

**CHALLENGES OF EXPORTS IN SMALL MEDIUM
ENTERPRISE'S AND CUSTOMER RELATIONSHIP
MANAGEMENT (CRM) REGARDING B2B E-COMMERCE
IN SMALL AND MEDIUM ENTERPRISES (SME'S) IN
HYDERABAD**

Dr.R.Aruna*

Mr. Bandaru Dinesh**

Prof. J.Balaji***

Abstract : -

In this paper we analysed the challenges faced by the SME'S in exporting and to determine whether the CRM tools are beneficial to the companies and also the perception of the employees about the CRM application using data collected from small and medium-sized industries in Hyderabad in the state of Telangana (INDIA). The study begins with the assessment of the research questions:

What are the export challenges faced by SMEs in Hyderabad in the state of Telangana?

What is the perception of the employees in SMEs about the application of Customer Relationship Management (CRM) tools?

* **Assistant Professor, VIT Business School, VIT University, Chennai.**

** **MBA Student, VIT Business School, VIT University, Chennai.**

*** **Assistant Professor (S.G), VIT Business School, VIT University, Chennai.**

METHODOLOGY

Factors affecting the Exports in SME's through E-Commerce and insights of CRM operations based on data collected from small and medium-sized industries in Hyderabad were analysed in this study. This study also includes information about challenges met by employees in exporting and also acceptance of E-Commerce and about the various perceptions on CRM in these enterprises.

SAMPLING

The sampling is from small- and medium-sized enterprises that are located in various industrial areas of *Hyderabad in Telangana State of India*. Hyderabad is one of the well-developed metro cities of India and there are many SMEs in this region. It is the capital of Telangana state. There are thousands of Small and Medium Scale industries present in Hyderabad but in all we took a Sample size of 252 companies and research was conducted on these companies.

Multi-item scales were adopted from previous studies for the measurement of the constructs. It consists of 15 questions, based on a five-point likert scale based on agree/disagree field (1 =strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly agree).

The survey approach was used, which allowed perception of export barriers to be assessed, as well as perceptions on CRM tools. Questions addressed perceptions of the role of export barriers (5-point Likert scale) and the insights of the CRM tools (5-point Likert scale) were added.

DATA COLLECTION

A total of 15 questions were prepared in each questionnaire for the SME's and a total of 270 questionnaires were prepared.

In that 120 questionnaires were asked to the clients on call and the other 150 questionnaires were asked face to face with the employees of SME's. These firms were chosen randomly as there are large numbers of firms available. We got a total of 252 responses recorded.

DATA ANALYSIS

We stored the total 252 responses in the Excel format and analysed using simple formulas. We allocated the values for the Likert scale (1 =strongly disagree, 2 = disagree, 3 = Neutral, 4 =

agree, 5 = strongly agree). We used conditional statements and analysed these responses and also got the average of all the responses for each question.

RESULTS

From the analysis we got that SME's would like to do exports in domestic and international ways. We got 79% of SME's would like to do exports and 21% doesn't want to do exports as they are satisfied with the present customers who are very much loyal to them.



Figure 1 : Challenges in Export

Coming to the challenges specified by the SME's in doing exports are given below:

- Firm capabilities
- Financial resources and human resources
- Poor knowledge of potential markets
- Continuous information flows and lack of facilities to acquire essential info and promote the product overseas.
- Distribution time and paperwork required to comply with foreign and domestic market regulations.
- Marketing Information.

Large number of SME's are communicating that there is lack of firms capabilities and lack of knowledge about the companies overseas.

Knowledge about E-commerce in SME's is great and they agree that it will help in the growth of companies business in the current competitive world. 65% SME's would agree and 31% would strongly agree for this. Only 4% are neutral. Below graph shows the results.

