeping up with the latest trend and by diversifying their product portfolio. The firms have to provide good working conditions so that the employees feel motivated, which will reflect on employee productivity. As in all firms, the Welfare measures adopted by Micro, Small and Medium Enterprises will help in retaining the employees. Along with the focus on employee welfare schemes like travel allowances, festival bonus, and medical insurance. Micro, Small and Medium Enterprises also have to focus more on customer satisfaction. They should frequently interact with customers in order to set the company's reliability, responsiveness, and other standards.

The analysis revealed that the MSME units have identified supplier relationship and customer relationship as important components for the growth of the business. However, they are identified to have very limited setup systems. The MSME units are observed to have weak information system infrastructure for supply chain activities. They need to focus more on enhancing the collaboration with their supply chain partners so as to improve their operational efficiency. The organizational factors affecting the employees are also analyzed in this study. It was found that employees give high importance to the working atmosphere, employee assistance, employee welfare schemes, and organizational climate. The working condition and employee welfare is taken good care of by high-profit-making firms. But the low profit making MSME units are found to be neglecting their employee welfare. Firms need to understand the importance of employee retention and formulate strategies for improving working conditions. Undoubtedly the MSME sector has enormous potential and is a crucial aspect of the Indian economy. However, it is essential on the part of the government to take careful decisions and honest policy implementation to overcome the problems of the MSME sector.

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