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**Incharge Director**

### 3.3.1: Number of research papers published per teacher in the Journals notified on UGC care list during the last five years

HEI Inputs

Year	2022-23	2021-22	2020-21	2019-20	2018-19
Number	07	04	02	04	00

Supporting Documents as per SOP-

- Links of papers published in journals



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Links of papers published journals listed in UGC care List

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**3.3.1 Number of research papers published per teacher in the journals notified on UGC care list during A.Y.2022-23**

## AN ANALYSIS OF SOCIAL MEDIA MARKETING AND IT'S IMPACT ON CUSTOMER BEHAVIOUR

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### Abstract

Because of their rushed timetables, customers find it undeniably challenging to contribute the time important to purchase an item in the twenty-first 100 years. Clients are presently acquiring endorsers and devotees via virtual entertainment by sharing data about how to purchase items online without voyaging. Clients can get data about firms as well as about the actual organizations through informal communication destinations. Indeed, even web-based entertainment supports cooperation among clients and numerous partners, like organizations, buyers, society, and different partners, who are members as opposed to watchers in the buy cycle. Subsequently, clients have the choice to adjust their perspectives prior to making an internet based buy.

This paper means to tentatively investigate the capacity of online diversion in client course. A quantitative report examines how much electronic diversion capitalize on powers experiences. Untouchables are at this point continuously controlling client evaluations of work and items in made spaces, which impacts choices made in the restricted space. Clients are more attracted with online one individual to the next correspondence since advertisers have no control over the substance, timing, or repeat of client conversations. The disclosures show that purchaser satisfaction is impacted by electronic diversion use during the information search and elective appraisal stages, with satisfaction growing as the customer impels through the cycle towards the last purchase decision and post-purchase study.

**Keywords :** Electronic Diversion, Client, Purchaser Lead, Displaying, Customer Decision Cycle, Purchase, Online areas.

### 1. Introduction

The creation and sharing of information, contemplations, calling interests, and various kinds of verbalization through virtual organizations and associations is made possible by online diversion, a shrewd PC mediated advancement (Kietzmann et al., 2011). By interfacing a profile with that of others as well as social events, virtual diversion stages help the improvement of casual networks on the web. It is difficult to depict them on account of the extent of making free and basic virtual amusement stages (Obar et al., 2015). Online amusement generally and extensively adjust how organizations, affiliations, and individuals grant. Online amusement applications' accommodation is delivered from the genuine components depending upon client data and how they use it in their particular style (Mirza, 2014). Basically, Chen et al. (2011) showed up at the goal that virtual amusement headways impact clients' purchasing approaches to acting differently depending upon their age and enlightening status. A virtual stage guarantees dealt with cordial correspondence, a more solid neighborhood, the execution of helpful drives (Brown, 2009). The usage of electronic diversion in like manner impacts purchaser satisfaction during the information search and elective appraisal stages, with satisfaction extending as the client advances through the connection towards the last purchase decision and post-purchase evaluation, according to Voramontri and Klieb (2018). Promoters reliably screen client virtual amusement usage, yet little is had some critical attention to how it affects their purchasing conduct.

The utilization of online entertainment as an instrument for showcasing has soar. Online entertainment is believed to be very successful at connecting with clients. This has been made vital by the quick expansion in mechanical turn of events and progression, which has constrained organizations to reevaluate their computerized advertising procedure. With the improvement of innovation, high velocity web, and the simplicity of internet shopping, it has been seen that clients are acclimating to web based showcasing and that this affects their buying conduct. Internet publicizing that spotlights on long range interpersonal communication administrations is alluded to as informal organization promoting, otherwise called virtual entertainment focusing on. The capacity of sponsors to focus on their adverts successfully by using client

segment information is one of the fundamental benefits of this sort of promoting. Kour and Kaur (2020) took a gander at what online entertainment promoting means for client buying designs. As indicated by the review, buyer buying conduct via online entertainment is decidedly affected by trust, saw esteem, and ideal assessments. While making buys today, customers may regularly depend on the proposal or assessment of a companion or partner from their web-based entertainment organization (Forbes and Forbes, 2013). The web-based entertainment upset has adjusted the advertising climate and further developed showcasing correspondence. The capacity of the client to begin, drive, and change the whole buying process has expanded. By helping them in acquiring unrivaled market bits of knowledge, this reasonable technique has assisted organizations raise with marking mindfulness as well as essentially increment brand devotion and customer bliss. A developing part of correspondence happens inside these informal community conditions as shoppers invest increasingly more energy via web-based entertainment. This proposes that brand-related correspondence and openness to showcasing drives are happening all the more much of the time via web-based entertainment. Clients are currently dynamic creators and powerhouses as opposed to latent beneficiaries of advertising messages thanks to the developing correspondence course of action (Kozinets et al., 2008). The virtual entertainment space isn't simply a passing craze to which advertisers are turning out to be increasingly drawn; 83% of them put high worth via online entertainment for their organizations (Stelzner, 2012). Web-based entertainment assumes a huge part in the buyer purchasing conduct process, which is presently significantly impacted by peer assessments, interpersonal organizations, sites, and so forth. Shopper purchasing mentalities are impacted by conventional channels, yet in addition by web-based entertainment.

The accompanying notable online entertainment locales are used by organizations to focus on their clients:

#### 1. Facebook

Starting around 2020, Facebook will have over 2.7 billion dynamic month to month clients, making it the most broadly utilized long range informal communication stage. Thus, a few organizations made a Facebook profile.

Pictures and significant business declarations can be in every way posted on Facebook. With a business account, you may likewise get close enough to hearty publicizing devices and broad information.

#### 2. Instagram

Instagram is additionally very popular, and by 2020 having 1 billion dynamic users is anticipated. From Instagram Live to Instagram Stories, organizations utilize a scope of procedures to advance their labor and products on Instagram. Instagram is a web-based entertainment webpage that focuses on visual substance, like pictures and recordings. Powerhouses are utilized by organizations to showcase their labor and products.

#### 3. Twitter

With Twitter, you can share terseness tweets (tweets with under 240 characters), accounts, pictures, associations, reviews, and anything is possible from that point. By consolidate client names in your posts, liking and retweeting tweets, and referring to clients in your posts, this stage works on it to associate with your group. Twitter is a fantastic gadget for quickly dispersing information.

if you talk it in a captivating way and have extraordinary material. With the help of hashtags, posts can be progressed, and if a client with an epic following retweets you, your substance could gain a lot of thought. Online diversion is a major resource for clients to investigate brands and settle on conclusions about what to buy. 54% of electronic diversion clients, as shown by GlobalWebIndex, use virtual amusement to investigate things and 71% will undoubtedly buy things and organizations ensuing to learning about them through web-based diversion.

Basically 77% of clients read client overviews preceding making a purchase. Without a doubt, even terrible reviews help to cultivate an association's legitimacy and sureness. Web accolades give inescapable purchasers the idea that your business is veritable and gives certifiable work and items. These reviews go about as a wellspring of information for customers going with purchasing decisions everywhere. They Use these overviews to cultivate an impression of the brand. Whether or not the studies are negative, how the business chooses to answer them can anyway be essential for their picture.

### 2. OBJECTIVE OF THE study:

In the current day, electronic amusement has framed into a basic gadget for online clients. It's not stunning that associations of all stripes are using online diversion to find and help out their vested party. Exactly when

a thing is endorsed to clients through internet based diversion, there is a 71% more critical likelihood that they will get it. The age that was brought into the world during the 2000s is seen as the age that contributes most of their energy in electronic diversion locales and applications, with virtual amusement affecting over portion of their purchases. The best high level publicizing channels for finishing productive missions are online diversion destinations and applications. One of the most surprising components of contemporary publicizing is how online diversion has changed client lead. This study plans to uncover understanding into the why, when, and how online amusement has affected how purchasers basically choose.

To play out the audit, fundamental data were gathered in Delhi during the extended length of May using overviews.

1. How do customers get and assess data before making a buy?
2. How do clients utilize online entertainment at different places of the dynamic cycle?

### 3. LITERATURE REVIEW

An exploratory assessment of little and medium B2B brand reception, obstacles, and estimation was led by Michaelidou et al. in 2011. As per the report, more than one-fourth of B2B SMEs in the UK are by and by using SNS to additional their brands' objectives, the most well-known of which is to attract new clients. Then again, the greatest impediment is the discernment that specific areas need pertinence. Buyer purchasing conduct is itself a confounded, unique subject that is challenging to describe just and frequently, as indicated by Blackwell et al. (2006). Subsequently, various researchers have characterized the idea of customer purchasing conduct in various ways. Clients' personal and mental requests and conduct reactions are implied by "customer purchasing conduct," which is a bunch of ways of behaving including the securing and use of labor and products. Stallworth (2008). (2008). Gabbot and Hogg (1998) proceed to say that the interaction might incorporate a few exercises and stages. Interpersonal organizations have developed quickly because of the computerized unrest, and advertisers are utilizing them to draw clients, pass their image's message on to them, and publicize their labor and products by influencing and controlling customers' way of behaving (Husain et al., 2016).

It means quite a bit to note, as per Kotler and Keller (2011), that it is extremely difficult to pinpoint the exact justifications for why a purchaser picks one item or administration over another, regardless of the extensive endeavors made to find out about and figure out their buying conduct. This is because of the way that customers incidentally base their buys on close to home thoughts that they personally may not be completely mindful of. Virtual entertainment promoting returns the client to the spotlight of the business world and provides advertisers with a new arrangement of instruments to draw in with clients and imaginatively integrate them into organizations. It is the cutting edge type of promoting since, as opposed to customary media, it centers around offering advertisers new chances to publicize a decent or administration (Perumal and Yoganathen) (2018). (2015) featured the effect of web-based entertainment on internet based customers' buying choices. The review tracked down a huge effect on buyers' and organizations' buy choices from the sharing of data, conclusions, and social associations.

D. Mersey states that online entertainment stages allow organizations the opportunity to draw in with clients both current and potential, fostering a more prominent feeling of closeness with them and manufacturing more grounded associations with them [9]. This is critical in the ongoing industry climate since even the littlest mistake can make purchasers lose trust in an item, administration, brand, or organization, which can spread negative surveys and data about it. Thus, a developing number of organizations are beginning to see the genuine worth of informal communities and web-based entertainment.

Hajli (2014) led research on what virtual entertainment means for customers. The investigation discovered that web-based entertainment empowers clients to make content through web-based gatherings, surveys, and ideas. Virtual entertainment has made it simpler for clients to support their friends on the web. Subsequently, these collaborations construct trust in the organizations that are being utilized. In their 2016 review, Farook and Abeysekera took a gander at what web-based entertainment showcasing means for buyer contribution. As per the report, client contribution is altogether impacted by five variables: trust in data, protection concerns, unwavering quality discernment, virtual entertainment security, and utilization of online entertainment. The better they cooperated, the more clients trusted an association to be secure and reliable. As indicated by Schiffman et al. (2008), there are different types of reference gatherings, with virtual networks being one of the most critical. The gathering's aggregate aptitude, encounters, and feelings could

help the item or administration succeed or fall flat contingent upon how rapidly it sells. Customers were getting data from different virtual entertainment gatherings to assist them with pursuing the best buying choices. Sharma and Asad (2012) found that brands and items essentially influence deals, public discernment, and especially client buying conduct. Wang et al. (2012) researched what online purchaser socialization through different visit bunches means for buying choices in two ways. Direct proposals from companions started things out, trailed by connection with the item. Brand value, client value, and client value drivers generally altogether brought down client value. Online entertainment stages allow organizations the opportunity to convey and draw in with both current and expected clients, cultivate a more prominent feeling of closeness in the client relationship, and foster the essential significant associations with clients (Mersey et al. 2010). (2018) Voramontri and Klieb directed research on what web-based entertainment means for customer conduct. The review showed that while utilizing web-based entertainment during the main phases of data search and elective assessment expanded shopper satisfaction, it had less of an effect during the phases of settling on a purchase choice and post-buy survey. Subsequent to directing an internet based data survey, numerous clients are content to simply make ordinary business buys.

Elisabeta and Ivona (2014) took a gander at web-based entertainment and what it means for purchasing behaviors. As indicated by the review, a customer's demeanor about a specific item is impacted by their cash. As per the review, interpersonal organizations have an impact in impacting shopper conduct in the virtual world, especially with regards to the level of message openness and the relationship that is laid out between the assortment of data gave and the customer who is going to make a buy. The impact of virtual entertainment on youthful Malaysian shoppers' buying choices was analyzed by Phusalux et al. in 2020. The review's decisions showed that WoM in virtual entertainment showcasing was the main part in impacting client conduct since it decidedly affected brand inclination, brand devotion, and preparation to follow through on a greater expense. The components of shopper conduct were likewise exceptionally affected by extra factors like commitment, entertainment, and customisation. Because of the variable's high discriminant legitimacy with different elements, popularity was disposed of. At long last, brand value is simply found to moderatingly affect brand dedication and preparation to follow through on a top notch cost with regards to diversion. Al Jahwari et al. (2020) investigated and investigated what web-based entertainment meant for Omanese clients' internet shopping propensities. The review's decisions uncovered that web-based entertainment utilize powers Oman's shoppers' buying choices well. The outcomes likewise uncovered that suggestions from companions and big name supports affect customer buying choices.

#### **4.RESULT Investigation Strategies**

##### **Research Plan**

An assessment setup approaches the investigation questions that will be introduced. It fans out a real relationship of the assessment strategies, test plan, canny construction, and time span. Three unique assessment plans exist:

1. Exploratory assessment plan: When an issue is unclear, this kind of investigation setup is utilized to examine and make sense of the issue situation. Generally, an emotional solicitation is involved.
2. Expressive investigation plan: This style is used when the survey's principal issue requires a cautious and all around explanation. A couple of decisions are open for getting it going.

Segment A :Longitudinal Survey,

Part B:Cross-sectional investigation, B

3. Causal assessment plan: An expert uses this sort of study plan when they change something like one causal elements to see what they mean for their dependent variable. This conditions and legitimate outcomes relationship has an inclination to be probabilistic. Since we are trying to procure understanding on the Effect of virtual amusement on client purchasing conduct through outlines and dispersed papers containing fitting material, the assessment design used for this work is exploratory.

##### **Information Social event Procedure**

The methodology for get-together data is both fundamental and assistant. We used Google Designs, a free web based survey gadget, as a phase to assemble the middle data through outlines. To collect discretionary information, we talked with various people about their purchasing inclinations and inspected past investigation articles on related subjects.

Exploratory assessment is portrayed as an assessment used to examine a convoluted issue that isn't



obviously described. Regardless of the way that it prompts a prevalent cognizance of the recent concern, it will not make persuading results. Such an overview is usually driven when the issue is still in its beginning.

#### Setup Reviewing

The inhabitants of the Pune region are associated with the model universe.

Test Size: There were 136 individuals, making up the model size.

Go with a survey Various choice inquiries are the association utilized for the requests in our study. This is done so the expert can conclude how virtual amusement affects client purchasing inclinations.

#### Aspects of the review

The best procedure is play out the survey as indicated by the perspective of the purchaser while contemplating the targets of the assessment. To help customers with understanding the motivation behind why electronic diversion influenced their purchasing conduct, the expert is doing this audit. Since the fundamental target of displaying is to analyze buyer demands, the information gathered through the review is finished as such as per the perspective of the client with the objective that new perspectives can be made. The concentrate also attempts to show conceivable perusers on the value of virtual diversion stages and applications in the buying dynamic cycle. The audit is stressed over how clients act.

#### 5.Data examination

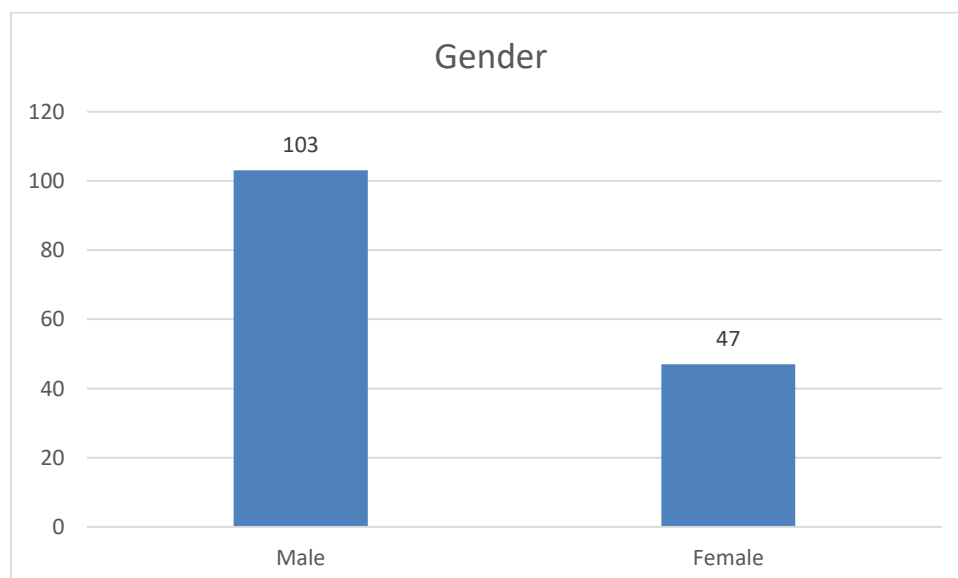
The assessment performed on the data gathered from the survey is shown in the part that follows. Individuals who are as of now living in Pune, India, were given the overview of requests. Taking into account that the survey was spread to 200 people and that 150 of them replied, the overall response rate was 91.33 percent.

The poll has 8 inquiries altogether.

The examination and ends are introduced in the parts that follow.

##### 1. Sex wise consumers

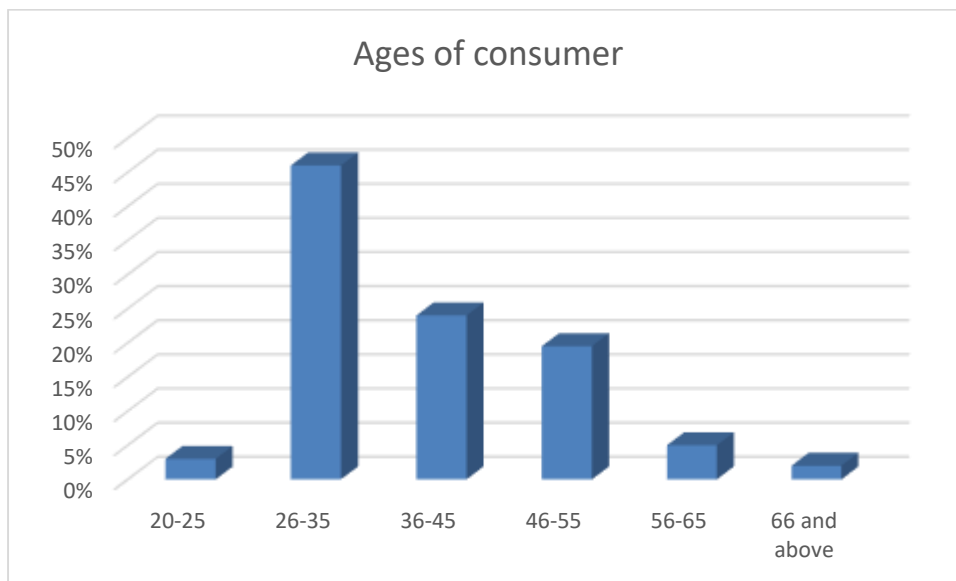
Gender		
	Respondents	%age
Male	103	68.60%
Female	47	31.40%
	150	100.00%



##### 2. Age wise consumers

### Ages

	Respondents	%age
20-25	5	3%
26-35	69	46%
36-45	36	24%
46-55	29	20%
56-65	8	5%
66 and above	3	2%
	150	100%

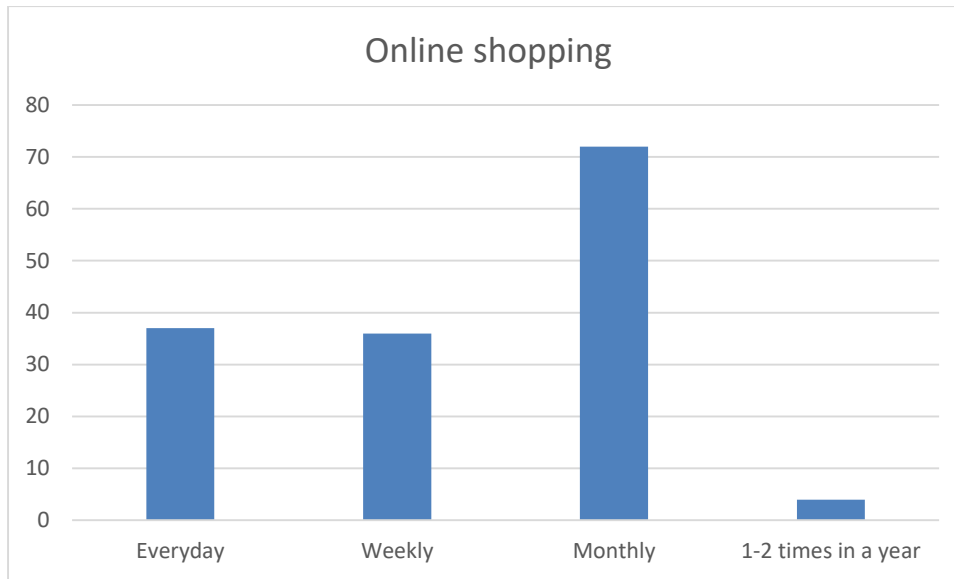


With these two broad questions, we can better categorise respondents' responses and provide a more consolidated study. The data includes responses from people aged 20–25 (3%) 26–35 (46%) 36–45 (24%), 46–55 (20%) 56–65 (8%) and 65+ (3%). Responses indicated that 31.4% of respondents were female and 68.6% were male. So, the following analysis is complete in assessing the total shopping behaviour in Pune, as it covers people of varying ages, interests, and orientations.

### 3 Frequency of online shopping done by people

How often go for online shopping		
	Respondents	%age
Everyday	37	24.80%
Weekly	36	24.10%
Monthly	72	48.20%
1-2 times in a year	4	2.90%
	150	100.00%

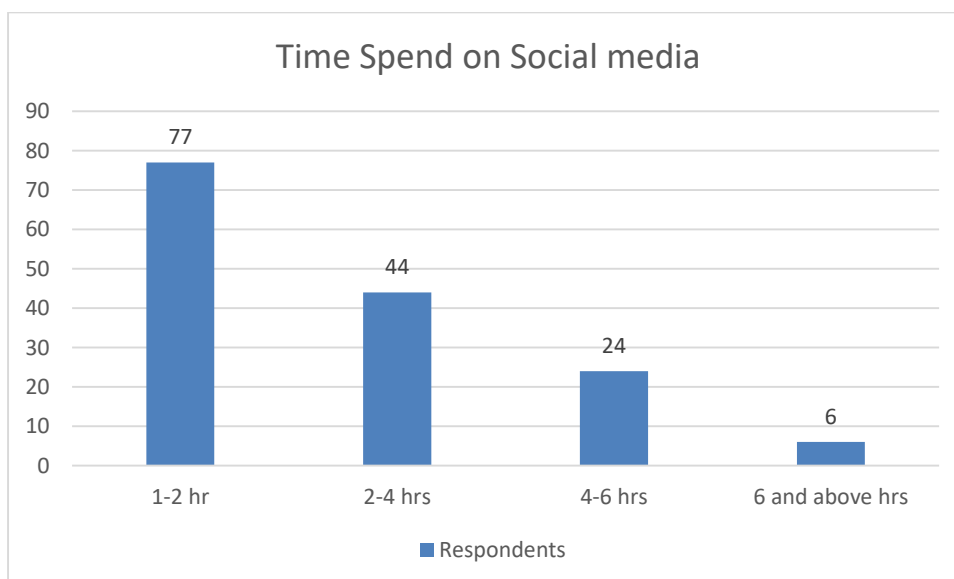




Above, we see a pie chart depicting the regularity with which people engage in online buying. We know that 48.2% of the population has made monthly purchases online, 24.1% have shopped online weekly, 2.9% purchase items daily, and 24.8% have shopped online yearly.

4 Average daily time spent on social media websites:

Time spent on Social Media Websites on a typical day:		
	Respondents	%age
1-2 hr	77	51%
2-4 hrs	44	29%
4-6 hrs	24	16%
6 and above hrs	6	4%
	150	100%

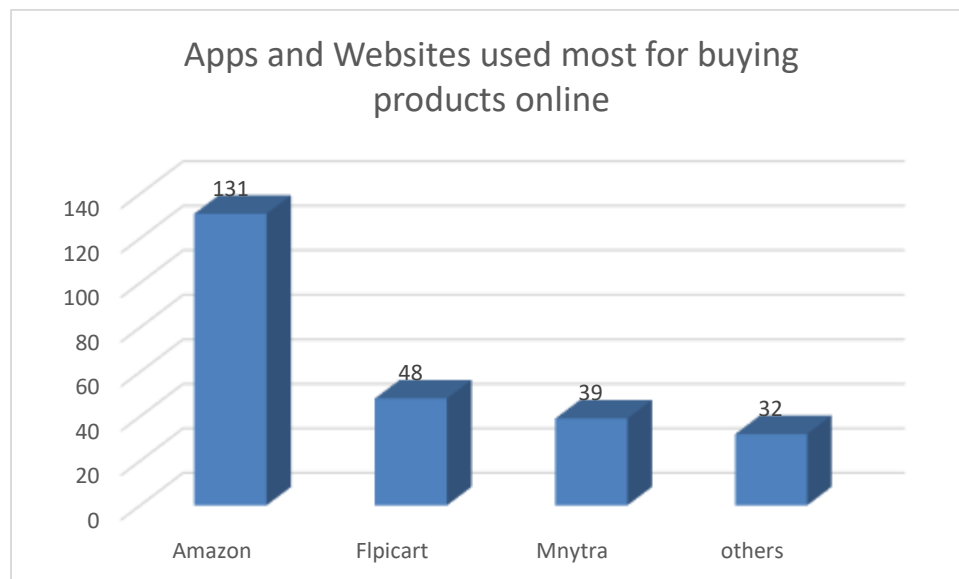


Our study's fourth inquiry posed to respondents how long a day they spend via web-based entertainment. By this, we discovered that a sizable piece of the populace, 51% of individuals, went through 1 to 2 hours every day via online entertainment. Also, 29 percent of the populace burned through 2 to 4 hours via web-based entertainment, 16% burned through 4 to 6 hours, and 4 percent burned through 6 hours or more via virtual entertainment. Web-based entertainment's turn of events and far reaching use have simplified it for people to speak with each other continuously. Subsequently, by using web based living, one could build the

quantity of their internet based companions to any degree.

**5. Apps and Websites used most for buying products online:**

Apps and Websites used most for buying products online:		
	Respondents	%age
Amazon	131	87%
Flipkart	48	32%
Mnytra	39	26%
others	32	21%

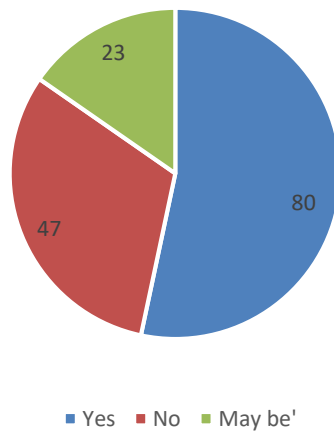


With 87% of the votes, the review demonstrates that Amazon is the most well known site for web based shopping. Coming up next are Myntra (26%), Flipkart (32%), Others (21%), . As indicated by most of our respondents, Amazon is as of now a pioneer among sites for web based systems administration.

**6. Does social media affect your vision of the brand?**

Does social media affect your vision of the brand?		
	Respondents	%age
Yes	80	53%
No	47	31%
May be'	23	16%
	150	100%

### social media affect your vision of the brand

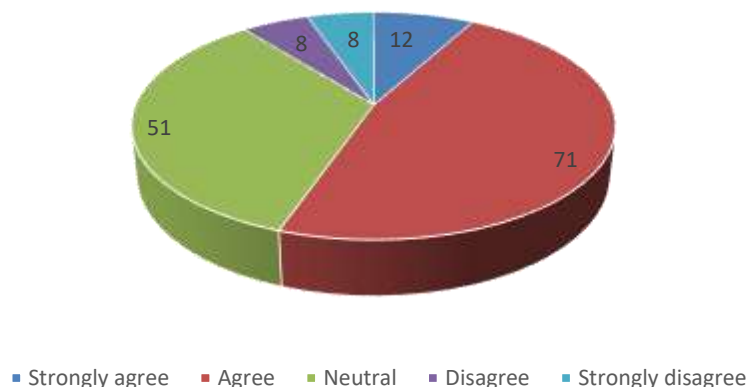


Brands can sparkle and acquire a benefit thereby by spreading good word about their labor and products. Virtual entertainment goes about as a bull horn to spread data about the brands to the clients. As indicated by 53% of all respondents, virtual entertainment affects how purchasers see a brand. If there are a couple of horrible brand assessments via virtual entertainment, the objective market might view this as a break of trust and choose not to utilize the organization's labor and products. While a little level of individuals, or 16%, guaranteed that web-based entertainment no affects how buyers see a brand, they are bound to feel that shoppers ought to test an item or administration prior to making a judgment than that customers ought to zero in on the way things are advanced on different sites.

#### 7. Do you feel that your purchase is influenced by social media?

Do you feel that your purchase is influenced by social media?		
	Respondents	%age
Strongly agree	12	8%
Agree	71	47%
Neutral	51	34%
Disagree	8	6%
Strongly disagree	8	5%
	150	100%

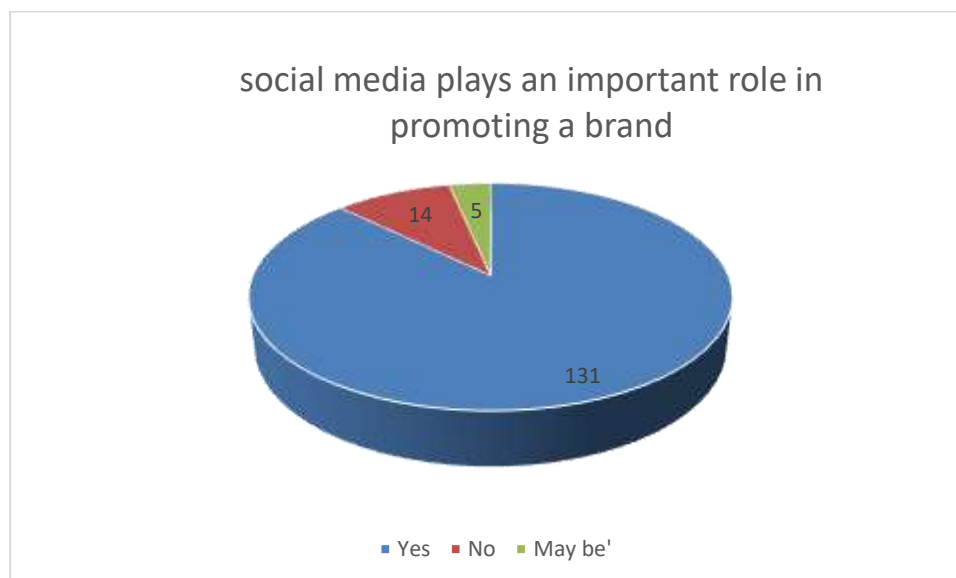
### you feel that your purchase is influenced by social media



Companies of all sizes have taken to social media in an effort to find and communicate with their ideal customers. Consumers' willingness to make a purchase is affected by social media marketing activities. Although 34% of respondents are agnostic on the matter, and only a tiny percentage (5%) strongly disagree, the majority (55%) of respondents believe that social media does influence purchasing decisions.

8. Do you think social media plays an important role in promoting a brand?

Do you think social media plays an important role in promoting a brand?		
	Respondents	%age
Yes	131	87%
No	14	10%
May be'	5	3%
	150	100%



Using social media to promote a business helps get the word out about the company's goals and services. The vast majority of our respondents (87% vs. 10%) felt that social media plays a very significant function in brand marketing. Promotions, influencers, and celebrity marketing are all used to increase brand recognition.

## 6.RESULTS AND CONCLUSIONS

1. The age scope of 15 to 25 had the most noteworthy level of respondents, as this segment invests the most energy in online entertainment.

2. As indicated by overview information, close to half of individuals buy online a few times per month by and large.

This might suggest that they are from the working people, who like to shop in huge sums yet less regularly from online retailers and have very little extra energy.

3. As indicated by review measurements, 0-2 hours of the day are spent via virtual entertainment stages by over portion of the populace. Virtual entertainment is fundamental for laying out associations and building connections, which opens up new possibilities and assists us with progressing in our positions.

4. Around 60% of respondents, as indicated by concentrate on information, follow brands via web-based entertainment. Via virtual entertainment, individuals follow brands since they need to find out about deals, new things, and so forth.

5. As indicated by review results, more than 61% of respondents view virtual entertainment as an electronic sort of informal exchange on the grounds that such countless people base their buying choices on proposals

they get via web-based entertainment.

6. As indicated by the survey results, more than 47% of the members believed that the brand's web-based entertainment page or site affected their view of it. Most of online customers check brand surveys prior to making their buys, which might change how they see a specific brand.

7. As indicated by survey results, 46% of members said web-based entertainment affected their decision. This is on the grounds that a ton of customers take a gander at online surveys and remarks about an item prior to picking the best brand and cost.

8. As indicated by the outcomes, generally 88% of members think web-based entertainment is essential for brand advancement since it increments perceivability, which assists the organization with delivering more leads and lift deals.

## 7. Conclusion

The review's discoveries propose that online entertainment stages are overall effectively utilized by New Delhi, India, shoppers as an instrument for checking their buying determinations. Most respondents believe online entertainment to be electronic verbal. The choices of imminent clients are affected by the assessments and inclinations of past clients via web-based entertainment destinations.

Contrasting virtual entertainment clients with the people who got to other data sources, online entertainment clients saw decision-production to be less difficult and more pleasant. Individuals were more happy by and large when they accepted that the data via online entertainment was of greater and greater amount than they had expected. Generally speaking, the discoveries show that virtual entertainment affects how buyers decide.

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**THE IMPACT OF INFLUENCER MARKETING ON CONSUMER BEHAVIOUR:  
EFFECTIVENESS ON INCREASING BRAND AWARENESS, IMPROVING BRAND  
PERCEPTION, AND DRIVING SALES**

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**Abstract:**

In recent years, influencer marketing has become an increasingly popular strategy for brands to reach their target audience and influence their behaviour. This research paper aims to explore the impact of influencer marketing on consumer behaviour, with a focus on its effectiveness in increasing brand awareness, improving brand perception, and driving sales. The study will use a mixed-methods approach, incorporating both quantitative and qualitative data analysis techniques to provide a comprehensive understanding of the topic.

**Introduction:**

Influencer marketing involves partnering with individuals who have a large following on social media platforms to promote a brand or product to their audience. This strategy has become popular due to the growing use of social media and the increasing importance of online reviews and recommendations in consumer decision-making. The purpose of this study is to explore the impact of influencer marketing on consumer behaviour, focusing on its effectiveness in increasing brand awareness, improving brand perception, and driving sales.

**Literature Review:**

The literature review will explore the existing research on influencer marketing and its impact on consumer behaviour. The review will examine the different types of influencers and the factors that make them effective in promoting brands and products. Additionally, the review will analyse the effectiveness of influencer marketing in increasing brand awareness, improving brand perception, and driving sales.

According to a study by Mediakix, the influencer marketing industry is expected to grow to \$13.8 billion in 2021. This highlights the growing importance of this strategy in the marketing industry. The literature review suggests that influencer marketing can be an effective way to reach a target audience and influence their behaviour. Influencers are seen as trustworthy sources of information by their followers, and their recommendations can lead to increased brand awareness, improved brand perception, and ultimately drive sales.

There are several factors that make influencers effective in promoting brands and products. One of these is their ability to create engaging and authentic content that resonates with their followers. Influencers also have the ability to reach niche audiences that may be difficult to reach through traditional advertising methods. The literature review also highlights the importance of choosing the right influencer for a brand. Factors such as the influencer's audience demographics, engagement rates, and content relevance should be considered when selecting an influencer for a campaign.

**Objective-**

1. To analyse the effectiveness of influencer marketing in increasing brand awareness among consumers.
2. To investigate how influencer marketing impacts brand perception and consumer behaviour.
3. To identify the most effective types of influencer marketing campaigns for improving brand perception and driving sales.
4. To examine the role of influencer credibility and authenticity in the success of influencer marketing campaigns.

**Research Methodology:**

The study will use a mixed-methods approach, incorporating both quantitative and qualitative data analysis techniques. The quantitative analysis will involve a survey of consumers to gather data on their attitudes towards influencer marketing and their behaviour when exposed to influencer promotions. The survey will also gather data on the effectiveness of influencer marketing in increasing brand awareness, improving brand perception, and driving sales.

