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Business to Business Relationship in Micro Manufacturing Industry: A Case Study

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Abstract

Purpose: Asia's Micro manufacturing Industry confined to MSMEs are playing vital role in self-employment and socio-economic development of country and is anticipated to grow more quickly. While presenting a broad overview of the B2B Relationship, this study analyses the possible growth opportunities for the micro manufacturing industry. Learn more about a few factors that will be important for the future development of the Indian micro manufacturing sector. To have a better understanding of the market, a SWOC study is conducted. In this analysis, we found that India's emerging micro manufacturing industry will experience rapid growth in the years to come. India's manufacturing industry has the potential to be worth US\$ 1 trillion by 2025, and the country is anticipated to be one of the top three emerging economies.

Design/Methodology/Approach: The circumstance of the case adds to the SWOC analysis of the present Micro manufacturing Industry. The study is based on secondary data from books, case studies, and articles on literature.

Findings/Result: Micro manufacturing companies are working to improve their client satisfaction and service quality in order to increase B2B relationships. They are also using web marketing to offer a personalised shopping experience. The providers' increased efforts to build relationships with their clients will likely have a favourable impact on their trust, dedication, and contentment.

Originality/Value: The case's discoveries will provide deeper understanding of Long term B2B relationship and help Micro manufacturing business to sustain continuous B2B relationship.

Paper Type: Case Study.

Keywords: Micro manufacturing industry, long term B2B Relationship, Sustainability, SWOC Analysis

1. Introduction

There has been a noticeable tendency over the past couple decades in business-to-business (B2B) marketplaces towards maintaining fewer and closer ties (Gil-Saura, I., *et al.*, (2009). ^[1]) Suppliers are cut by manufacturers in an effort to increase efficiency, risk-sharing, and value (Bagdoniene, L., & Zilione, R. (2009). ^[2].) As Leonidou points out, building lasting relationships can assist the provider and the client in producing more value than is possible for mutual gain. Industrial buyers have the chance to become more efficient in terms of delivery quality and transaction costs through long-term relationships with suppliers (Gil-Saura, I., *et al.*, (2009). ^[1].) Industrial buyers aim to establish long-term partnerships with their chosen suppliers to accomplish this better effectiveness by lowering transaction costs and unpredictability in the competitive environment (Crosby *et al.*, 1990) ^[3].) Industrial buyers and suppliers may engage in complex interactions that lead to the development of business relationships characterised by mutual reliance, belief, satisfaction, and loyalty, or relationship quality (Vieira, A. L., *et al.*, (2008). ^[4].)

The micro small and medium businesses (MSME) are crucial to the Indian manufacturing system. Manufacturing outsourcing varies greatly, ranging from 20% to 90%. It is impressive how much this sector contributes to India's Economy, jobs, domestic consumption, and social harmony. Additionally, recent years have seen a dramatic growth in the government agencies' attention. As a result of their dependence on the MSME sector, large manufacturing businesses must establish lasting relationships with it, as well as comprehend its issues and serve as a strategic partner. Large-scale manufacturers have a moral obligation to help this MSME sector thrive in order to advance the economic and industrial development of the nation.

As on 1st July 2020 MSMEs came into effect. They after emerged as one third of 1.2 billion contributing 45% to manufacturing output, 40% of exports directly. In contrast MSMEs of micro manufacturing industry in India has been more in numbers located in Uttar Pradesh & West Bengal will be 89.64 & 88.41, moderate no. of micro manufacturing industries are located in Karnataka was 38.25 as on 2020-22. As of Karnataka there are more no of micro manufacturing industry are located in Bengaluru, Dharwad & Mysore & more no. of micro units are located in Tumkur district from April 2019 to march 2022 are registered leads to socio & economic development and employment opportunities been increased. Many studies have been summarized the factors influencing Long term & B2B Relationship out of which some points were given in detail explanation. It contains Service quality, Internal marketing, Issues of credit, Issues of Equity capital, Customer commitment, Technological context, Organizational Context & Environmental context etc., will be analysed further^[5].

Service quality & Internal marketing: Although service training has a significant impact on service quality in domestic operations as well, it is more noticeable in overseas operations. Internal marketing affects service quality in domestic operations more so than in international operations because it integrates pre-existing organisational approaches used to monitor service quality. The positive impact of empowerment on service quality is unaffected by the nature of the operations, but the moderating influence of

empowerment on service quality has major managerial repercussions (Pomirleanu, N., *et al.*, (2016).^[6].)