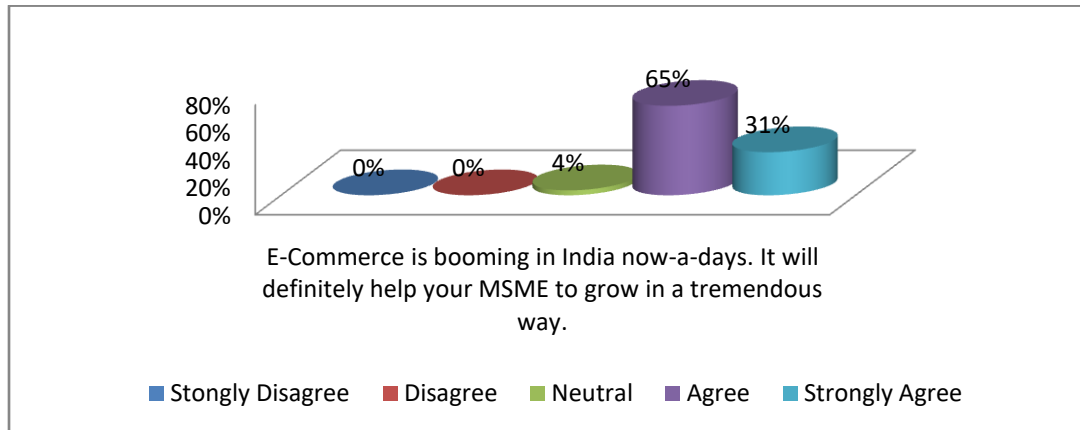


Figure 2: E-Commerce Growth

SME's believe that doing business through online would gain more customers to them but there are 2% of SME's that strongly disagree for it, 41% strongly agree, 26% agree and 31% are neutral.

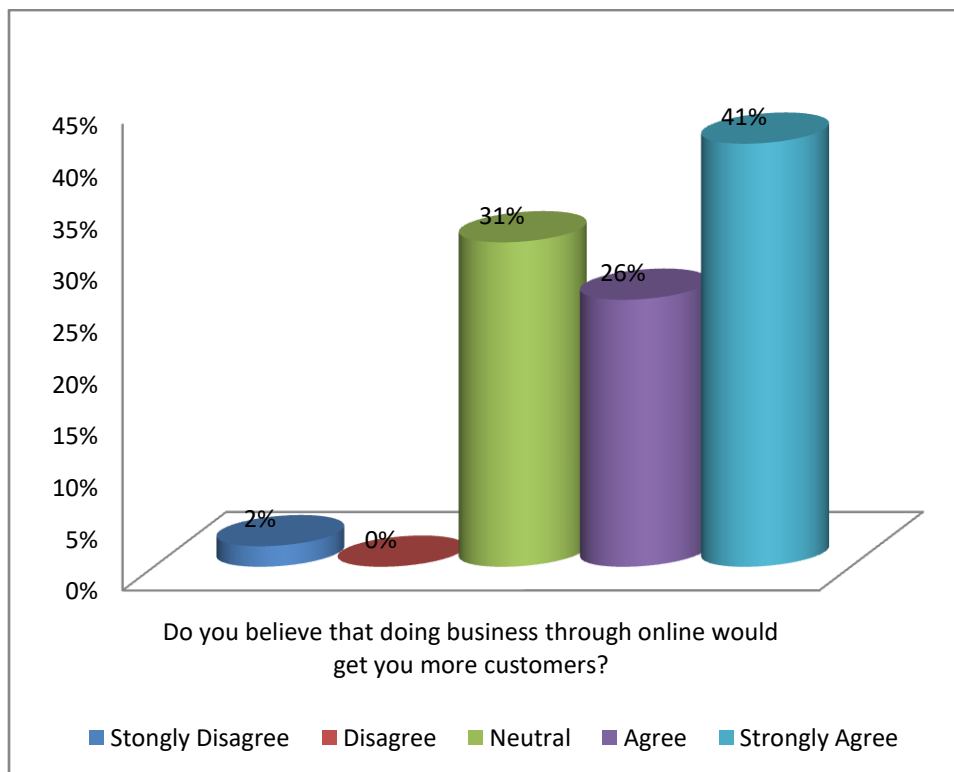


Figure 3: Getting more Customers through Online Business

Customer relationship is the primary criteria for all the organizations that want to sustain in the competitive world. They need to explore and innovation of new ideas will keep a long-lasting relationship with the customers. It has to be given the main priority. Through E-Commerce it's very much easier for the companies to maintain relationship with the customers. But in SME's the results came are different as they believe that customer must be satisfied when they show the finished products to them with the required specifications and not through just online. Anyways 42% of them agree and only 3% strongly agree.