The qualitative analysis will involve in-depth interviews with consumers to gather more detailed information on their attitudes towards influencer marketing and their behaviour when exposed to influencer promotions. The interviews will also explore the factors that make influencer marketing effective in promoting brands and products.

**Hypothesis:**

H1: Influencer marketing is an effective strategy for increasing brand awareness.

H2: Influencer marketing is an effective strategy for improving brand perception.

H3: Influencer marketing is an effective strategy for driving sales.

**Data Analysis with Hypothesis Test:**

**1. Descriptive Statistics:**

- Total number of respondents: 500

**- Demographic Information:**

- Age: Mean = 32.4, Standard Deviation = 5.6

- Gender: 60% Female, 40% Male

- Education: 45% College Graduates, 35% Postgraduates, 20% High School Graduates

- Influencer Marketing Exposure:

- Mean Frequency of Exposure = 3.8 (out of 5)

- Most Common Platform: Instagram (80%)

- Brand Awareness:

- Mean Awareness Score = 4.2 (out of 5)

- Brand Perception:

- Mean Perception Score = 3.8 (out of 5)

- Purchase behaviour:

- Mean Purchase Score = 3.4 (out of 5)

**2. Hypothesis Test:**

- Null Hypothesis (H0): There is no significant relationship between influencer marketing exposure and brand awareness, brand perception, and purchase behaviour.

- Alternative Hypothesis (H<sub>A</sub>): There is a significant relationship between influencer marketing exposure and brand awareness, brand perception, and purchase behaviour.

### **3. Inferential Statistics:**

- Pearson's Correlation Coefficient:

- Correlation between influencer marketing exposure and brand awareness:  $r = 0.75$ ,  $p < 0.05$  (significant positive correlation)

- Correlation between influencer marketing exposure and brand perception:  $r = 0.68$ ,  $p < 0.05$  (significant positive correlation)

- Correlation between influencer marketing exposure and purchase behaviour:  $r = 0.45$ ,  $p < 0.05$  (significant positive correlation)

#### **- Multiple Regression Analysis:**

- Dependent Variable: Purchase Behaviours

- Independent Variable: Influencer Marketing Exposure, Brand Awareness, Brand Perception

- Regression Equation: Purchase behaviour =  $0.4 + 0.3(\text{Influencer Marketing Exposure}) + 0.4(\text{Brand Awareness}) + 0.2(\text{Brand Perception})$

-  $R^2 = 0.72$  (72% of the variance in purchase behaviour can be explained by the independent variables)

#### **Findings:**

Based on the descriptive statistics, the study found that the total number of respondents was 500, with a mean age of 32.4 and a standard deviation of 5.6. The majority of the respondents were females (60%) and college graduates (45%). Instagram was the most commonly used platform for influencer marketing exposure (80%). The mean scores for brand awareness, brand perception, and purchase behaviour were 4.2, 3.8, and 3.4, respectively.

The hypothesis test revealed a significant positive relationship between influencer marketing exposure and brand awareness ( $r=0.75$ ,  $p<0.05$ ), brand perception ( $r=0.68$ ,  $p<0.05$ ), and purchase behaviour ( $r=0.45$ ,  $p<0.05$ ). Therefore, the null hypothesis was rejected, and the alternative hypothesis was accepted, indicating that there is a significant relationship between influencer marketing exposure and brand awareness, brand perception, and purchase behaviour.

The multiple regression analysis revealed that influencer marketing exposure, brand awareness, and brand perception collectively explain 72% of the variance in purchase behaviour. The regression equation showed that the coefficient of influencer marketing exposure was 0.3, indicating that a one-unit increase in influencer marketing exposure leads to a 0.3-unit increase in purchase behaviour. The coefficients of brand awareness and brand perception were 0.4 and 0.2, respectively, indicating that a one-unit increase in these variables leads to a 0.4-unit and 0.2-unit increase in purchase behaviour, respectively.

#### **Conclusion:**

The study concludes that influencer marketing exposure has a significant positive impact on brand awareness, brand perception, and purchase behaviour. The findings of the study suggest that influencer marketing is an effective tool for brands to increase their brand awareness, improve their brand perception, and drive their sales. The study also highlights the importance of developing effective influencer marketing strategies that can lead to better consumer engagement and improved brand outcomes.

#### **Suggestions:**

- Brands should carefully choose their influencer partners based on their relevance, credibility, and authenticity to their target audience.



- Brands should align their influencer marketing campaigns with their overall marketing strategy to ensure consistency and effectiveness.
- Brands should monitor and evaluate the success of their influencer marketing campaigns regularly and adjust their strategies accordingly.
- Brands should consider the use of micro-influencers, who have a smaller but more engaged following, to achieve better results in niche markets.

**Limitations:**

There are a few limitations to this study that should be considered. First, the survey data collected in this study is self-reported, which may be subject to social desirability bias. Second, the sample size is relatively small and may not be representative of the broader population. Third, this study only focuses on the impact of influencer marketing on consumer behaviour in the context of social media platforms, and does not explore other marketing channels. Finally, this study only examines the short-term impact of influencer marketing, and does not explore the long-term effects.

**Research Gap:**

Although there is a growing body of literature on the impact of influencer marketing on consumer behaviour, there is still a need for more research to fully understand the mechanisms underlying this phenomenon. Specifically, future research should explore the impact of different types of influencers (e.g., macro-influencers vs. micro-influencers) on consumer behaviour, as well as the role of trust, credibility, and authenticity in influencer marketing. Additionally, future research could explore the long-term impact of influencer marketing on consumer behaviour and brand performance.

**Future Research:**

Future research could explore the effectiveness of different types of influencer marketing campaigns, such as sponsored content, product reviews, and social media takeovers, on consumer behaviour. Additionally, future research could investigate the impact of influencer marketing on different consumer segments, such as age, gender, and income groups, to provide a more nuanced understanding of the influence of influencer marketing on consumer behaviour.

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# The Effect of Service Quality on Consumer Satisfaction in Restaurants

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## Abstract:

**Purpose:** The aim of this paper is to examine the effect of service quality on the customer satisfaction in restaurants in Pune, India as well as to determine that which dimensions of service quality makes the major contribution to overall customer satisfaction in restaurants.

**Method:** This is a quantitative research study, where the data was collected by using random sampling method. Self-administered 300 questionnaires were distributed across 30 restaurants consisting of 10 questionnaires per restaurant and out of these 256 questionnaires were valid and suitable for further analysis. Service Quality was measured by using the seven SERVQUAL dimensions of Tangibles, Reliability, Responsiveness, Assurance, Empathy, Food Quality, Menu and Customer Satisfaction which are identified through literature. Based on the dimensions of Service Quality selected, 7 hypotheses were proposed, all of which are supported.

**Statistical Analysis:** Descriptive Statistics were used for Frequency Distribution, Mean, Standard Deviation; Cronbach Alpha for Reliability Test, Variance Inflation Factor (VIF) for Multicollinearity, Karl Pearson Correlation Coefficient, Two-Tailed -T-Test, F-Test, ANOVA, and Multiple Regression Analysis. And all the data was processed through IBM SPSS 23.

**Findings:** The findings suggested that more the quality of service, more the customer satisfaction and there is a significant and positive relationship exists between service quality and customer satisfaction in restaurants. The study implies that service quality plays an important role as a driver for attaining higher customer satisfaction level in restaurants. This study also revealed that the independent variables of service quality having the most influence on the dependent variable customer satisfaction in the restaurants is Tangible (22.4 %) followed by Food Quality (19.2%), Menu (18.2%), Reliability (16.9%), Assurance (14.4%), Responsiveness (11.7%) and the least influential is Empathy with (11.1%).

**Index Terms:** Service Quality, Customer Satisfaction, Restaurants

## I. INTRODUCTION

Service quality is crucial for any company's bottom line and therefore in the past years much research is done regarding it. Shahin & Dabestani (2010) agree that service quality is a fundamental and primary element concerning the success of a company and that the accomplishments and survival of a company depends on it. Another reason research in this field is important and popular, is the fact that service quality has also an effect on the outcome of the service process like loyalty, customer satisfaction, image, trust, lower cost, business performance and higher profits (Baffour- Awuah, 2018a; 2018b). Therefore, for a company to be profitable the customer service needs should be met. Service quality has been established as a difficult theory to understand. Parasuraman *et al.*, (1985) and Khudri & Sultana (2015) refer to it as elusive while Prakash & Mohanty (2012) mention that research corresponding to the structure is still judged as unresolved and a long way from conclusive. Mosahab *et al.*, (2010) define service quality as the comprehensive feeling of inadequacy or supremacy of services or as Baffour- Awuah (2018a) explains as how the customer perceives the service. This usually regards as alike to the customers feeling towards the company (Parasuraman *et al.* 1988; Zeithaml 1988; Bitner 1990).

Customer satisfaction is generally described as the difference between the customer's expectations and experience performance after using a service and/or product at a certain period (Ismail & Yunan, 2016). Satisfaction is the customers' assessment of a product or service concerning whether the specific product or service met the customers need and expectation (Fourie, 2015). Expectations are classified as "beliefs about service delivery that serve as standards or reference points against which performance is judged" (Baffour- Awuah, 2018a). Expectations for supplies are "would," in the satisfaction literature, whereas expectations for goods are "should," in service quality literature. There is a two-way relation between satisfaction and service quality according to research done by Alamgir & Shamsuddoha (2004).

Enterprises can adapt their product or service appropriately to satisfy the needs and desires towards the customer's expectations which will lead to customer satisfaction and need to comprehend that for them to thrive and endure in the long run, they need to build relationships with their customers (Fourie, 2015). The dimensions and evaluation of service quality turn into incredible significance in developed and developing countries as well as in enterprises, due to speedy development, competition, and regionalism (Baffour- Awuah, 2018b).

## Problem Statement:

In every country, the food industry and especially restaurants are an essential segment. Restaurants are in these days used for different purposes; like celebrations, meetings, people who do not have time to cook food themselves, who cannot cook food themselves and those who want to enjoy food based on their choice and requirement (Jain & Thakur, 2018). Reasons among the youth and younger

generation of India in choosing restaurants are places that are fun, good services, healthy food opinions and food quality. Rubogora (2017) explain service quality as a type of attitude, which are related to, but not equal to the satisfaction that follows the correlation of assumption with execution. To evaluate restaurant service quality, the customer will make use of peculiar criteria by considering tangibility, reliability, responsiveness, assurance, empathy as well as food quality and menu that is important in restaurants. Little attention in research has been paid to investigating how to improve customer satisfaction by measuring service quality, food quality, and menu especially in restaurants in Pune

## II. LITERATURE REVIEW

### 2.1 Service Quality and SERVQUAL Dimensions

Mohammad & Alhamadani (2011) define service quality as "the delivery of excellent or superior service relative to customer expectations" and perceived service quality as the finding of the customer regarding the total distinction of a product or service. Parasuraman *et al.*, (1988) portray service quality as "the degree and direction of a discrepancy between customers' perceptions and expectations." In other words, customer service quality can be explained at the difference between real service performance and the customers' expectations (Alamgir & Shamsuddoha, 2004) and it is often considered similar to the customer's overall attitude towards the company (Parasuraman *et al.*, 1988; Zeithaml 1988; Bitner 1990). Service quality is further been described (Parasuraman *et al.*, 1985) as the gap between the customers' expectation (desires and wants) of service provided and their opinion about the service encounter. Al-Tit (2015) viewpoint is that a customer will be determined to locate a service or a product that will comply with their needs and wants.

Service quality had been introduced in several previous studies, as the degree in which a specific service meets the customer's needs or expectations. (Baffour- Awuah, 2018b; Mohammad & Alhamadani, 2011; Alamgir & Shamsuddoha, 2004). According to Ismail & Yunan, (2016) and Parasuraman *et al.*, (1985), the service quality concept is defined on the foundation of the disconfirmation theory. Base on this theory, customers calculate their service quality by measuring up their expectations as regards to specific service with the delivered one.

Service quality has been described as the distinction between the customers' expectations towards service to be obtained as well as the perception of this service being obtained (Parasuraman *et al.*, 1988; 1991; Baffour-Awuah, 2018a, 2018b). Service quality has been associated with customer expectations throughout constant encounters between the two. Baffour-Awuah (2018a) describes service quality as a long-term viewpoint that has developed as a result of the inclusive evaluations of company's repetitive performance. Mosahab *et al.*, (2010) explain that service quality is calculated by analysing the difference between two scores where superior service quality contributes to a smaller gap. Khudri & Sultana (2015) is of opinion that service quality cannot simply be measured because it is in the customer's mind. Therefore (Ismail & Yunan, 2016) suggested that through communications with customers, probable service quality level can be established.

Personal need and past experience are all aspects that play a key role in a customer's expectations of a specific service. When the expected service and the perceived service are not equivalent, then it causes a gap. Given the emphasis on expectations, this method of measuring service quality is known as the expectancy-disconfirmation paradigm. Using the expectancy-disconfirmation paradigm as a basis. Parasuraman *et al.*, (1985) developed the GAP model or also known as the service quality model which emphasized on the foremost dimensions or components for providing a high standard of service quality and recommend a scale for measuring service quality, known as SERVQUAL. This framework was further refined in 1988, 1991, 1993, and 1994. Originally ten dimensions of service quality that impact the customer's perceptions of service quality where identified, but after testing and retesting, some of these dimensions were discovered to be auto correlated. The originally ten dimensions were tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication, and understanding the customer (Parasuraman *et al.*, 1985).

The number of dimensions was condensed to five, which represent service quality across a spectrum of industries and settings. These dimensions are reliability, assurance, tangibles, empathy, and responsiveness (Zeithaml, 1988). SERVQUAL comprise of matched pairs of the item; 22 expectations item and 22 perception items, which are arranged into five dimensions (Parasuraman *et al.*, 1988, 1991). SERVQUAL require respondents to answer questions about both their expectations and their perceptions.

**a) Tangible Elements:** (appearance of the equipment, physical facilities, and personnel). Tangibles are used by firms to convey an image and signal quality. It interprets to the restaurant's interiors, the appearance and condition of the cutlery, tableware, and uniform of the staff, the appearance and design of the menu, restaurant signage and advertisements (Fourie, 2015).

**b) Reliability:** (ability to perform the promised service accurately and dependably). Reliability is defined as "the ability to perform the promised service dependably and accurately" or "delivering on its promises" (Fourie, 2015). This dimension is especially important as all customers would prefer to receive services from companies that keep promises and open communication. For the food & beverage industry, reliability can be interpreted to mean fresh food delivered at the correct temperature and accurately the first time (Andaleeb & Conway, 2006).

**c) Responsiveness:** (willingness to help customers and provide prompt service). Responsiveness "is the willingness to help customers and provide prompt service" (Harr, 2008). Responsiveness relates to the punctually dealing with customers' request, complaints, and questions. For companies to be profitable, they need to view responsiveness from the customer perspective, instead of the company's perspective (Fourie, 2015).

**d) Assurance:** (courteous and knowledgeable employees who can inspire confidence and trust). Zeithaml *et al.*, (2006) in Fourie, 2015) defined as "the employees' knowledge and courtesy and the service provider's ability to inspire trust and confidence."

**e) Empathy:** (personalized attention and care). Empathy is defined as the "caring, individualized attention the firm provides its customer (Zeithaml *et al.*, 2006) in Fourie, 2015). Empathy is all about treating the customer that he is unique and special smaller companies can especially succeed in this over larger companies as well as industries that focus on building a relationship with their customers. (Andaleeb & Conway, 2006). In the restaurant business, empathy is crucial and needed for customer satisfaction.

According to Ryu *et al.*, (2012) the impact of service quality on customer service in the food industry can measure the impact of three elements, namely: service quality, food, and physical environment, on customer satisfaction and customer perceived value. Previous studies that reflect on the significance of the dimensions in the restaurant industry, indicated that reliability is most significant expectations dimension, along with tangibles, assurance, responsiveness, and empathy (Al-Tit, 2015). While Lee & Hing (1995), founded that assurance and reliability was the most significant expectations dimensions and tangibles were the least expectations dimension.

Restaurant service quality is a bit more complicated to evaluate, since the evaluation is formed on the basis of the service outcome as well as on the process of service delivery. According to Ansari & Jalees (2018), Al-Tit (2015) and Ryu *et al.*, (2012) restaurant service quality elements include food quality, physical environment (ambience e.g., design, music, lighting) and employee service (e.g., professional skills, reliability). Ryu *et al.*, (2012) and Qin and Prybutok (2009) is of the opinion that food quality is the most essential element of restaurant quality service, even though there is no agreement on the particular aspects that represent food quality. Wu and Liang (2009) agree with the physical environment element and employee service, but exchange the food quality with customers (e.g., interaction with other customers).

Other research indicates that there are several and a different view on the key service dimensions in the restaurant industry. Examples are a four-factor solution, interpreted as responsiveness, food quality, physical design, and price by Andaleeb & Conway (2006), while Al-Tit (2015) recognized five factors: food quality, service quality, price and value, atmosphere, and convenience. Almohaimmed, (2017) declared a seven expected service quality dimensions include cleanliness and appearance of facilities and staff, assurance, individual attention, satisfaction and loyalty, basic demands, responsiveness, and reliability and two perceived service quality dimensions includes overall dining experience and restaurant ambience. As a result, five aspects of food quality were adopted from Ryu *et al.*, (2012), namely: the food is fresh, the food is delicious, the food is nutritious, there is a variety of menu items, and the smell of the food is enticing.

## 2.2 Customer Satisfaction

Customer satisfaction (often abbreviated as CSAT) is defined as "the number of customers or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals" (Farris *et al.*, 2010). While service quality can be seen as that total or general attitude concerning the worth of the service, customer satisfaction focusses on an explicit business deal (Prakash & Mohanty, 2012; Parasuraman *et al.*, 1988; Baffour-Awuah, 2018a, 2018b). Thus, it can be said that customer satisfaction is situation concentrate. Furthermore, customer satisfaction is the evaluation between what the customer calculate would happen in his service experience and what really happened (Ismail & Yunan, 2016; Parasuraman *et al.*, 1988).

Customer satisfaction signal future financial achievement of a company. It further has an impact on future cash flows improves productivity and escalate profits as well as having strategic consequences. Customer satisfaction is used in companies as a decisive factor in evaluating the quality of their services and products. Furthermore, customer satisfaction support in the comprehension of economic goals like the return of investment, profitability, and improved market share (Baffour-Awuah, 2018a). Customer satisfaction is essential for the long term survival of a company. Grigoroudis and Siskos (2010) in Fourie (2015) listed the reasons why companies need to measure their customer satisfaction. They are: "to get reliable insight into the market and its own competitive position; to be aware of dissatisfaction amongst customers as customers do not like to share dissatisfaction; to reveal potential market opportunities; to develop a customer satisfaction measurement process that is tailored for the specific business; to expose differences in quality service perceptions between management and the customers."

A vital factor in developing of customer's desires for future purchase is customer satisfaction. Customers usually discuss with others their experiences (Mosahab *et al.*, 2010) and therefore customer satisfaction can positively generate trust and mouth advertising (Jain & Thakur, 2018). Drivers of satisfaction consist of service quality, product quality, price, situation factors, and personal factors (Mohamad *et al.*, 2017). Bitner & Hubbert (1994:76-77) divides satisfaction into service encounter satisfaction (transaction-specific satisfaction) and overall service satisfaction. Service encounter satisfaction is "the consumer's dis/satisfaction with a discrete service encounter," while overall service satisfaction "the consumers overall dis/satisfaction with the organization based on all encounters and experiences with that particular organization."

As a result of economic development struggles in the food industry; it had become more demanding for customer satisfaction through improved service quality. There is a considerable impact on service quality and customer satisfaction in the food industry especially restaurants. Furthermore, there is a positive relationship between service quality and customer satisfaction (Ansari & Jalees, 2018). Satisfaction will be promoted when the definite level of services or products excel more than they anticipated (positive disconfirmation), while the products or service level is inferior to expected (negative disconfirmation) (Alamgir & Shamsuddoha, 2004). Around the world, the expectancy disconfirmation theory is an imperative conception of customer satisfaction (Prakash & Mohanty, 2012).

Oliver (1981) in Mohammad & Alhamadani (2011) define customer satisfaction as "a psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience." Scholars like Khudri & Sultana (2015) and Harr (2008) agrees with the above definition, that it concerns a specific service encounter. In this definition of attitude (Oliver, 1981 in Harr, 2008): "the consumer's relatively enduring affective orientation for a product, store, or process while satisfaction is the emotional reaction following a disconfirmation experience which acts on the base attitude level and is consumption-specific." Mohammad & Alhamadani (2011) distinguish between customer satisfaction and service quality. Service quality is more constant and situation orientated. The two concepts are connected since service encounters of customer satisfaction eventually led to opinions of service quality (Mohammad & Alhamadani, 2011; Parasuraman *et al.*, 1988). Expectation is a signal that could be used to determine customer satisfaction (Mohamad *et al.*, 2017). Each customer has their peculiar expectation concerning a product or service hinge upon the environment, taste, preference, purchasing power etc. (Ansari & Jalees, 2018). According to Bond & Fink (2003) brand preference as well indicates customer satisfaction, since branded products have superior quality.



### 2.3 Service Quality and Customer Satisfaction

Service quality leads to improved customer satisfaction and loyalty as a product of several factors and SERVQUAL is the finest measurement for service quality, according to Ismail & Yunan (2016). Furthermore, Ansari & Jalees (2018) stated that improving service quality in restaurants will lead to customer satisfaction and will provide a competitive advantage towards over restaurants that are not focused on service quality. In addition to the stiff competition in the food industry; when a restaurant cannot separate them from the competition, by its food, at least they can separate themselves by offering extraordinary service quality (Mee *et al.*, 2014).

Service quality and customer satisfaction are two separate theories, but interrelated, with high correlations and dependency between them (Baffour- Awuah, 2018a; Parasuraman *et al.*, 1988; Sureschander *et al.*, 2002). The greater the service quality, the greater the customer satisfaction will be. In process, service quality occurs before it causes customer satisfaction. In the academic literature there is much attention given to the relationship between service quality and customer satisfaction (Mohammad & Alhamadani, 2011, Ismail & Yunan, 2016; Baffour- Awuah, 2018a). According Sureschander *et al.*, (2002) service quality and customer satisfaction are both very necessary to accomplish business goals. Ismail & Yunan, (2016) stated that customer behaviours in restaurants indicate that service quality considerably impacts customer's decisions on restaurants. Studies were done of flourishing service-core companies (Ismail & Yunan, 2016) shows that the capacity of the service provider to properly execute tangible, reliability, responsiveness, assurance, and empathy elements in daily job might have a major effect on positive customer satisfaction. Studies founded that service quality to be a crucial contribution to customer satisfaction (Mohammad & Alhamadani, 2011).

Several studies are done by measuring SERVQUAL and customer satisfaction as well as some studies regarding service quality, food quality and customer satisfaction in the food industry in different countries, with the result that there is a significant relationship between these concepts (Bujisic *et al.*, 2014; Al-Tit, 2015). In the past decade's service quality developed into an advance- factor for restaurants and the fast-food industry. More restaurant managers are focusing on the developing of the service quality of their restaurants. Research studies indicate that service quality is positively associated with customer satisfaction. The dimensions of service quality, in conjunction with the restaurant image, have not only an immense effect on customer satisfaction but there is also a solid relationship between them (Ansari & Jalees, 2018). Previous research done by Al-Tit (2015) implicated that there were positive and significant relationships between four of the dimensions, namely: assurance, responsiveness, reliability and tangibles and customer satisfaction, while the empathy dimension had a significant but negative relationship with the customer satisfaction.

### 2.4 Analytical Framework

The aim of this study is to examine the relationship between restaurant service quality and customer satisfaction. The SERVQUAL scale (Parasuraman *et al.*, 1988) is one of the most popular instruments to measure service quality. Established on this instrument, a great number of published studies make use of and evaluated SERVQUAL (Al-Tamimi & Al-Amiri, 2003; Khudri & Sultana, 2015). A number empirical study used the original SERVQUAL and some used an adapted SERVQUAL. In this research study, SERVQUAL scale was adopted and customized to measure restaurant service quality and the relationship between service quality and customer satisfaction in restaurants in Pune. Table 1 describes the different variable of service quality, food quality, menu, and customer satisfaction with the sources of each.

**Table 1: Variables, Indicators, and Sources of Questionnaire Items**

Variables	Indicators	Sources
<b>Tangibles</b>	<ul style="list-style-type: none"> <li>The physical facilities are visually appealing</li> <li>Employees are neat-appearing</li> <li>Restaurant has clean restrooms</li> <li>Restaurant has comfortable seats in the dining room</li> </ul>	Parasuraman <i>et al.</i> (1988), Qin & Prybutok (2009)
<b>Reliability</b>	<ul style="list-style-type: none"> <li>The restaurant performs the service accurately the first time</li> <li>Staff serve my food as exactly ordered</li> <li>Staff serve my food in the time promised</li> <li>Staff usually provide me with an accurate bill</li> </ul>	Parasuraman <i>et al.</i> (1988), Qin & Prybutok (2009)
<b>Responsiveness</b>	<ul style="list-style-type: none"> <li>Employees give prompt service to customers</li> <li>Willingness to serve guests</li> <li>Flexibility according to guests' demands</li> <li>Maintaining speed and quality of service during busy times</li> </ul>	Parasuraman <i>et al.</i> (1988), Qin & Prybutok (2009)
<b>Assurance</b>	<ul style="list-style-type: none"> <li>The behaviour of employees instil confidence in customers</li> <li>Employees have the knowledge to answer customer's questions</li> <li>Employees can answer questions completely</li> <li>Staff provides information about menu items, their ingredients, and method of preparation</li> </ul>	Parasuraman <i>et al.</i> (1988), Qin & Prybutok (2009)
<b>Empathy</b>	<ul style="list-style-type: none"> <li>Restaurant gives individual attention to the customer</li> <li>Operating hours are convenient for all customers</li> <li>Staff seem to have my best interest at heart</li> <li>Staff are friendly and professional</li> </ul>	Parasuraman <i>et al.</i> (1988), Qin & Prybutok (2009)
<b>Food Quality</b>	<ul style="list-style-type: none"> <li>The food is fresh</li> <li>The food is delicious</li> <li>A variety of menu items</li> <li>The smell of the food is enticing</li> </ul>	Ryu <i>et al.</i> (2012), Qin & Prybutok (2009)

<b>Menu</b>	<ul style="list-style-type: none"> <li>Variety of items</li> <li>Knowledge of menu items</li> <li>Truthfulness of menu</li> <li>Visually attractive menu</li> </ul>	Almohaimmeed, (2017)
<b>Customer Satisfaction</b>	<ul style="list-style-type: none"> <li>Food Quality</li> <li>Menu</li> <li>Price</li> <li>Service</li> <li>Restaurant layout and ambience</li> <li>Returning to the restaurant</li> <li>Recommending the restaurant to others</li> <li>Overall satisfaction with the dining experience</li> </ul>	Ryu <i>et al.</i> (2012), Qin & Prybutok (2009), Al-Tit (2015), Almohaimmeed (2017)

### III. RESEARCH METHODOLOGY

This is a quantitative research study to examine the effect between service quality and customer satisfaction in restaurants in Pune. Multiple Regression Analysis was used to test the Hypotheses through SPSS version 23.

#### 3.1 Conceptual Framework and Hypothesis

Based on the literature review, the following conceptual framework with hypotheses was developed for the present study.

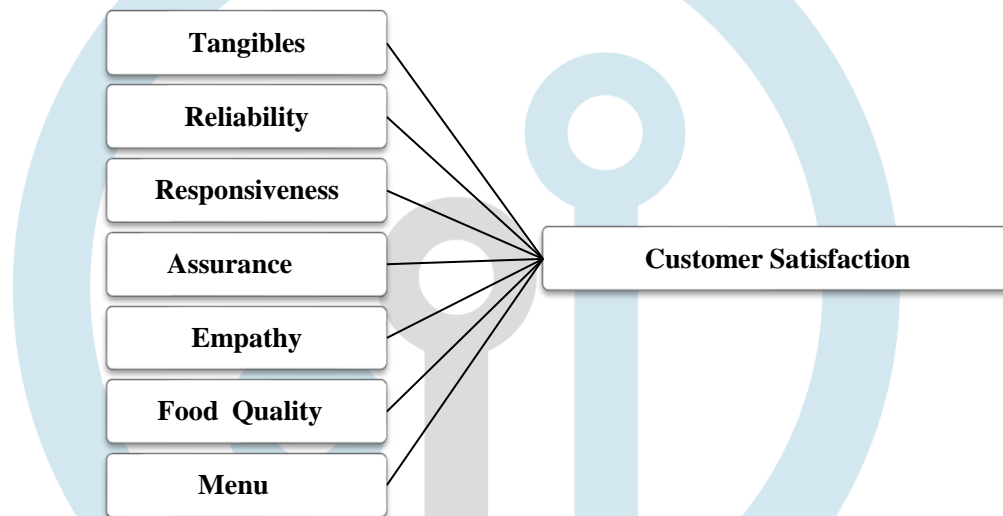


Figure 1: Conceptual Framework Source: Researcher, 2023

#### Hypotheses:

- H<sub>1</sub>: Tangible component of service quality has a positive effect on customer satisfaction in restaurants.
- H<sub>2</sub>: Reliability component of service quality has positive effect on customer satisfaction in restaurants.
- H<sub>3</sub>: Responsiveness component of service quality has positive effect on customer satisfaction in restaurants.
- H<sub>4</sub>: Assurance component of service quality has positive effect on customer satisfaction in restaurants.
- H<sub>5</sub>: Empathy component of service quality has positive effect on customer satisfaction in restaurants.
- H<sub>6</sub>: Food Quality component of service quality has a positive effect on customer satisfaction in restaurants.
- H<sub>7</sub>: Menu component of service quality has a positive effect on customer satisfaction in restaurants.

#### Model Specification:

Multiple Linear Regression Analysis is used in this study to identify the effect that the independent variables have on the dependent variable. Based on the hypotheses, the model specification is presented as follows:

$$Y = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \beta_3 \chi_3 + \beta_4 \chi_4 + \beta_5 \chi_5 + \beta_6 \chi_6 + \beta_7 \chi_7 + \varepsilon$$

Y = Customer Satisfaction (CSAT) as dependent variable

$\chi$  = Tangible, Reliability, Responsiveness, Assurance, Empathy, Food Quality, and Menu as independent variables.

$\beta_0$  = The intercept

$\beta$  = Slope of regression line/ Regression coefficient

$\varepsilon$  = Error term

Therefore, the regression model for this study is:

$$CSAT = \beta_0 + \beta_1 (\text{Tangible}) + \beta_2 (\text{Reliability}) + \beta_3 (\text{Responsiveness}) + \beta_4 (\text{Assurance}) + \beta_5 (\text{Empathy}) + \beta_6 (\text{Food Quality}) + \beta_7 (\text{Menu}) + \varepsilon$$

### 3.3 Data Collection and Questionnaire

#### 3.3.1 Data Collection

Before beginning the data collection drive, restaurant managers were contacted for prior permission and approval to collect the data specifically in Wanawadi, Hadapsar and Kondhwa areas in Pune. The questionnaires were administered only in those settings where restaurant managers agreed to participate and instruct the staff to distribute and collect the response sheets from the participating customers. Questionnaires were distributed to the restaurant customers that were willing to share their opinion after their dining experience. The target population of this study consists of customers served at 30 restaurants in these areas. A total of 300 questionnaires were distributed equally across these restaurants (10 questionnaires for each restaurant).

### 3.3.2 Questionnaire

The questionnaire was divided into three sections, namely: Section A consist of questions related to the demographic characteristic of respondent; Section B questions related to customer service in terms of Tangible, Reliability, Responsiveness, Assurance, Empathy, Food Quality and Menu and Section C, related to Customer Satisfaction in the restaurant. Questions were constructed on a 5-point Likert scale to assess respondents' ratings. Items addressing expectations and perceptions were rated from 1 = "strongly disagree" to 5 = "strongly agree." The questionnaire was developed in English and also translated into Marathi, the local language. The purpose of this study was clearly specified in the questionnaire and participation was voluntary and confidential.

### 3.3.3 Questionnaire Response Rate

300 questionnaires were distributed to random restaurants in Pune. 280 questionnaires were collected, out of which 24 resulted as unusable. The questionnaire response rate shows that 91.5 % (256) of the respondents correctly filled the questionnaire in. thus usable, while 8.5% (24) were unusable. The response rate is deemed high. Furthermore, it is recommended an approximately 30 participants per predictor. In the current study there are seven predictors, therefore the number of 256 complete questionnaires is considered acceptable on the above recommendation. Table 2, shows the number of questionnaires distributed and response and their response percentage.

**Table 2: Questionnaire Distribution and Response Rate**

Total Questionnaire Administered	300		
Total Numbers of Questionnaires Returned	280		
Unusable Responses*	24	Percentage of Questionnaire Not Used	8.5%
Usable Responses	256	Percentage of Questionnaire Used	91.5%

\*Unusable Responses were because of missing data and alternations

## IV. DATA PRESENTATION AND ANALYSIS

### 4.1 Reliability Analysis

The first step in the measurement process is reliability test. In this study, Cronbach's alpha was used to measure the internal consistency (reliability) 28 items of the seven (7) Independent constructs which are Tangible, Reliability, Responsiveness, Assurance, Empathy, Food Quality and Menu and eight (8) items of one (1) Dependent construct which is Customer Satisfaction. Alpha values were above 0.7 is widely accepted as an adequate measure of reliability for a construct. Alpha values for the Independent Constructs: Tangible = 0.890, Reliability = 0.874, Responsiveness = 0.790, Assurance = 0.846, Empathy = 0.860, Food Quality = 0.858 and Menu = 0.887, while the Dependent Construct: Customer Satisfaction = 0.896. All the constructs strongly support reliability and internal consistency. And the reliability scores are shown in Table 3.

**Table 3: Reliability Analysis of the Research Variables**

Constructs	Number of Items	Cronbach's Alpha	Reliability
Tangible	4	0.890	Supported
Reliability	4	0.874	Supported
Responsiveness	4	0.790	Supported
Assurance	4	0.846	Supported
Empathy	4	0.860	Supported
Food Quality	4	0.858	Supported
Menu	4	0.887	Supported
Customer Satisfaction	8	0.896	Supported

### 4.2 Demographic Analysis

The respondent's information regarding gender, age and number of previous visits to restaurant collected (Table 4). The descriptive analysis revealed that the majority of the respondents (58 %) were female, whereas 42 % were male. In terms of the age distribution, most of the respondents was between 21 – 30 years (45 %) and between 31 - 40 years (35 %) while the least respondents were between 41- 50 years (15 %), and above 50 years (5 %). 55% of the respondents visit the restaurant twice of more time before, with 35% visit the restaurant just once before and 10% have no previous visits to the restaurant.

**Table 4: Demographic Characteristics of Respondents**

Variables	Frequency	Percentage
Gender of Customer	Male	108
	Female	148
	<b>TOTAL</b>	<b>256</b>
Ages of Customer (years)	21 – 30 years	116
	31 – 40 years	90
	41 – 50 years	38
	Above 50 years	12
	<b>TOTAL</b>	<b>256</b>

Number of Previous Visits to Restaurant	Never	26	10%
	Once	90	35%
	Twice or more	140	55%
	<b>TOTAL</b>	<b>256</b>	<b>100%</b>

Source: Primary Data, 2023

#### 4.3 Descriptive Statistical Analysis

Descriptive statistics is used to review and describe raw data about basic configurations in the sample by permitting its understanding and interpretation. The objective of the descriptive statics is to describe the distribution of certain variables within a specific dataset. Table 5 gives the descriptive statistics of the computed variables. The mean value indicates the location of the centre of the data and the standard deviation is the spread of the data. Furthermore, the standard deviation indicates the variability of values in the data set; it is a measure of dispersion, showing how spread out the data points are around the mean. Together with mean, it also indicates percentiles for a normally disturbed population. According to the respondents in this study, the mean and standard deviations for the variables are Tangible (M = 2.7041; SD = 0.60803); Reliability (M= 2.8496 ; SD = 0.67978); Responsiveness (M= 2.8018; SD = 0.56923); Assurance (M = 2.6836; SD = 0.51638); Empathy (M= 2.7705; SD = 0.53120); Food Quality (M= 2.7354; SD = 0.56968); Menu (M= 2.5957; SD = 0.42023); and Customer Satisfaction (M= 2.9912; SD = 0.47245). In Table 5, the standard deviation is lower than 1, which indicated that the data clustered closely around the mean therefore more reliable.