Issues of credit & Issues of Equity capital: To comprehend the numerous MSME sector-related difficulties. To comprehend the numerous government initiatives made in this regard (Patnaik, B. C. M., *et al.*, (2016).^[7].)

Customer commitment: It showed that despite acknowledging the value-adding advantages of ICT-enabled services, participants were hesitant to give the service provider a proportionate amount of their increased commitment. The survey discovered that respondents who acknowledged being willing to make more commitments rated the value-added effect of CRM services above average (Paguio, R., & Ali, S. (2011).^[8].)

Technical context, Organizational context, and Environmental context: It was found that there was a substantial positive correlation between those two factors and that the Technological, Organizational, and Environmental contexts can favourably influence the level of B2BEC adoption.

It demonstrated that diverse elements from different levels of adoption had an impact on each level of e-commerce adoption. The analytical findings from multiple linear regression analysis concluded that there is a positive relationship between the level of adoption and factors in the TOE context. Further, significant relationship between factors in technological, organizational and environmental (TOE) context and level of e-commerce adoption was confirmed through P-value of the findings. The implementation comprises that the companies were looked into productivity and barriers to keep up with the standards in order to obtain operational performance (Hawaladar, I. T., *et al.*, (2022).^[9].)

2. Related research works

A review of the existing works is steered from the Google Scholar search engine, journals with the keywords such as Micro manufacturing industry, long term B2B Relationship, Sustainability, SWOC Analysis. The year adopted for the study is 2000 to 2022.

Table 1: Related research work B2B Relationship focus and contribution

S. No.	Focus	Contribution	References
1	Customer satisfaction	Customer satisfaction as substitute for Customer relationship for repurchase recommendation and strategic competence play a significant role in effecting of customer loyalty rather than just excellent service delivery through its impact on quality perception.	Allen & Phillips, (2000). ^[10]
2	B2B Relationship	By providing reward packages, marketers may keep their relationships with purchasing managers healthy. This is important because purchasing managers will develop closer ties with suppliers who can better meet both their personal and organisational demands and those of the buying firm.	Tellefsen, (2002). ^[11]
3	Building Relationships	Constructing B2B - RP Scale the scorecard for B2B - RP that will be shown in periodic reports. The B2B-RP Scale and B2B-RP Scorecard can both be used to plan, manage, control, and improve B2B partnerships on a regular basis.	Lages, <i>et al.</i> , (2005). ^[12]
4	Customer loyalty	Only contentment and perceived service quality, out of the four relationship quality characteristics, have an impact on behavioural loyalty (purchase intentions). The findings show that customer loyalty will be influenced by the organization's level of relationship quality.	Rauyruen & Miller (2007). ^[13]
5	Relationship quality	It looks into how relationship quality mediates the relationship between WOM knowledge and relationship continuity as well as between dynamic ability and relationship continuity.	Kim, (2014). ^[14]
6	Relationship Commitment	According to the findings, consumers Brazilians and people from other relation-based EMs place more weight on a partnership's psychological components than do Americans.	Graca <i>et al.</i> , (2016). ^[15]
7	Sustainability	The findings showed that there is no one customer segment that has a greater impact on stakeholder involvement, but rather that value-oriented characteristics of businesses, such as family-run companies and a commitment to sustainability, have an impact on these activities.	Johnson <i>et al.</i> , (2018). ^[16]
8	Manage business	According to the study's findings, the global coronavirus outbreak is having terrible repercussions	Johnston,

	operations	on most B2B companies. A new strategy is needed to manage business operations as a result of the drop in revenue that causes internal and external organisational difficulties.	(2020). ^[17]
9	Word of mouth communication	The results demonstrate that digital media significantly affects sales and that word-of-mouth marketing, in particular, significantly affects the growth of a brand's reputation as it spreads throughout social media platforms.	Hawaladar <i>et al.</i> , (2022). ^[18]
10	Consumer trust	Consumer trust towards maintenance of relationship.	Mara & Hutabarat (2022). ^[19]

3. Objectives

This industry analysis case study paper has the following objectives:

1. To understand the B2B Relationship, its evolution in the Micro manufacturing industry
2. To enumerate the emerging trends and types of B2B Relationship in the Micro manufacturing industry
3. To recite suggestions for further success of the Micro manufacturing industry
4. To outline SWOC (Strengths, Weaknesses, Opportunities & Challenges) Analysis of B2B Relationship of Micro manufacturing industry.

4. Research methodology

This paper consists of developing a theoretical concept based on model building using secondary data and literature and analysis of the model using the SWOC listing framework. The extensive sources listed on search engines like Google Scholar include case studies, websites, research papers, literature reviews, e-papers, and other sources for secondary data.