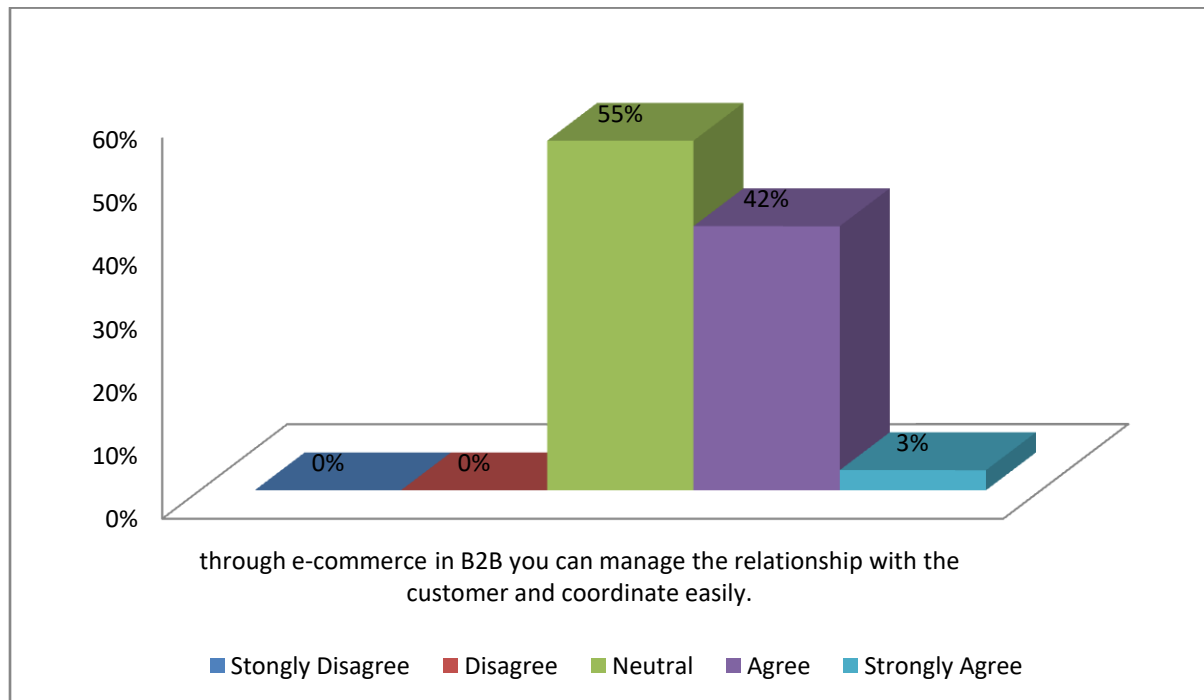


Figure 4: E-Commerce in B2B

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

The ratings given by the SME's in the implementation and managing of the CRM tools in their companies are taken on an average as it gives how much percentage of companies have given each rating from 0 to 10. The results are given below

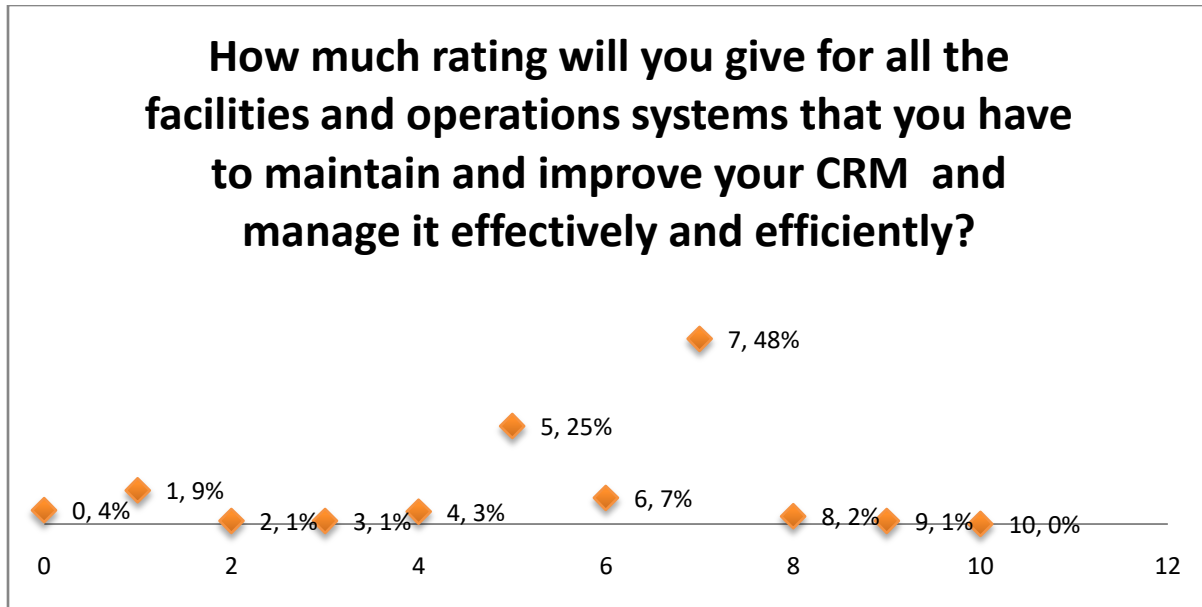


Figure 5:Facilities and Operations

Small and medium scale industries believe that supporting budget and senior management commitment is needed for the implementation of CRM tool in the organization.