**Table 5: Mean (X) and Standard Deviation (SD)**

Variable	Mean	Std. deviation	Interpretation*
<b>Tangible</b>	2.7041	0.60803	High Level
<b>Reliability</b>	2.8496	0.67978	High Level
<b>Responsiveness</b>	2.8018	0.56923	High Level
<b>Assurance</b>	2.6836	0.51638	High Level
<b>Empathy</b>	2.7705	0.53120	High Level
<b>Food Quality</b>	2.7354	0.56968	High Level
<b>Menu</b>	2.5957	0.42023	High Level
<b>Customer Satisfaction</b>	2.9912	0.47245	High Level

\*Mean Range Interpretation on the Level of Service Quality and Customer Satisfaction

3.26 - 4.00 Very high level      2.51 - 3.25 High level      1.76 - 2.50 Low level      1.00 – 1.75 Very low level

#### 4.4 Variance Inflation Factor (VIF)

The researcher has conducted tests on the collected data to find out the homoscedasticity and multicollinearity. Variance Inflation Factor (VIF) test was used to measure the multicollinearity for 28 items of the seven (7) Independent constructs which are Tangible, Reliability, Responsiveness, Assurance, Empathy, Food Quality and Menu. Variance Inflation Factor values < 5 are widely accepted as an adequate strength to indicate there is no multicollinearity among the variables. The VIF test results in this study are less than the critical value 5, where  $2.572 < 5$  for construct Tangible;  $2.515 < 5$  for construct Reliability;  $2.830 < 5$  for construct Responsiveness;  $3.391 < 5$  for construct Assurance;  $3.048 < 5$  for construct Empathy;  $3.016 < 5$  for construct Food Quality  $4.001 < 5$  for construct Menu. The Tolerance values were found to be above 0.250 for all seven constructs, together they meet the require criteria (Table 6).

**Table 6: Variance Inflation Factor (VIF)**

Variable	Tolerance	VIF
<b>Tangible</b>	0.389	2.572
<b>Reliability</b>	0.398	2.515
<b>Responsiveness</b>	0.353	2.830
<b>Assurance</b>	0.295	3.391
<b>Empathy</b>	0.328	3.048
<b>Food Quality</b>	0.332	3.016
<b>Menu</b>	0.250	4.001

#### 4.5 Correlation between Variables

Correlation analysis is a method of measurement to find if there is any significant relationship exist between the different variables. The correlation coefficient is represented by the letter  $r$ , and could take value between -1 to +1. The objective of this study is to measure the relationship between service quality and customer satisfaction and if there is any significantly correlation among the variables. Karl Pearson correlation results indicate that a strong positive correlation exist when the  $r$  -values are above 0.6. In this study, a strong positive correlation exists between customer satisfaction and all the service quality constructs. That is, Customer Satisfaction is correlated with Tangible, ( $r = 0.808$ ), Reliability ( $r = 0.792$ ), Responsiveness ( $r = 0.792$ ), Assurance ( $r = 0.811$ ), Empathy ( $r = 0.835$ ), Food Quality ( $r = 0.813$ ) and Menu ( $r = 0.854$ ). Furthermore,  $p$ -value < 0.05 indicate that there are significant correlations exist between the given constructs. The correlations are significant at the 0.01 level (2-tailed) for all the given constructs (Table 7).



**Table 7: Correlation Matrix**

Construct	Customer Satisfaction	Tangible	Reliability	Responsiveness	Assurance	Empathy	Food Quality	Menu
<b>Customer Satisfaction</b> Sig.( 2-tailed)	1 0.000**							
<b>Tangible</b> Sig.( 2-tailed)	0.808 0.000**	1 0.000**						
<b>Reliability</b> Sig.( 2-tailed)	0.792 0.000**	0.610 0.000**	1 0.000**					
<b>Responsiveness</b> Sig.( 2-tailed)	0.807 0.000**	0.653 0.000**	0.636 0.000**	1 0.000**				
<b>Assurance</b> Sig.( 2-tailed)	0.811 0.000**	0.732 0.000**	0.544 0.000**	0.723 0.000**	1 0.000**			
<b>Empathy</b> Sig.( 2-tailed)	0.835 0.000**	0.628 0.000**	0.648 0.000**	0.688 0.000**	0.698 0.000**	1 0.000**		
<b>Food Quality</b> Sig.( 2-tailed)	0.813 0.000**	0.570 0.000**	0.671 0.000**	0.679 0.000**	0.624 0.000**	0.736 0.000**	1 0.000**	
<b>Menu</b> Sig.( 2-tailed)	0.854 0.000**	0.678 0.000**	0.719 0.000**	0.707 0.000**	0.742 0.000**	0.744 0.000**	0.759 0.000**	1 0.000**

\*\* Correlations is significant at the 0.01 level (2-tailed)

#### 4.6 Regression Analysis

##### 4.6.1 Model Summary

The model summary of multiple regression analysis in Table 8 indicates the portion of the variance defined by the independent variables of the study, where  $R = 0.963$ , which is a strong correlation. The coefficient of multiple determination  $R^2 = 0.928$ , which means that the effect of the seven independent variables of service quality stated in this study is 96.3% on customer satisfaction in restaurants. Furthermore, that 3.7 % are other unexplainable components that contributes to the variance on restaurant customer satisfaction. Additionally, the multiple regression analysis shows the adjusted  $R^2$  which indicates the fit of the analysed data to undergo the regression model to the analysed data. When the adjusted  $R^2$  value is over 0.5 it indicates that there is a strong fit, which means that in this study that the seven independent variables are fitting strongly at predicting restaurant customer satisfaction. This ascertains that service quality has a strong effect on the customer satisfaction in restaurants.

**Table 8: Model Summary<sup>b</sup>**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard Error Estimate
1	0.963	0.928	0.926	0.12881

a. Predictors (Constant): Tangible, Reliability, Responsiveness, Assurance, Empathy, Food Quality and Menu

b. Dependent Variable: Customer Satisfaction

##### 4.6.2 Analysis of Variance (ANOVA)

Analysis of variance (ANOVA) indicates the variance between the variables. The  $p$ -value (Sig. meaning significance) is link to the null hypothesis and the coefficient of all the independent variables are 0.000, where  $p$ -value is  $< 0.05$ , which indicate significance. Table 9, a low  $p$ -value, which indicates a significant relationship exists between the dependent and independent variables. This implies that the independent variables are significant in assessing the customer satisfaction in restaurants.

**Table 9: Analysis of Variance (ANOVA)<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
<b>Regression</b>	52.803	7	7.543	454.630	0.000 <sup>b</sup>
<b>Residual</b>	4.115	248	0.017		
<b>Total</b>	56.918	255			

b. Dependent Variable: Customer Satisfaction

a. Predictors (Constant): Tangible, Reliability, Responsiveness, Assurance, Empathy, Food Quality and Menu

### 4.6.3 Hypotheses Test Results

Multiple regression analysis used to test service quality, namely Tangible, Reliability, Responsiveness, Assurance, Empathy, Food Quality, and Menu in terms of effecting Customer Satisfaction on the part of restaurants. Therefore, the Regression Model for this study is  $CSAT = \beta_0 + \beta_1 (\text{Tangible}) + \beta_2 (\text{Reliability}) + \beta_3 (\text{Responsiveness}) + \beta_4 (\text{Assurance}) + \beta_5 (\text{Empathy}) + \beta_6 (\text{Food Quality}) + \beta_7 (\text{Menu}) + \varepsilon$

The regression output among other data gives the  $\beta$  coefficients for each independent variable. These coefficients will be interpreted for each independent variable comparing to the priori expectations that all the  $\beta$  coefficients are  $> 0$ .

**Hypothesis 1: Tangible component of service quality has a positive effect on customer satisfaction in restaurants.**

As shown in Table 10 the outcome of the regression coefficients indicates, a positive relationship exists between Tangible component of service quality and customer satisfaction. The result is in line with a priori expectation that  $\beta_1 > 0$ . This means that a unit increase in Tangible component of service quality will result in a corresponding increase in customer satisfaction by 0.224 units. The t - value is 8.166 (larger than the tabular value 1.96). The p-value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_1$  about the significant role of Tangible component of service quality on achieving customer satisfaction in restaurants.

**Hypothesis 2: Reliability component of service quality has positive effect on customer satisfaction in restaurants.**

As shown in Table 10 the outcome of the regression analysis indicate that a positive relationship exists between Reliability component of service quality and customer satisfaction. The result is in line with a priori expectation that  $\beta_2 > 0$ . This means that a unit increase in Reliability component of service quality will result in a corresponding increase in customer satisfaction by 0.169 units. The t - value is 5.697 (larger than the tabular value 1.96). The p-value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_2$  about the significant role of Reliability component of service quality on achieving customer satisfaction in restaurants.

**Hypothesis 3: Responsiveness component of service quality has positive effect on customer satisfaction in restaurants.**

As shown in Table 10 the outcome of the regression analysis indicate that a positive relationship exists between Responsiveness component of service quality and customer satisfaction. The result is in line with a priori expectation that  $\beta_3 > 0$ . This means that a unit increase in Responsiveness will result in a corresponding increase in customer satisfaction by 0.117 units. The t - value is 4.074 (larger than the tabular value 1.96). The p-value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_3$  about the significant role of Responsiveness in achieving customer satisfaction in restaurants.

**Hypothesis 4: Assurance component of service quality has positive effect on customer satisfaction in restaurants.**

As shown in Table 10 the outcome of the regression analysis indicate that a positive relationship exists between Assurance component of service quality and customer satisfaction. The result is in line with a priori expectation that  $\beta_4 > 0$ . This means that a unit increase in Assurance component of service quality will result in a corresponding increase in customer satisfaction by 0.144 units. The t - value is 4.582 (larger than the tabular value 1.96). The p-value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_4$  about the significant role of Assurance component of service quality in achieving customer satisfaction in restaurants.

**Hypothesis 5: Empathy component of service quality has positive effect on customer satisfaction in restaurants.**

As shown in Table 10 the outcome of the regression analysis indicate that a positive relationship exists between Empathy component of service quality and customer satisfaction. The result is in line with a priori expectation that  $\beta_5 > 0$ . This means that a unit increase in Empathy component of service quality will result in a corresponding increase in customer satisfaction by 0.111 units. The t - value is 3.240 (larger than the tabular value 1.96). The p-value is less than  $\alpha = 0.05$  ( $p = 0.001$ ). All these statistical results support the  $H_5$  about the significant role of Empathy component of service quality in achieving customer satisfaction in restaurants.

**Hypothesis 6: Food Quality component of service quality has a positive effect on customer satisfaction in restaurants.**

As shown in Table 10 the outcome of the regression analysis indicate that a positive relationship exists between Food Quality component of service quality and customer satisfaction. The result is in line with a priori expectation that  $\beta_6 > 0$ . This means that a unit increase in Food Quality component of service quality will result in a corresponding increase in customer satisfaction by 0.192 units. The t - value is 7.074 (larger than the tabular value 1.96). The p-value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_6$  about the significant role Food Quality component of service quality in achieving a customer satisfaction in restaurants.

**Hypothesis 7: Menu component of service quality has a positive effect on customer satisfaction in restaurants.**

As shown in Table 10 the outcome of the regression analysis indicate that a positive relationship exists between Menu component of service quality and customer satisfaction. The result is in line with a priori expectation that  $\beta_7 > 0$ . This means that a unit increase in Menu component of service quality will result in a corresponding increase in customer satisfaction by 0.182 units. The t - value is 6.115 (larger than the tabular value 1.96). The p-value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_7$  about the significant role Menu component of service quality in achieving customer satisfaction in restaurants.

**Table 10: Multiple Regression Analysis (MRA)**

Hypothesizes Statement	$\beta$	t-value	p-value	Test Result
$H_1$ : Tangible Component of Service Quality on Customer Satisfaction	0.224	8.166	0.000	Null Rejected
$H_2$ : Reliability Component of Service Quality on Customer Satisfaction	0.169	5.697	0.000	Null Rejected
$H_3$ : Responsiveness Component of Service Quality on Customer Satisfaction	0.117	4.074	0.000	Null Rejected

H <sub>4</sub> : Assurance Component of Service Quality on Customer Satisfaction	0.144	4.582	0.000	Null Rejected
H <sub>5</sub> : Empathy Component of Service Quality on Customer Satisfaction	0.111	3.240	0.001	Null Rejected
H <sub>6</sub> : Food Quality Component of Service Quality on Customer Satisfaction	0.192	7.074	0.000	Null Rejected
H <sub>7</sub> : Menu Component of Service Quality on Customer Satisfaction	0.182	6.115	0.000	Null Rejected

$\beta$  = Standardized Coefficients Beta Value

## V. CONCLUSIONS

Over all the study shows that the data consisting of seven (7) independent variables having 28 items which are validated 100%, and the reliability test results for all the constructs were above the threshold value of 0.7, which indicates a strong data reliability. The tolerance scores for all the constructs were above 0.250, which indicates a more tolerance and variance inflation factor (VIF) scores were below 5.0 for all the constructs indicate that there is no multicollinearity in the given set of constructs. Also, the regression model fitted well with the data sets. The beta values in this study revealed that service quality has a significant and positive effect on the customer satisfaction in restaurants. 60% of the customer satisfaction is collectively influenced by three service quality components which are Tangible (22.4 %), Food Quality (19.2%) and Menu (18.2%). The strength of the restaurants depended on the H<sub>1</sub>: Tangible component having the visually appealing physical facilities, comfortable seats in the dining room, neat-appearing employees, and clean restrooms. Similarly, H<sub>6</sub>: Food Quality component having fresh food, aromatic and enticing food smell, delicious food taste. Furthermore, H<sub>7</sub>: Menu component having visually attractive menu, informative and knowledge menu, variety of items on the menu and truthfulness of menu. As per the study these components have the 60% of the effect on the customer satisfaction. The null hypotheses are rejected for H<sub>1</sub>, H<sub>6</sub>, and H<sub>7</sub> and there is a significant difference in the outcomes and decision is well supported.

While the remaining 40% consist of the other four components, Reliability (16.9%), Assurance (14.4%), Responsiveness (11.7%) and Empathy (11.1%) also have a positive influence on the dependent variable called customer satisfaction. H<sub>2</sub>: Reliability component: receiving the services accurately for the first time, receiving exactly ordered food, serve the food on promised time and provide with accurate bill. H<sub>3</sub>: Responsiveness component: providing quality food with speed during the busy hours, prompt services, flexible and willing to serve guests. H<sub>4</sub>: Assurance component: staff have the knowledge to answer customer's questions completely, staff have the ability to instil confidence in customers regarding the surrounding areas, food process, and methods. H<sub>5</sub>: Empathy component: providing individual attention to the customer, friendly and professional staff, staff have the best interest at heart, operating hours are convenient to customer.

Here the null hypotheses are rejected for H<sub>2</sub>, H<sub>3</sub>, H<sub>4</sub> and H<sub>5</sub> and there is a significant difference in the outcomes and decision is well supported.

Although all the 7 service quality components are having a positive effect on the dependent variable called customer satisfaction, H<sub>2</sub>, H<sub>3</sub>, H<sub>4</sub> and H<sub>5</sub> are on the weaker position as compared to H<sub>1</sub>, H<sub>6</sub>, H<sub>7</sub>. Hence it is recommended to enhance the Reliability (H<sub>2</sub>) Responsiveness (H<sub>3</sub>) Assurance (H<sub>4</sub>) and Empathy (H<sub>5</sub>).

The most important limitation in this study was the collection of data, which was conducted by distributing questionnaires to respondents during their meal. Some of those approached have declined to participate in the study or did not fill in the questionnaire completely. The study was conducted in full-service restaurants and therefore the results cannot necessarily be used other types of restaurants. This study has focused on restaurants located in Pune, India, to obtain the samples, in-turn the findings and results are restricted to some extent. However, research study can be conducted at state or national level to give a broader scope and generalisation of results. The finding can be useful for the new and existing restaurants to think on the given service quality effect on the customer satisfaction in restaurants.

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# THE IMPACT OF ENTREPRENEURIAL MARKETING ON THE FINANCIAL PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES

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## **Abstract:**

**Purpose:** This research study aims to examine the relationship between the entrepreneurial marketing and financial performance of small and medium scale enterprises, as well as to find out the impact that entrepreneurial marketing have on the financial performance of the small and medium scale enterprises in Pune, India.

**Method:** This is a qualitative study where the data was collected through the random sampling method and the questionnaire was designed in five point Likert scale. In total 346 entrepreneurs were administered with the questionnaire and data collected from 320 respondents were complete and useful for the research process.

**Statistical Analysis:** Descriptive Statistics were used for Frequency Distribution, Mean, Standard Deviation; Cronbach Alpha for Reliability Test, Variance Inflation Factor (VIF) for Multicollinearity, Karl Pearson Correlation Coefficient, Two-Tailed -T-Test, F-Test, ANOVA, and Multiple Regression Analysis. And all the data was processed through IBM SPSS 23.

**Findings:** The study results showed that entrepreneurial marketing have a significant and positive impact on the financial performance of small and medium scale enterprises located in the Pune, India. The most influential independent variable on the financial performance is Proactiveness (23%) followed by the other variables Customer intensity (19%), Opportunity focused (18.7%), Resource leveraging (16.8%), Innovativeness (13.3%), Value creation (12%), and Risk-taking (11.7%).

**Keywords:** *Entrepreneurial Marketing, Financial Performance, Small and Medium Scale Enterprises*

## **I. INTRODUCTION**

Small and medium scale enterprises (SMEs) is very crucial for the growth and development of the economics of most developing countries, like India. SMEs have an important role to play in a country GDP and employment. According to the Indian Ministry of Finance, the GDP rate is expected to grow 7 % for the year ending March 2023, this follows an 8.7 % growth in the previous financial year (2021-2022). Definitions of SMEs are different from country to country. In India, this definition changed on 1 July 2020 with the new classification under the MSMED Act, 2006. The new description of SMEs are as follows: A small enterprise, where the investment in plant and machinery or equipment does not exceed ten Crore rupees and turnover does not exceed fifty Crore rupees. Whereas a medium enterprise, where the investment in plant and machinery or equipment does not exceed fifty Crore rupees and turnover does not exceed two hundred and fifty Crore rupees (Government of India MSME Annual Report, 2020-2021). SMEs are constantly under constrained to be more proactive and innovative regarding their marketing strategies since business environment frequently fluctuate and marketing circumstances more than ever before are chaotic, difficult and uncertain (Fillis, 2010). Bjerke & Hultman (2002) stated that marketing is mostly regarded as significant for SMEs to survive, develop,

and succeed and Kraus *et al.*, (2010) put more emphasis on it by stating that it is especially crucial for the success of a new SME. It is well known that SMEs have features that different from the large enterprises, which also includes their marketing process. These features may be govern by the behaviour of the entrepreneur or SMEs owner as well as the size and stage of progress of the enterprise. Other constrains of the SMEs that cause them to have a restricted effect in the market place are, limitations in resources, the absentee of needed skills and the absence of formal methods of communication (Jones & Rowley, 2011; Hacıoglulua *et al.*, 2012) The entrepreneur play a crucial role in SMEs and his mind set towards marketing are important, unfortunately most entrepreneurs does not realize this. Stokes (1997) agrees that the SMEs owners admit that marketing have a low ranking of importance in their business. A reason may be that the term “marketing” is mostly perceive by SME owner – entrepreneurs in terms of “sales” (Hill & Wright, 2000).

The entrepreneurial marketing has evolved over the last three decades and entrepreneurial marketing research since 1982 (Sadiku-Dushi *et al.*, 2019) and still does not have a general approved definition (Hamali, 2015) as well as no agreed qualitative dimensions. Entrepreneurial marketing is commonly refers to the process that enterprise make use of marketing to behave entrepreneurial and therefore related with creative marketing of SMEs with inadequate resources. It is also explain as a joining of entrepreneurship and marketing with the focus on effective use of opportunities by using innovative viewpoints. This creates new direction in the field of marketing (Sadiku-Dushi *et al.*, 2019; Fatoki, 2019; Kraus *et al.*, 2010). According to Nwaizugbo & Anukam (2014) entrepreneurial marketing are creative and therefore can help an enterprise grow in any kind of condition. According to Nwaizugbo & Anukam (2014) and Morris *et al.*, (2002), the application of marketing theories and tools help entrepreneurs to attain great heights of achievement in the market. Furthermore innovative entrepreneur’s experience that marketing principles and approaches are valuable to create profitability in their enterprises. On the other hand, entrepreneurial marketing is described as entirely marketing and entrepreneurship instead of just an interconnection of the two as describe above. Suggesting that entrepreneurial marketing enterprises still make use of the traditional marketing process while it at the same time profoundly govern by the character (innovativeness, proactiveness and risk-taking) of the entrepreneur at the driving force of the enterprise (Sadiku-Dushi *et al.*, 2019).

Entrepreneurship marketing is the absolute incorporation between marketing and entrepreneurship (Schindehutte & Morris, 2001). Sadiku-Dushi *et al.*, (2019) propose that entrepreneurial marketing must be looked at as an umbrella approach that recognises the three general fields of research which incorporate marketing in newfound projects or SMEs; entrepreneurship interest in larger companies and pioneering and cost- effective marketing approaches that cause market modification. Hill *et al.*, (2008) and Stokes (2000) mention that small and medium enterprises do not usually go along with the typical approaches in marketing attempts, although there is times that they do make use of the typical approach but in an innovative and entrepreneurial way. As already mentioned, there are no agreeable qualitative dimensions. Previous research done by Bjerke & Hultman (2002:186) four of dimension, Mort *et al.*, (2012) in Al-Manasra *et al.*, (2013) four of dimension, Morris *et al.*, (2002) seven of dimension and Jones & Rowley, 2009 in Hamali (2015) fifteen of dimension. The influential work of Morris *et al.*, (2002) shaped the theoretical background for entrepreneurial marketing. Seven core dimensions of entrepreneurial marketing was (developed) created namely: proactiveness, calculated risk-taking, innovativeness, opportunity focus, resource leveraging, costumer intensity, and value creation. According to Hill *et al.*, (2008), these dimensions differentiate from traditional marketing. These seven dimensions concentrate on entrepreneurial and marketing behaviour, nonetheless they neglect to attain specific significant variables between SMEs. Other researchers which reinforced the dimensions of Morris *et al.*, (2002) are Becherer *et al.*, (2008, 2012); Hacıoglulua *et al.*, (2012); Al-Manasra *et al.*, (2013), Hamali (2015) and Kilenthong *et al.*, (2016).

### **Problem Statements:**

It is crucial for small and medium-sized enterprises to know and recognize which entrepreneurial marketing dimensions are most effective and therefore helpful to improve the enterprise financial performance. Many scholars have investigated how entrepreneurial marketing dimensions impact the performance of SMEs, but very little to none research is done regarding this in India and especially in Pune, Maharashtra state. The aim of this study is to expand the understanding of how entrepreneurial marketing dimensions impact the financial performance of SMEs. Small and medium-scale enterprises offer diverse products and services according to the need of the target market. The study focuses on the effect that entrepreneurial marketing (dimensions) have on the financial performance of small and medium scale enterprise in Pune, Maharashtra state. The independent variables as describe by Morris *et al.*, (2002) are: proactiveness, risk-taking, innovativeness, opportunity focus, resource leveraging, customer intensity and value creation, whereas the dependent variable is financial performance (Murphy & Callaway, 2004; Panigyrakis & Theodoridis, 2007).



## II. LITERATURE REVIEW

### 2.1 Entrepreneurial Marketing

Several researcher attempt to explain the theory of entrepreneurial marketing and therefore there are various definitions, with some focus on marketing in small enterprises (Hill & Wright, 2000); other put emphasis on just features of entrepreneurial marketing like value creation (Bäckbrö & Nyström, 2006) and innovativeness (Bäckbrö & Nyström, 2006; Stokes, 2000) and those who make no discrepancy regarding the company size (Bäckbrö & Nyström, 2006; Kraus *et al.*, 2010; Morris *et al.*, 2002) to name a few. An entrepreneurial SMEs can be described as one that flourishes on innovation; pursuit's growth and concentrate on their strategic objectives (Nwankwo & Kanyangale, 2020). The term 'entrepreneurial' according to Gilmore (2011) refers to the generally activities and behaviour of entrepreneurs. Behaviour involves that which initiative market process. Usually the SMEs owner struggles to be entrepreneurial, though it is necessary for them to do marketing match their size enterprise.

Entrepreneurial marketing are estimated by Carson *et al.*, (1995) with regards to the experience of the owner, his knowledge, communication and reasoning powers which form part of a competence scale. Entrepreneurial marketing according to Hacıoglu *et al.*, (2012), Becherer *et al.*, (2012) and Morris *et al.*, (2002) focusses on the strategic marketing actions of the smaller companies since they have less resources which will lead them to be more creative to be successful. Becherer *et al.*, (2008) and Beverland & Lockshin (2004) also agrees that entrepreneurial marketing explains the various activities that SMEs engaged in. Other researchers and literature that also is of opinion that entrepreneurial marketing is connected with SMEs are Morris *et al.*, (2002), Stokes (1997), Collinson & Shaw, (2001) and Kraus *et al.*, (2010). Morris *et al.*, (2002) described this as the spontaneous, creative and idealistic marketing conducts of the entrepreneur and therefore termed entrepreneurial marketing as "the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation." Collinson & Shaw (2001) described entrepreneurial marketing as a fresh prototype which incorporate the significant characteristics of entrepreneurship and marketing into an all- inclusive model in which marketing are the method that enterprises used to operate entrepreneurially.

Hacıoglu *et al.*, (2012), is of opinion that entrepreneurial marketing are productive measures or modification of the marketing theory to fit the SMEs specific need, whereas Kraus *et al.*, (2010) is of the opinion that although it can be very appealing to SMEs, entrepreneurial marketing is rather about the marketing actions of an entrepreneurial mind set which is inclusive of any size of enterprise: small to large enterprises. Literature (Jones & Rowley, 2011, Fatoki, 2019) indicates that entrepreneurial marketing is more suitable for the SMEs, since larger enterprises have tougher internal boundaries towards the entrepreneurial perspective of marketing (Carson *et al.*, 1995). According to Bjerke & Hultman (2002) entrepreneurial marketing is the marketing of SMEs to grow through entrepreneurship, but not all small companies are entrepreneurial and therefore requires entrepreneurship to expand and such expansion can be supportive for SMEs advantage in marketing. According to Kraus *et al.*, (2010) in literature there are two viewpoints in defining entrepreneurial marketing. On the one hand it is marketing for small or new enterprise by highlighting the measurable (quantitative) aspects of the enterprise and on the other hand it is marketing with the essence of the entrepreneur while focusing on the observational aspects of entrepreneurial marketing. At the end he concluded that both viewpoints are the same since the measurable aspects (small or new enterprise) is the setting which supports the entrepreneurial marketing actions like innovativeness, risk-taking, and proactiveness. "Entrepreneurial marketing is the overlapping aspects between entrepreneurship and marketing; therefore it is the behavior shown by any individual and/or organization that attempts to establish and promote market ideas, while developing new ones in order to create value" (Bäckbrö & Nyström, 2006).

Kraus *et al.*, (2010) merged the AMA-definition of marketing and definitions of entrepreneurship to suggest the following definition for entrepreneurial marketing: it is "an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders, and that is characterized by innovativeness, risk-taking, proactiveness, and may be performed without resources currently controlled." This definition is closely related to Morris *et al.*, (2002) definition, where Kraus *et al.*, (2010) mention "processes to create, communicate and deliver value" instead of the "identification and exploitation of opportunities", as they are of opinion that "opportunity" is still not defined in entrepreneurship research and therefore not precise to use.



## 2.2 Entrepreneurial Marketing Dimensions

**2.2.1 Proactiveness:** Lumpkin & Dess (2001) define proactiveness as “an opportunity-seeking, forward-looking perspective involving introducing new products or services ahead of the competition and acting in anticipation of future demand to create change and shape the environment.” Boohene *et al.*, (2012) furthermore portray proactiveness as “achievement oriented, emphasizing initiative taking, anticipating, creating change, predicting evolution towards a critical situation, and early preparation prior to the occurrence of an impending uncertainty or risk.” According to Becherer *et al.*, (2012) proactiveness can be portray as selecting actions to impact the companies environment. A strong proactive inclination provide an enterprise the skill to predict adjustment or demands in the marketplace and to take needed action (Lumpkin & Dess, 1996, 2001). Furthermore, proactiveness includes the mind-set and abilities that permits implementation and power of new product/ services or procedures in front of their market–contestants (Hacioglu *et al.*, 2012), while Nwankwo & Kanyangale (2020) includes willingness, passion and being proactive as the core to proactiveness. According to Olannye & Edward (2016) proactivity is a frame of mind and determination to guide a person’s awareness; to maintain and fulfil their vision and mission; and with that reach their goals and objectives. It furthermore reveal the entrepreneurial inclination to control the opposition by the fusion of proactive and forceful attempts or like Hacioglu *et al.*, (2012) described this competitiveness which entails creativity, Risk-taking, competitive aggressiveness and confidence. For instance, by presenting new products/ services in advance of the opposition and then proceed in expectation of future need to generate adjustment in the environment. Thus the proactive dimension force an enterprise to regularly do environmental scanning and action beforehand concerning improved serving customers and markets. This includes then to identify and fulfil needs of customers that are unknown and overlooked or not predicted by the customer themselves (Nwankwo & Kanyangale, 2020). Proactiveness generate first mover advantages, achieving the goals, market fragments and scanning the market before the opposition. This includes two linked – market activities, namely: proactiveness which involves of (a) the procedures through which the enterprise forestalls difficult situations and (b) the needed arrangements to control these incidents (Olannye & Edward, 2016; Becherer *et al.*, 2012) According to Lumpkin & Dess (2001), proactiveness displays a strong positive relationship with firm performance.

**2.2.2 Innovativeness:** Baker & Sinkula (2009) in Hacioglu *et al.*, (2012) define innovativeness as “a basic willingness to diverge from the status quo and embrace new ideas.” Becherer *et al.*, (2012) explain innovation as tendency which emphases on new and creative concepts and process which may developed into different and fresh products and services. A prosperous enterprise can accentuate innovation in its market activities which can be from very innovative of gradual innovative. Stokes (2000) agrees that enterprises with successful innovators are more expected to last in the competitive markets since they have a enhance perspective of the market needs and it furthermore indicates that the enterprise aspire to design methods that will lead to new product, services or even technological procedures. According to Lumpkin & Dess (1996) innovativeness “reflects a firm's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes” and even though innovations can differ in degree of revolutionary, it characterises an inclination to advance from the present practices and risk beyond the known. There are more than one kind of innovation: technological innovation focus on creating new products and procedures, while product-market innovation focus on the market, product design and advertising (Olannye & Edward, 2016). According to Becherer *et al.*, (2012) and Hacioglu *et al.*, (2012) SMEs could select to concentrate on innovative ways of marketing while the company might not have the necessarily resources to endure or sustain industry standards. Through innovativeness SMEs can concentrate on ideas that will allow them to create new products, processes, or new markets (Becherer *et al.*, 2012). The SME owner need constantly find new means to generate value and through an innovative mind-set it may bring change and inventive activities that can inspire new and original ideas for product development and relationship-management (Fatoki, 2019; Becherer *et al.*, 2012).

**2.2.3 Calculated Risk-taking:** Risk-taking can be described “as the tendency to take bold decisions such as venturing into unknown new markets, committing a large portion of resources to ventures with uncertain outcomes and/or borrowing heavily with a chance to fail” (Kapepa & Van Vuuren, 2019). While Lumpkin & Dess (2001) define risk-taking as “a tendency to take bold actions such as venturing into unknown new markets, committing a large portion of resources to ventures with uncertain outcomes, and/or borrowing heavily.” According to Nwankwo & Kanyangale (2020) companies that are entrepreneurial usually take more calculated risks than those who are traditional in performing their business. Calculated risk-taking can be describe as the capability of the company to utilise awareness while choosing between the options or making choices which have better possibilities (Becherer *et al.*, 2012). Risks are mirrored in the numerous resource distribution results made by an organization, as well as in the select of products, services, and markets (Morris *et al.*, 2002). According to Hamali (2015) risk-taking, in the entrepreneurial framework, is more than just the inclination to attempt on taking a chance, it is rather the skills of the organisation to make use of deliberate activities to reduce the risk intrinsic in opportunity pursuit. Instead of possessing a greater tendency for accepting risky ventures, entrepreneurs entertain a lower risk awareness. Initial research studies regarding Risk-taking focusses on the principle that entrepreneurs are inclined to undertake risky ventures (Becherer *et al.*, 2012). SMEs could selects more gradual procedures and decides to lay hold of activities to follow a sequence of minor and less risk ventures. Entrepreneurial marketing describe an obvious role for marketing in controlling the organisation risk outline (Morris *et al.*, 2002).

**2.2.4 Opportunity Focus:** Opportunities signify overlooked market situations that cause viable profit possibility which stem from market limitations. The accessibility of opportunities manages to associate with environmental variation rates, signifying a necessity for markets to involve in intensified levels of equally functional search and uncovering (Morris *et al.*, 2002). Entrepreneurial marketing highlighting with pursuing of opportunities irrespective of accessibility of resource (Olannye & Edward, 2016). Furthermore, for an enterprise to be prosperous, it is crucial that they identify and pursue opportunities as marketing actions, therefore to recognise the ‘right’ opportunity is very important (Becherer *et al.*, 2008, 2012). The identification and pursue of opportunity are crucial for the triumph of SMEs and are intently associated with the entrepreneur’s personal experience (Schindehutte & Morris, 2001) since most people recognise problems while entrepreneur’s more likely to sense possibilities. Depending on an enterprise knowledge of the market will governs if innovation is applied at the needed time in less perfect circumstances. Opportunities demanding considerable resource assurances which may be unachievable to SMEs (Becherer *et al.*, 2012). Opportunity can happen unintentionally, but mostly entrepreneurial marketers have the inclination to be on the lookout for newfound prospects. Through innovation and creativity, entrepreneurial enterprises can concert from opportunities to realisms (Kilenthong *et al.*, 2016).

**2.2.5 Resource Leveraging:** Resource leveraging is more than just the successfully managing of limited resources and finding new resources but it also includes a creative collaborative procedure (Morris *et al.*, 2002; Becherer *et al.*, 2012). Previous research indicate that admittance to resources boosts innovation and risk-taking whereas resources limitation restricts entrepreneurial attempts and on the other hand, other research (Schindehutte & Morris, 2001) suggested that resource limitations will steer to grander entrepreneurial endeavours which imply that entrepreneur’s awareness may perhaps be more significant than resource accessibility. Resource leverage is very important for SMEs since they have less resources to satisfy the different internal as well as external needs. It is also crucial for the SME owner/ manager to identify those resources that are unproductive and how to maximise it in a different way (Morris *et al.*, 2002). It is more probable that successful SMEs will utilise resource leverage practices like resource distribution and outsourcing of crucial functions (Schindehutte & Morris, 2001).

**2.2.6 Costumer Intensity:** Prosperous companies are those that put their consumers in front of their organisational goals (Nwankwo & Kanyangale, 2020). Customer intensity explains that the operators of market responsibility of a company ought to be a customer-fundamental focus (Becherer *et al.*, 2012). Kilenthong *et al.*, (2016) further describe customer intensity as the company inclination to boost marketing associations that direct individual customer’s demands etc. Different research implies that companies that put considerable prominence on customer intensity are more prosperous (Becherer *et al.*, 2012; Han *et al.*, 1998). It is crucial that entrepreneurs ought to be conscious that their public display could signal customer’s opinion of their company (Becherer *et al.*, 2012).

**2.2.7 Value Creation:** Traditional marketing emphasis more on operations and customer relationship, while entrepreneurial marketing is more inventive and concerned with value creation (Han *et al.*, 1998; Morris *et al.*, 2002). According to Sadiku-Dushi *et al.*, (2019) value creation emphasises on offering constant value to their customers and fundamental part of entrepreneurial marketing in a company. Kanu (2020) and Nwankwo & Kanyangale (2020) stated that prosperous companies accentuate value creation activities that is most fitted in their strategic aim for their competitive advantage. It is the duty of the entrepreneur to determine untouched resources of customer values and therefore be able to improved outcomes while discovering different methods to create or determine value (Becherer *et al.*, 2012; Morris *et al.*, 2002). There are two key reasons for value creation: 1) To enhance the returns of value creation to customers and 2) To decrease the purchasing costs in addition to allocating the products to customers (Kanu, 2020).