5. B2B Relationship evolution trends & types in the micro manufacturing industry

The evolution of a buyer-seller relationship goes through five stages. These are the preliminary, initial, developmental, long-term, and concluding stages.

- A content strategy is formally documented by 21% of manufacturing marketers.
- Someone is overseeing content marketing strategy in 60% of industrial companies.
- Over the past year, 70% of manufacturers' marketers have produced more content.
- On average, manufacturing marketers employ 13 different content marketing strategies.
- According to manufacturing marketers, live events and videos are their two most successful strategies.
- YouTube is cited by manufacturing marketers as the social media network they utilise most frequently to share content.
- According to manufacturers' marketing, LinkedIn and YouTube being the most successful social media platforms.
- The primary objective of content marketing for manufacturing marketers' organisations is brand recognition, Producers of marketers^[20].

6. Suggestions for further success of the micro manufacturing industry

Convenience is a key component for B2B Relationship, while there are abundant component suppliers are available in market, but how industrial buyers go for as brand equity and brand loyalty and payments issue. Apart from these CRM technologies, be in touch, remember that customers are also businesses, periodically gather input, enhance customer

experiences, conduct target market marketing, and be patient with growth^[20].

7. SWOC Analysis of b2b for the micro manufacturing industry

SWOC analysis is a method of analysis that systematically discovers different aspects in order to develop a method. On what this analysis is based reasoning that can simultaneously minimise dangers and weaknesses while also maximising opportunities and strengths. In Lestari's (2014) insists:

- a. It provides information for strategic planning
- b. Strengthening an organization's assets
- c. Correct any flaws it may have
- d. Increase its capacity for responding to opportunities
- e. Overcome challenges the organization is facing
- f. It assists in identifying the company's main advantages
- g. It makes setting goals easier (Aithal, P. S., & Kumar, P. M. (2015).^[21].)

7.1. Strengths

The following are strengths of focus: (Rahmana, A. (2012).^[22].)

1. Materials that are raw relatively cheap price

Natural resources and raw materials are frequently linked. Because of this, the capacity of manufacturing enterprises to get raw materials may be dependent on mother-nature.

2. Continuously of labour with relatively cheap price

Businesses need labour and capital as inputs to their production process in order to produce goods and services. An economics principle called the demand for labour is derived from the demand for a firm's product. In other words, a company will require more workers if there is a greater demand for its goods.

3. Nice product quality

Customers and repeat buyers are more likely to acquire and utilise quality goods, and they are also less likely to be returned or give rise to consumer complaints. Superior quality can help you set your items apart from those of your rivals. Customers are more inclined to recommend high-quality items and spread word-of-mouth advertising.

7.2. Weaknesses

The points of Weaknesses are given here: (Sinarwati, N. K., & Setiawan, N. D. (2018).^[23].)

1. Lack of skilled labour

Highly trained workers are a crucial component of every successful manufacturing operation. It is also pointed out that the lack of skill or shortage of labour will have direct impact on the business especially in the industries which relies more on the labours.

2. Lack of technical proficiency

The skill gap has an adverse effect on your business.

Personnel security your main focus should be your staff's safety. When there is a scarcity of competent workers, neglected equipment may break down and endanger employee safety. Individuals who lack the necessary training put their peers and themselves at greater danger. When there is a technical shortage, your workers and your business as a whole are put at risk. This is true whether there aren't enough people or there aren't enough people with the right abilities. A lack of skilled workers in the manufacturing industry might also result in lower production output, which will impede the company's expansion. Lack of skilled workers can result in more downtime and lower production output in a number of ways. Consumer contentment customer service and client satisfaction in manufacturing.

3. High absentee rate

Due to the difficulty of the task, safety concerns, long hours, and low pay, there is a lot of room for high absenteeism rates.

4. Disregard for quality

For producers, there is a clear correlation between sales volume and quality assurance. Although the existence of a relationship may not be immediately apparent, it is still real and strong: While product flaws drive potential buyers and existing customers into the eager arms of the competitors, consistent, well-made items increase sales and client retention.

5. Lack of infrastructure

The problem with poor infrastructure is that it can reduce corporate productivity. Infrastructure issues in one area might have repercussions that affect the entire economy.

6. Lack of long-term strategic focus

Setting a precise success metric might be challenging without a solid strategic objective. It entails wasting crucial resources and precious time.

7.3. Opportunities

The Opportunities for this industry are: (Hedge, M. V., & Sabarirajan, K. K. (2018).^[24].)