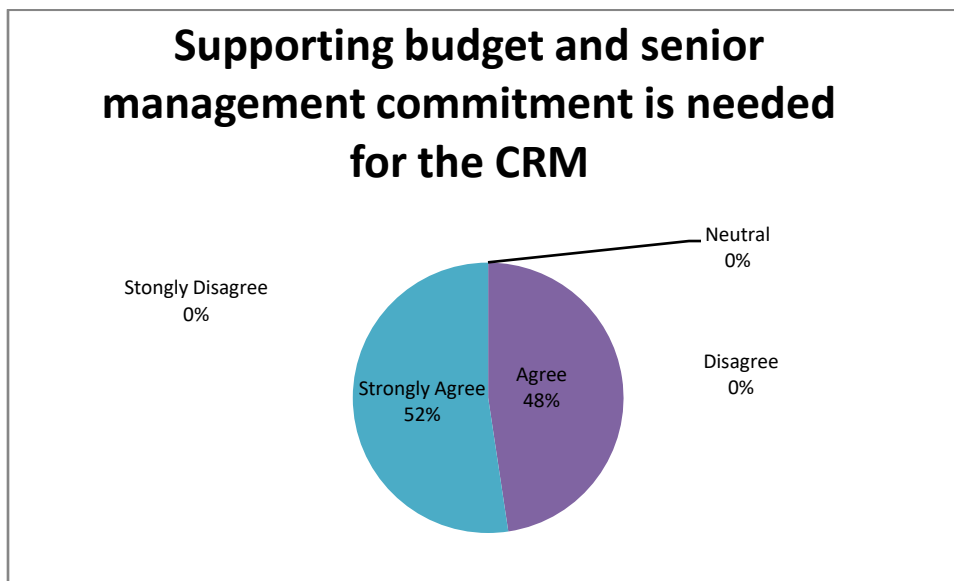


Figure 6:Supporting budget and senior management commitment for CRM

Any customer for any company is important and coming to the transactions in any company should not be complex. If the transactions are complex and unsecured the customers fear for their safety and there is a danger to lose the customer permanently. This situation also is dealt by

CRM. In SME's only 23% of SME's would provide easier and secured payment options for the customers and 77% of SME's does not have payment options or they don't provide easier payment options to the customers.

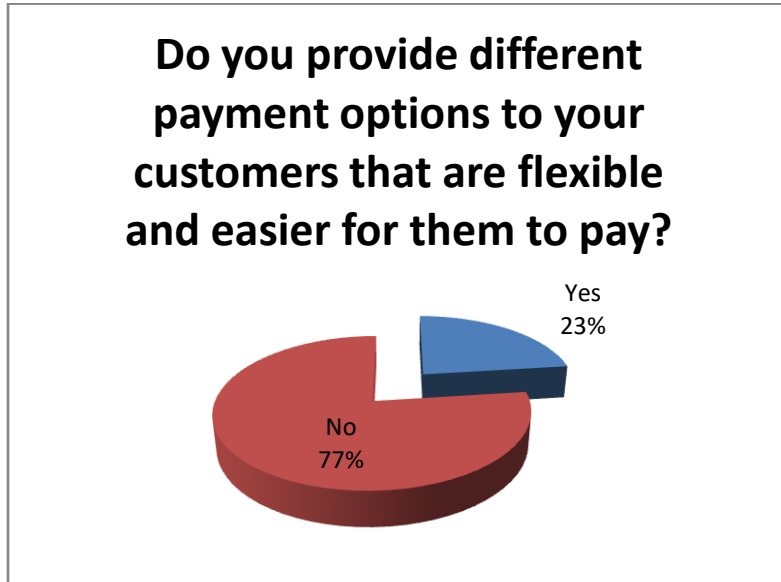


Figure 7: Payment Option

SME's believe that having a CRM tool would help them to grow tremendously in the future. 64% Agree and 36% Strongly Agree.