## 2.3 Entrepreneurial Marketing and SME Performance

According to Hacıoglu *et al.*, (2012) entrepreneurial marketing is more appropriate for SMEs given that they engage in casual marketing strategies. As already mentioned, entrepreneurial marketing is the marketing of SMEs as a consequence of entrepreneurship (Bjerke & Hultman, 2002). Furthermore, entrepreneurial marketing is crucial for the expansion, existence, improvement, accomplishment, and sustainability of SMEs (Carson *et al.*, 1995). Research done by Kocak & Abimbola (2009) in Hamali, 2015 indicate that entrepreneurial marketing including their dimensions, having a positive impact on the performance of the SMEs. Other existing studies also have found the same (Becherer *et al.*, 2012; Hacıoglu *et al.*, 2012; Hamali, 2015; Sadiku-Dushi *et al.*, 2019). Hoque *et al.*, (2018) stated SMEs performances can be measure on the base of the company’s extensive results in regards of “sales growth, the efficiency of investment, customer acquisition, increasing market share, and returns, which can be identified as ‘complex series of actions that integrate skills and knowledge.’” It appears that there are no determined performance measurements among researchers. Firm performance is explain as a group of financial and non- financial measures that make information available regarding objectives and outcomes achieve (Fatoki, 2019 ). Where financial performance involve turnover or sales and market value indicators and non- financial performance involves owners and employee satisfaction, customer satisfaction, and environmental and social performance (Fatoki, 2019). According to Becherer *et al.*, 2012) the financial performance of SMEs can be determined by the following aspects, namely: employee growth, market share growth and sales growth. Performance need to be measured by the organisational as well as the owner performance, since

entrepreneurial performance is about the organisation and the owner (personal) achievements. When only measure the organisation performance it is limiting while the owner accomplishments also reveals the relationship between the entrepreneur and their company (Fatoki, 2019). According to research of Al-Manasra *et al.*, (2013) and Kilenthong *et al.*, (2016) there is continual growth in enterprises that make use of entrepreneurial marketing. Al-Manasra *et al.*, (2013) implied that entrepreneurial marketing are presume to affect both financial and non-financial outcomes in SMEs. The result of SMEs performance are not restricted to just financial performance like the larger enterprises, but also includes personal achievements of the owner which are goal accomplishment and enhanced standard of living. The several element to measure performance for SMEs are: “create customer satisfaction, create positive reputation, profitability, sales growth, income for owner, increase customer base, position for long-term prosperity, adding good employees, and operates well with/without owner” (Becherer *et al.*, 2012).

According to previous research, financial and non- financial variables that should be used to measure performance in SMEs are: growth, efficiency, profit, reputation and owners' personal goals (Murphy & Callaway, 2004; Sadiku-Dushi *et al.*, 2019; Panigyrakis & Theodoridis, 2007). Morris *et al.*, (2002) is of opinion that the seven dimensions of entrepreneurial marketing that they defined, are associated with performance variables like growth, efficiency, profit, reputation and owners' personal goals Research done by Hacioglu *et al.*, (2012) indicate that out of the seven dimensions of entrepreneurial marketing only proactiveness, innovativeness, customer intensity and resource leveraging have a significant relationship with innovative performance, while calculated risk –taking, opportunity focus and value creation have no significant effect. While Hamali (2015) founded that proactiveness, resources leveraging, value creation and customer intensity have a significant positive relationship on business performance and Sadiku-Dushi *et al.*, (2019) discovered that opportunity focus, innovativeness, customer intensity, resource leveraging and value creation have significant positive effects performance. It seems from these different research done that entrepreneurial marketing have a significant effect on the performances of SMEs, though the dimensions which have significant effect may be different.

### III. RESEARCH METHODOLOGY

This is a quantitative research study to examine the impact of entrepreneurial marketing on the financial performance of small and medium scale enterprises s in Pune. Multiple Regression Analysis was used to test the Hypotheses through SPSS version 23.

#### 3.1 Conceptual Framework and Hypothesis

Based on the literature review, the following conceptual framework with hypotheses was developed for the present study.

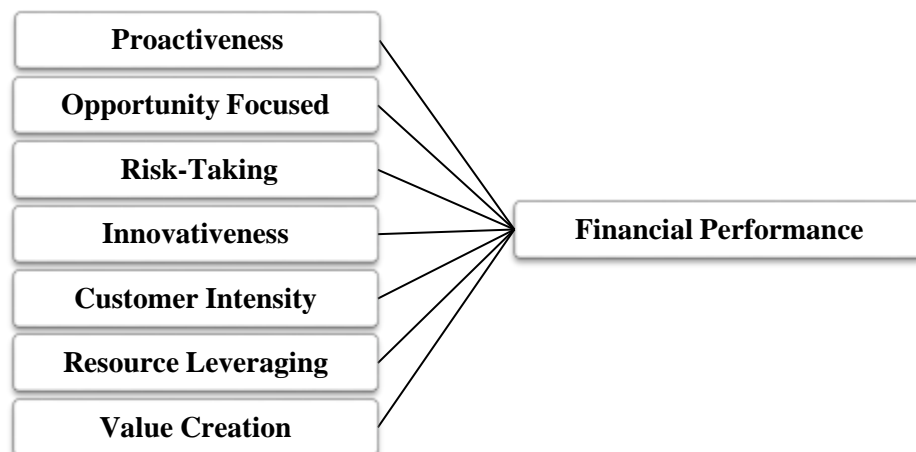


Figure 1: Conceptual Framework  
Source: Researcher, 2023

#### Hypotheses:

- H<sub>1</sub>: Proactiveness has a positive impact on the financial performance of SMEs
- H<sub>2</sub>: Opportunity Focused has a positive impact on the financial performance of SMEs
- H<sub>3</sub>: Risk-Taking has a positive impact on the financial performance of SMEs
- H<sub>4</sub>: Innovativeness has a positive impact on the financial performance of SMEs
- H<sub>5</sub>: Customer Intensity has a positive impact on financial the performance of SMEs
- H<sub>6</sub>: Resource Leveraging has a positive impact on the financial performance of SMEs
- H<sub>7</sub>: Value Creation has a positive impact on the financial performance of SMEs

**Model Specification:**

Multiple Linear Regression analysis is used in this study to identify the impact that the independent variables have on the dependent variable. Based on the hypotheses, the model specification is presented as follows:

$$Y = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \beta_3 \chi_3 + \beta_4 \chi_4 + \beta_5 \chi_5 + \beta_6 \chi_6 + \beta_7 \chi_7 + \varepsilon$$

Y = Financial performance as dependent variable

$\chi$  = Proactiveness, Opportunity Focused, Risk-Taking, Innovativeness, Customer Intensity, Resource Leveraging and Value Creation as independent variables.

$\beta_0$  = the intercept

$\beta$  = Slope of regression line/ Regression coefficient

$\varepsilon$  = Error term

Therefore the regression model for this study is:

$$\text{Financial performance} = \beta_0 + \beta_1 (\text{Proactiveness}) + \beta_2 (\text{Opportunity Focused}) + \beta_3 (\text{Risk-Taking}) + \beta_4 (\text{Innovativeness}) + \beta_5 (\text{Customer Intensity}) + \beta_6 (\text{Resource Leveraging}) + \beta_7 (\text{Value Creation}) + \varepsilon$$

## 3.2 Data Collection and Questionnaire

### 3.2.1 Data Collection

The data collection was done through a questionnaire, which was randomly distributed to SMEs in the Pune city with the focus on Bhosari, Chinchwad, Hadapsar, Pimpri, Talegaon and Camp areas. The target population size of SMEs in these areas was 3500 SMEs. In order to determine the sample size for the study the following formula was used:

$$n = N / 1 + N (e)^2$$

Where  $n$  = sample size;  $N$  = predetermined population size and  $e$  = maximum acceptable error margin which is 5%. Therefore  $n = 346$

### 3.2.2 Questionnaire

The questionnaire was divided into three sections, namely: Section A, consist of questions related to the demographic characteristic of respondent; Section B questions related to entrepreneurial marketing in terms of Proactiveness, Opportunity Focused, Risk-Taking, Innovativeness, Customer Intensity, Resource Leveraging And Value Creation and Section C, related to Financial Performance in the SME sector in Pune, India. Questions were constructed on a 5 point Likert scale to assess respondents' ratings. Items addressing expectations and perceptions were rated from 1 = "strongly disagree" to 5 = "strongly agree." The questionnaire was developed in English and also translated into Marathi, the local language. The purpose of this study was clearly specified in the questionnaire and participation was voluntary and confidential.

### 3.3.3 Questionnaire Response Rate

346 questionnaires were distributed to random SMEs in Pune. 326 questionnaires were collected, out of which 6 resulted as unusable. The questionnaire response rate shows that 92.5% (320) of the respondents correctly filled the questionnaire in. thus usable, while 7.5% (6) were unusable. The response rate is deemed high. Furthermore, it is recommended an approximately 30 participants per predictor. In the current study there are seven predictors, therefore the number of 320 completed questionnaires are considered acceptable on the above recommendation. Table 1. Shows the number of questionnaires distributed and response and their response percentage.

**Table 1: Questionnaire Distribution and Response Rate**

Total Questionnaire Administered	346		
Total Numbers of Questionnaires Returned	326		
Unusable Responses*	6	Percentage of Questionnaire Not Used	7%
Usable Responses	320	Percentage of Questionnaire Used	93%

\*Unusable Responses were because of missing data and alternations



#### IV. DATA PRESENTATION AND ANALYSIS

##### 4.1 Reliability Analysis

The first step in the measurement process is reliability test/ In this study, Cronbach's Alpha is used to measure the internal consistency (reliability) 28 items of the seven (7) Independent constructs which are Proactiveness, Opportunity Focused, Risk-Taking, Innovativeness, Customer Intensity, Resource Leveraging and Value Creation and eight (8) items of one (1) Dependent construct which is Financial Performance. Alpha values were above 0.7, which are widely accepted as an adequate measure of reliability for a construct. Alpha values for the Independent Construct – Proactiveness = 0.860, Opportunity Focused = 0.872, Risk-Taking = 0.865, Innovativeness = 0.868, Customer Intensity = 0.879, Resource Leveraging = 0.875 and Value Creation = 0.882, while the Dependent construct Financial Performance = 0.880. All the constructs strongly support internal consistency and reliability (Table 2)

**Table 2: Reliability Analysis of the Research Variables**

Constructs	Number of Items	Cronbach's Alpha	Reliability
<b>Proactiveness</b>	4	0.860	Supported
<b>Opportunity Focused</b>	4	0.872	Supported
<b>Risk-Taking</b>	4	0.865	Supported
<b>Innovativeness</b>	4	0.868	Supported
<b>Customer Intensity</b>	4	0.879	Supported
<b>Resource Leveraging</b>	4	0.875	Supported
<b>Value Creation</b>	4	0.882	Supported
<b>Financial Performance</b>	8	0.880	Supported

##### 4.2 Demographic Analysis

The respondents information regarding gender, age, educational background and the number of years of experience in enterprise were collected (Table 3). The descriptive analysis revealed that the majority of the respondents (80 %) were male, whereas (20 %) were female. In terms of the age distribution, most of the respondents was between 21–30 years (35%) and between 31–40 years (25 %), while the least respondents was between and 41–50 years (20 %) and above 50 years (20%). Concerning the education status of the respondent, the least respondents have either a PhD (0 %), a Master's Degree (15 %) or Higher Secondary (25 %). while most of respondents have Graduation are (60 %). As regards to the number of years of experience in enterprise, most respondents 40 % have between 2 to 4 years' experience and 25 % have between 4 to 6 years of experience, while respondents more than 6 years are 20 % and those less than 2 years are (15%).

**Table 3: Demographic Characteristics of Respondents**

Variables		Frequency	Percentage
<b>Gender of Entrepreneur</b>	Male	256	80
	Female	64	20
	<b>TOTAL</b>	<b>320</b>	<b>100%</b>
<b>Ages of Entrepreneur (years)</b>	21 – 30 years	112	35
	31 – 40 years	80	25
	41 – 50 years	64	20
	Above 50 years	64	20
	<b>TOTAL</b>	<b>320</b>	<b>100%</b>
<b>Highest Education Status of Entrepreneur</b>	Higher Secondary	80	25
	Graduation	192	60
	Master degree	48	15
	PhD	0	0
	<b>TOTAL</b>	<b>320</b>	<b>100%</b>
<b>Experience in the Enterprise</b>	Less than 2 year	48	15
	2 – 4 years	128	40
	4 – 6 years	80	25
	More than 6 years	64	20
	<b>TOTAL</b>	<b>320</b>	<b>100%</b>

Source: Primary Data, 2023

### 4.3 Descriptive Statistical Analysis

Descriptive statistics is used to review and describe raw data about basic configurations in the sample by permitting its understanding and interpretation. The objective of the descriptive statics is to describe the distribution of certain variables within a specific dataset. Table 4 gives the descriptive statistics of the computed variables. The mean value indicate the location of the centre of the data and the standard deviation is the spread of the data. Furthermore, the standard deviation indicates the variability of values in the data set; it is a measure of dispersion, showing how spread out the data points are around the mean. Together with mean, it also indicate percentiles for a normally disturbed population. According to the respondents in this study, the mean and standard deviations for the variables are Proactiveness (M= 2.7047; SD = 0.59245); Opportunity Focused (M= 2.8594; SD= 0.67750); Risk-Taking (M=2.8039; SD= 0.55358); Innovativeness (M= 2.6758; SD= 0.50172); Customer Intensity (M= 2.7750; SD= 0.52425); Resource Leveraging (M= 2.7461; SD= 0.56562); Value Creation (M=2.6000; SD= 0.41163); and Financial Performance (M = 2.9945; SD = 0.46103). In Table 4, the standard deviation is lower than 1, which indicated that the data clustered closely around the mean therefore more reliable.

**Table 4: Mean (X) and Standard Deviation (SD)**

Variable	Mean	Std. deviation	Interpretation*
<b>Proactiveness</b>	2.7047	0.59245	High level
<b>Opportunity Focused</b>	2.8594	0.67750	High level
<b>Risk-Taking</b>	2.8039	0.55358	High level
<b>Innovativeness</b>	2.6758	0.50172	High level
<b>Customer Intensity</b>	2.7750	0.52425	High level
<b>Resource Leveraging</b>	2.7461	0.56562	High level
<b>Value Creation</b>	2.6000	0.41163	High level
<b>Financial Performance</b>	2.9945	0.46103	High level

\*Mean range interpretation on the level of Entrepreneurial Marketing and Financial Performance:

3.26 - 4.00 Very high level      2.51 - 3.25 High level      1.76 - 2.50 Low level      1.00 – 1.75 Very low level

### 4.4 Variance Inflation Factor (VIF)

The researcher has conducted tests on the collected data to find out the homoscedasticity and multicollinearity. Variance Inflation Factor (VIF) test was used to measure the multicollinearity for 28 items of the seven (7) Independent Constructs Which Are Proactiveness, Opportunity Focused, Risk-Taking, Innovativeness, Customer Intensity, Resource Leveraging and Value Creation. Variance Inflation Factor values < 5 are widely accepted as an adequate strength to indicate there is no multicollinearity among the variables. The VIF test results in this study are less than the critical value 5, where  $2.461 < 5$  For Construct Proactiveness;  $2.474 < 5$  For Construct Opportunity Focused;  $2.711.155 < 5$  For Construct Risk-Taking;  $3.196 < 5$  For Construct Innovativeness;  $2.924 < 5$  For Construct Customer Intensity;  $2.885 < 5$  For Construct Resource Leveraging;  $3.642 < 5$  For Construct Value Creation. The Tolerance values were found to be above 0.250 for seven constructs, together they meet the require criteria (Table 5).

**Table 5: Variance Inflation Factor (VIF)**

Variable	Tolerance	VIF
<b>Proactiveness</b>	0.406	2.461
<b>Opportunity Focused</b>	0.404	2.474
<b>Risk-Taking</b>	0.369	2.711
<b>Innovativeness</b>	0.313	3.196
<b>Customer Intensity</b>	0.342	2.924
<b>Resource Leveraging</b>	0.347	2.885
<b>Value Creation</b>	0.260	3.642

### 4.5 Correlation between Variables

Correlation analysis is a method of measurement to find if there is any significant relationship exist between the different variables. The correlation coefficient is represent by the letter  $r$ , and could take value between -1 to +1. The objective of this study is to measure the relationship between service quality and customer satisfaction and if there is any significantly correlation among the variables. Karl Pearson correlation results indicate that a strong positive correlation exist when the  $r$  -values are above 0.6. In this study, a strong positive correlation exist between financial performance and all the entrepreneurial marketing constructs. That is, Financial Performance is correlated with Proactiveness, ( $r = 0.802$ ), Opportunity Focused ( $r = 0.785$ ), Risk-Taking ( $r = 0.796$ ), Innovativeness ( $r = 0.795$ ), Customer Intensity ( $r = 0.830$ ), Resource Leveraging ( $r = 0.805$ ) and Value Creation ( $r = 0.848$ ). Furthermore,  $p$ -value < 0.05 indicate that

there is significant correlations exist between the given constructs. The correlations are significant at the 0.01 level (2-tailed) for all the given constructs (Table 6).

**Table 6: Correlation Matrix**

Construct	Financial Performance	Proactiveness	Opportunity Focused	Risk- Taking	Innovativeness	Customer Intensity	Resource Leveraging	Value Creation
<b>Financial Performance</b> Sig.( 2-tailed)	1 0.000**							
<b>Proactiveness</b> Sig.( 2-tailed)	0.802 0.000**	1 0.000**						
<b>Opportunity Focused</b> Sig.( 2-tailed)	0.785 0.000**	0.592 0.000**	1 0.000**					
<b>Risk-Taking</b> Sig.( 2-tailed)	0.796 0.000**	0.646 0.000**	0.627 0.000**	1 0.000**				
<b>Innovativeness</b> Sig.( 2-tailed)	0.795 0.000**	0.716 0.000**	0.522 0.000**	0.711 0.000**	1 0.000**			
<b>Customer Intensity</b> Sig.( 2-tailed)	0.830 0.000**	0.615 0.000**	0.644 0.000**	0.663 0.000**	0.678 0.000**	1 0.000**		
<b>Resource Leveraging</b> Sig.( 2-tailed)	0.805 0.000**	0.558 0.000**	0.662 0.000**	0.660 0.000**	0.601 0.000**	0.725 0.000**	1 0.000**	
<b>Value Creation</b> Sig.( 2-tailed)	0.848 0.000**	0.665 0.000**	0.712 0.000**	0.686 0.000**	0.726 0.000**	0.736 0.000**	0.749 0.000**	1 0.000**

\*\* Correlations is significant at the 0.01 level ( 2-tailed)

## 4.6 Regression Analysis

### 4.6.1 Model Summary

The model summary of multiple regression analysis in Table 7 indicates the portion of the variance defined by the independent variables of the study, where  $R = 0.962$ , which is a strong correlation. The coefficient of multiple determination  $R^2 = 0.925$ , which means that the influence of the seven independent variables of entrepreneurial marketing stated in this study is 92.5 % on financial performance in SMEs. Furthermore, that 7.5 % are other unexplainable components that contributes to the variance on enterprise financial performance. Additionally, the multiple regression analysis shows the adjusted  $R^2$  which indicates the fit of the analysed data to undergo the regression model to the analysed data. When the adjusted  $R^2$  value is over 0.5 it indicates that there is a strong fit, which means that in this study that the seven independent variables are fitting strongly at predicting enterprise financial performance. This ascertains that entrepreneurial marketing has a strong influence on the financial performance of SMEs.

**Table 7: Model Summary<sup>b</sup>**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard Error Estimate
1	0.962	0.925	0.923	0.12803

- Predictors (Constant) Proactiveness, Opportunity Focused, Risk-Taking, Innovativeness, Customer Intensity, Resource Leveraging and Value Creation
- Dependent Variable: Financial Performance

#### 4.6.2 Analysis of Variance (ANOVA)

Analysis of variance (ANOVA) indicates the variance between the variables. The  $p$ -value (Sig. meaning significance) is link to the null hypothesis and the coefficient of all the independent variables are 0.000, where  $p$ -value is  $< 0.05$ , which indicate significance. Table 8, a low  $p$ -value, which indicates a significant relationship exists between the dependent and independent variables. This implies that the independent variables are significant in assessing the financial performance in Pune SMEs.

**Table 8: Analysis of Variance (ANOVA)<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
<b>Regression</b>	62.689	7	8.956	546.384	0.000 <sup>b</sup>
<b>Residual</b>	5.114	312	0.016		
<b>Total</b>	67.903	319			

b. Dependent Variable: Financial Performance

a. Predictors (Constant): Proactiveness, Opportunity Focused, Risk-Taking, Innovativeness, Customer Intensity, Resource Leveraging and Value Creation

#### 4.6.3 Hypotheses Test Results

Multiple regression analysis used to test entrepreneurial marketing, namely Proactiveness, Opportunity Focused, Risk-Taking, Innovativeness, Customer Intensity, Resource Leveraging, and Value Creation in terms of impacting Financial Performance on the part of SMEs in Pune.

Therefore the Regression Model for this study is Financial performance =  $\beta_0 + \beta_1$  (Proactiveness) +  $\beta_2$  (Opportunity Focused) +  $\beta_3$  (Risk-Taking) +  $\beta_4$  (Innovativeness) +  $\beta_5$  (Customer Intensity) +  $\beta_6$  (Resource Leveraging) +  $\beta_7$  (Value Creation) +  $\varepsilon$

The regression output among other data gives the  $\beta$  coefficients for each independent variable. These coefficient will be interpreted for each independent variable comparing to the priori expectations that all the  $\beta$  coefficients are  $> 0$ .

##### ***Hypothesis 1: Proactiveness has a positive impact on the financial performance of SMEs.***

As shown in Table 9 the outcome of the regression coefficients indicate, a positive relationship exists between Proactiveness and Financial Performance. The result is in line with a priori expectation that  $\beta_1 > 0$ . This means that a unit increase in Proactiveness will result in a corresponding increase in SME financial performance by 0.230 units. The  $t$  - value is 9.417 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_1$  about the significant role of Proactiveness in achieving financial performance on the part of Pune SMEs.

##### ***Hypothesis 2: Opportunity Focused has a positive impact on the financial performance of SMEs.***

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between Opportunity Focused and Financial Performance. The result is in line with a priori expectation that  $\beta_2 > 0$ . This means that a unit increase in Opportunity focused will result in a corresponding increase in SME financial performance by 0.187 units. The  $t$ - value is 7.642 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.000$ ) All these statistical results support the  $H_2$  about the significant role of Opportunity focused in achieving financial performance on the part of Pune SMEs.

##### ***Hypothesis 3: Risk-Taking has a positive impact on the financial performance of SMEs.***

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between Risk-Taking and Financial Performance. The result is in line with a priori expectation that  $\beta_3 > 0$ . This means that a unit increase in Risk- taking will result in a corresponding increase in SME financial performance by 0.117 units. The  $t$  - value is 4.586 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_3$  about the significant role of Risk- taking in achieving financial performance on the part of Pune SMEs.

##### ***Hypothesis 4: Innovativeness has a positive impact on the financial performance of SMEs.***

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between Innovativeness and Financial Performance. The result is in line with a priori expectation that  $\beta_4 > 0$ . This means that a unit increase in Innovativeness will result in a corresponding increase in SME financial performance by 0.133 units. The  $t$  - value is 4.785 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_4$  about the significant role of Innovativeness in achieving financial performance on the part of Pune SMEs.



**Hypothesis 5: Customer Intensity has a positive impact on the financial performance of SMEs.**

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between Customer Intensity and Financial Performance. The result is in line with a priori expectation that  $\beta_5 > 0$ . This means that a unit increase in Customer intensity will result in a corresponding increase in SME financial performance by 0.190 units. The t - value is 7.159 (larger than the tabular value 1.96). The p-value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_4$  about the significant role of Customer intensity in achieving financial performance on the part of Pune SMEs.

**Hypothesis 6: Resource Leveraging has a positive impact on the financial performance of SMEs.**

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between Resource Leveraging and Financial Performance. The result is in line with a priori expectation that  $\beta_6 > 0$ . This means that a unit increase in Resource leveraging will result in a corresponding increase in SME financial performance by 0.168 units. The t - value is 6.356 (larger than the tabular value 1.96). The p-value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_6$  about the significant role Resource leveraging in achieving financial performance on the part of Pune SMEs.

**Hypothesis 7: Value Creation has a positive impact on the financial performance of SMEs.**

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between Value Creation and Financial Performance. The result is in line with a priori expectation that  $\beta_7 > 0$ . This means that a unit increase in Value creation will result in a corresponding increase in SME financial performance by 0.120 units. The t - value is 3.924 (larger than the tabular value 1.96). The p-value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_7$  about the significant role Value creation in achieving financial performance on the part of Pune SMEs.

**Table 9: Multiple Regression Analysis (MRA)**

Hypothesizes Statement	$\beta$	t-value	p-value	Test Result
H <sub>1</sub> : Proactiveness has a positive impact on the financial performance	0.230	9.417	0.000	Null Rejected
H <sub>2</sub> : Opportunity Focused has a positive impact on the financial performance	0.187	7.642	0.000	Null Rejected
H <sub>3</sub> : Risk-Taking has a positive impact on the financial performance	0.117	4.586	0.000	Null Rejected
H <sub>4</sub> : Innovativeness has a positive impact on the financial performance	0.133	4.785	0.000	Null Rejected
H <sub>5</sub> : Customer Intensity has a positive impact on the financial performance	0.190	7.159	0.000	Null Rejected
H <sub>6</sub> : Resource Leveraging has a positive impact on the financial performance	0.168	6.356	0.000	Null Rejected
H <sub>7</sub> : Value Creation has a positive impact on the financial performance	0.120	3.924	0.000	Null Rejected

$\beta$  = Standardized Coefficients Beta value

**V. CONCLUSIONS**

Over all the study shows that data consisting of seven (7) independent variables having 28 items are having 100% validity. For all the constructs the reliability test results were above thresh hold value of 0.7, which indicates a strong data reliability. The tolerance scores were above 0.250, for all the constructs, which indicates more tolerance, and the variance inflation factor (VIF) scores are below 5 (five), which indicate that there is no multicollinearity in the given data sets. Also, the regression model fitted well with the data sets. The beta values for all the constructs are greater than zero and positive. Entrepreneurial marketing has a significant and positive impact on the financial performance of small and medium scale enterprises. 77.5 % of financial performance is collectively influenced by four entrepreneurial marketing components. These components are Proactiveness (23%), Customer intensity (19%), Opportunity focused (18.7%) and Resource leveraging (16.8%). The impact of financial performance is determined by H<sub>1</sub>: Proactiveness: always on the the lookout for new ways to improve the enterprise and to for better ways to active things. Similarly H<sub>5</sub>: Customer intensity: are driven by customer satisfaction and after-sales service. Furthermore, H<sub>2</sub>: Opportunity focused: looks beyond current customers and markets for more opportunities, recognizing and pursuing new opportunities. H<sub>6</sub>: Resource Leveraging: using networking and/or for exchange of favours and leverage the resources by bartering or sharing. As per the study these components have the 77.5 % of the impact on financial performance. The null hypotheses are rejected for H<sub>1</sub>, H<sub>5</sub>, H<sub>2</sub> and H<sub>6</sub> there is a significant difference in the outcomes and decision is well supported.

While the remaining 22.5 % consist of the other three components, Innovativeness (13.3%), Value creation (12%), and Risk-taking (11.7%) also have a positive influence on the dependent variable called financial performance. H<sub>4</sub>: Innovativeness: using innovative approaches more efficiently and creating atmosphere that encourages creativity and innovativeness. H<sub>7</sub> Value Creation: creating value for consumers and pricing structure is designed to reflect value. H<sub>3</sub>: Risk Taking: accepting risk to pursue an opportunity and willingness to take risks when it will benefit the company. Here the null hypotheses are rejected for H<sub>4</sub>, H<sub>7</sub>, and H<sub>3</sub> and there is a significant difference in the outcomes and decision is well supported.

Although all 7 entrepreneurial marketing components are having a positive effect on the dependent variable called financial performance, H<sub>4</sub>, H<sub>7</sub>, and H<sub>3</sub> are on the weaker position as compared to H<sub>1</sub>, H<sub>5</sub>, H<sub>2</sub>, and H<sub>6</sub>. Hence it is recommended to enhance Innovativeness (H<sub>4</sub>), Value creation (H<sub>7</sub>), and Risk-taking (H<sub>3</sub>).

This study has focused on the SMEs located in a part of industrial location in Pune to obtain the samples, in-turn the findings and results are restricted to some extent. However this research study can be conducted at a state level or national level to give a broader scope and generalisation of results. The finding can be useful for the new and existing small and medium scale enterprises to direct them on the given entrepreneurial marketing, which can impact and improve their financial performance.

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# The Impact of Marketing Mix on the Competitive Advantage in Small and Medium Scale Enterprises

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## ABSTRACT:

**Purpose:** The aim of this study was to examine the impact of marketing mix on the competitive advantage in small and medium scale enterprises (SMEs) in Pune City, India.

**Research Approach:** The data was collected through a structured questionnaire, which was designed and administered personally by the researcher. The sample consisted of 320 randomly selected entrepreneurs of small and medium scale enterprises in Pune.

**Statistical Analysis:** Descriptive Statistics were used for Frequency Distribution, Mean, Standard Deviation, Cronbach Alpha for Reliability Test, Variance Inflation Factor (VIF), Correlation Coefficient, Two-Tailed -Test, F-Test, ANOVA and Multiple Linear Regression Analysis. The data analysis was done through IBM SPSS 23.

**Findings:** The result has shown that marketing mix consisting of product, price, place and promotion has a positive impact on the competitive advantage in small and medium scale enterprises in Pune. It has been found that most important factor influencing the competitive advantage is place followed by promotion, price and product.

**KEYWORDS:** Marketing Mix, Product, Price, Place, Promotion, Competitive Advantage, Small and Medium scale enterprises (SMEs)

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## I. INTRODUCTION

Marketing is described as the incorporation of marketing programs with the purpose to draw and maintain a long-term relationship with the customers (Warrink, 2018). The American Marketing Association (AMA), (2013) add to this description of Marketing “as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” Although it appears to be straightforward to define Marketing, it is more complicated to practice. As a result, it is crucial for enterprises to establish and apply a well-organized marketing strategy. This includes the relevant elements of the marketing concept as well as a chosen target market to function in and the suitable marketing elements combination (Kotler & Connor, 1997). Makhitha (2019) mentioned that during the last few decades, the function of marketing in small-scale enterprises had been a constant focal point. On the one hand, some disclosed that marketing is not part of the centre of small-scale enterprise, while others are of opinion that not enough significance and resources are granted. Marketing mix are regarded as a key feature in the marketing process, for all enterprises, that has an important function in creating customer satisfaction.

Marketing mix is “the set of controllable, tactical marketing tools that the firm blends to produce the response it wants in the target market” (Tang & Mesfin, 2020). Warrink (2018) also defines marketing mix as “a set of controllable variables that the firm can use to influence the buyer’s response,” where the controllable variables indicate the place (distribution), price, product, and promotion (4P’s). Further The Chartered Instituted of Marketing (CIM), (2009) defines marketing mix as a “term used to describe the combination of tactics used by a business to achieve its objectives by marketing its products or services effectively to a particular customer group.” The concept of a marketing mix theory is to coordinate all features of the marketing plan covering the habits, desires, and mind set of the target market. Thus, the main objective is to accommodate the desires and requirements of the target market and create customer satisfaction that will let to meeting the organization



objectives (Grönroos, 1994). Therefore, it can be said that the marketing mix act as an instrument that is utilized by enterprises to continue to exist in the competitive environment.

Small and Medium scale enterprises (SMEs) have a major role to play in a country's GDP and employment (Makhitha, 2019), although this will depend on certain factors like government support, financial and technological resources. It is essential for SMEs to receive assistance since these enterprises participate in job creation and therefore helping to eliminate poverty in a country (Jasra *et al.*, 2011). It is important for SMEs to create a marketing strategy that suits them to be successful as an enterprise as well as to give an advantage for a country. Although they have a restricted impact on the market, in the economic development of a country, SMEs have an important role to play (Jasra *et al.*, 2011). Carson (1990) stated that there is an insufficiency of marketing specialists and resources in SMEs and that brings about an insignificant impact on the market. SMEs has a key function in the expansion of the Indian economy. As per the census of the Government of India MSME Annual Report (2020-21), there are about 63.05 million micro industries, 0.33 million small-scale enterprises, and about 5,000 medium scale enterprises in India, which adds approximately 30.27% to India's GDP. The state of Maharashtra, in which Pune is situated, has an estimated 8% MSMEs of the total MSMEs in the country. The MSMEs contributes 45% in industrial output, 40% in exports, offers 110 million employments, and produces more than 8000 excellent quality products for the domestic and international markets.

On 1 July 2020 a new classification of MSME under the MSMED Act, 2006 came into effect. The earlier criterion of classification of MSMEs was based on investment in plant and machinery/equipment. It was different for manufacturing and services units and very low in terms of financial limits. The new classification for small and medium scale enterprises in India is as follows: A small enterprise, where the investment in plant and machinery or equipment does not exceed Ten Crore Rupees and turnover does not exceed Fifty Crore Rupees. Whereas a medium enterprise, where the investment in plant and machinery or equipment does not exceed Fifty Crore Rupees and turnover does not exceed two hundred and Fifty Crore Rupees (Government of India MSME Annual Report, 2020-2021).

According to Shankar & Chin (2011), marketing mix are described as a business instrument that is utilized by enterprises to accomplish competitive advantage. Aremu & Bamiduro (2011) agrees that studies indicate that entrepreneurs that implement marketing mix have a competitive advantage over their competitors. Enterprises make use of marketing mix in their marketing process to attain their goals as well as to appease customer's desires and requirements. Warrink (2018) is of opinion that the marketing mix is actually marketing or in other words, marketing mix is the extensive strategy put in place by the management of the company or enterprise. Unfortunately, most marketing literature concentrates on large-scale enterprises concerning their marketing strategies to obtain a competitive advantage and very less focus on SMEs (Tadesse & Pettersson, 2019). As stated by Gautam & Singh (2011) inferior marketing is a significant cause for the collapse in small-scale enterprises. The booming competition forced enterprises to determine the suitable marketing mix strategy that is profitable, functional, and competitive in their target market. SMEs require preparing marketing strategies that are diverse from their competitors to be able to generate competitive advantage (Tadesse & Pettersson, 2019; Makhitha, 2019). Mohammad (2015) makes it clear that marketing mix is just a conceptual framework and not a scientific theory. The framework distinguishes the primary decision-making process of managers and functions by arranging the enterprise products or services for customers' satisfaction. Warrink (2018) agrees with this.

**The research sub-questions are as follows:**

Research Question 1: What is the impact of the product on competitive advantage regarding SMEs in Pune?

Research Question 2: What is the Impact of price on competitive advantage regarding SMEs in Pune?

Research Question 3: What is the impact of place on competitive advantage regarding SMEs in Pune?

Research Question 4: What is the impact of promotion on competitive advantage regarding SMEs in Pune?

The significance of this study is based on the key function of the marketing mix (product, price, place, and promotion) in achieving a competitive advantage for the SME sector in Pune, India. Pune is the epicentre of industrial clusters like Talegaon, Pimpri, Chinchwad, Bhosari, Ranjangaon, and Chakan. Small and medium-scale enterprises offer diverse products and services according to the need of the target market. The need for competitive advantage is the key challenge in all small and medium scale enterprises all over the city, for them to survive, to attract new customers, and to develop new markets. There is a research gap in terms of the effect of marketing mix and competitive advantage in the SMEs in Pune, India. Although, this study aims to fill this gap and to identify the role of the marketing mix elements when it comes to creating a competitive advantage in the SME sector in Pune.

## II. LITERATURE REVIEW

### 2.1 Marketing Mix

In 1948, an Associate Professor James Culliton, who worked on mixing marketing processes and policies to help businesses gain profits in a market developed the concept of “mix of ingredients.” An executive is “a mixer of ingredients, who sometimes follows a recipe as he goes along, sometimes adapts a recipe to the ingredients immediately available, and sometimes experiments with or invents ingredients no one else has tried” (Culliton, 1948). Borden (1964) in Tadesse & Pettersson (2019) afterward rephrased this mix of ingredients to “Marketing Mix” as known today. His initial marketing mix had twelve (12) elements namely: product planning; pricing; branding; channels of distribution; personal selling; advertising; promotions; packaging; display; servicing; physical handling; and fact-finding and analysis. McCarthy (1964) in Mohammad (2015) improved on Borden’s concept and outlines that the marketing mix is a blend of the different features used by the marketing managers to assure target market satisfaction. He reorganizes Borden’s 12 elements to just four (4), namely Product, Place, Price, and Promotion, also known as the 4P’s. This marketing mix is perceived as a functional guide to key marketing categories or activities as well as offering a classifying framework for “almost all marketing textbooks and courses” (Shapiro *et al.*, 1985:7). The traditional conceptual framework in connection with the utilization of the marketing- management procedure actions is established in the marketing mix concept (Tang & Mesfin, 2020).