1. Government support

Assistance for MSMEs Through the ZED Certification Program Financially - The program's goal is to implement Zero Defect & Zero Effect (ZED) practises in Indian MSMEs' manufacturing in order to support the "Make in India" drive. Under the programme, the Government of India (GoI) offers MSMEs a subsidy of up to 80%.

2. Excise relief

The MSME sector also expects the central government to increase time period for declaration of non-performing assets to 180 days from the present 90 days. The sector also wants the government to increase service tax exemption limit to Rs20 lakh from present Rs10 lakh.

3. Reservation of product items by Govt.

Ease of doing business for MSMEs: The MSME Ministry is trying to increase the number of goods and services that are now on the list of 358 items that must only be purchased from MSEs in order to broaden the scope of public procurement for micro and small enterprises (MSEs).

4. Ancillary for large business

Feeder businesses known as ancillary industries produce and provide intermediate items to other producers. Manufacturing of nuts and bolts, electronic parts, sub-assemblies, tools, or even engines for the electronics, automotive, medical, etc. sectors are a few examples.

7.4. Challenges

The Challenges for the industry consist: (Dinesha, P. T., & Hans, V. B. (2006).^[25].)

1. Problem of Credit

Due to businesses' ignorance of funding programmes, both of these problems provide intrinsic difficulties for the financing of MSMEs in the Indian setting.

2. Problem of Marketing

Despite this, there are still issues with financial support, a lack of business knowledge, and outdated technology for MSMEs in India. Due to liberalisation, redundant manufacturing techniques, and unstable market conditions, Indian SMEs also face intense rivalry from their international competitors.

3. Problem of Power

Electric outages that happen often and without warning make it harder for small businesses to complete projects on time, the price of a prolonged power outage effects on production.

4. Problem of Raw Material

The purchasing of raw materials is a significant issue for micro and small businesses. Most micro and small businesses manufactured goods primarily using regional raw materials. Then, getting hold of the necessary raw materials posed no significant challenges. Yet, since the rise of modern small-scale companies producing a variety of high-end goods, the issue of raw materials has become a significant obstacle to their production efforts.

The difficulty in getting this raw material owing to the foreign exchange crisis or other factors makes the raw material problem for small units that employ imported raw materials more severe.

5. Problem of Closure of Units

Receiving insufficient funding. Finance is a big issue for small businesses since no organisation can expand without sufficient funding. Lack of marketing, insufficient technology, unskilled labour; Goods of lower quality etc.

8. Findings

The following scope is seen in the industry currently. If the said things are seen in this industry there is an ample scope for future development^[26-30].

- 1) It is necessary to create a stable credit rationing equilibrium.
- 2) Short-term financing's level of credit restriction decreases cash flow and assets.
- 3) Credit is due on time.
- 4) Obtaining financing at a high interest rate.
- 5) Excessive credit costs.
- 6) Finding raw materials and components difficult.
- 7) Difficulties relating to design, preservation, and storage.
- 8) Low levels of technology.
- 9) An absence of skilled workers.

- 10) Poor testing and infrastructure.
- 11) Disruption of supply chains.
- 12) Lenders typically hesitate to offer unsecured loans.
- 13) A scarcity of marketing opportunities.
- 14) Government restrictions and guidelines.

(1) Opportunity for industry buyers.

By integrating with online supplier, stay in constant contact with the suppliers, and provide the consumers with a value creation product by maintaining customer relationship management.

(2) Opportunity for suppliers

In this case, to maintain brand loyalty is a challenge for suppliers indeed they can improve sales and growth by economies of scale.

9. Suggestions

In addition to the suggestions mentioned in point number 6, we believe that maintaining a steady credit rationing balance is necessary. Reduce the cost of obtaining credit at high interest rates and excessive credit fees, updating the technology and providing training, avoid having too few marketing possibilities and limitations imposed by the government being liberal. Finally, it suggested that in order to promote economic growth and productivity growth in the MSME sector, the government execute coordinated policies and effective governance ^[20].

10. Conclusion

India's industrial sector will be a key factor in fostering growth as the country strives to become an economy worth \$5 trillion. "Internet of Things" (IoT), data analytics, and digitalization all serve as examples of modern technologies that have the potential to alter manufacturing and build the Smart Factory of the Future.

B2B Relationship makes business easy and continuous growth they have to give more scope for customer relationship management, financial viability and brand loyalty maintenance. Moreover, in B2B relationship to continue relationship the attitude of both the parties to be managed is a complex issue in this regard. Apart from this MSMEs sector has to have strong enough for financial soundness.

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