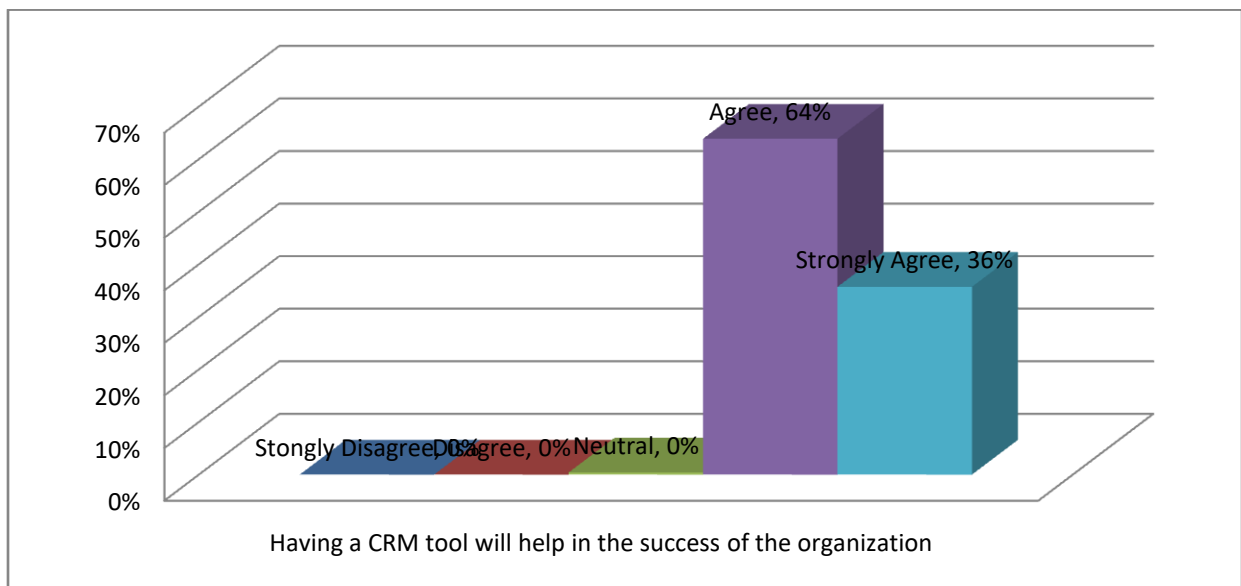


Figure 8:Success rate of CRM Tools

Through CRM, SME's believe that they can manage the price variations between products ordered by the customers and they give utmost value to the products ordered by the customers.