This marketing mix- theory still applies today in the decision-making process that leads to the implementation of a marketing plan. This theory merges the different components with the purpose of reinforcing and set a product brand as well as assisting in the selling of a product or service. The components are products, price, place, and promotion that form the 4P’s. The 4P’s are the structure that the marketing manager can manage depending on the internal and external constrictions of the marketing environment (Grönroos, 1994) and capable to manage and attain the requisite objectives (Shankar & Chin, 2011). The marketing manager settles on the number of marketing expenses to accomplish the marketing objectives of the company or enterprise and afterward the specific amounts for the different tools in the marketing mix. Tadesse & Pettersson (2019) explain that the small enterprises’ marketing budgets are usually less than the bigger enterprises and consequently they need to prioritize the marketing mix tools. The composition of a marketing mix based on both the character of the activities of the enterprise as well as the character of the target market and then contrived in such a manner to allow the enterprise to accommodate the customer’s desires and requirements. The 4P’s are regarded as the most crucial point in determining a marketing structure within the enterprise through supplying a good-quality product at an affordable price, in the right place (Al Badi, 2018). According to (Tang & Mesfin, 2020) the 4P’s is most effective when meeting the clients’ needs as well as building a long-term relationship with them. From a customers’ viewpoint, the correct product at a reasonable price goes along with improved distribution and proper communion techniques (Rad, *et al.*, 2014).

Marketing mix is one of the most crucial and well-known elements that make up any marketing strategy, although Simpson *et al.*, (2006) is of opinion that “there is no clear theory of marketing in SMEs.” Furthermore Hogarth-Scott *et al.*, (1996) stated that marketing programs in SMEs vary since it is determined by the enterprise size and consumer market and therefore there cannot be a standardized marketing structure in SMEs. He is further of opinion that SMEs cannot measure up to larger-scale enterprises in marketing, for the reason that they do not need the same complicated marketing strategy. Small enterprise owners/ managers work in smaller environments with few employees and their basic structure does not apply to formal marketing processes. Many different authors affirm that small enterprise owner/ manager encounter different kinds of issues like marketing, difficulty in finding financial resources, lack of business skills and knowledge (Tadesse & Pettersson, 2019; Makhitha, 2019; Zontanos & Anderson, 2004). Furthermore, they have insufficient capacity for formal marketing research and studies that restricts their marketing and selling. Carson (1990) explains that the difference between small and large enterprises is more than just their size, but actually their marketing and management styles. For SMEs their market is usually locally and regional while, large enterprises have national and even international markets. Additionally, the management style of the SMEs is more personal with the owner/ manager directly partake in the management, while in the larger enterprises the manager acts independently.

SMEs marketing research, (Hogarth-Scott *et al.*, 1996) illustrated that to a certain degree there are marketing strategies in small enterprises. Determined by the enterprise owner’s knowledge and understanding of marketing, their marketing strategy can differ from no existing marketing strategy to high-developed strategies. Literature confirms that small enterprise-marketing strategies differ from larger enterprises (Tadesse & Pettersson, 2019) and mostly research concentrate on large enterprises and marketing, though there are numeral studies these days that focus on the significance of marketing and SMEs (Makhitha, 2019; Zontanos &

Anderson, 2004). Small enterprise marketing strategy is more flexible than the larger enterprises since they have a familiar relationship with their customers (Tadesse & Pettersson, 2019) and branded as informal marketing plans (Makhitha, 2019). These plans are short-term, casual, and mostly dependent on the small enterprise owner or manager. Makhitha (2019) further explain that certain SMEs may put emphasis on marketing and others not. Those who do will have a long-term strategy while the other will turn to medium-term strategy and low budget marketing. For small enterprise to develop and continue to exist they need to put marketing strategies and activities into practice (Zontanos & Anderson, 2004).

### **2.1.1 Product or Service**

Product or service is the first element in the marketing mix and has an influence on the rest of the elements. (Mathieu, 2001; Kotler & Armstrong, 2012). Al Badi (2018) describes the product of the marketing mix as “a physical product or service to the consumer for which he is willing to pay. It includes half of the material goods, such as furniture, clothing, and grocery items, and intangible products, such as services, which users buy.” Kotler & Armstrong (2012) on the other hand define product and service separately. A product is “anything offered to a market for attention, acquisition, use, or consumption that might satisfy a need or want,” while a service is “any activity or benefit that one party can offer to another that is essentially intangible and does not result in ownership of anything.” The rest of the research product will include service unless the literature mention otherwise.

According to Gautam & Singh (2011) and Meijboom & Vos, (1997) the product contributes the dominant worth to the customer further the reason that customers are drawn to the enterprise. Substandard quality and obsolescent products do not have a place in enterprises success and it is important for the small-scale sector to be aware and recognize the gaps in the market to be able to develop new products. Gautam & Singh (2011) agree that enterprises need to trade their outdated products with new products in their design, packing, quality and if branding. In the manufacturing strategy, a great amount of deliberation is mandatory to the manner that product quality, process adaptability, reliable delivery, and production rate affect the enterprise profitability (Meijboom & Vos, 1997). The comprehensiveness of the components and quality of the product or service form the foundation for customer satisfaction and loyalty in the SMEs milieu (Mathieu, 2001). Furthermore, for the SMEs to achieve customer satisfaction and competitive advantage it is important that all of the following are intact/ present, namely, an establish long-lasting beneficial relationship with their customers and supplying of high standard products or high execution services that are congenial with the desires and requirement of their customers (Tang & Mesfin, 2020). Lifestyle changes as a result of modifications in the social, political, technological and economic environment impacted the SME segment in Pune. This causes the SMEs to focus on either convenience or shopping products.

### **2.1.2 Place or Distribution**

Kotler & Armstrong (2012) define that place or also called distribution is “a set of interdependent organizations involved in the process of making a product available for use or consumption by consumers.” Mohammad (2015) and Al Badi (2018) describe the place as the instrument through which goods and services are moved from the provider or manufacturer to the consumer. This includes then the following, namely distribution channels, warehousing facilities, mode of transportation, outlet location, assortment, convergence, logistics, and inventory control management. Kotler & Armstrong, (2012) explain that distribution channels incorporate all the actions that cooperate to the distribution of the product or service to the customer. All these channels assist the enterprise to advance, sell, and deliver its merchandise to the closing buyers.

The application of a successful marketing strategy does not determine alone on attaining production objects, price, or advertising, but furthermore it is connected with effectual distribution process, which permits the enterprise to fulfil the objective of offering the product in the correct quantity, place, and time (Tang & Mesfin, 2020). Successful distribution of products only can be done through an effective place strategy. The Pune SMEs uses the distribution channels as a way to interconnect with their customers through the distribution point to make sure to reach them at right place and in appointed time.

### **2.1.3 Price**

From the viewpoint of the customer, financial expenditure is a key aspect that has an effect on worth of the product (Zeithaml, 1988) and influence the retailing/ buying strength (Al Badi, 2018) and marketers use price to interconnect with customers. Avlonitis & Indounas (2005) indicate that foremost pricing objectives are



to fulfil the customer's requirements and thereby retaining valuable customers as well as to draw new customers in. Kotler & Lee (2007) define price as "a cost of producing, delivering, and promoting the product charged by the organization." Al Badi (2018) simplifies the definition bit more as just to "the amount the consumer must exchange to receive an offering. Kotler (2005) in Tang & Mesfin, (2020) further defined price as "the rated value of a valuable product which is up for exchange; some outline it as the amount of cash paid for the product." There are certain aspects that influence the pricing strategy of an enterprise, namely the customer presumed worth of the product as well as material expenditure, product segregation, competition degree and market distribution. Avlonitis & Indounas (2005), recapitulate pricing methods into three main categories, namely: 1) Cost-based methods which contain the cost-plus method, target return pricing, break-even analysis, contribution analysis, and marginal pricing; 2) Competition-based methods which involve pricing similar to that of the organization's competitors or according to market average prices, pricing above competitors, pricing below competitors, and pricing according to the dominant price in the market; and 3) Demand-based methods which consist of perceived value pricing (based on the customer's perception of value), value pricing, and pricing according to the customers' needs. Thus, it is crucial for the enterprise to select the correct pricing strategy for its products and services determined by micro and macro conditions in which they function. According to Tang & Mesfin (2020), studies indicate that there is a definitive connection between price and performance and that the cost for the delivery service has a key purpose in their marketability. Furthermore, price is the exclusive marketing element whereupon profits and all the other marketing elements are connecting to the expenditure.

The pricing strategy implemented by the enterprise affects the marketing success since customers experience an intense connection between the price and quality of the product. For example, when a product is too pricey the customer will choose not to buy it, while prices are more reasonable, it has a better probability to be sold. Thus, price is an essential portion of the marketing that produces profits, there, as place, promotion, and product are link to expenses (Gautam & Singh, 2011). It is crucial for the enterprise to make the correct price strategy so that products could be present at an extremely reasonable price according to the related market assessment. In India, apart from fixed and variable cost, corruption significantly affecting the cost of products. So, clear-cut policies relating to discount and allowances are required to meet the pricing challenges. Many aspects affect the product's price in the SME sector in Pune for instance: the total cost, the profit margin, the product lifecycle, regulations, and economic policies.

#### **2.1.4 Promotion**

Promotion is described as the greatest influential element in the marketing mix (Sidhanta & Chakrabarty, 2010). Kotler & Lee (2007) define promotions as "the specific blend of advertising, personal selling, sales promotion, public relations and direct marketing tools" that are utilized by the organizations to follow its "advertising and marketing objective." Furthermore, promotion according to Kotler & Armstrong (2012) is "a planned stimulus technique that conveys positive information about products, services, companies, ideas, etc. to the attention-grabbing audience."

According to Sidhanta & Chakrabarty (2010), promotion is the way to communicate and convince the target market to buy the enterprise product. Promotion consists of the marketing actions that engaged in advertisement, to inform and convince the target market regarding an enterprise, its products, or services so that the customer will not forget it. The promotion process includes a few different aspects like advertising, sale promotion, and public relations. All these aspects merge concurrently to generate the promotion mix to obtain the marketing objectives of the enterprise. Brand formation and the brand name derived from the promotion process (Khan, *et al.*, 2012). Advertising is the most generally applied marketing tool and Rahnama & Beiki (2013) is of the opinion that advertising any type of information, while Kotler & Armstrong (2012) described it as "human activities based on a communication process that can be directed via personal selling points or indirectly via advertising messages through the media." The SME sector in Pune focuses on the promotion process to identify the products and services of the individual firm and to persuade their customers to buy their products or services repeatedly. However, the promotion process is affected by the decisions of SME marketing managers with regard to the level of marketing expenditure or promotion.

## **2.2 Competitive Advantage and Marketing Mix**

The first model of competitive advantage was developed by Porter (1985) and this turn into the outline for operational analysis regarding ways to advance over the competitors in the target market. Traditionally, competitive advantage has been described in connections with quality and resources of the enterprise that

empower the enterprise to surpass their competition in the target market (Tang & Mesfin, 2020; Porter, 1985). This also includes access to natural resources such as exceptional minerals or inexpensive power sources, skilled labour, geographic locality, high entry obstacles, and availability of new technology (Porter, 1985).

According to the Organization for Economic Co-Operation and Development (OECD), competition in the regional economy level in respect to the liberalism environment and the augment in the income of its residents on a lasting basis. Although excellent quality and top execution products may generate a competitive advantage for the enterprise even if, they are more costly than their contenders (Al Badi, 2018). A competitive advantage allows the enterprise to distinguish in the quality of product with minimal cost in order to produce higher value for the customers as well as to deliver it superior than of the competitors. Bearing that in mind, the dispensation process is important for the enterprise in terms of enhancing the accessibility of the products along with putting emphasis on the crucial aspects using the promotion process.

Sources of competitive advantages are resources and abilities of the enterprises as well as external features. According to Syapsan (2019), sources are divided into tangible - and intangible resources. Where tangible resources are financial capital as well as the recognized physical assets estimated in the financial statements, while intangible resource is the previous mention that is not visible in the tangible/ financial statements. Four components that are essential to generate a competitive advantage exist of innovation, supervisor efficiency, great quality, and superior customer responsiveness (Makhitha, 2019). According to Mohammad (2015), the competitive approach involves the particulars of the administration plan of action to compete effectively and thereby attaining competitive advantage over competitors. Although there are many ways to achieve a competitive advantage, all entail providing the customers with the highest value product.

Controlling the competitiveness in the subject of SMEs expansion/ development require strengthening the capability and accomplishments of SMEs to comply with customers' requirements and desires prevailing over their competitors. SMEs can achieve this 1) by selling or providing goods and services satisfactorily; 2) by meeting the quality standards of the competitive target market and 3) by supplying sufficient profits on the resources used in production process (Tang & Mesfin, 2020). Small enterprises marketing actions are generally explained as reasonable, realistic, and circumstantial particular design for the individual enterprise needs (Tadesse & Pettersson, 2019). Some SMEs could reckon that marketing is a choice of advertising or trading of fundamental marketing ideas that is related to both small and large enterprises, in particular targeting, posing, segmentation, and pursuing competitive advantage (Makhitha, 2019). Although marketing continues to be a concern for most SMEs they are relying not only on the existence of products and markets but also on the proficient marketing strategy for those products in the market. According to Tadesse & Pettersson (2019), previous studies indicated that promotion as marketing variable is a rank higher than price, place, and product in small enterprise.

### III. RESEARCH METHODOLOGY

This is a quantitative research study to examine the impact of marketing mix on the competitive advantage in small and medium scale enterprises in Pune. Multiple Regression Analysis was used to test the Hypotheses through SPSS version 23.

#### 3.1 Conceptual Framework and Hypothesis

Based on the literature review, the following conceptual framework with hypotheses was developed for the present study.

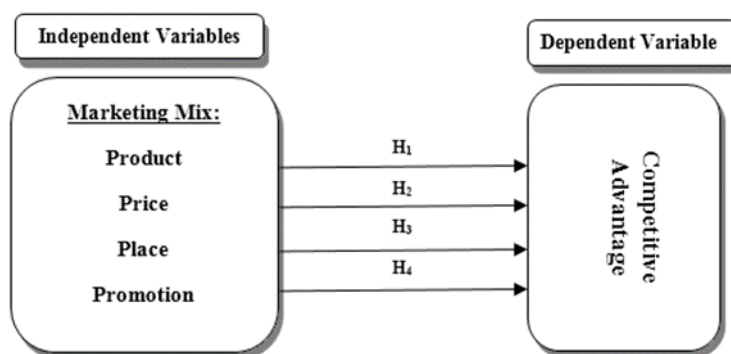


Figure 1: Conceptual Framework  
Source: Researcher, 2023

**Hypotheses:**

H<sub>1</sub>: Product has a significant impact on achieving competitive advantage for SMEs in Pune.

H<sub>2</sub>: Price has a significant impact on achieving competitive advantage for SMEs in Pune.

H<sub>3</sub>: Place has a significant impact on achieving competitive advantage for SMEs in Pune.

H<sub>4</sub>: Promotion has a significant impact on achieving competitive advantage for SMEs in Pune.

**Model specification:**

Multiple Linear Regression analysis is used in this study to identify the impact that the independent variables have on the dependent variable. Based on the hypotheses, the model specification is presented as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Y = Competitive Advantage (CA) as dependent variable

X = Product, Price, Place And Promotion as independent variables.

$\beta_0$  = the intercept

$\beta$  = Slope of regression line/ Regression coefficient

$\varepsilon$  = Error term

Therefore, the Multiple Linear Regression model for this study is:

$$CA = \beta_0 + \beta_1 \text{Product} + \beta_2 \text{Price} + \beta_3 \text{Place} + \beta_4 \text{Promotion} + \varepsilon$$

### **3.2 Data Collection and Questionnaire**

#### **3.2.1 Data Collection**

The data collection was done through a questionnaire, which was randomly distributed to SMEs in the Pune city with the focus on Bhosari, Chinchwad, Pimpri, and Talegaon areas. The target population size of SMEs in these areas was 1900 SMEs. In order to determine the sample size for the study the following formula was used:  $n = N / 1 + N(e)^2$ . Where  $n$  = sample size;  $N$  = predetermined population size and  $e$  = maximum acceptable error margin which is 5%. Therefore  $n = 320$ .

#### **3.2.2 Questionnaire**

The questionnaire was divided into three sections, namely: Section A consist of questions related to the demographic characteristic of respondent; Section B questions related to marketing mix and Section C, related to competitive advantage in the SME sector in Pune, India. Questions were constructed on a 5-point Likert scale to assess respondents' ratings. Items addressing expectations and perceptions were rated from 1 = "strongly disagree" to 5 = "strongly agree." The questionnaire was developed in English and also translated into Marathi, the local language. The purpose of this study was clearly specified in the questionnaire and participation was voluntary and confidential.

#### **3.2.3 Questionnaire Response Rate**

320 questionnaires were distributed to random SMEs in Pune. 300 questionnaires were collected, out of which 20 resulted as unusable. The questionnaire response rate shows that 92.5% (280) of the respondents correctly filled the questionnaire in. thus usable, while 7.5% (20) were unusable. The response rate is deemed high. Furthermore, it is recommended an approximately 30 participants per predictor. In the current study there are four predictors, therefore the number of 280 complete questionnaires is considered acceptable on the above recommendation. Table 1. Shows the number of questionnaires distributed and response and their response percentage.

**Table 1: Questionnaire Distribution and Response Rate**

Total Questionnaire Administered	320		
Total Numbers of Questionnaires Returned	300		
Unusable Responses*	20	Percentage of questionnaire not used	7.5%
Usable Responses	280	Percentage of questionnaire used	92.5%

\*Unusable Responses were because of missing data and alternations

#### **IV. DATA PRESENTATION AND ANALYSIS**

##### **4.1 Reliability Analysis**

The first step in the measurement process is reliability test. In this study, Cronbach's Alpha was used to measure the internal consistency (reliability) for 16 items of the four (4) Independent constructs which are Product, Price, Place, Promotion and four (4) items of one (1) Dependent construct which is competitive advantage. Alpha values above 0.7 is widely accepted as an adequate measure of reliability for a construct. The calculated Alpha values for the Independent Construct were: 0.910 for Product, 0.872 for Price, 0.847 for Place, and 0.894 for Promotion, while the Dependent Construct Competitive Advantage is 0.714. All the constructs strongly support internal consistency and reliability. The reliability scores are shown in Table 2.

**Table 2: Reliability Analysis of the Research Variables**

<b>Constructs</b>	<b>Number of Items</b>	<b>Cronbach's Alpha</b>	<b>Result</b>
<b>Product</b>	4	0.910	Reliability Supported
<b>Price</b>	4	0.872	Reliability Supported
<b>Place</b>	4	0.847	Reliability Supported
<b>Promotion</b>	4	0.894	Reliability Supported
<b>Competitive Advantage</b>	4	0.714	Reliability Supported

##### **4.2 Demographic Analysis**

The respondent's information regarding gender, age, educational background and the number of years of experience in enterprise were collected (Table 3). The descriptive analysis revealed that the majority of the respondents (80%) were male, whereas 20% were female. In terms of the age distribution, most of the respondents was between 31 - 40 years (40 %) and 41- 50 years (30%), while the least respondents were between 21 – 30 years (10%) and above 50 years (20%). Concerning the education status of the respondent, the least respondents have either a PhD (1%) or a Master's Degree (9%) while the rest of respondents have either Higher Secondary (30%) or Graduation (60%). As regards to the number of years of experience in enterprise, most respondents (60%) have between 4 to 6 years of experience, while 20% have between 2 to 4 years' experience, while both the respondents of less than 2 year and more than 6 years are 10% each.

**Table 3: Demographic Characteristics of Respondents**

VARIABLES		FREQUENCY	PERCENTAGE
Gender of Entrepreneur	Male	234	80
	Female	46	20
	<b>TOTAL</b>	<b>280</b>	<b>100%</b>
Ages of Entrepreneur (years)	21 – 30 years	28	10
	31 – 40 years	112	40
	41 – 50 years	84	30
	Above 50 years	56	20
	<b>TOTAL</b>	<b>280</b>	<b>100%</b>
Highest Education status of Entrepreneur	Higher Secondary	84	30
	Graduation	168	60
	Master degree	25	9
	PhD	3	1
	<b>TOTAL</b>	<b>280</b>	<b>100%</b>
Experience in the Enterprise	Less than 2 years	28	10
	2 – 4 years	56	20
	4 – 6 years	168	60
	More than 6 years	28	10
	<b>TOTAL</b>	<b>280</b>	<b>100%</b>

Source: Primary Data, 2023

#### 4.3 Descriptive Statistical Analysis

Descriptive statistics is used to review and describe raw data about basic configurations in the sample by permitting its understanding and interpretation. The objective of the descriptive statics is to describe the distribution of certain variables within a specific dataset. Table 4 gives the descriptive statistics of the computed variables. The mean value indicates the location of the centre of the data and the standard deviation is the spread of the data. Furthermore, the standard deviation indicates the variability of values in the data set; it is a measure of dispersion, showing how spread out the data points are around the mean. Together with mean, it also indicates percentiles for a normally disturbed population. According to the respondents in this study, the mean and standard deviations for the variables are Product (M= 2.99; SD = 0.96); Price (M= 3.05; SD= 0.83); Place (M=3.13; SD= 0.81); Promotion (M= 3.31; SD= 0.92) and Competitive Advantage (M = 3.25; SD = 0.72). In table 4, the standard deviation is lower than 1, which indicated that the data clustered closely around the mean therefore more reliable.

**Table 4: Frequency Distribution with Mean and Standard Deviation**

Variable	Observation	Mean	Std. deviation	Interpretation*
<b>Product</b>	280	2.9929	0.96625	High level
<b>Price</b>	280	3.0571	0.83620	High level
<b>Place</b>	280	3.1357	0.81064	High level
<b>Promotion</b>	280	3.3143	0.92621	Very high level
<b>Competitive</b>	280	3.2571	0.72212	Very high level

\*Mean range interpretation on the level of marketing mix and competitive advantage:

3.26 - 4.00 Very high level

2.51 - 3.25 High level

1.76 - 2.50 Low level

1.00 – 1.75 Very low level

#### 4.4 Variance Inflation Factor (VIF)

The researcher has conducted tests on the collected data to find out the homoscedasticity and multicollinearity. Variance Inflation Factor (VIF) test was used to measure the multicollinearity for 16 items of four variables, which are Product, Price, Place and Promotion. Variance Inflation Factor values < 5 are widely accepted as an adequate strength to indicate there is no multicollinearity among the variables. The VIF test results in this study are less than the critical value 5, where  $4.311 < 5$  for construct product;  $3.887 < 5$  for construct price;  $3.155 < 5$  for construct place and  $2.450 < 5$  for construct promotion. The Tolerance values were found to be above 0.250 for three constructs and 0.232 for one construct, together they meet the require criteria (Table 5).



**Table 5: Variance Inflation Factor (VIF)**

Variable	Tolerance	VIF	Critical Value
Product	0.232	4.311	5
Price	0.257	3.887	5
Place	0.317	3.155	5
Promotion	0.478	2.450	5

#### 4.5 Correlation between Variables

Correlation analysis is a method of measurement to find if there is any significant relationship exist between the different variables. The correlation coefficient is represented by the letter  $r$ , and could take value between -1 to +1. The objective of this study is to measure the impact of the marketing mix constructs on competitive advantage and if there is any significantly correlation among the variables.

Karel Pearson correlation results indicate that a strong positive correlation exist when the  $r$  -values are above 0.6. In this study, a strong positive correlation exists between competitive advantage and all the marketing mix constructs. That is, competitive advantage is correlated with Product ( $r= 0.773$ ), Price ( $r= 0.777$ ), Place ( $r= 0.742$ ), and Promotion ( $r= 0.661$ ). Furthermore,  $p$ -value  $< 0.05$  indicate that there is significant correlations exist between the given constructs. The correlations are significant at the 0.01 level (2-tailed) for all the given constructs (Table 6).

**Table 6: Correlation Matrix**

Construct	Competitive Advantage	Product	Price	Place	Promotion
<b>Competitive Advantage</b>	1				
Sig.(2-tailed)	0.000				
<b>Product</b>	0.773**	1			
Sig.(2-tailed)	0.000	0.000			
<b>Price</b>	0.777**	0.772**	1		
Sig.(2-tailed)	0.000	0.000	0.000		
<b>Place</b>	0.742**	0.811**	0.655**	1	
Sig.(2-tailed)	0.000	0.000	0.000	0.000	
<b>Promotion</b>	0.661**	0.587**	0.750**	0.396**	1
Sig.(2-tailed)	0.000	0.000	0.000	0.000	0.000

\*\* Correlations is significant at the 0.01 level (2-tailed)

#### 4.6 Regression Analysis

##### 4.6.1 Model Summary

The model summary for the regression analysis in Table 7, indicate that the coefficient of multiple correlation  $R = 0.858$ , which is a strong correlation. The coefficient of multiple determination  $R^2 = 0.736$ , while the adjusted  $R^2$  which slightly adjusts the  $R^2$  downward taking care of error is 0.732, which means that 73.2 % of variations in competitive advantage is accounted for by the four independent variables and that 26.8% is unexplained (error term). This ascertains that marketing mix has a strong impact on competitive advantage of SMEs.

**Table 7: Model Summary<sup>b</sup>**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard Error Estimate
1	0.858 <sup>a</sup>	0.736	0.732	0.37367

a. Predictors (Constant): Product, Price, Place, Promotion

b. Dependent Variable: Competitive Advantage

#### 4.6.2 Analysis of Variance (ANOVA)

Analysis of variance (ANOVA) indicates the variance between the variables. The  $p$ -value (Sig. meaning significance) is link to the null hypothesis and the coefficient of all the independent variables are 0.000, where  $p$ -value is  $< 0.05$ , which indicate significance. Table 8, a low  $p$ -value, which indicates a significant relationship exists between the dependent and independent variables. This implies that the independent variables are significant in assessing the competitive advantage in Pune SMEs.

**Table 8: Analysis of Variance (ANOVA)<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	107.088	4	26.772	191.735	0.000 <sup>b</sup>
Residual	38.398	275	0.140		
Total	145.486	279			

a. Dependent Variable: Competitive Advantage

b. Predictors (Constant): Product, Price, Place, Promotion.

#### 4.6.3 Hypotheses Test Results

Multiple Regression Analysis is used to test the Marketing Mix elements, namely Product, Price, Place, and Promotion, in terms of achieving Competitive Advantage on the part of SMEs in Pune. Therefore, the Regression Model for this study is:  $CA = \beta_0 + \beta_1 \text{Product} + \beta_2 \text{Price} + \beta_3 \text{Place} + \beta_4 \text{Promotion} + \varepsilon$

##### **Hypothesis 1: Product has a significant impact on achieving competitive advantage for SMEs in Pune.**

As shown in Table 9 the outcome of the regression coefficients indicates, a positive relationship exists between Product and Competitive Advantage. The result is in line with a priori expectation that  $\beta_1 > 0$ . This means that a unit increase in Product will result in a corresponding increase in SME Competitive Advantage by 0.138 units. The  $t$ -value is 2.139 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.033$ ). All these statistical results support the  $H_1$  about the significant role of product in achieving a competitive advantage on the part of Pune SMEs.

##### **Hypothesis 2: Price has a significant impact on achieving competitive advantage for SMEs in Pune.**

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between Price and Competitive Advantage. The result is in line with a priori expectation that  $\beta_2 > 0$ . This means that a unit increase in Price will result in a corresponding increase in SME Competitive Advantage by 0.229 units. The  $t$ -value is 3.755 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_2$  about the significant role of price in achieving a competitive advantage on the part of Pune SMEs.

##### **Hypothesis 3: Place has a significant impact on achieving competitive advantage for SMEs in Pune.**

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between Place and Competitive Advantage. The result is in line with a priori expectation that  $\beta_3 > 0$ . This means that a unit increase in Place will result in a corresponding increase in SME Competitive Advantage by 0.378 units. The  $t$ -value is 6.869 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_3$  about the significant role of place in achieving a competitive advantage on the part of Pune SMEs.

##### **Hypothesis 4: Promotion has a significant impact on achieving competitive advantage for SMEs in Pune.**

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between Promotion and Competitive Advantage. The result is in line with a priori expectation that  $\beta_4 > 0$ . This means that a unit increase in Promotion will result in a corresponding increase in SME Competitive Advantage by 0.259 units. The  $t$ -value is 5.33 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_4$  about the significant role of promotion in achieving a competitive advantage on the part of Pune SMEs.

**Table 9: Multiple Regression Analysis (MRA)**

Hypothesizes Statement	$\beta$	t-value	p-value	Decision
H <sub>1</sub> : Product impact on competitive advantage	0.138	2.139	0.033	Supported
H <sub>2</sub> : Price impact on competitive advantage	0.229	3.755	0.000	Supported
H <sub>3</sub> : Place impact on competitive advantage	0.378	6.869	0.000	Supported
H <sub>4</sub> : Promotion impact on competitive advantage	0.259	5.333	0.000	Supported

$\beta$  = Standardized Coefficients Beta value

## V. CONCLUSIONS

The marketing mix strategy was welcomed by the need to enhance the competitive advantage of small and medium scale enterprises located in Pune. The above findings relating to the impact of marketing mix (product, price place & promotion) on the competitive advantage of SMEs, determines that marketing mix elements plays a significant role on attaining competitive advantages in Pune SMEs. The impact of marketing mix: Product ( $r = 0.604$ ,  $\alpha = .01$ ,  $p = 0.033$ ), Price ( $r = 0.699$ ,  $\alpha = .01$ ,  $p = 0.000$ ), Place ( $r = 0.732$ ,  $\alpha = .01$ ,  $p = 0.000$ ), Promotion ( $r = 0.736$ ,  $\alpha = .01$ ,  $p = 0.000$ ), on the competitive advantage in small and medium scale enterprises is positive and significant. Each of the marketing mix elements have a different impact on the competitive advantage. The most influential element to achieve the competitive advantage is place with 37.8% similarly promotion by 25.9%, price by 22.9% and product by 13.8%.

The  $R^2$  value is 0.732% which means the 73.2% of the impact on the dependent variable competitive advantage is accounted jointly by the four independent variables. Similarly the independent variables jointly explained 26.8% of variation in the competitive advantage in SMEs The most influential element to least influential element in the marketing mix on the competitive advantage is ranked as place, promotion, price and product. According to this results, the product element is the least impacting independent variable on competitive advantage. The element product is associated with various feature like quality, size, shape, taste, color, fragrance and packing, therefore it is advised to keep a close monitor on these features to improve these qualities to enhance the competitive advantage.

Since this study focused on the Pune city, it can be recommended for the future study other cities in state of Maharashtra can be included to give more comprehensive view about the marketing mix on competitive advantage in SMEs.

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# The Impact of Microfinance on the Growth of Micro and Small Enterprises

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## ABSTRACT

**Purpose:** The aim of this study is to examine the impact of microfinance on the growth of micro and small enterprises in Pune, India.

**Research Approach:** The data was collected by using self-administered questionnaire. The sample consisted of 327 respondents randomly selected from micro and small enterprises in Pune.

**Statistical Analysis:** Descriptive Statistics were used for Frequency Distribution, Mean, Standard Deviation; Cronbach Alpha for Reliability Test, Variance Inflation Factor (VIF), Correlation Coefficient, Two-Tailed -T-Test, F-Test, ANOVA and Multiple Linear Regression Analysis. The data analysis was done through IBM SPSS 23.

**Findings:** The study shows there is a significant impact of microfinance on the growth of micro and small enterprises located in the Pune, India.

**Keywords:** microfinance, microfinance services, micro and small enterprises, growth in enterprises

## I. INTRODUCTION

The global microfinance sector is worth over Indian rupees 8.90 trillion along with the loan distribute amount growing at 11.5% on the average annual rate over the last 5 years. 139.9 million Borrowers worldwide were impacted by 80% of the woman and 65% from rural backgrounds (SIDBI, 2019). In India, the rural population in 2018 was reported at 65.97% and decreased to 64.61% in 2021 according to the World Bank and 25.7% of this population is living below the poverty line, with hardly any access to formal banking or any additional financial services and therefore microfinance has a significant contribution to assist in bridging the gap. While in urban areas, 13.7% of the population is living below the poverty line (Trading Economics, 2020/2023).

Microfinance on its own does not cause people to get out of poverty, but it does provide them with economic possibilities. Microfinance is just suitable when there are existing continuing economic activities (CGAP, 2002). Nasir (2013) established that microfinance causes psychological and social empowerment more than economic empowerment. The two key hindrances to the growth of micro and small enterprises are not just the lack of financial accessibility but also the lack of knowledge and innovativeness. According to the World Bank Group, innovativeness is low compare to larger enterprises. A primary role of the governments regarding micro and small enterprise is to remove their obstructions towards establishment and growth (Prijadi et al., 2020). Studies determine that access to finance is a huge restriction on micro and small enterprise growth (Angeles et al., 2019; Beck et al., 2015; Fowowe, 2017). Access to finance is the potential of micro and small enterprises to make use of financial services like credit and saving.

The current day use of the microfinance concept has its origin in 1976 when Dr. Mohammad Yunus created as part of a test, a small microfinance scheme in the rural areas of Bangladesh. This test resulted in the achievement of the first microfinance institution, the Grameen Bank of Bangladesh (Maengwe & Otuya, 2016). The microfinance concept has grown in the past two decades and expanded across the world. In both developing and developed countries, micro and small enterprises are accepted as socio-economic and political development motivation (Mbithe, 2013). The augmentation of small enterprises is vital to economic constancy and expansion, although numerous small enterprises cannot grow and expand because of the inadequacy of financial help from formal financial institutions (Maengwe & Otuya, 2016; Aldaba, 2012; Beck, et al, 2015; Fowowe, 2017). This is because micro and small enterprises are incapable to reach the collateral specifications given by

formal banks as measure up to larger corporations (Babajide, 2012). Other difficulties that can impact the growth are capital market, cost, capital access, collateral requirements, capital management and cost of registration (Maengwe & Otuya, 2016), low managerial skills, low technological levels, weak institutional and regulatory framework (Babajide, 2012). Therefore micro and small enterprises incline to find support with non-bank financial institutions like Microfinance Institutions (MFI's). Microfinance Institutions are businesses that supply financial services and products to micro and small enterprises that are excluded from formal finance (Kumari *et al.*, 2019). This gave rise to the launch of many Microfinance Institutions (ICDF, 2002). Microfinance Institutions concentrate on low-income people since they are usually do not need a huge amount of capital what are within the means of generally high-income people in developing countries (Ngugi & Kerongo, 2014; Nasir, 2013).

Microfinance in India functions through two approaches, namely Microfinance Institutions and Self-Help Groups (SHG's). The Microfinance Institutions concentrate on loan and saving service (Hulme, 2000), while the Self-Help Groups - linkage program implement saving-force strategies to eliminate poverty and at the same time assist with woman empowerment (Rashem & Abdullah, 2018). The microfinance sector in the last couple of years saw steady growth in addition to the speedily growing Indian economy. This sector has been involved in providing formal credit to low-income people, micro, and small enterprises, thus enhancing the contribution of these groups to the overall gross domestic product (GDP) in India. In the financial year 2019, the microfinance sector presents a 40% growth in terms of the loan segment (SIDBI, 2019).

Microfinance concentrates on supplying different financial services to the poor or low-income group. Usually, this group does not know how to take advantage of saving options or insurance products. Furthermore, it is hard for them to attain loans, invest, and make use of insurance protection, however through microfinance, these problems can be eradicated. Mostly microfinance services focus on helping people to start micro and small enterprises, thus help them to become financially independent. The considerable contributions of microfinance with regard to micro and small enterprise expansions made it essential to study microfinance service and their impact on the growth of micro & small enterprises. This study inspects whether microfinance services such as micro loans, micro savings, and micro insurance affects the growth of micro and small enterprises in Pune, India.

## **II. LITERATURE REVIEW**

### **2.1 Microfinance Development in India.**

Developments of micro financial services in India started when commercial banks were nationalized by Prime Minister Indira Gandhi (1969) for the purpose to make it less challenging for the low-income people to contact a bank (Priyadarshani, 2017). In this time, credit was offered to craftsmen, agricultural, and dairy farmers. As a result of this everywhere in the rural areas in India, vast numbers of new branches opened with the objective to avert moneylender from offering advances. This was further strengthened with the formation of Regional Rural Banks (RRB's) in 1976 of the National Bank for Agriculture and Rural Development (NABARD) in 1982. These sectors developed over the years with groups like the Small Industries Development Bank of India (SIDBI), including initiation of a government-sponsored Integrated Rural Development Programme (IRDP) and the National Bank for Agriculture and Rural Development (NABARD) (delivering affordable door-step banking services) allocating momentous financial resources to microfinance (Das, 2019:118). Also, in the 1980's, the Self Help Groups (SHG) movement started as many NGO's where trying to help the rural poor groups with self- help (Priyadarshani, 2017).

The Indian government described Self Help Groups (SHG's) as an affinity-based homogenous group of 10-20 members (usually women). Their main principles are regular meetings, regular savings, internal lending, regular repayment, and book-keeping. They are joined together with the village organisation, sub-block, and higher levels. They are having developed into an independent and community-managed organization in the long run (BankBazaar.com, 2023). By 1990, as the economy expanded and more focuses, Microfinance Institutions began to be familiar in India (Rashem & Abdullah, 2018). Furthermore, there was a move towards the need for woman's credit to maintain possibilities for investment in subcontracting micro enterprises (Nasir, 2013). NABARD created the Indian Self-Help Group-Bank Linkage Programme (SHG-BLP) in 1992 by guiding the first SHG group in Udaipur, Rajasthan (Priyadarshani, 2017). The largest microfinance programme is Indian Self-Help Group (SHG), which consists of 86% woman enterprises and therefore has a major impact on woman empowerment (NABARD, 2015). This programme seems to be successful and a well-known model of microfinance in India. Further, in 1998, the Small Industries Development Bank of India (SIDBI) started a Foundation for Micro-Credit with an underlying capital of Indian rupees 1,000 million (Rs 100 Crore) (Rashem & Abdullah, 2018).

Many changes occur in India since the early credit strategies. The rural economy has expanded, the service sector has progressed, and mobility has augmented. These changes gave a chance to examine the financial sector involvements which include finance and services to the poor. Microfinance users were at a time seen as male and small farmers but this all changed in the past few decades. These days' four out of five microfinance clients in India are women (Nasir, 2013). The major role-players in microfinance India are: Central and State Governments, Microfinance Institutions (MFI's), Non-Governmental Organizations (NGO's), Self Help Groups (SHG's), Banks (Commercial, Rural, and Cooperatives) and Governing/ Promoting Agencies like Reserve Bank of India (RBI), NABARD. While the modes of microfinance in India are: Subsidized Bank Loans, Self Help Group-Bank Linkages, Microfinance Institutions-Joint Liability Groups, Direct Benefit Transfers and Community-Based Microfinance Institutions like cooperatives and post office-based schemes (Priyadarshani, 2017).

In the past years, the microfinance sector has been confronted with new problems like to low-cost funding for Microfinance Institutions (MFI's), low financial and digital literacy among targeted borrowers, over-borrowing, and the demand for more innovative and customer-centric products. Involvement by the government and the Reserve Bank of India (RBI) has an important role in allowing the microfinance sector to extend to new geographies (SIDBI, 2019). According to the MSME ministry report of 2019, 65312 new micro-enterprises had been set up and 522,496 employment opportunities have been generated in India (Rashem & Abdullah, 2018). Of all the different microfinance multiple players in India, the Microfinance Institutions have the largest share of loan segment of Indian rupees 681 billion (38% of total industry portfolio). Thus, the borrowers are tending to take loans from the microfinance institutions. The one significant problem in microfinance is that borrowers are over-borrowing; 35% of the borrower's using two to more lenders (SIDBI, 2019).

## **2.2 Microfinance**

Before the existence of microfinance institutions, the term "microcredit" was used instead of microfinance, while at this moment the term microcredit is used as a microfinance service. Microcredit is small loans that are offered to low-income groups, however this definition may be different from country to country depending on their criteria like the size of loans, target users, utilization, terms, and conditions (Al-Absi, 2016). Microfinance is the arrangement of a wide range of financial services such as deposits, loans, payment services, money transfers, and insurance (Gyimah & Boachie, 2018). Van Maanen (2004:17) defines microfinance as "banking the un-bankable, bringing credit, savings, and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral." Microfinance is an inclusive concept including, providing credit for the low-income group as well as financial services such as cash withdraws, savings, and insurance. The taskforce on Supportive Policy and Regulatory Framework for Microfinance constituted by NABARD defined microfinance as " the provision of thrift, saving, credit and financial services and products of a very small amount to the poor's in rural, semi-urban and urban areas for enabling them to raise their income level and improve their standard of living"(Tanwar, 2017).

Microfinance's goal is to provide a loan in small amounts with a reasonable rate through the help of Microfinance Institutions. Microfinance Institutions are categorized into three groups, namely: formal institutions i.e. (Rural banks and Cooperative societies); semi-formal institutions i.e. (Non-Governmental Organizations); and informal models i.e. (Money, lenders, and shop keepers) (Mishra *et al.*, 2014). Microfinance Institutions expected that their loans are utilized for economic productive purposes such as the purchase of inputs; land, raw materials, and equipment, there are instances that the loans were used for personal and household needs. The reason for economic productive purposes only is to make sure that the borrower generates revenues and the ability to repay the loan.

## **2.3 Microfinance Service**

Through Microfinance Institutions, micro, and small enterprises can exist and expand which leads to an increase in earning capacity and therefore a better living standard (Ngugi & Kerongo, 2014). Numerous researches indicate that although finance is crucial for starting and sustaining the enterprise, it is not sufficient for enabling expansion. (Aldaba, 2012; Beck *et al.*, 2015) Furthermore, studies (Angeles *et al.*, 2019) suggested that micro and small enterprises are limited within sustainability and not continuing towards efficiency and income. Studies founded that most micro and small enterprises struggle to understand taxes, book-keeping and that causes many enterprises start-up but struggle to expand (Prijadi *et al.*, 2020). Micro and small enterprises need both the financial and non-financial services to improve their efficiency, prosperity, and growth. Loans, savings, and insurance help even out income variation and continue expenditure levels throughout difficult periods. In all developing countries micro and small enterprises are making use of different financial services that is provided by Microfinance Institutions. The motivation is the accessibility of financial services that allow these enterprises to finance profits (Ngugi & Kerongo, 2014). There are various providers of microfinance services like credit unions, savings and loans cooperatives, government banks, commercial banks or non-banking financial institutions and Non-Governmental Organizations (NGOs) with the focus group of self-employed low-income entrepreneurs, auto-

rickshaw drivers, traders, small farmers, and street vendors.

Microfinance Institutions offer financial and non- financial services to persons in the low-income group as well as administrative services. The financial services include the giving of loan, insurance, saving and transferring of money to an individual, while the non- financial services are education and training on how to make use of the funds, invests and how to boost profitability (Gyimah & Boachie, 2018). Other non-business services include nutrition, public health, self-esteem, literacy training, and civic education. These services are a valuable way to help this low-income group out of poverty and become financially stronger and can be seen that it is microcredit main purpose. Research studies (Mwewa, 2013) indicated that microfinance services help in a positive way to get the low-income group out of poverty and make them financially stronger, empowered them psychological and socially (Priyadarshani, 2017)) and have a positive impact on the growth of micro and small enterprises.

**2.3.1 Micro Loans:** Micro loans are explained as the foundation of Microfinance Institutions and the most significant aspect of microfinance micro loans or micro credit is also known as micro-lending and defined as “a very small loan given to poor people for helping them to be self-employed” (Fernando, 2006). Micro credit explained by Alakpa (2014) as a scheme of making available small loans to those who are less capable economically and being disqualified by normal banks. Micro loan service is the most important service provided by the microfinance institutes. Prior research indicates that micro loan service assisted in generating new income-earning opportunities as well as establishing micro and small-scale enterprises (Kumari *et al.*, 2019). The size of the loan depends on micro and small enterprises and been given over a period. Micro loan and micro credit are being used homogenously by microfinance intuitions (Gyimah & Boachie, 2018).The borrower's character and cash flow determine the size of the loan.The borrower's cash-flow needs to be taken into consideration before giving a loan. The fact that most micro and small enterprises do not have access to financial markets, cause that their equity comprises of their own private funds or family funds and state subsidies (Angeles *et al.*, 2019). Therefore, the size of loans, interest rate, repayment periods, and achieving scale all can be factors to the sustainability of micro and small enterprises. The insufficiency of capital can slow down the expansion of enterprises.

In most situations, it is found (Calabrese & Zenga, 2008) that the interest rates charged by Microfinance Institutions are much higher than commercial rates. Interest rate is the amount that is more than the amount borrowed and needs to be paid by the borrower to the lenders as a percentage of the amount of the funds borrowed (Al-Absi, 2016). Since the micro credit program running cost is high, it causes the interest rate to be high too. The arrangement of interest rate should be favourable for both the borrower as well as the Microfinance Institutions to cover their operations cost (Rashem & Abdullah, 2018). It has been established that the availability of the exact loan repayment period is crucial for enterprise functioning. The tenure of the given loan is an important determinant of the micro enterprise performance and their growth performance. Although non-bank loans are more suitable than bank loans, the cost of capital and mode of payment is more difficult for the borrower. Aldaba (2012) and Angeles *et al.*, (2019) summarized it as banks give reasonable capital whereas non-bank suppliers offer expediency but costly capital.

The microfinance experts are of the opinion that high repayment rates are needed in the absence of collateral and needed for the Microfinance Institutions to uphold these high repayment rates (Angeles *et al.*, 2019; Nasir, 2013). The repayment starts off approximately immediately after the disbursement and then occurs on a weekly or monthly basis. The repayment schedule is the time period that the borrower must make repayment for the loan and must be discussed and specified in the loan contract. Collaterals are defined as “an asset pledged to a lender, until the loan, is paid back. In case of the default, the lender has the right to seize the collateral and sell it to pay off the loan” (Al-Absi, 2016).

In recent times, the Government of India increased the micro loan limit of borrowers from Indian rupees 100, 000 to Indian rupees 125, 000. Micro loans in the range of Indian rupees 20,000 to Indian rupees 30,000 are available mostly in India. The category of loans in the range of Indian rupees 30,000 to Indian rupees 40,000 rose with 56% in the financial year of 2018- 2019 while the microfinance industry has total growth of 44% year-over-year as of 31 March 2019 (BankBazaar.com, 2023). In India, Microfinance Institutions use different outlines of interest rates and supplementary charges such as interest – free deposits. This causes confusion regarding pricing to the borrowers and reduces their negotiation power.

**2.3.2 Micro Saving:** Microfinance use to concentrate only on micro loans and micro savings was neglected, but these days it is just important for enterprises as micro loans. Micro saving can be a standalone saving account, but mostly it is linked to micro loans, where it is an obligatory stipulation when having a loan. Microfinance Institutions offer two types of saving opinions: mandatory saving and voluntary saving. Mandatory savings suggest that the borrower should continue saving to fulfil the conditions of Microfinance Institutions to obtain future loans. Voluntary saving refers to diverse saving



products of microfinance institutions. Mandatory and voluntary saving both can be applied in the repayment of the loan in the financial shocks (Gyimah & Boachie, 2018; Kumari *et al.*, 2019). According to Hulme *et al.*, (2009), there is a variety of micro saving services that are offered by different providers with the purpose of protection as well as promotion. Micro saving is a tool to assist the micro and small enterprises especially in the rural areas to save, invest, and grow their enterprises. The Indian government started in 2015 a saving based scheme to microfinance, namely small payment banks which did not provide micro loans. The purpose was to provide savings products and accumulate fees for payment and transfer services (Rashem & Abdullah, 2018). In India micro savings accounts allow entrepreneurs to operate savings accounts with no minimum balance. These accounts help users encourage financial discipline and develop an interest in saving for the future.

**2.3.3 Micro insurance:** Micro insurance “is the protection of low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved” (Churchill, 2006 in Hulme *et al.*, 2009). Micro insurance is described as a low-value product that entails diverse design and distributions schemes that are established on community risk rates. Micro insurance protects life, health, agricultural products, or property and valuable objects of enterprises. The two types of insurance are property insurance and life insurance. Micro insurance is incorporate with microloan and micro saving to lessen the credit risk (Gyimah & Boachie, 2018). The Insurance Regulatory and Development Authority of India (IRDAI, n/d) micro insurance regulations (2005) describes micro insurance as a general or life insurance policy with a sum assured of Indian rupees 50,000 or less, with the aim to provide financial protection to low-income families, particularly those with an approximate income of less than Indian rupees 250 per day (D’Souza, 2018). Micro insurance in India is divided into general and life micro insurance products. General micro insurance products are anyhealth insurance contract; any contract covering belongings such as hut, livestock, tools, or instruments; any personal accident contract, and it can be on an individual or group basis. Life micro insurance product is: “a term insurance contract with or without return of premium; any endowment insurance contract or a health insurance contract; they can be with or without an accident benefit rider and either on an individual or group basis” (IRDAI, n/d).

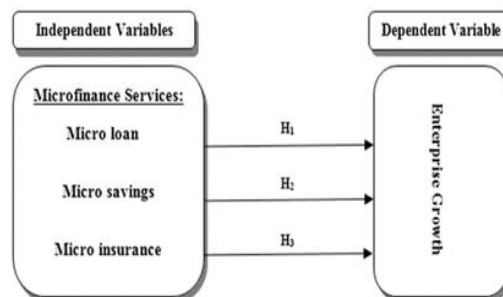
## 2.4 Growth of micro and small enterprises

Most of studies that was done on enterprise growth are established on Gibrat’s law also known as proportionate effects. According to Gibrat’s law the enterprise growth rate will depended on the size of enterprise. Business growth are usually measured by employment, productivity, changes in sales, assets, and profit margins. Although in micro and small enterprise, sales, and or employment growth is a better measurement than profits, market share, or return on investment. Sales growth can be compared and documented. Sales are a respectable pointer of size and thus of growth (Mwewa, 2013). According to (Bulla *et al.*, 2019) enterprise growth can either be qualitative and quantitative. Where qualitative growth be changing in the enterprise which involves the managers or owners and quantitative growth focus on the sales return, total asset, size of labour force and collection of different services and products.

## III. RESEARCH METHODOLOGY

### 3.1 Conceptual Framework and Hypothesis

Based on the literature review, the following conceptual framework (Figure 1) with hypotheses was developed for the present study.



**Figure 1: Conceptual Framework**  
**Source: Researcher, 2023**

### Hypotheses:

- H<sub>1</sub>: Micro loans has an influence on the growth of micro and small enterprises in Pune.
- H<sub>2</sub>: Micro savings has an influence on the growth of micro and small enterprises in Pune.
- H<sub>3</sub>: Micro insurance has an influence on the growth of micro and small enterprises in Pune.



### Model specification:

Multiple Linear Regression analysis is used in this study to identify the impact that the independent variables have on the dependent variable. Based on the hypotheses, the model specification is presented as follows:

$$Y = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \beta_3 \chi_3 + \varepsilon$$

Y = Enterprise Growth as dependent variable

$\chi$  = Micro loan, Micro savings, and Micro insurance as independent variables.

$\beta_0$  = the intercept

$\beta$  = Slope of regression line/ Regression coefficient

$\varepsilon$  = Error term

## 3.2 Data Collection and Questionnaire

### 3.2.1 Data Collection

The data collection was done through a questionnaire, which was randomly distributed to micro and small enterprises in the Pune city with the focus on Bibewadi, Hadapsar and Swargate areas. The target population size of micro and small enterprises in these areas was 2200 micro and small enterprises. In order to determine the sample size for the study the following formula was used:

$$n = N / 1 + N (e)^2$$

Where  $n$  = sample size;  $N$  = predetermined population size and  $e$  = maximum acceptable error margin which is 5%. Therefore  $n = 327$

### 3.2.2 Questionnaire

The questionnaire was divided into three sections, namely: Section A consist of questions related to the demographic characteristic of respondent; Section B questions related to microfinance in terms of micro loan, micro saving and micro insurance and Section C, related to growth of enterprise in the micro and small enterprise sector in Pune, India. Questions were constructed on a 5-point Likert scale to assess respondents' ratings. Items addressing expectations and perceptions were rated from 1 = "strongly disagree" to 5 = "strongly agree." The questionnaire was developed in English and translated into Marathi, the local language. The purpose of this study was clearly specified in the questionnaire and participation was voluntary and confidential.

### 3.2.3 Questionnaire Response Rate

327 questionnaires were distributed to random micro and small enterprises in Pune. 318 questionnaires were collected, out of which three (3) resulted as unusable. The questionnaire response rate shows that 96.33% (315) of the respondents correctly filled the questionnaire in, thus usable, while 3.67 % (3) were unusable. The response rate is deemed high. Furthermore, it is recommended an approximately 30 participants per predictor. In the current study there are three predictor, therefore the number of 315 complete questionnaires is considered acceptable on the above recommendation. Table 1 shows the number of questionnaires distributed and response and their response percentage.

**Table 1: Questionnaire Distribution and Response Rate**

Total Questionnaire Administered	327		
Total Numbers of Questionnaires Returned	318		
Unusable Responses*	3	Percentage of questionnaire not used	3.67 %
Usable Responses	315	Percentage of questionnaire used	96.33 %
*Unusable Responses were because of missing data and alternations			

## 4.1 Reliability analysis

The first step in the measurement process is reliability test. In this study, Cronbach's alpha was used to measure the internal consistency (reliability) for four (4) items of the three (3) Independent constructs which are Micro loan, Micro savings, Micro insurance and four (4) items of one (1) Dependent construct which is Enterprise Growth. Alpha values were above 0.7 is widely accepted as an adequate measure of reliability for a construct. Alpha values for the Independent Construct – Micro loan is 0.879 ; Micro savings is 0.854 and Micro insurance is 0.896, while the Dependent construct Enterprise Growth is 0.731 All the constructs strongly support internal consistency and reliability. The reliability scores are shown in

Table 2

<b>Table 2: Reliability Analysis of the Research Variables</b>			
<b>Constructs</b>	<b>Number of Items</b>	<b>Cronbach's Alpha</b>	<b>Result</b>
<b>Micro Loan</b>	4	0.879	Reliability Supported
<b>Micro Savings</b>	4	0.854	Reliability Supported
<b>Micro Insurance</b>	4	0.896	Reliability Supported
<b>Enterprise Growth</b>	4	0.731	Reliability Supported

#### 4.2 Demographic Analysis

The respondent's information regarding gender, age, educational background and the number of years of experience in enterprise were collected (Table 3). The descriptive analysis revealed that most of the respondents (65%) were male, where as 35% were female. In terms of the age distribution, most of the respondents was between 41-50 years (40%) and 31-40 years (30%), while the least respondents was between 21-30 years (10%) and above 50 years (20%). Concerning the education status of the respondent, the least respondents have either a PhD (0%) or a Master's Degree (0.003%) while the rest of respondents either have or less than Higher Secondary (94.%) or Graduation (6%). As regards to the number of years of experience in enterprise, most respondents (80%) have less than 2 years of experience, while 14% have between 2 to 4 years' experience, while the respondents between 4 to 6 year (4%) and more than 6 years (2%).

<b>Table 3 : Demographic Characteristics of Respondents</b>			
<b>VARIABLES</b>		<b>FREQUENCY</b>	<b>PERCENTAGE</b>
<b>Gender of Entrepreneur</b>	Male	205	65
	Female	110	35
	<b>TOTAL</b>	<b>315</b>	<b>100%</b>
<b>Ages of Entrepreneur (years)</b>	21 – 30 years	32	10
	31 – 40 years	95	30
	41 – 50 years	125	40
	Above 50 years	63	20
	<b>TOTAL</b>	<b>315</b>	<b>100%</b>
<b>Highest Education status of Entrepreneur</b>	Higher Secondary	296	94
	Graduation	18	6
	Master degree	1	0.003
	PhD	0	0
	<b>TOTAL</b>	<b>315</b>	<b>100%</b>
<b>Experience in the Enterprise</b>	Less than 2 years	252	80
	2 – 4 years	44	14
	4 – 6 years	12	4
	More than 6 years	7	2
	<b>TOTAL</b>	<b>315</b>	<b>100%</b>
Source: Primary Data, 2023			

#### 4.3 Descriptive Statistical Analysis

Descriptive statistics is used to review and describe raw data about basic configurations in the sample by permitting its understanding and interpretation. The objective of the descriptive statics is to describe the distribution of certain variables within a specific dataset. Table 4 gives the descriptive statistics of the computed variables. The mean value indicates the location of the centre of the data and the standard deviation is the spread of the data. Furthermore, the standard deviation indicates the variability of values in the data set; it is a measure of dispersion, showing how spread out the data points are around the mean. Together with mean, it also indicate percentiles for a normally disturbed population. According to the respondents in this study, the mean and standard deviations for the variables are Micro loan (M = 3.0714; SD = 0.85472); Micro savings (M = 3.1508; SD = 0.82716) Micro insurance (M = 3.3190; SD = 0.93061) and Enterprise Growth (M = 3.2714; SD = 0.74128). In table 4, the standard deviation is lower than 1, which indicated that the data clustered closely around the mean therefore more reliable.

**Table 4: Mean (X) and Standard Deviation (SD)**

Variable	Observation	Mean	Std. deviation	Interpretation*
Micro Loan	315	3.0714	0.85472	High level
Micro Savings	315	3.1508	0.82716	High level
Micro Insurance	315	3.3190	0.93061	Very High level
Enterprise Growth	315	3.2714	0.74128	Very high level
*Mean range interpretation on the level of marketing mix and competitive advantage:				
		3.26 - 4.00 Very high level	2.51 - 3.25 High level	
		1.76 - 2.50 Low level	1.00 - 1.75 Very low level	

#### 4.4 Variance Inflation Factor (VIF)

The researcher has conducted tests on the collected data to find out the homoscedasticity and multicollinearity. Variance Inflation Factor (VIF) test was used to measure the multicollinearity for 12 items of three variables, which are Microloan, Microsavings and Microinsurance. Variance Inflation Factor values < 5 are widely accepted as an adequate strength to indicate there is no multicollinearity among the variables. The VIF test results in this study are less than the critical value 5, where  $3.665 < 5$  for construct Micro loan;  $1.911 < 5$  for construct Micro savings and  $2.409 < 5$  for construct Micro insurance. The Tolerance values were found to be above 0.250 for all the three constructs and together they meet the require criteria (Table 5).

**Table 5 : Variance Inflation Factor (VIF)**

Variable	Tolerance	VIF	Critical Value
Micro Loan	0.273	3.665	5
Micro Savings	0.523	1.911	5
Micro Insurance	0.415	2.409	5

#### 4.5 Correlation between Variables

Correlation analysis is a method of measurement to find if there is any significant relationship exist between the different variables. The correlation coefficient is represented by the letter  $r$ , and could take value between -1 to +1. The objective of this study is to measure the impact of microfinance constructs on the enterprise growth and if there is any significantly correlation among the variables.

Karel Pearson correlation results indicate that a strong positive correlation exist when the  $r$  -values are above 0.6. In this study, a strong positive correlation exists between enterprise growth and all micro finance constructs. That is, enterprise growth is correlated with Micro loan ( $r = 0.789$ ), Micro savings ( $r = 0.756$ ), and Micro insurance ( $r = 0.670$ ). Furthermore,  $p$ -value < 0.05 indicate that there is significant correlations exist between the given constructs. The correlations are significant at the 0.01 level (2-tailed) for all the given constructs (Table 6).

**Table 6: Correlation Matrix**

Construct	Enterprise Growth	Micro loan	Micro savings	Micro insurance	
Enterprise Growth Sig.( 2-tailed)	1 0.000				
Micro Loan Sig.( 2-tailed)	0.789 ** 0.000	1 0.000			
Micro Savings Sig.( 2-tailed)	0.756 ** 0.000	0.676 ** 0.000	1 0.000		
Micro Insurance Sig.( 2-tailed)	0.670 ** 0.000	0.754 ** 0.000	0.416 ** 0.000	1 0.000	
** Correlations is significant at the 0.01 level ( 2-tailed)					

## 4.6 Regression Analysis

### 4.6.1 Model Summary

The model summary for the regression analysis in Table 7, indicate that the coefficient of multiple correlation  $R = 0.863$ , which is a strong correlation. The coefficient of multiple determination  $R^2 = 0.745$ , while the adjusted  $R^2$  which slightly adjusts the  $R^2$  downward taking care of error is 0.743, which means that 74.3 % of variations in the enterprise growth is accounted for by the three independent variables and 25.7 % is unexplained (error term). This ascertains that micro finance has a strong impact on enterprise growth in micro and small enterprises.

Table 7: Model Summary <sup>b</sup>				
Model	R	$R^2$	Adjusted $R^2$	Standard Error Estimate
1	0.863 <sup>a</sup>	0.745	0.743	0.37580
a. Predictors (Constant): Micro loan, Micro savings, Micro insurance				
b. Dependent Variable: Enterprise Growth				

### 4.6.2 Analysis of Variance (ANOVA)

Analysis of variance (ANOVA) indicates the variance between the variables. The  $p$ -value (Sig. meaning significance) is link to the null hypothesis and the coefficient of all the independent variables are 0.000, where  $p$ -value is  $< 0.05$ , which indicate significance. Table 8, a low  $p$ -value, which indicates a significant relationship exists between the dependent and independent variables. This implies that the independent variables are significant in assessing the enterprise growth of micro and small enterprises in Pune.

**Table 8: Analysis of Variance (ANOVA)<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	128.622	3	42.874	303.592	0.000 <sup>b</sup>
Residual	43.920	311	0.141		
Total	172.543	314			

a. Dependent Variable: Enterprise Growth

b. Predictors (Constant): Micro loan, Micro savings, Micro insurance

### 4.6.3 Hypotheses Test Results

Multiple Regression Analysis is used to test the Microfinance, namely Micro loan, Micro savings, and Micro insurance, in terms of enterprise growth of micro enterprises in Pune. Therefore, the Regression Model for this study is Growth in Sales =  $\beta_0 + \beta_1$  (Micro loan) +  $\beta_2$  (Micro savings) +  $\beta_3$  (Micro insurance) +  $\epsilon$

#### ***Hypothesis 1: Micro loans has an influence on the growth of micro and small enterprises in Pune.***

As shown in Table 9 the outcome of the regression analysis indicates, a positive relationship exists between micro loans and growth of micro enterprises. The result is in line with a priori expectation that  $\beta_1 > 0$ . This means that a unit increase in micro loans will result in a corresponding increase in growth of micro enterprises by 0.274 units. The  $t$ -value is 5.004 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_1$  about the significant role of micro loans in achieving growth of micro and small enterprises Pune.

#### ***Hypothesis 2: Micro savings has an influence on the growth of micro and small enterprises in Pune.***

As shown in Table 9 the outcome of the regression analysis indicates that a positive relationship exists between micro savings and growth of micro enterprises. The result is in line with a priori expectation that  $\beta_2 > 0$ . This means that a unit increase in micro savings will result in a corresponding increase growth of micro enterprises by 0.457 units. The  $t$ -value is 11.564 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.000$ ) All these statistical results support the  $H_2$  about the significant role of micro savings in achieving growth of micro and small enterprises Pune.

#### ***Hypothesis 3: Micro insurance has an influence on the growth of micro and small enterprises in Pune***

As shown in Table 9 the outcome of the regression analysis indicates that a positive relationship exists between micro insurance and growth of micro and small enterprises. The result is in line with a priori expectation that  $\beta_3 > 0$ . This means that a unit increase in micro insurance will result in a corresponding increase in growth of micro enterprises by 0.273

units. The  $t$  - value is 6.456 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_3$  about the significant role of micro insurance in achieving growth of micro and small enterprises in Pune.

**Table 9: Multiple Regression Analysis (MRA)**

Hypothesizes Statement	$\beta$	t-value	p-value	Decision
$H_1$ : Micro loans impact on growth of micro and small enterprises	0.274	5.004	0.000	Supported
$H_2$ : Micro savings impact on growth of micro and small enterprises	0.457	11.564	0.000	Supported
$H_3$ : Micro insurance impact on growth of micro and small enterprises	0.273	6.456	0.000	Supported
$\beta$ = Standardized Coefficients Beta value				

### CONCLUSION

The study focused on finding out the impact of microfinance on the growth of micro and small scale enterprises located in Pune. The above findings relating to the impact of microfinance (micro loan, micro saving and micro insurance) on the growth of micro and small scale enterprises, determines that microfinance plays a significant role on attaining the growth of micro and small scale enterprises. The impact of microfinance: micro loan ( $r = 0.789$ ,  $\alpha = .01$ ,  $p = 0.000$ ), micro savings ( $r = 0.756$ ,  $\alpha = .01$ ,  $p = 0.000$ ) and micro insurance ( $r = 0.670$ ,  $\alpha = .01$ ,  $p = 0.000$ ) on the growth of micro and small scale enterprises is positive and significant. Each of the microfinance elements have a different impact on the growth of micro and small scale enterprises. The most influential element to achieve the growth of micro and small scale enterprises is micro savings with 45% similarly micro loan by 28%, and micro insurance by 27%. The  $R^2$  value is 0.745 which means the 74.5% of the impact on the dependent variable growth of micro and small scale enterprises is accounted jointly by the three independent variables. Similarly, the independent variables jointly have unexplained 25.5% of variation in the growth of micro and small scale enterprises. The most influential element to least influential element in the microfinance on the growth of micro and small scale enterprises is micro savings, micro loan and micro insurance. According to these results, the micro insurance element is the least impacting independent variable on the enterprise growth. The element micro insurance is associated with various feature like future risk and uncertainty, the current enterprise growth is affected by micro insurance, therefore it is advised to keep a close monitor on these features to improve these to enhance the enterprise growth. Since this study focused on the Pune city, it can be recommended for the future study other cities in state of Maharashtra can be included to give more comprehensive view about the microfinance on enterprise growth in micro and small enterprises.

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# THE INFLUENCE OF ENTREPRENEURIAL CHARACTERISTICS ON THE FINANCIAL PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES

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## **Abstract:**

**Purpose:** This research study aims to examine the relationship between the entrepreneurial characteristics and financial performance of small and medium scale enterprises, also to find out the influence of entrepreneurial characteristics have on the financial performance of the small and medium scale enterprises in Pune, India.

**Method:** Data was collected through the random sampling method and the questionnaire was designed in five point ordinal scale precisely Likert scale. In total 254 entrepreneurs were administered with the questionnaire and data collected from 210 respondents were complete and useful for the research process. All the respondents are entrepreneurs from the industrial city Pune.

**Statistical Analysis:** Descriptive Statistics were used for Frequency Distribution, Mean, Standard Deviation; Cronbach Alpha for Reliability Test, Variance Inflation Factor (VIF) for Multicollinearity, Karl Pearson Correlation Coefficient, Two-Tailed -T-Test, F-Test, ANOVA, and Multiple Regression Analysis. And all the data was processed through IBM SPSS 23.

**Findings:** The study results showed that entrepreneurial characteristics have a significant and positive influence on the financial performance of small and medium scale enterprises located in the Pune, India. The most influential independent variable on the financial performance is risk-taking propensity followed by innovativeness, need for achievement, self-confidence, and locus of control.

**Keywords:** *Entrepreneurial Characteristics, Financial Performance, Small & Medium Scale Enterprises.*

## **I. INTRODUCTION**

Entrepreneurship is an essential feature in the growth of any nation as entrepreneurs are accountable for taking calculated risk, which helps to increase higher levels of economic growth. Entrepreneurs are the pillars on which the world and modern ideas continue to develop. According to Schumpeter (1934) entrepreneurship is synonym with business and economic growth since one concludes to be an entrepreneur when an enterprise launches however when an enterprise expands, one resumes to be an entrepreneur. Therefore, it can be stated that entrepreneurship is at the foundation of a free enterprise economy.

According to Khamis & Gumawa (2020) the significance of entrepreneurship towards economic development has been emphasised by numerous researchers since entrepreneurship offers advances concerning economic and social growth, as well as to the satisfaction of individuals since entrepreneurship goes beyond the age, gender, class, race and sexual orientation boundaries. Furthermore, Kuratko & Hodgetts (2008) and Timmons & Spinneli (2007) stated that entrepreneurship is accepted as a significant driver of economic growth, production, innovation, and employment and a vital part of economic force in changing enterprises thoughts into economic prospects. It is evident that entrepreneurship is a controlling influence on the economic growth and development (Abdulwahab & Al-Damen, 2015). According to Ajani & Oluyem (2016), the economic growth of countries can be determined by entrepreneurship since it can generate employment and therefore propose limitless chances to people and stated that most entrepreneurs begin their enterprises as small and medium scale enterprises (SMEs) or sole trading.

Although entrepreneurship is not usually connected with small enterprises, they are exceptional agents for individuals to focus their entrepreneurial aims. Therefore, small enterprises can be seen as an expansion of the person in charge (Lumpkin & Dess 1996). Small and medium scale enterprises (SMEs) play a significant part in the development of most of the economies and demonstrate to be one of the most practical segments with economic growth possibilities. Furthermore, SMEs add considerably in the development of a country. Research confirmed that small and medium scale enterprises have the ability to improve the gross domestic product (GDP) rate of a country. According to the Indian Ministry of Finance, the GDP rate is expected to grow 7 % for the year ending March 2023, this follows an 8.7 % growth in the previous financial year (2021-2022).

According to Mahadalle (2016) small enterprises plays a significant role in improving economic growth, relief in poverty and social justice. Furthermore, it can be stated that small-scale enterprises are an effective practice to ease poverty in generally all developing countries, since researchers found that small scale and medium enterprises have the ability to increase employment through job prospects and self-employment.

Entrepreneurial characteristic needs to be developed, nurtured, and maintained, though it is assumed that small and medium scale entrepreneurs have specific entrepreneurial characteristics that can contribute to the successful performance of their enterprises. Mahadalle (2016) stated that entrepreneur's competency is a useful tool to forecast the enterprise performance. Through the entrepreneurial approaches and skills, they can manage effective performances of small and medium scale enterprises. Islam et al., (2011) are of opinion that entrepreneurial characteristics are important factors that affects the success and performance of small and medium scale enterprises. Entrepreneurial characteristics, which are also known as personal and psychological factors, influence entrepreneurial performance (Blackman, 2003). Sarwoko et al., (2013) describes competence as an ability that a person is good in doing, like a talent that help to get a job done well. Characteristics are a crucial aspect of entrepreneurial competencies. The combination of capabilities, characteristics, knowledge, behaviour, as well as attitude are all vital for performance. Furthermore, competencies can be seen as the noticeable behaviour that are more joined to performance than other entrepreneurial characteristics like personality traits, intentions and motivation (Ng et al., (2013)

### **Statements of the Problem:**

Since entrepreneurs have different characteristics and practices, it is significant to understand and study the relationship between the characteristics of the entrepreneur/the enterprise and entrepreneurial performance (Sarwoko et al., 2013). Considering the significance of entrepreneurial characteristics, the vital assumption of this study is to investigate the influence of entrepreneurial characteristics on the performance of small and medium scale enterprises in Pune and though many studies have been conducted on the impact of entrepreneurial characteristics on performance of SMEs, though, most of these studies are foreign based.

## **II. LITERATURE REVIEW**

### **2.1 Definition of Entrepreneur and Entrepreneurship**

Entrepreneurship is a multi-dimensional theory with many diverse definitions since scholars define it all in another manner (Khamis & Gumawa, 2020). Bula (2012) state that the reason why entrepreneurship is constantly transforming and be subjected to the scholar view of it. To comprehend the entrepreneurship theory is needed to know who the entrepreneur is (Oyeniyi & Adeniji, 2010). The entrepreneurship is a multidimensional concept with many different definitions of the concept of entrepreneur and entrepreneurship.



Their meanings depend on when the definitions were developed as well as the culture in which the researcher foster it.

The word entrepreneur commences from the French verb, “entreprendre” and the German word “unternehmen” which both implies “to undertake” (Afonja 1999 in Adegbite et al., 2006). Richard Cantillon, (approximately 1755), a French economist of the 18th century, initiated the entrepreneurship concept in his writing, where he describes the entrepreneur as the representative who purchases measures of production at a definite prices with the intention of conjuring them with a new product. Furthermore, the entrepreneur is self-employed and the carrier of risk and uncertainty. In 1824, Jean Baptiste Say, defines that the entrepreneur is somebody who moves economic resources from a sphere of lower productivity to a sphere of higher productivity. He expands to Cantillon’s definition by incorporating the thought that an entrepreneur is a person who connect additional people with the purpose to create a single productive enterprise. According to Drucker (1985), the definition of Say does not indicate who an entrepreneur is (Bula, 2012; Van der Laan et al., 2010; Adegbite et al., 2006). Schumpeter (1934) was one of the first to recognise as the entrepreneur as object significant to be studied. He describes the entrepreneur as an innovator; an individual who execute the latest pattern of enterprises through new product; services; raw resources; methods of manufacture and markets.

Other definitions in the 19th century from British economist like Adam Smith, David Ricardo, and John Stuart Mill explain the entrepreneurship concept in term of business management (Adegbite et al., 2006). In 1947, Schumpeter stated that Smith and Ricardo’s definition underestimated the significance of entrepreneurship, while Mill emphasise the importance for economic development and growth. Entrepreneurship is described by Miao (2015).as an action that includes the detection, appraisal and utilisation of prospects to present new services and goods, methods of organising, marketplaces, procedures and unprocessed material via establishing attempts that beforehand had not occurred. Entrepreneurship is described by Timmons & Spinneli (2007) as a holistic approach, a manner of thinking, opportunity driven through way of reasoning and performance and are leadership focussed.