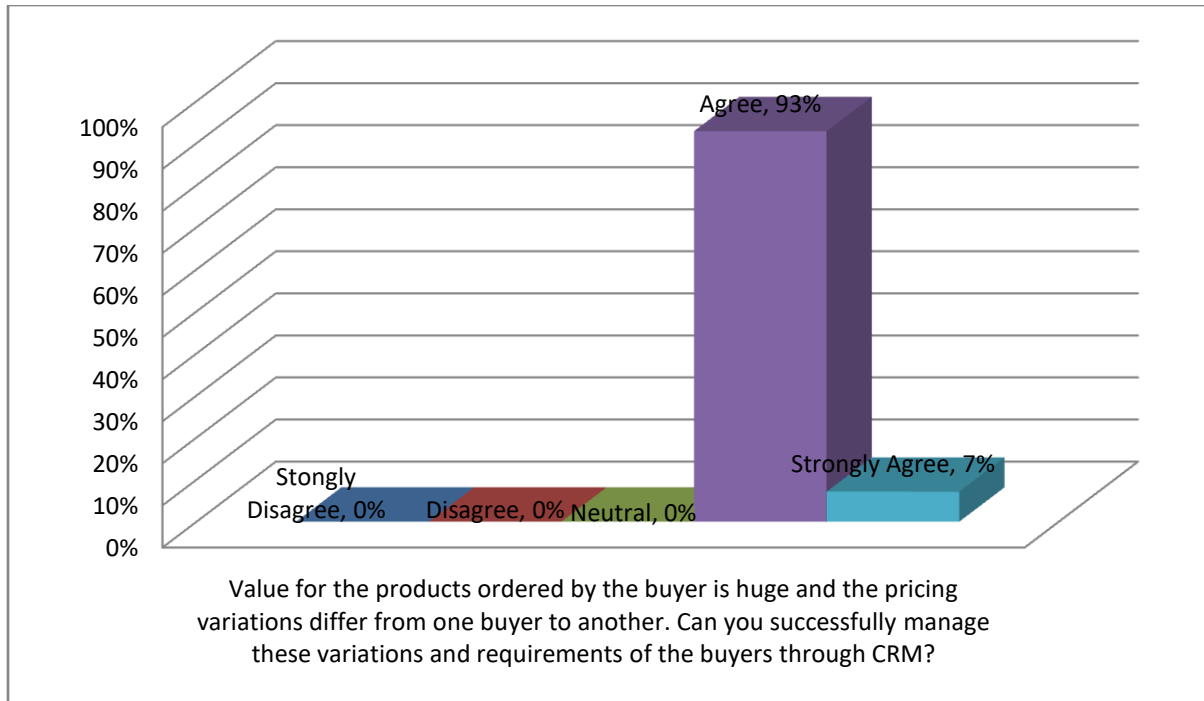


Figure 9: Pricing Variations

CRM helps in delivery of products to the customers efficiently and effectively as the customers for the SME's would always have a tight schedule and other problems. CRM would help in designing a effective way to reach the customers in time. SME's also believe that.

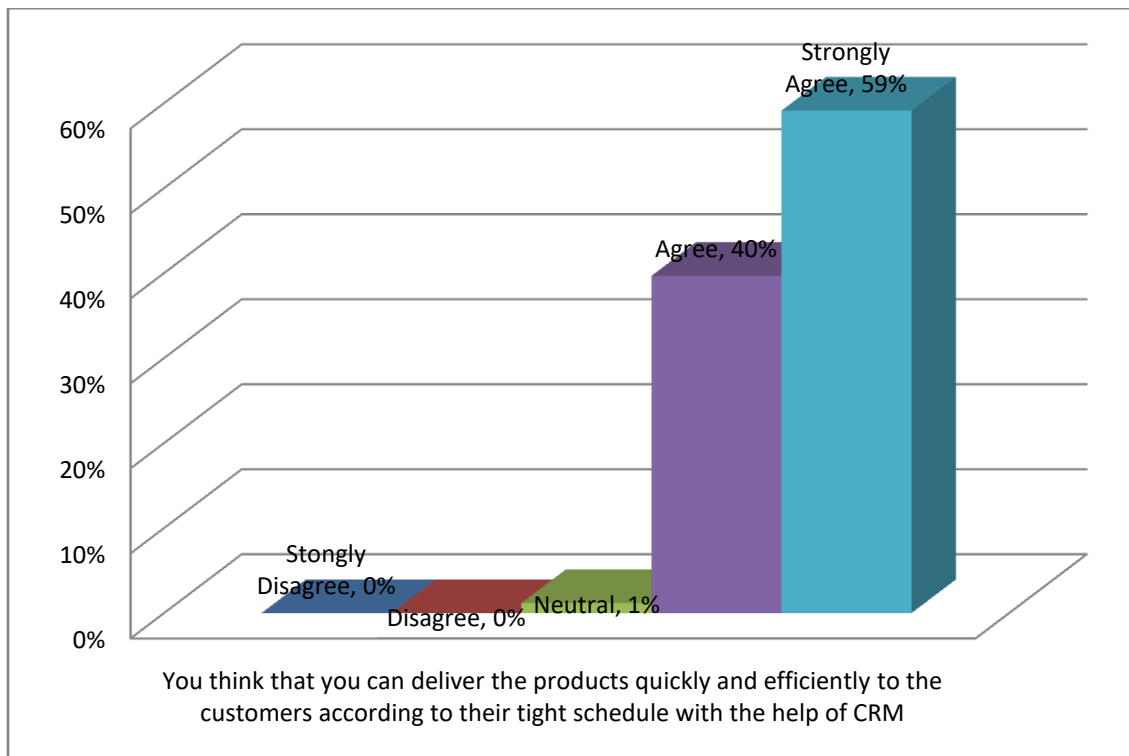


Figure 10: Quick and Efficient Delivery**FACTOR ANALYSIS:**

Factor analysis is a method of variable reduction. The underlying latent variables that are replicated in the observed variables are considered. Factor analysis as a technique is performed for sufficient sample size using Kaiser Meyer Olkin (KMO) Test. Factor analysis is based on the correlation matrix of the variables involved, and correlations usually need a large sample size before they stabilize. Tabachnick and Fidell (2001, page 588) cite Comrey and Lee's (1992) advice regarding sample size: 50 cases is very poor, 100 is poor, 200 is fair, 300 is good, 500 is very good, and 1000 or more is excellent. To avoid computational difficulties a minimum of 10 observations per variable is needed.

By doing this factor analysis we get the required results of three factors evolving from the data we got. The results are given below:

Table 1 : Communalities

	Initial	Extraction
Q2	.746	.843
Q4	.797	.791
Q5	.465	.177
Q6	.632	.504
Q7	.769	.916
Q8	.271	.044
Q9	.716	.862
Q11	.883	.946
Q13	.803	.762

Extraction Method: Principal
Axis Factoring.

Table 2 : Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	2.886	32.064	32.064	2.659	29.545	29.545	2.553
2	2.035	22.611	54.676	1.825	20.280	49.825	1.711
3	1.585	17.610	72.286	1.361	15.117	64.942	1.643
4	.961	10.673	82.958				
5	.879	9.762	92.721				
6	.318	3.536	96.257				
7	.144	1.597	97.854				
8	.124	1.380	99.234				
9	.069	.766	100.000				

Extraction Method: Principal Axis Factoring.

a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

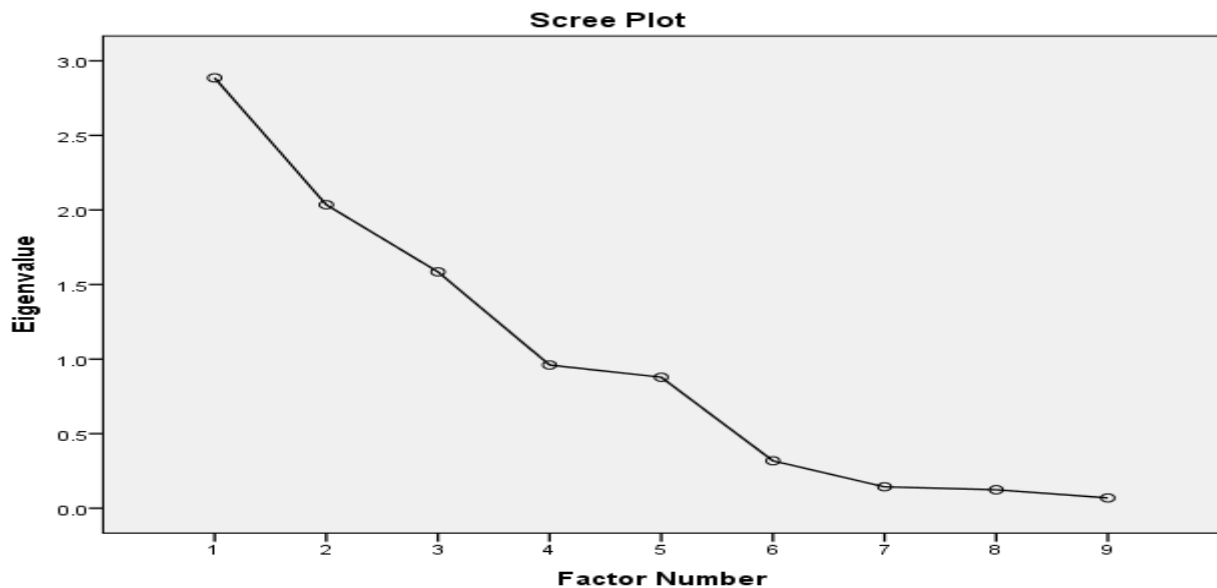
**Figure 11 : Scree Plot**

Table 3 : Factor Matrix^a

	Factor		
	1	2	3
Q11	.906		
Q13	.786	.374	
Q6	.677		
Q4	.617	-.510	.388
Q2		.894	
Q7		.677	.626
Q8			
Q9	-.499		.766
Q5			.329

Extraction Method: Principal Axis Factoring.

a. 3 factors extracted. 15 iterations required.

Table 4 : Pattern Matrix^a

	Factor		
	1	2	3
Q11	.926		
Q13	.875		
Q6	.687		
Q4	.352	-.781	
Q2		.738	.512
Q5		-.403	
Q8			
Q7			.949
Q9	-.499	-.484	.604

Extraction Method: Principal Axis Factoring.

Rotation Method: Oblimin with Kaiser

Normalization.^a

a. Rotation converged in 14 iterations.