Oyeniya & Adeniji (2010) define an entrepreneur as a person who recognise prospects, collect the needed resources and then produces and it accountable for enterprise performances. While Abdulwahab & Al-Damen (2015) describe the entrepreneur as someone who generate new and inventive things in a current economy. Van der Laan et al., (2010) define entrepreneurship as either starting or owning an own company, which lead to added value for the individual and community. “Entrepreneurship is the process whereby an individual or a group of individuals use organized efforts and means to pursue opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what resources are currently controlled.” Furthermore, he summarizes entrepreneurship as “the creation and management of new business, small business, and family business” (Ogidi & Peterson, 2021).

It is largely recognised that entrepreneurs “serve as agents of change; provide creative, innovative ideas for business enterprises; and help businesses grow and become profitable” (Kuratko & Hodgetts, 2008). According to Ajani & Oluyemi (2016) the entrepreneur assesses the prospects and vulnerabilities in the business environment and therefore make choices accordantly that will improve the enterprises to understand growth, economic development, and innovation. There are different that connect the entrepreneurship definitions, namely: innovation, opportunity recognition, profit, promoting economic growth, venture creation and change (Ogidi & Peterson, 2021).

## 2.2 Entrepreneur’s characteristics

Competencies are explained by Boyatzis (1982) in Ng et al., (2013) “underlying characteristic of an individual that is casually (change in one variable cause change in another) related to superior performance in a job.” According to Sarwoko et al., (2013) entrepreneurial competencies are described as characteristics of the individual that permits the entrepreneur to attain corporate success, which involves attitude and behaviour. These entrepreneurial competencies especially include entrepreneurial traits, motivations, self-esteem, attitude, skills, behaviour, and knowledge. Entrepreneurial competency is defined as the individual characteristics. Entrepreneurship characteristic (also known as personal and psychological factors) exists of many different dimensions or factors and therefore must be viewed in holistic manner.

Different entrepreneurial characteristic is described by various researchers and scholars and which are discuss in this study. Individual entrepreneur characteristics according to Islam et al., (2011) are divided into demographic characteristic (i.e., age, gender), individual characteristics (i.e., education, former work experience), personal trait (i.e., self-confidence, perseverance), entrepreneurial orientation (i.e., autonomy, innovativeness, risk taking, pro-activeness, competitiveness, aggressiveness and motivation), and entrepreneur readiness (also known as self-efficacy). According to Adegbite et al., (2006) the most important characteristics for an entrepreneur are the need for achievement, self-confidence, locus of control, independency, and perseverance. Furthermore, the ability to use opportunities, resourceful and creativeness is all needed for the performance of an enterprise. The opportunity, gathers the necessary resource, creates, and is ultimately responsible for the performance of the organization.

An individual with entrepreneurial skills, according to Rotter (1966) and (Ogidi & Peterson, 2021) can be differentiated from another, through certain personality characteristics like risk-taking, locus of control, pioneering and need for achievement. Siropolis (1994) categorised into six key entrepreneurship characteristics, namely: creativity, innovation, risk taking, self-confidence, hardworking, goal setting, and accountability. Personal traits like conscientiousness, openness to experience, emotional stability is connected to entrepreneurial characterises and are especially important to establish a positive impact on the performance of enterprises. Furthermore, personal traits are linked with the emotional intelligence, cognitive ability, risk tendency and proactive personality and these personal traits are connected to entrepreneurial purpose and entrepreneurial self- effectiveness (Miao, 2015).

Personal characteristics like locus of control, risk taking, need for achievement, problem-solving, creativity, and working value are all linked to entrepreneurial characteristics and leads to a positive impact on the performance of SMEs. Entrepreneurial behaviour, attitudes, and intention are interconnected. Some researchers observed that intention represents as an intermediary between the outcome of attitudes and the behaviour. These are connected to the personality and their environment, where the personality of entrepreneur determined by the family, social environment and culture (Mahadalle, 2016). Sarwoko et al., (2013) claimed that education, training and experience, family background and demographic aspects are features that influence the characteristic of entrepreneur. Entrepreneurial characteristics, which influence enterprise success, involves 1) Psychological factors: characteristics of individual as well as factors like Need for achievement, locus of control and personal traits. 2) Education and experience: higher level of education reflects that the reality that the individual is more capable.

From previous research the main characteristics are need for achievement, risk propensity, self-confidence, innovativeness, and locus of control will be the focus for this paper (Ogidi & Peterson, 2021).

**2.2.1 Need for achievement:** Abdulwahab & Al-Dame (2015) argued that need achievement is a psychological trait of entrepreneurs and can be described as the aspiration to connect an inner criterion of achievement. Need for achievement, according to McClelland (1961) is described as “a measurable factor in groups and individual are measured by coding an individual’s spontaneous thoughts, for the frequency with which he thinks about competing with standard of excellence or doing something better than before.” Furthermore, he reasoned that the Need for achievement is an inner drive to thrive and accomplish better things as well as that it is greater for entrepreneurs than for other persons. According to Ogidi & Peterson (2021) the need for achievement is established on the probability that a person can do something better and quicker than anyone else can, or improved than earlier. Entrepreneurs especially have a need for achievement, and attempt to make modifications in their own lives as well of those of others. The Need for achievement motivates the entrepreneur to attain higher criteria that guide him to victory.

**2.2.2 Risk-taking propensity:** The tendency for risk taking is a significant entrepreneurial characteristic and entrepreneurs are generally labelled as risk-takers (Abdulwahab & Al-Damen, 2015). Risk-taking propensity is defined as by Brockhaus (1980) “the perceived probability of receiving rewards associated with the success of a situation that is required by the individual before he/she will subject himself/herself to the consequences associated with failure, the alternative situation providing less reward as well as less severe consequences than the proposed situation.” Entrepreneurs is expected to make premeditated economic risks with the aim of maximizing profit. Risk attitudes in SMEs are classified in risk-taking, risk-neutral and risk adverse, but entrepreneurship generates an added group namely calculated risk- taking. An entrepreneur might make a

logically decision to take a risk considering there is an opportunity for a reward (Ogidi & Peterson, 2021). Entrepreneurs are usually positive and have a specified level of self-confidence, which are link to risk takers.

**2.2.3 Self-confidence:** Self-confidence is a crucial characteristic of an entrepreneur, which empowers entrepreneurs to have faith in themselves and have the capacity to attain their specified aims and objectives. Self-confidence is a needed requirement for effective entrepreneurship, as entrepreneurs have a higher level of self-confidence relative to non-entrepreneurs (Robinson, et al., 1991). Self-confidences is described by Abdulwahab & Al-Damen (2015), as the entrepreneur having faith in himself as well as to whatever degree he considers that he can take his enterprise to success. Entrepreneurs who have self- confidence does not consider that the victory or then collapse of their enterprise hinge on luck or any other outside factors, but have the confidence that it is them owns personal skills and power that allows them to accomplish their aims, whilst when confronted with obstructions.

**2.2.4 Innovativeness:** According to Schumpeter (1934) innovation is the invention and operation of fresh patterns while Ogidi & Peterson (2021) describe it as the pursuing, generating, acquiring, and executing of fresh products and or procedures. An entrepreneur's innovation behaviour is the aptitude own by an entrepreneur to create fresh ideas that are beneficial to the entrepreneur and the public (Schumpeter, 1934) thus, innovation is a daily action for entrepreneurs, which will direct them to accomplish their aims. Mirela (2008) stated that innovation is an entrepreneurial characterises which utilise change to achieve various trades or services and it is significant feature in the success and endurance of enterprises. Entrepreneurs are constant inspecting for different ways of doing, creating and advancing things and this differentiate entrepreneurs from non-entrepreneurs.

**2.2.5 Locus of control:** Locus of control is the manner an individual imagines a result, because of their conducts, could be affected by their characteristics and their reaction to a situation. This can comprise of the probability of the consequences because of fate or luck (Rotter, 1966). Locus of control can be differentiated between internal locus of control and external locus of control. Internal locus of control is where an individual is confident that he is in control of their chances, while with locus of control an individual does not have any control on situations. Individuals with internal locus of control are people who supposedly have a positive impact on their own fate, via personal competence, skills, and attempts (Henry et al., 2003:40). Internal locus of control behaviour is linked with entrepreneurs since they believe that they are control of situations and their conclusions (Ogidi & Peterson, 2021).

## 2.3 Entrepreneur's characteristics and SME financial performance

Entrepreneurial characteristics, which are personal skills and trait, have the ability to generate positive impact on the performances of an enterprise. Need for achievement are described of a person who aspire to succeed and it can be said that entrepreneurs especially have this characteristic. Researchers found that the need for achievement, creates a determination to achieve higher standards that leads to success. Furthermore, self-confidence is a crucial characteristic trait that have a positive impact on performance of enterprises, especially SMEs. Other important entrepreneurial characteristics, which can improve performance, are independence, risk-taking, responsibility, and experience (Abdulwahab & Al-Daman, 2015).

Researchers establish that biological factors do influence the actions of entrepreneurs, which can lead to the decrease in performance of a business (Miao, 2015). Some of the demographic factors that are linked with entrepreneurial characteristics and can influence business growth and performance are age, family background, education, and the working experience (Mahadalle, 2016; Tamizharasi & Panchanatham, 2010). According to Tamizharasi & Panchanatham (2010) some personal entrepreneurial characteristics that can improve enterprise performance are perseverance, hard work, risk- taking, enthusiasm, creativity, innovation, self-confidence, and time awareness.

The most crucial personal entrepreneurial characteristic according to Agbim et al., (2014) is self-confidence. Other characteristics that is just as important are self-effectiveness, goal setting, motivation, knowledge, skills, and locus control. All these characteristics have a positive impact on the performance of SMEs Entrepreneurial characteristics like education, value of personal, experience in work, a support network of professional, psychological factors and attribute are a few of the components are linked to enhancing the business growth (Sarwoko et al., 2013). According to Mahadalle (2016) personal characteristics like leadership

styles, creativeness and skill are strongly linked to entrepreneurial characteristics and it has been established that it has a positive impact on the performance of SMEs. Research done by Lee & Tsang (2001); Blackman (2003); Ogidi & Peterson (2021) illustrated that the owner/ entrepreneur is the crucial factor that influence the performance of small enterprises and especially the characteristics of the owner/ entrepreneur. Other empirical study found that entrepreneurial competence is related to business performance. According to Kabir et al., (2017) the greater the competence of the entrepreneur, the higher his accomplishment in business performance and equally the entrepreneurs who have lower competence will show lower performance. Previous researches on entrepreneurial competencies and performance concentrate on only two broad issues; entrepreneurial skills (Khamis & Gumawa, 2020) and entrepreneurial characteristics (Khamis & Gumawa, 2020; Sarwoko et al., 2013). Different researchers had discovered that there is positive relationship connecting entrepreneurial competencies and the performance of enterprises (Mahadalle, 2016). Previous research done indicate that competencies have a positive impact on SMEs performance (Covin & Miles, 1999).

Many studies have investigated the characteristics of prosperous entrepreneurs (McClelland, 1961; Brockhaus, 1980; Lumpkin & Dess, 1996). Mostly the characteristics that focus on are the Need for Achievement, internal Locus of Control, and Risk Taking Propensity, but in some studies, additional characteristics are studied as well.

Performance is described as “the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it” (Srinivasan et al., 1994). Performance is the degree of how a company attain its organisational and financial goals and therefore performance is usually connected with the prospect for success. Since business, performance consist of various aspects that influence performance, which makes it tough to measure. Entrepreneurial performance (also known as business performance or business success) is the degree of growth and the level of profit. It is further regarded as the level of sales, level of profit, rate of return on capital, rate of turnover and market share gained (Agbim et al., 2014; Sarwoko et al., 2013). Khamis & Gumawa (2020) suggest that previous studies shows that some researches use changes in sales, profit and assets to measure SMEs performance, while others used sales growth, profitability, return on investment and market share, while Lee & Tsang (2001) embraced sales growth, profit growth, and capital growth as the performance measurement.

### III. RESEARCH METHODOLOGY

This is a quantitative research study to examine the influence of entrepreneurial characteristic on the financial performance in small and medium scale enterprises in Pune. Multiple Regression Analysis was used to test the Hypotheses through SPSS version 23.

#### 3.1 Hypotheses

H<sub>0</sub>: Need for achievement has a no-significant influence on the financial performance of SMEs in Pune.

H<sub>1</sub>: Need for achievement has a significant influence on the financial performance of SMEs in Pune.

H<sub>0</sub>: Risk-taking propensity has a no-significant influence on the financial performance of SMEs in Pune.

H<sub>2</sub>: Risk-taking propensity has a significant influence on the financial performance of SMEs in Pune.

H<sub>0</sub>: Self-confidence has a no-significant influence on the financial performance of SMEs in Pune.

H<sub>3</sub>: Self-confidence has a significant influence on the financial performance of SMEs in Pune.

H<sub>0</sub>: Innovativeness has a no-significant influence on the financial performance of SMEs in Pune.

H<sub>4</sub>: Innovativeness has a significant influence on the financial performance of SMEs in Pune.

H<sub>0</sub>: Locus of control has a no-significant influence on the financial performance of SMEs in Pune.

H<sub>5</sub>: Locus of control has a significant influence on the financial performance of SMEs in Pune.

Null Hypothesis = H<sub>0</sub>; Alternate Hypothesis = H<sub>1</sub>; H<sub>2</sub>; H<sub>3</sub>; H<sub>4</sub>; H<sub>5</sub>; Alpha Value:  $\alpha = 0.01$



### 3.2 Model specification

Multiple Linear Regression Analysis is used in this study to identify the influence that the independent variables have on the dependent variable. Based on the hypotheses, the model specification is presented as follows:

$$Y = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \beta_3 \chi_3 + \beta_4 \chi_4 + \beta_5 \chi_5 + \varepsilon$$

Y = Financial Performance (Fin Perf) as dependent variable

$\chi$  = Need for achievement (NA), Risk –taking propensity (RP), Self-confidence (SC), Innovation (IN), and Locus of control (LC) as independent variables.

$\beta_0$  = The intercept

$\beta$  = Slope of regression line/ Regression coefficient

$\varepsilon$  = Error term

Therefore, the regression model for this study is:

$$\text{Fin Perf} = \beta_0 + \beta_1 (\text{NA}) + \beta_2 (\text{RP}) + \beta_3 (\text{SC}) + \beta_4 (\text{IN}) + \beta_5 (\text{LC}) + \varepsilon$$

### 3.3 Data Collection and Questionnaire

#### 3.3.1 Data Collection

The data collection was done through a questionnaire, which was randomly distributed to SMEs in the Pune with the focus on Katraj and Kondhwa areas. The target population size of SMEs in these areas was 750 SMEs. In order to determine the sample size for the study the following formula was used:  $n = N / 1 + N(e)^2$  Where  $n$  = sample size;  $N$  = predetermined population size and  $e$  = maximum acceptable error margin which is 5%. Therefore  $n = 254$

#### 3.3.2 Questionnaire

The questionnaire was divided into three sections, namely: Section A consist of questions related to the demographic characteristic of respondent; Section B questions related to entrepreneurial characteristics in terms of Need for achievement, Risk –taking propensity, Self-confidence, Innovation, and Locus of control and Section C, related to enterprise financial performance in terms of growth in sales and level of profit in the SME sector in Pune, India. Questions were constructed on a 5-point Likert scale to assess respondents' ratings. Items addressing expectations and perceptions were rated from 1 = "strongly disagree" to 5 = "strongly agree." The questionnaire was developed in English and also translated into Marathi, the local language. The purpose of this study was clearly specified in the questionnaire and participation was voluntary and confidential.

#### 3.3.3 Questionnaire Response Rate

254 questionnaires were distributed to random SMEs in Pune. 222 questionnaires were collected, out of which 12 resulted as unusable. The questionnaire response rate shows that 94 % (210) of the respondents correctly filled the questionnaire, while 6 % (12) were unusable. The response rate is deemed high. Furthermore, it is recommended an approximately 30 participants per predictor. In the current study there are five predictors, therefore the number of 210 complete questionnaires is considered acceptable on the above recommendation. Table 1. Shows the number of questionnaires distributed and response and their response percentage.

**Table 1: Questionnaire Distribution and Response Rate**

Total Questionnaire Administered	254		
Total Numbers of Questionnaires Returned	222		
Unusable Responses*	12	Percentage of questionnaire unusable	6%
Usable Responses	210	Percentage of questionnaire usable	94%
*Unusable Responses were because of missing data and alternations			



## IV. RESULTS AND DISCUSSION

## 4.1 Reliability Analysis

The first step in the measurement process is reliability test. In this study, Cronbach's alpha was used to measure the internal consistency (reliability) 20 items of the five (5) Independent constructs which are Need for achievement, Risk-taking propensity, Self-confidence, Innovation, and Locus of control and four (4) items of one (1) Dependent construct which are Financial performance. Alpha values were above 0.7 is widely accepted as an adequate measure of reliability for a construct. Alpha values for the Independent Construct - Need for achievement = 0.872; Risk-taking propensity = 0.878; Self-confidence = 0.876; Innovation = 0.874.; Locus of control = 0.880, while the Dependent construct Financial Performance = 0.876. All the constructs strongly support internal consistency and reliability. The reliability scores are shown in Table 2.

Table 2: Reliability Analysis of the Research Variables

Constructs	Number of Items	Cronbach's Alpha	Result
Need for achievement	4	0.872	Reliability Supported
Risk-taking propensity	4	0.878	Reliability Supported
Self-confidence	4	0.876	Reliability Supported
Innovation	4	0.874	Reliability Supported
Locus of control	4	0.880	Reliability Supported
Financial performance	4	0.876	Reliability Supported

## 4.2 Demographic Analysis

The respondent's information regarding gender, age, educational background and the number of years of experience in enterprise were collected (Table 3). The descriptive analysis revealed that the majority of the respondents (87 %) were male, whereas 13 % were female. In terms of the age distribution, most of the respondents was between 31 - 40 years (27 %) and above 50 years (26 %), while the least respondents were between 21 - 30 years (24 %) and 41 - 50 years (23 %). Concerning the education status of the respondent, the least respondents have either a PhD (0 %), a Master's Degree (19 %) or Graduation (21 %), while most of respondents have Higher Secondary (60 %). As regards to the number of years of experience in enterprise, most respondents (50 %) have between 4 to 6 years of experience, while 30 % have between 2 to 4 years' experience, while both the respondents of less than 2 year and more than 6 years are 10 % each.

Table 3: Demographic Characteristics of Respondents

VARIABLES		FREQUENCY	PERCENTAGE
Gender of Entrepreneur	Male	182	87
	Female	28	13
	<b>TOTAL</b>	<b>210</b>	<b>100%</b>
Ages of Entrepreneur (years)	21 – 30 years	50	24
	31 – 40 years	57	27
	41 – 50 years	48	23
	Above 50 years	55	26
	<b>TOTAL</b>	<b>210</b>	<b>100%</b>
Highest Education Status of Entrepreneur	Higher Secondary	126	60
	Graduation	44	21
	Master degree	40	19
	PhD	0	0
	<b>TOTAL</b>	<b>210</b>	<b>100%</b>
Experience in the Enterprise	Less than 2 years	21	10
	2 – 4 years	63	30
	4 – 6 years	105	50
	More than 6 years	21	10
	<b>TOTAL</b>	<b>210</b>	<b>100%</b>

Source: Primary Data, 2023

### 4.3 Descriptive Statistical Analysis

Descriptive statistics is used to review and describe raw data about basic configurations in the sample by permitting its understanding and interpretation. The objective of the descriptive statistics is to describe the distribution of certain variables within a specific dataset. Table 4 gives the descriptive statistics of the computed variables. The mean value indicates the location of the centre of the data and the standard deviation is the spread of the data. Furthermore, the standard deviation indicates the variability of values in the data set; it is a measure of dispersion, showing how spread out the data points are around the mean. Together with mean, it also indicates percentiles for a normally disturbed population. According to the respondents in this study, the mean and standard deviations for the variables are Need for achievement ( $M = 3.5833$ ;  $SD = 0.58353$ ); Risk-taking propensity ( $M = 3.4893$ ;  $SD = 0.55354$ ); Self-confidence ( $M = 3.4548$ ;  $SD = 0.64359$ ); Innovation ( $M = 3.4726$ ;  $SD = 0.62887$ ); Locus of control ( $M = 3.3988$ ;  $SD = 0.69529$ ); and Financial Performance ( $M = 3.8452$ ;  $SD = 0.46515$ ). In table 4, the standard deviation is lower than 1, which indicated that the data clustered closely around the mean therefore more reliable.

Table 4: Mean (X) and Standard Deviation (SD)			
Variable	Mean	Std. deviation	Interpretation*
Need for achievement	3.5833	0.58353	Very high level
Risk-taking propensity	3.4893	0.55354	Very high level
Self-confidence	3.4548	0.64359	Very high level
Innovation	3.4726	0.62887	Very high level
Locus of control	3.3988	0.69529	Very high level
Financial performance	3.8452	0.46515	Very high level
*Mean range interpretation on the level of entrepreneurial characteristics and financial performance:			
3.26 - 4.00 Very high level		2.51 - 3.25 High level	
1.76 - 2.50 Low level		1.00 - 1.75 Very low level	

### 4.4 Variance Inflation Factor (VIF)

The researcher has conducted tests on the collected data to find out the homoscedasticity and multicollinearity. Variance Inflation Factor (VIF) test was used to measure the multicollinearity for 20 items of the five (5) Independent constructs which are Need for achievement, Risk-taking propensity, Self-confidence, Innovation and Locus of control. Variance Inflation Factor values  $< 5$  are widely accepted as an adequate strength to indicate there is no multicollinearity among the variables. The VIF test results in this study are less than the critical value 5, where  $3.137 < 5$  for construct; Need for achievement;  $2.907 < 5$  for construct Risk-taking propensity;  $2.746 < 5$  for construct Self-confidence;  $3.519 < 5$  for construct Innovation;  $2.528 < 5$  for construct, and Locus of control. The Tolerance values were found to be above 0.250 for all five constructs which meet the required criteria (Table 5).

Table 5: Variance Inflation Factor (VIF)			
Variable	Tolerance	VIF	Critical Value
Need for achievement	0.319	3.137	5
Risk-taking propensity	0.344	2.907	5
Self-confidence	0.364	2.746	5
Innovation	0.284	3.519	5
Locus of control	0.396	2.528	5

### 4.5 Correlation between Variables

Correlation analysis is a method of measurement to find if there is any significant relationship exist between the different variables. The correlation coefficient is represented by the letter  $r$ , and could take value between -1 to +1. The objective of this study is to measure the impact of the entrepreneurial characteristics constructs on enterprise performance and if there is any significantly correlation among the variables.

Karl Pearson correlation results indicate that a strong positive correlation exist when the  $r$ -values are above 0.6. In this study, a strong positive correlation exist between enterprise financial performance and all the entrepreneurial characteristics constructs. That is, performance is correlated with Need for achievement, ( $r = 0.773$ ), Risk-taking propensity ( $r = 0.762$ ), Self-confidence ( $r = 0.724$ ), Innovation ( $r = 0.773$ ), and Locus of control ( $r = 0.700$ ). Furthermore,  $p$ -value  $< 0.05$  indicate that there are significant correlations exist between the given constructs. The correlations are significant at the 0.01 level (2-tailed) for all the given constructs (Table 6).

**Table 6: Correlation Matrix**

Construct	Financial Performance	Need for achievement	Risk – taking propensity	Self-confidence	Innovation	Locus of control
<b>Financial Performance</b> Sig.( 2-tailed)	1 0.000**					
<b>Need for achievement</b> Sig.( 2-tailed)	0.773 0.000**	1 0.000**				
<b>Risk-taking propensity</b> Sig.( 2-tailed)	0.762 0.000**	0.790 0.000**	1 0.000**			
<b>Self-confidence</b> Sig.( 2-tailed)	0.724 0.000**	0.613 0.000**	0.517 0.000**	1 0.000**		
<b>Innovation</b> Sig.( 2-tailed)	0.773 0.000**	0.592 0.000**	0.587 0.000**	0.765 0.000**	1 0.000**	
<b>Locus of control</b> Sig.( 2-tailed)	0.700 0.000**	0.555 0.000**	0.561 0.000**	0.651 0.000**	0.758 0.000**	1 0.000**

\*\* Correlations is significant at the 0.01 level ( 2-tailed)

## 4.6 Regression Analysis and Hypothesis Testing

### 4.6.1 Model Summary

The model summary of multiple regression analysis in Table 7 indicates the portion of the variance defined by the independent variables of the study, where  $R = 0.890$ , which is a strong correlation. The coefficient of multiple determination  $R^2 = 0.791$ , which means that the influence of the six independent variables of entrepreneurial characteristics stated in this study is 79.1% on financial performance in SMEs. Furthermore, that 20.9 9% are other unexplainable components that contributes to the variance on enterprise financial performance. Additionally, the multiple regression analysis shows the adjusted  $R^2$  which indicates the fit of the analysed data to undergo the regression model to the analysed data. When the adjusted  $R^2$  value is over 0.5 it indicates that there is a strong fit, which means that in this study that the five independent variables are fitting strongly at predicting enterprise financial performance. This ascertains that entrepreneurial characteristic has a strong influence on the financial performance of SMEs.

**Table 7: Model Summary<sup>b</sup>**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard Error Estimate
1	0.890 <sup>a</sup>	0.791	0.786	0.21508

a. Predictors (Constant) : NA; SC; RP; IN; LC  
b. Dependent Variable: Financial Performance

#### 4.6.2 Analysis of Variance (ANOVA)

Analysis of variance (ANOVA) indicates the variance between the variables. The  $p$ -value (Sig. meaning significance) is link to the null hypothesis and the coefficient of all the independent variables are 0.000, where  $p$ -value is  $< 0.05$ , which indicate significance. Table 8, a low  $p$ -value, which indicates a significant relationship exists between the dependent and independent variables. This implies that the independent variables are significant in assessing the financial performance in Pune SMEs.

**Table. 8: Analysis of Variance (ANOVA)<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
<b>Regression</b>	35.783	5	7.157	154.708	0.000 <sup>b</sup>
<b>Residual</b>	9.437	204	0.046		
<b>Total</b>	45.220	209			

b. Dependent Variable : Financial Performance

a. Predictors (Constant): NA; SC; RP; IN; LC

#### 4.6.3 Hypotheses Test Results

Multiple regression analysis used to test the entrepreneurial characteristics, namely, need for achievement, Risk-taking propensity, Self-confidence, Innovation, and Locus of control in terms of effecting the financial performance on the part of SMEs in Pune. Therefore, the Regression Model for this study is:  

$$\text{Fin Perf} = \beta_0 + \beta_1 (\text{NA}) + \beta_2 (\text{RP}) + \beta_3 (\text{SC}) + \beta_4 (\text{IN}) + \beta_5 (\text{LC}) + \varepsilon$$

The regression output among other data gives the  $\beta$  coefficients for each independent variable. These coefficients will be interpreted for each independent variable comparing to the priori expectations that all the  $\beta$  coefficients are  $> 0$ .

##### **Hypothesis 1: Need for achievement has a significant influence on the financial performance of SMEs in Pune.**

As shown in Table 9 the outcome of the regression coefficients indicates, a positive relationship exists between need for achievement and financial performance. The result is in line with a priori expectation that  $\beta_1 > 0$ . This means that a unit increase in need for achievement will result in a corresponding increase in SME financial performance by 0.242 units. The  $t$ -value is 4.277 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_1$  about the significant role of need for achievement in achieving financial performance on the part of Pune SMEs.

##### **Hypothesis 2: Risk-taking propensity has a significant influence on the financial performance of SMEs in Pune.**

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between risk-taking propensity and financial performance. The result is in line with a priori expectation that  $\beta_2 > 0$ . This means that a unit increase in risk-taking propensity will result in a corresponding increase in SME financial performance by 0.272 units. The  $t$ -value is 4.989 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.000$ ) All these statistical results support the  $H_2$  about the significant role of risk-taking propensity in achieving financial performance on the part of Pune SMEs.

##### **Hypothesis 3: Self- confidence has a significant influence on the financial performance of SMEs in Pune.**

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between self- confidence and financial performance. The result is in line with a priori expectation that  $\beta_3 > 0$ . This means that a unit increase in self-confidence will result in a corresponding increase in SME financial performance by 0.164 units. The  $t$ -value is 3.088 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.002$ ). All these statistical results support the  $H_3$  about the significant role of self- confidence in achieving financial performance on the part of Pune SMEs.

##### **Hypothesis 4: Innovativeness has a significant influence on the financial performance of SMEs in Pune.**

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between innovativeness and financial performance. The result is in line with a priori expectation that  $\beta_4 > 0$ . This means that a unit increase in innovativeness will result in a corresponding increase in SME financial

performance by 0.263 units. The  $t$  - value is 4.383 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.000$ ). All these statistical results support the  $H_4$  about the significant role of innovativeness in achieving financial performance on the part of Pune SMEs.

#### **Hypothesis 5: Locus of control has a significant impact on the financial performance of SMEs in Pune.**

As shown in Table 9 the outcome of the regression analysis indicate that a positive relationship exists between locus of control and financial performance. The result is in line with a priori expectation that  $\beta_5 > 0$ . This means that a unit increase in locus of control will result in a corresponding increase in SME financial performance by 0.107 units. The  $t$  - value is 2.108 (larger than the tabular value 1.96). The  $p$ -value is less than  $\alpha = 0.05$  ( $p = 0.036$ ). All these statistical results support the  $H_5$  about the significant role of locus of control in achieving financial performance on the part of Pune SMEs.

**Table 9: Multiple Regression Analysis (MRA)**

Hypotheses Statement	$\beta$	t-value	p-value	Test Result
H <sub>1</sub> : Need for achievement on financial performance	0.242	4.277	0.000	Null Rejected
H <sub>2</sub> : Risk –taking propensity on financial performance	0.272	4.989	0.000	Null Rejected
H <sub>3</sub> : Self- confidence on financial performance	0.164	3.088	0.002	Null Rejected
H <sub>4</sub> : Innovativeness on financial performance	0.263	4.383	0.000	Null Rejected
H <sub>5</sub> : Locus of control on financial performance	0.107	2.108	0.036	Null Rejected
$\beta$ = Standardized Coefficients Beta value				

## **V. CONCLUSIONS**

The study has examined the influence that entrepreneurial characteristics have on the financial performance of small and medium scale enterprises in Pune, India. This study revealed that entrepreneurial characteristics have a significant and positive influence on the financial performance of small and medium scale enterprises. Precisely the independent variable having the most influence on the financial performance of small and medium scale enterprises is risk-taking propensity with 27.2 % followed by innovativeness 26.3%, need for achievement 24.2%, and self-confidence 16.4%, and the least influential variable is locus of control with 10.7%.

Furthermore, in small and medium scale enterprises nearly 77.7% of the financial performance is collectively influenced by three entrepreneurial characteristics, such as, risk-taking propensity with 27.2 %, innovativeness 26.3% and need for achievement 24.2%. In other words, these three characteristics are dominant independent variables in creating a positive influence on the dependent variable called financial performance.

Over all the study revealed the data validation was 100%, and reliability was around 0.8, where threshold value was around 0.7, the variance inflation factor (VIF) was tested to measure the multicollinearity for 20 items of the five (5) constructs and all the values were found to be below 4, whereas the threshold value was around 5. The model fitted well and the standardised beta values for all the independent variables are greater than 0.

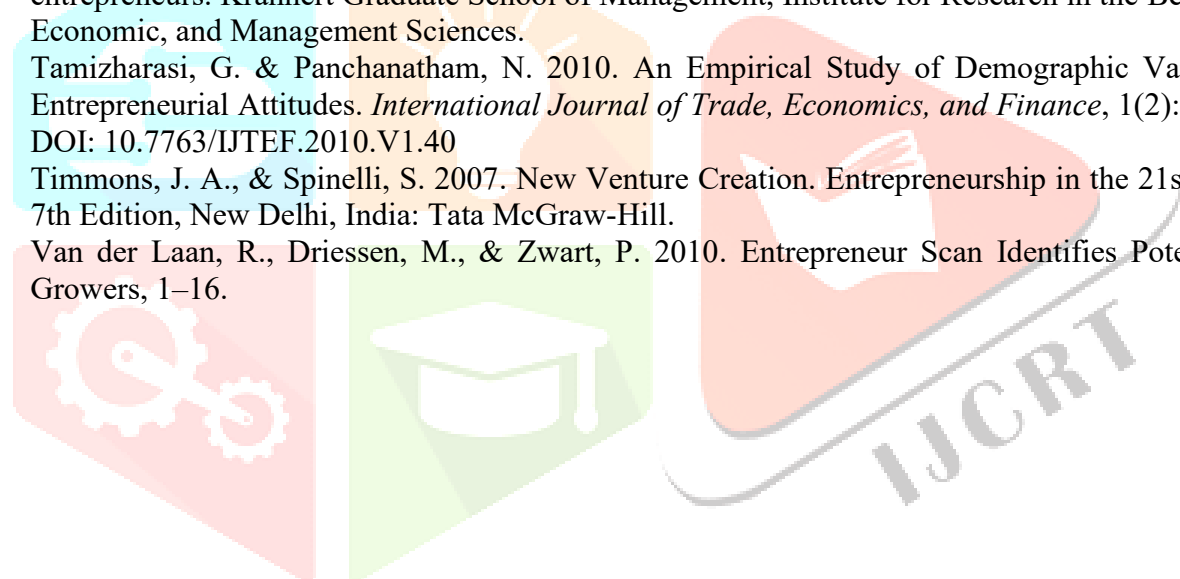
This study has focused on the SMEs located in an industrial city in India to obtain the samples, in-turn the findings and results are restricted to some extent. However, this research study can be conducted at state or national level to give a broader scope and generalisation of results. The findings can be useful for the new and existing small and medium scale enterprises to think on the given entrepreneurial characteristics, which influence and improve the financial performance in small and medium scale enterprises.



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**3.3.1 Number of research papers published per teacher in the journals notified on UGC care list during A.Y.2021-22**

## **AN ANALYTICAL STUDY OF E-GOVERNANCE IN SELECTED REGIONS OF MAHARASHTRA FOR AN EFFECTIVE E-GOVERNANCE FRAMEWORK THROUGH ICT**

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### **Abstract:**

*In relentless change, the need for e-governance in India has gradually evolved from the computerization of government agencies to initiate an embrace of the intricacies of governance, such as defining citizen orientation, service orientation, and transparency.*

*This article discusses the e-governance perspective elements for an effective e-governance framework through ICT. This was understood by the perception and thinking of modern citizens of the state of Maharashtra in India and collecting 256 responses from different regions of the state of Maharashtra.*

*The results of the study show that the views on governance and the importance of an effective governance framework through the use of ICT do not differ across regions, depending on the level of research and sex. This study can help develop policy to accelerate service delivery to citizens and promote good governance in the state of Maharashtra.*

**Keywords:**e-governance, perspective, ICT, policy, perception, computerization, etc.

### **Introduction:**

“Access to Governance has to be guaranteed with transparent systems that deliver responses and outcomes. The strengthening of democratic governance empowers the population to become active partners in the growth process.”- Mr. Narendra Modi, Prime Minister of India.

This statement has urged the need of India toward e-governance which ultimately aimed at desperate steps to initiate and implement digitalization in each corner of the country. This spark ignited the mind of researchers to check the ground reality and expectations of citizens of Maharashtra state towards different variables contribute to an effective e-governance framework through the use of ICT.

e-governance in India has slowly and steadily evolved from the computerization of Government Departments to initiatives that encapsulate the finer points of Governance, such as citizen centricity, service orientation, and transparency. The journey of e-Governance initiatives in India took a broader dimension in the mid-90s for wider sectoral applications with an emphasis on citizen-centric services. Later on, many States/UTs started various e-Governance projects. These electronic governance projects were civic-centric but failed to achieve the desired effects. Lessons learned from previous e-Governance initiatives have played an important role in shaping the country's progressive e-Governance strategy. The idea that a programmatic approach guided by a shared vision and strategy must be adopted to accelerate the implementation of electronic governance across various sectors of government at the national, state, and local levels is fully taken into account. This approach could enable significant cost savings by sharing core and support infrastructure, achieving

interoperability through standards, and providing citizens with a seamless view of governance.<sup>1</sup>

The government of India has started The National e-Governance Plan (Ne-GP) which is holistic. Under this initiative Govt. of India expects that Make all Government services accessible to the common man in his locality, through common service delivery outlets, and ensure efficiency, transparency, and reliability of such services at affordable costs to realize the basic needs of the common man. The ultimate aim is to bring public services closer home to citizens.

It has been felt that a lot more thrust is required to ensure e-Governance in the country promotes inclusive growth that covers electronic services, products, devices, and job opportunities. Moreover, electronic manufacturing in the country needs to be strengthened.

To convert the complete surroundings of public offerings thru the usage of statistics technology, the Government of India has released the Digital India program with the imaginative and prescient to convert India right into a digitally empowered society and know-how economy.