Table 5: Structure Matrix

	Factor		
	1	2	3
Q11	.925		
Q13	.867		
Q6	.697		
Q4	.392	-.797	
Q2		.744	.515
Q5		-.403	
Q8			
Q7			.946
Q9	-.528	-.451	.630

Extraction Method: Principal Axis Factoring.

Rotation Method: Oblimin with Kaiser Normalization.

Table 6: Factor Matrix^a

	Factor		
	1	2	3
Q11	.906		
Q13	.786	.374	
Q6	.677		
Q4	.617	-.510	.388
Q2		.894	
Q7		.677	.626
Q8			
Q9	-.499		.766
Q5			.329

Extraction Method: Principal Axis Factoring.

a. 3 factors extracted. 15 iterations required.

From the first factor we can say it as “Customer relationship” as we have questions related to “understanding customer” and needed for CRM

The second factor we can say it as “Efficiency of the Industry to serve the customer “as we have questions related to the raw materials and fast delivery of products.

The third factor we can say “Success value for the Industries” as we have questions related to online business and tools they can use for their benefit.

Scree plot:

The scree plot shows the eigenvalue against the factor number. From the fourth factor onwards each successive factor is accounts for large amounts of the total variance.

CONCLUSION AND IMPLICATIONS

While a number of studies are focusing on how SMEs can export through E-Commerce, we have focused particularly on the challenges faced by the SME’s in India in doing exports and also we focussed on how much knowledge they have on E-Commerce and how it can help the SME’s in growing up the business. They can use the Internet to lower barriers to export activities. The rate of website adoption is lower in SME’s as they are following their own traditional methods of business and are afraid of the modern way of business that is E-Commerce. In fact, it is the internal resource barriers that are the biggest impediment for Indian exporters to engage in export activities.

Small- and medium-sized enterprises mostly have limited sources and channels for reaching customers; consequently, they are concerned about keeping customers. Besides, it is a fact that for these enterprises, human behaviours have a very important role in customer relations. The factors that influence CRM in these enterprises were communication-distribution infrastructure, business dynamics, customer relations and innovation quality.

According to the findings, the CRM facilities in the SME’s have to get the required resources to help them in maintaining a lasting relationship with the customers. The awareness of the SME’s

has given a clear sign of the knowledge they have on CRM and how can it help their business to grow. As a result, to improve CRM for SMEs innovation and quality, information and communication technologies, internal business dynamics, customer participation, ease of use, , security and flexibility, need to be taken into consideration.

Future initiatives by the government, business and education sectors should move to provide these resources.

The results demonstrated that the majority of SME's were not extending their export philosophiesto the online domain. This study has shed more light on the barriers faced by the SME's and How E-commerce can help SME's in the growth of the organizations.

REFERENCES

Alam GM, Khalifa MTB (2009). The impact of introducing a business marketing approach to education: a study on private HE inBangladesh. *Afr. J. Bus. Manage.* 3(9): 463-474.

Bohling et.al (2006). CRM Implementation: Effectiveness Issuesand Insights. *J. Serv. Res.*, 9(2): 184-194.

Boulding et.al (2005) A CustomerRelationship Management Roadmap: What Is Known, PotentialPitfalls, and Where to Go. *Am. Mark. Assoc.*, 69(10):155-166.

Bueren et.al (2005). Improvingperformance of customer-processes with knowledge Management, *Bus. Process Manage. J.*, 11(5): 573-588.

Campbell AJ (2003) Creating customer knowledge competence:Managing customer relationship management programs strategically. *Ind. Mark. Manage.*, 32: 375-383.

Chen ZX, Shi Y, Dong D (2008) An empirical study of relationshipquality in a service setting: a Chinese case. *Mark. Intell. Plann.*,26(1): 11-25.

Coakes SJ, Steed LG (2003) SPSS analysis without anguish version11 for Windows. Milton, QLD. John Wiley and Sons, Australia.

Day, Van den Bulte C (2002) Superiority in customer relationship management: Consequences for competitive advantage andperformance. The Wharton School, University of Pennsylvania, pp. 1-49.

Reports

Andersen Consulting. (2000). Reaching new heights in customerrelationship management. San Francisco. Montgomery Research.

European Commission (2010) – “Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — A Digital Agenda for Europe (2010)245

Association for Competitive Technology (2012) – “Response to Department of Commerce, Request for Comment Docket No.120214135213501”