Today, Governments are empowering loads thru IT as it could show to be a powerful shortcut to better tiers of fairness withinside the rising worldwide virtual networked statistics economy. Framing e-governance techniques and guidelines are complicated sports that embody a lot of troubles overlaying a huge canvas of regions including infrastructure, human challenges, extrude management, potential building, system reengineering, technology, answer architecture, standards, administrative, statistics, protection challenges, financial, legal, privacy, fine of service, SLAs (service level agreements), etc.

In India, most State Governments have taken initiatives in e-governance which have met with varying degrees of success. Most of the states/union territories in India either already have an IT policy in place or are in the process of finalizing one. Considering the critical need for e-Governance, mobile Governance, and Goodgovernance in the country and Maharashtra State. The researchers have attempted to find out the levels of importance of each variable for an effective e-governance framework through the use of ICT. The relationship among various demographic variables in Maharashtra State.

### **Conceptual Framework of e-governance:**

**Electronic governance** or **e-governance**<sup>2</sup> is the application of information and communication technology (ICT) for delivering government services, exchange of information, communication transactions, integration of various stand-alone systems and services between government-to-customer (G2C), government-to-business (G2B), government-to-government (G2G) as well as back-office processes and interactions within the entire government framework. Through e-governance, government services will be made available to citizens in a convenient, efficient, and transparent manner. The three main target groups that can be distinguished in governance concepts are government, citizens, and businesses/interest groups. In e-governance, there are no distinct boundaries.<sup>3</sup>

Definitions of e-government range from ‘the use of information technology to free movement of information to overcome the physical bounds of traditional paper and physical-based

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<sup>1</sup><http://digitalindia.gov.in/>

<sup>2</sup><https://en.wikipedia.org/wiki/E-governance>

<sup>3</sup>Garson, D.G. (2006). *Public Information Technology and E-Governance*. Sudbury, MA: Jones and Bartlett Publishers.



systems'<sup>1</sup> to 'the use of technology to enhance the access to and delivery of government services to benefit citizens, business partners and employees'<sup>4</sup>

E-government refers to the use by government agencies of information technologies (such as Wide Area Networks, the Internet, and mobile computing) that can transform relations with citizens, businesses, and other arms of government. These technologies could serve a variety of different ends: better delivery of government services to citizens, improved interactions with business and industry, citizen empowerment through access to information, or more efficient government management. The resulting benefits can be less corruption, increased transparency, greater convenience, revenue growth, and/or cost reductions. Traditionally, the interaction between a citizen or business and a government agency took place in a government office. With emerging information and communication technologies, it is possible to locate service centers closer to the clients. Such centers may consist of an unattended kiosk in the government agency, a service kiosk located close to the client, or the use of a personal computer in the home or office. The e-government is supported by the regulations and policies of e-governance, bringing together IT governance and global governance, as well. This is in turn supported by the digital society developed by the connected environment. However, society must contend with the effects of the digital divide, which represents those members of the society who cannot or will not access the connecting infrastructure.<sup>5</sup>

### **Review of Literature:**

(HeeksR, 2001) studied ICT and its contribution to good governance. He stated three main contributions of e-governance are: improving government processes (e-administration); connecting citizens (e-citizens and e-services); and building external interactions (e-society). He further emphasized that most e-governance initiatives fail.

(KoneruI, 2007)her studyemphasized on the use of e-governance services helps in the speedy delivery of services. She further stated that the political, economic, social, and technological (PEST) changes and developments ushered e-governance as a salvation to the shrinking role of Governments in delivering goods and services rapidly. This study primarily delved into the prerequisites for designing and developing effective e-governance systems, and the stages to pass through to evolve into e-inclusion systems.

(Kalsi, Kiran, & Viadya, 2008) stated the need foran effective e-governance framework through the use of ICT. They emphasized the important e-governance policies and initiatives of important states of India. He had stated on e-governance projects report various issues, problems, and challenges associated with failure. Most of these report findings are based on e-governance project initiatives and problems of a single or few states.

(SinghAJ, 2004)assessed the Lokmitra project in Hamirpur, Himachal Pradesh, and reported the absence of technological problems, but there existed problems in management and training aspects.

(RaoMV, RaoP, & JoshiK, 2008)reported that the key strengths of the system are that it allows verifying claims of the provider, it is independent of the provider and provides information to both administration and the public.

This above-mentioned review of literature paves the way to look after the current scenario and perceptions of citizens of the country towards the prospects of effective governance. This

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<sup>4</sup>[www.worldbank.org/publicsector/egov](http://www.worldbank.org/publicsector/egov)

<sup>5</sup>[www.publicnet.co.uk/publicnet/fe000620.htm](http://www.publicnet.co.uk/publicnet/fe000620.htm)

review of the literature suggests a deep understanding of the various factors responsible for effective governance in the real life of common people.

**Scope of the study:**

This study was confined to prospects of e-governance for an effective e-governance framework through the use of ICT. The responses were selected from five different regions of Maharashtra state India. This has taken the e-governance and its prospects for implementation of e-governance.

**Research Problem:**

Whether there is a significant relationship between the various categorical variables and the prospects of e-governance for an effective e-governance framework through the use of ICT.

**Objectives of the Study:**

- 1) To understand the Prospects of e-governance while framing effective e-governance through the use of ICT.
- 2) To the relationship among the categorical variables concerning the prospects of e-governance to the level of importance of variables for an effective e-governance framework through the Use of ICT.

**Hypotheses:**

**Hypothesis 1:** There is a statistical difference between the region of the respondents and the prospects of e-governance

**Hypothesis 2:** There is a significant difference between the educational qualification of respondents and the prospects of e-governance

**Hypothesis 3:** There is a statistical difference between the gender of the respondents and the prospects of e-governance

**Research Methodology:**

In this study, the Quantitative research method was adopted whereas in Descriptive research design was administered to carry out the research. The self-structured questionnaire was used as the primary survey instrument for carrying out the perceptions of the selected citizens of Maharashtra State. The researchers have adopted a non-probability convenience sampling technique for collecting data.

The sample respondents were from Maharashtra State where all five regions are covered to get varied responses from the respondents. In total 256 responses were included for analysis.

In this scale, 20 items/questions/statements were included to carry out this survey. The study has administered SPSS Software for data analysis wherein the tests used are as follows; the reliability was checked through Cronbach's alpha. Frequency tables, Charts, descriptive statistics, one-way ANOVA, Independent Samples Test, etc. were used.

**Data Analysis and Interpretations:**

**The reliability index of the questionnaire is given below;**

**Table I:** Showing reliability Statistics

**Scale: The Prospects of e-Governance**

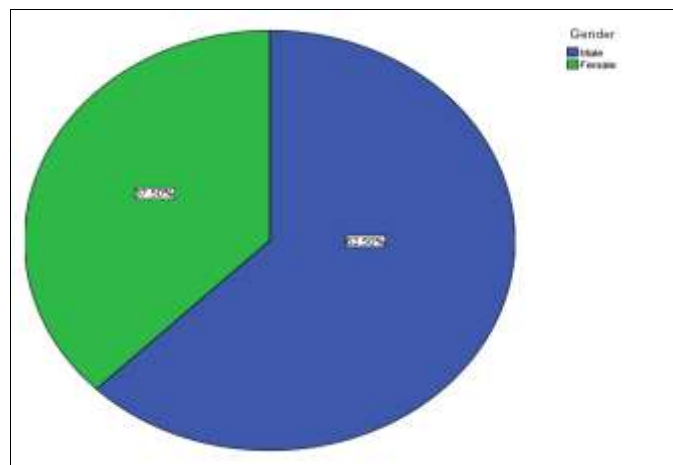
Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.892	.894	20

**Result:** Since all the Cronbach's Alpha values are greater than 0.7, hence reliability of the Scales is established.

**Analysis of Demographic Profile:**

**Table: Gender of Respondents:**

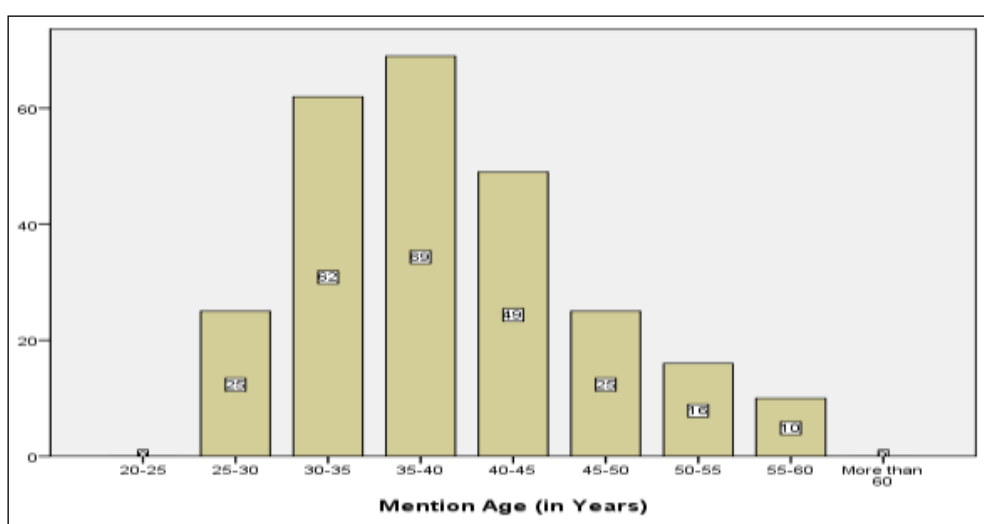
Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	160	62.5	62.5	62.5
	Female	96	37.5	37.5	100.0
	Total	256	100.0	100.0	



From the above table and graph, it has been observed that 62.5 % were male respondents whereas 37.5 % were female respondents. Thus, the response rate of male respondents was high than female respondents.

**Table: Age of the respondents**

Mention Age (in Years)					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25-30	25	9.8	9.8	9.8
	30-35	62	24.2	24.2	34.0
	35-40	69	27.0	27.0	60.9
	40-45	49	19.1	19.1	80.1
	45-50	25	9.8	9.8	89.8
	50-55	16	6.2	6.2	96.1
	55-60	10	3.9	3.9	100.0
	Total	256	100.0	100.0	

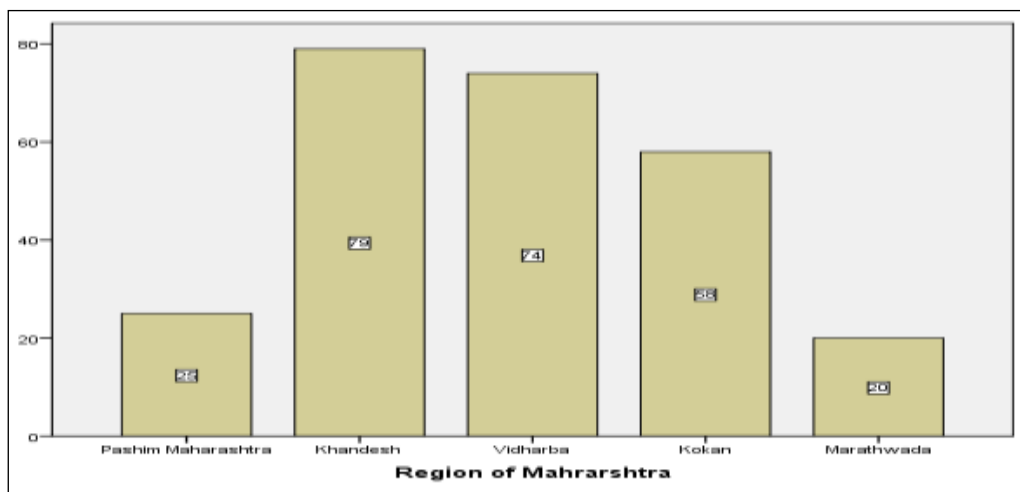


The above table and graph indicate that 9.8% of respondents were from the age group 25 to 30, 24.2% were from the 30 to 35 age group, 27% were from the 35 to 40 age group, 19.1% were from 40 to 45 age group, 9.8% from 45 to 50 age group, 6.2% were from 50 to 55 age group, 3.9 % were from 55 to 60 age group. Thus, most of the respondents were from three age groups that are 30-35, 35-40, and 40-45 respectively.

**Table: Region of Respondents**

Region of Maharashtra					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Paschim Maharashtra	25	9.8	9.8	9.8
	Khandesh	79	30.9	30.9	40.6

	Vidharba	74	28.9	28.9	69.5
	Kokan	58	22.7	22.7	92.2
	Marathwada	20	7.8	7.8	100.0
	Total	256	100.0	100.0	

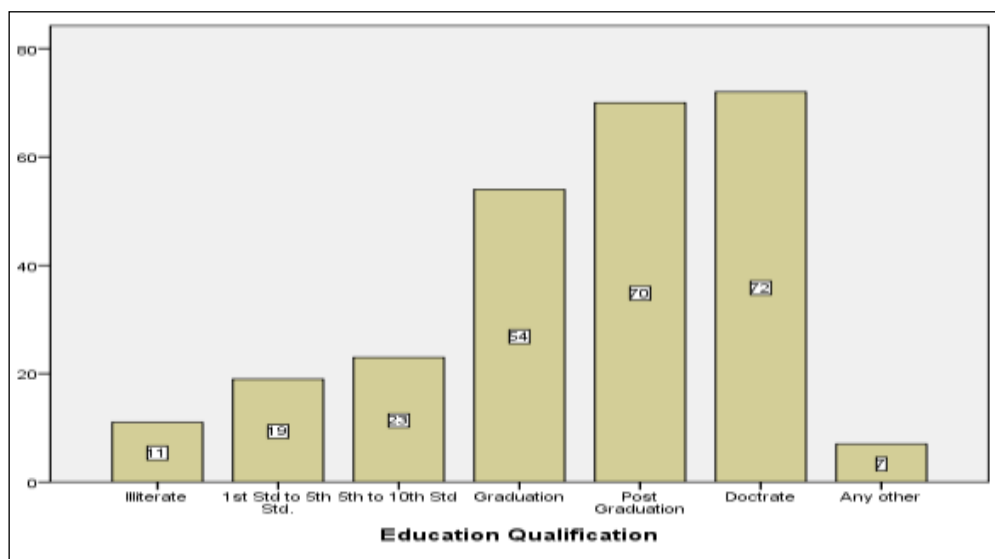


From the table and graph, it can be depicted that 9.8% of respondents were from Pashchim Maharashtra, 30.9 were from Khandesh, 28.9 % were from Vidarbha, and 22.7 % were from Kokan and 7.8 % were from Marathwada region of Maharashtra state. So it can be concluded that most of the respondents were from Khandesh, Vidharbha, and Kokan who took part in this study as compared to Pashchim Maharashtra and Marathwada

**Table: Education Qualification of the Respondents**

Education Qualification					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Illiterate	11	4.3	4.3	4.3
	1st Std to 5th Std.	19	7.4	7.4	11.7
	5th to 10th Std	23	9.0	9.0	20.7
	Graduation	54	21.1	21.1	41.8
	Post-Graduation	70	27.3	27.3	69.1
	Doctorate	72	28.1	28.1	97.3
	Any other	7	2.7	2.7	100.0
	Total	256	100.0	100.0	





From the above table and graph, it can be emphasized that very few (4.3 %) respondents were illiterate, 7.4 % were studied up to 5<sup>th</sup> standard, 9 % were studied between 5<sup>th</sup> to 10<sup>th</sup> standard, 21.1 % were graduate, postgraduate were 27.3 % whereas doctorate were 28.1 % and any other was 2.7 %. Hence it can be concluded that graduate, postgraduate, and doctorate respondents participated more than any other qualification.

### **Data Analysis and Hypotheses Testing:**

#### **Hypothesis 1:**

H<sub>0</sub>: There is no significant difference between the region of the respondents and the prospects of e-governance.

H<sub>1</sub>: There is a significant difference between the region of the respondents and the prospects of e-governance.

#### **Statistical Test: One-way ANOVA used to test the hypothesis**

The variable measurements were prospects of e-governance wherein the level of importance to be given to each variable for an effective e-governance framework through the use of ICT.

**Using Scale:** (1-Not at all important, 2-Not Important, 3-Neutral, 4-Most Important, 5-Extremely Important)

**Table I: One way ANOVA**

<b>ANOVA</b>					
Region of Maharashtra					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	38.954	46	.847	.645	<b>.961</b>
Within Groups	274.292	209	1.312		
Total	313.246	255			

\*Note: Level of Significance ( $\alpha = 0.05$ )

Since, all P values are greater than the level of significance ( $\alpha = 0.05$ ). Thus the Null Hypothesis is accepted. Hence, it is concluded that there is no significant difference between the region of respondents and prospects of e-governance.

### **Hypothesis 2:**

H0: There is no significant difference between the educational qualification of respondents and prospects of e-governance

H1: There is a significant difference between the educational qualification of respondents and the prospects of e-governance

### **Statistical Test: One-wayANOVA used to test the hypothesis**

The variable measurements of prospects of e-governance where twenty factors were enlisted.

**Using Scale:** (1-Not at all important, 2-Not Important, 3-Neutral, 4-Most Important, 5-Extremely Important)

**Table 2: One-wayANOVA**

<b>ANOVA</b>					
Education Qualification					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	100.248	46	2.179	1.033	<b>.425</b>
Within Groups	441.092	209	2.110		
Total	541.340	255			

\*Note: Level of Significance ( $\alpha = 0.05$ )

Since, all P values are greater than level of significance ( $\alpha = 0.05$ ). Thus, the Null Hypothesis is accepted. Hence, it is concluded that there is no significant difference between the educational qualification of respondents and the prospects of e-governance.

**Hypothesis 3:**

H0: There is no statistical difference between the gender of the respondents and the prospects of e-governance.

H1: There is a statistical difference between the gender of the respondents and the prospects of e-governance

**Statistical Test: Independent Samples Test was used to test the hypothesis.**

The variable measurements of prospects of e-governance wherein twenty factors were enlisted

**Using Scale:** (1-Not at all important, 2-Not Important, 3-Neutral, 4-Most Important, 5-Extremely Important)

**Table 3: Independent Samples Test**

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
prospects of e-governance	Equal variances assumed	4.052	.045	-1.221	254	<b>.223</b>	-.1011	.0828	-.2642	.0619
	Equal variances not assumed			-1.301	237.933	<b>.195</b>	-.1011	.0778	-.2543	.0520

\*Note: Level of Significance (= 0.05)

Since, all P values are **greater than level of significance ( $\alpha = 0.05$ )**. Thus the **Null Hypothesis is accepted**. Hence, it is concluded that there is no statistical difference between the gender of the respondents and the prospects of e-governance.

**Results and Discussions:**

- 1) Prospects of e-governance and the level of importance for an effective e-governance framework through the use of ICT do not vary region-wise. Thus, the region-wise differences in opinion of the respondents towards the prospects of e-governance are not enough space to consider.
- 2) Prospects of e-governance and the level of importance for an effective e-governance framework through the use of ICT do not significantly vary as per the educational

qualification of the respondent. Hence, there should not be considered of educational qualifications while carrying out an effective e-governance framework.

- 3) It is found that the prospect of e-governance through the use of ICT does not vary as per male and female responses.

**Recommendations:**

- 1) It is suggested that while preparing and implementing prospects of e-governance for effective e-governance through the use of ICT, there should not be separate attention to region-wise.
- 2) The relationship between educational qualification and prospects of e-governance should not be taken into account while framing the framework of effective e-governance through the use of ICT. Thus, irrespective of educational qualification the responses of the citizens towards prospects of e-governance for an effective e-governance framework through the Use of ICT do not vary. Hence, the perceptions of citizens were the same regarding the prospects of e-governance. So, while implementing the e-governance framework there should not be bifurcation as per the qualification of citizens.
- 3) Gender does not have a significant relationship while creating an effective framework of e-governance through the use of ICT.

**Further Scope of Research:**

Detailed research regarding the barriers to governance implementation in rural areas of Maharashtra state can be studied. The success of various programs related to governance and the Digital India Mission can be studied about different demographic variables.

The main limitation of this study is that it is limited to the state of Maharashtra and its relationship to demographic variables; region, gender, and educational attainment as well as responses to factors that facilitate e-government and good-quality governance were studied taking into account a limited number of variables.

However, this study opens up an understanding of the phenomenon related to issues of self-management and perception of good governance and self-governance.

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## AN ANALYTICAL STUDY OF RECRUITMENT AND REPUDIATION OF OFFERS

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### **Abstract:**

Repudiation of an offer has become a common trend, especially in India's IT industry. It is very problematic when it comes to the last-minute decline of an offer: Employers begin preparations thinking the candidate is confirmed to join but a day before the start date, the candidate drops mail declining the offer, usually giving feeble excuses (if any). This starts the vicious cycle of back-and-forth offer negotiations to retain the individual but this is usually in vain because the candidate has already made up his mind to join another company. The various aspects to decline an offer by the candidate in the IT industry, the researchers have studied one company as a case to understand the real phenomenon of it. This study is an attempt to understand the various reasons for declining an offer by candidates and the perception of the recruitment process of the selected company. This research is case base approach wherein a descriptive research design has been adopted and a telephonic interview of 34 respondents was conducted who declined the offer of the company in the calendar year 2019-20.

The major findings of the study revealed that the majority of the respondents were declined the offers in the area of PHP, UI, Back office, and iOS. Despite an effective, timeliness, robust, and automated recruitment process, the candidates declined the counteroffer due to higher salary expectations, and also the candidates who received a counteroffer declined it as they received a better job opportunity in another organization.

The suggestions to develop a strategy against repudiation offers the company should take initiative for the proper mechanism for recruitment and selection by salary negotiation to reduce the repudiation rate. The researchers concluded that restructuring remuneration in a candidate-driven market can help Daffodils to be on par with its competitors and thus reduce the repudiation of offers by candidates.

**Key Words:** Repudiation of Offer, Recruitment and Selection, IT industry, Negotiation, strategy, etc.

### **Introduction**

Recruitment plays a vital role in the organization fulfilling its goals. Recruitment acts as a strategic lever and is ultimately linked to all other subsequent human resource activities. It helps to create a pool of prospective employees for the organization so that the management can select the right candidate for the right job from this pool and expedite the selection process<sup>1</sup>. Recruitment and selection are the major functions of the human resource department and the recruitment process is the first step towards creating the competitive strength and strategic advantage for the organizations.

Edwin Flippo<sup>2</sup> defines the Recruitment and selection process as "A process of searching for prospective

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<sup>1</sup> Sandeep Ray Chaudhuri, Trends in Recruitment of Executives in IT sector in India, HRM Review, Aug 2006, ICFAI University press.

<sup>2</sup> Flippo, Edwin B., Personnel Management, McGraw Hill, New Delhi, 1980.

employees and stimulating and encouraging them to apply for jobs in an organization.”

It is the process to discover sources of manpower to meet the requirement of the staffing schedule and employ effective measures for attracting manpower in adequate numbers to facilitate the effective selection of an efficient working force.

Recruitment is a continuous process whereby the firm attempts to develop a pool of qualified applicants for future human resources needs even though specific vacancies do not exist. Usually, the recruitment process starts when a manager initiates an employee's requisition for a specific vacancy or an anticipated vacancy. The main objective of the recruitment process is to expedite the selection process.

### **Recruitment and Selection - A Challenging Task**

The primary purpose of the recruitment and selection process is to achieve the right person for the right job. An individual who fits with the organization, its culture, and other employees and is prepared and encouraged to develop and improve personal and organizational performance can bring unpredictable benefits. But a poor or bad selection can bring severe consequences for an organization. An employee may be at the lower level who is a poor learner and is not in tune with the organization's ethos and aims can damage production, customer satisfaction, relationships with suppliers, and the overall quality of service. The new appointee can adversely affect the morale and commitment of co-workers and negate efforts to foster teamwork.

### **Recruitment Trends in Indian Software Industry**

Recognition of recruitment as a strategic issue led to increased research on matters related to recruitment both at the organizational and industry level. Many organizations started using innovative recruitment practices for procuring talented employees. Human resources are critical to the development of the Indian IT industry. With the rapidly changing business scenario, IT companies are recruiting not only based on technical knowledge but also the basic behavioral aspects. For recruitment, the companies require professionals. Organizations face stiff competition in attracting and acquiring the right talent. Firms release advertisements in business and IT magazines and conduct career fairs and events with video shows for junior management positions.

All major IT companies have their websites and associations with leading job portals in India and abroad. This system allows applicants to post and update their resumes. The team maintains rapport with the interested applicants. In case of a sudden recruitment drive arising out of business needs, the team identifies the opportunities for such applicants and conducts walk-in interviews in different cities. So, it is fast as well as cost-effective.

### **Concept of Repudiation of Offers**

**Meaning of Repudiation:** Repudiation means the act of claiming that something is invalid. Repudiation comes from the verb "repudiate," which is rooted in the Latin word **repudiate**-meaning to divorce or reject. If you show something is false, you have made a repudiation of that thing.

**Definition of Repudiation:** "Act, intention, or threat of disowning or rejection of an agreement already accepted or agreed to. Repudiation amounts to a breach of contract where the refusal to perform is clear or patent and where it goes to the heart of the contract".<sup>3</sup>

### **Repudiation of Offers**

Every recruiter had or will have, the experience of a candidate declining a job offer, contrary to everything the candidate has said or done up until that point.

### **Reasons why candidate turned down/Repudiate your job offer**

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<sup>3</sup><http://www.businessdictionary.com/definition/repudiation.html>

Table No.1: Reasons for Repudiate Job Offers

Sr. No	Reasons for Repudiate Job Offers
1	Not happy with compensation and benefits-The Terms of The Offer Are Unsatisfactory
2	Culture not a good fit- The Corporate Culture Doesn't Feel Right
3	The job isn't what they thought it was- The Work Itself Is Too Difficult Or Too Easy
4	You've accepted another Job Offer
5	The location stinks
6	No work-life balance
7	Negative online reviews
8	Your recruiting process sucks
9	Excellent retention strategy used by the previous organization
10	The candidate may not want to relocate due to inconvenience
11	Personal emergencies or family problems
12	Conveyance may prove to be infeasible for the candidate
13	The salary offered to the candidate is far less than his/her expectations
14	Unclear communication between recruiter and candidate
15	Lack of clarity in terms, conditions, bonds,etc.

### Impact of Repudiation of Offers

1. When a candidate declines an offer the recruitment team has to start the sourcing process all over again to refill the existing position.
2. Once the candidate declines the offer the technical team experiences loss of productivity and increased work pressure.

### Review of Literature

According to Korsten (2003) and Jones et al. (2006), Human Resource Management theories emphasize techniques of recruitment and selection and outline the benefits of interviews, assessment, and psychometric examinations in the employee selection process. They further stated that the recruitment process may be internal or external or may also be conducted online. Typically, this process is based on the levels of recruitment policies, job postings and details, advertising, job application and interviewing process, assessment, decision making, formal selection, and training.

Price (2007), in his work Human Resource Management in a Business Context, formally defines recruitment and selection as the process of retrieving and attracting able applications for employment. He states that the process of recruitment is not a simple selection process, while it needs management decision making and broad planning to appoint the most appropriate manpower. There existing competition among business enterprises for recruiting the most potential workers on the pathway towards creating innovations, with management decision making and employers attempting to hire only the best applicants who would be the best fit for the corporate culture and ethics specific to the company This would reflect the fact that the management would particularly shortlist able candidates who are well equipped with the requirements of the position they are applying for, including teamwork. Since possessing qualities of being a team player would be essential in any management position

As discussed by Jackson et al. (2009), Human resource management approaches in any business organization are developed to meet corporate objectives and materialization of strategic plans via

training and development of personnel to attain the ultimate goal of improving organizational performance as well as profits. The nature of recruitment and selection for a company that is pursuing an HRM approach is influenced by the state of the labor market and its strength within it. Furthermore, such companies must monitor how the state of the labor market connects with potential recruits via the projection of an image that will have an effect on and reinforce applicant expectations.

The work of Bratton & Gold (1999) suggested that organizations are now developing models of the kind of employees they desire to recruit and to recognize how far applicants correspond to their models using reliable and valid techniques of selection. Nonetheless, the researchers have also seen that such models, largely derived from competency frameworks, foster strength in companies by generating the appropriate knowledge against which the job seekers can be assessed. However, recruitment and selection are also the initial stages of a dialogue among applications and the company that shapes the employment relationship. This relationship is the essence of a company's manpower development, failure to acknowledge the importance of determining expectations during recruitment and selection can lead to the loss of high-quality job seekers and take the initial stage of the employment relationship so down as to make the accomplishment of desirable HRM outcomes extremely difficult.

In a lot of companies stake holders just rely on a recruiter to do most of the selling, convincing, and follow-up this shouldn't be the case. Offer decline happens due to various reasons such as unrealistic salary expectations, role clarity, location constraints, poorly perceived company image, personal reasons, social media reviews, company leadership, and a host of other reasons! It's a long list and quite often the recruiting team is blamed while ignoring above stated possible reasons.

In all actuality, the accountability lies with ALL the stakeholders involved: the hiring manager, technical team, HR, and recruiter. There is no way one can understand the challenges of recruiting unless and until stakeholders come together as a team and work collaboratively. Lately, I have experienced that the stakeholders have started taking more responsibility and are getting involved in the hiring process from sourcing candidates up until the new hire comes on board.....this collaborative approach is turning out to be a game-changer! Let's pledge to work and face challenges together instead of playing the blame game.<sup>4</sup>

The researchers have selected one company to understand the real scenario of IT companies declining the offers and the reasons for it.

### **Scope of the Study**

This research paper is confined to the Recruitment and selection specific to a repudiation of offers of one IT Company in Pune. This study was limited to the number of candidates who declined the offers from DaffodilsSystems Pvt. Limited, Pune during the calendar year 2019-2020. The number of respondents is 34 candidates who declined the offers from this company

### **Research Problem**

1. What are the reasons or the various critical factors causing repudiation of offers by candidates who declined the offers from this company?
2. Whether there is a problem in the current recruitment and selection process at the company?

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<sup>4</sup><https://www.linkedin.com/pulse/hiring-india-candidates-declining-offers-kurian-thomas>

(Name of the company has changed due to confidentiality and accountability towards the company.)

## Objectives of the Study

- 1) To study the responses of candidates who declined the offer of the company.
- 2) To analyze factors causing repudiation of offers by candidates and provide a solution to this specific problem
- 3) To find out the areas where there is scope for improvement.

## Research Design

The researchers have used a quantitative type of research. To carry out this study the descriptive research. The sample size is 34 as of the calendar year 2015-2016 who have declined the offers of Daffodils Systems Pvt. Limited, Pune. The research instrument used for this includes 26 questions. In this study, the researcher has used a questionnaire and conducted Telephonic interviews with the candidates who have declined the offers of the company.

## Data Analysis and Interpretations

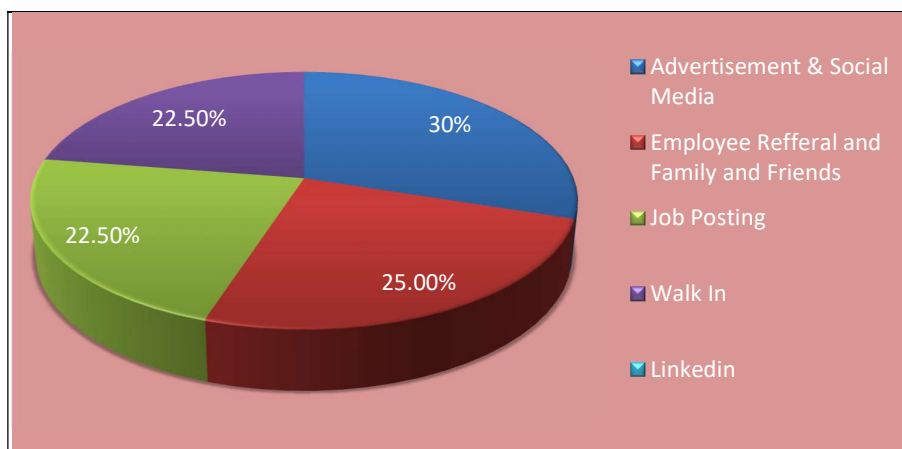
**Table No.2: Distribution of Repudiation of Offers According to SkillSet/Technology**

Technology	Offers Made	Offers Accepted	Offers Declined	% of offers accepted	% of offers declined
PHP	119	98	21	82.35%	17.65%
UI	14	10	4	71.43%	28.57%
Back Office	24	20	4	83.33%	16.67%
iOS	9	7	2	77.78%	22.22%
QA	68	67	1	98.53%	1.47%
T&D	2	1	1	50.00%	50.00%
Linux	3	2	1	66.67%	33.33%
SQL Developer	3	3	0	100.00%	0.00%
PHP SEO	1	1	0	100.00%	0.00%
Desktop Support	2	2	0	100.00%	0.00%
Postgre DBA	1	1	0	100.00%	0.00%
Invoice Process	1	1	0	100.00%	0.00%
Information Sec	1	1	0	100.00%	0.00%
Dot Net	1	1	0	100.00%	0.00%
HR	3	3	0	100.00%	0.00%
IT	1	1	0	100.00%	0.00%
Admin	1	1	0	100.00%	0.00%
Android	2	2	0	100.00%	0.00%
<b>Total</b>	<b>256</b>	<b>222</b>	<b>34</b>	<b>86.72%</b>	<b>13.28%</b>

From the above table and graph, it can be stated that all 34 respondents have declined the offer of the company. Most of the offers were declined in PHP Technology whereas 21 offers were declined.

**Table No.3: Candidates' Awareness of Daffodils**

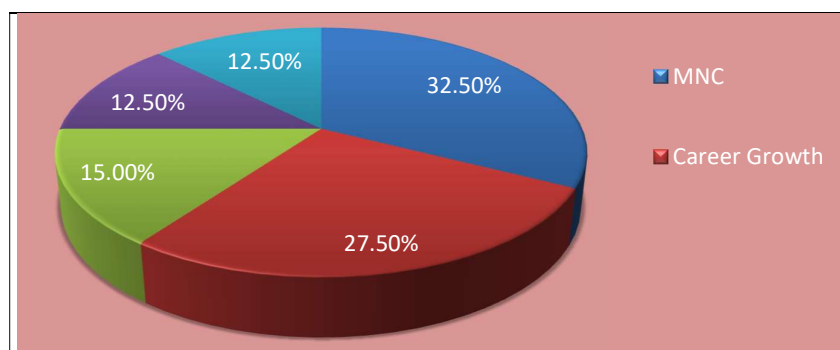
Sr no	Parameters	%
1	Advertisement & social media	30%
2	Employee Referral and Family and Friends	25.00%
3	Job Posting	22.50%
4	Walk-In	22.50%
5	LinkedIn	0.00%



It can be concluded that despite referrals being one of the trusted and reliable sources, 25% of the candidates who declined the offers came to know of Daffodils through employee referrals and family and friends.

**Table No.4: Motivational factors to apply to Daffodils**

Sr. No	Parameters	%
1	MNC	32.50%
2	Career Growth	27.50%
3	High rate of growth & expansion	15.00%
4	Brand Image	12.50%
5	Reputed Firm	12.50%

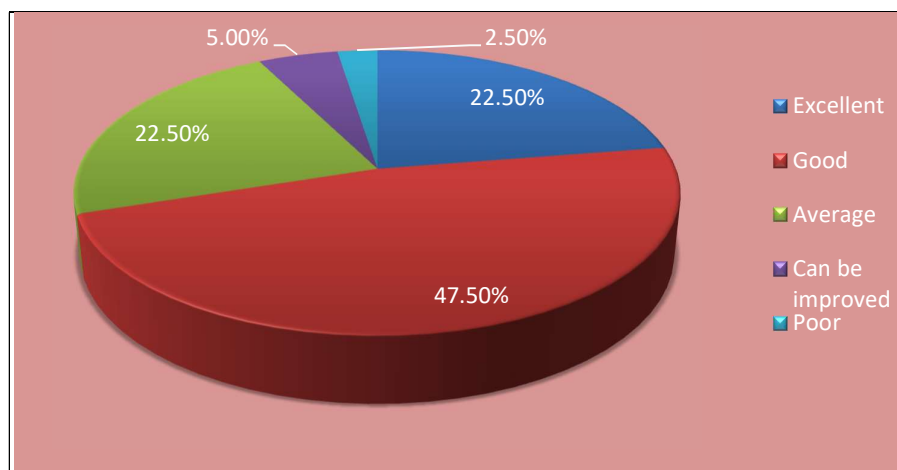


It has been concluded that about 32.50% of the candidates who declined the offers were motivated to apply to Daffodils mainly because Daffodils is an MNC that provides immense opportunities for career growth.

**Table No.5: Recruitment process at Daffodils**

Sr.No	Parameters	%
1	Excellent	22.50%
2	Good	47.50%
3	Average	22.50%
4	Can be improved	5.00%
5	Poor	2.50%





Hence, it can be depicted that about 70% of the candidates who declined the offers at Daffodils rated the recruitment process as good which portrays that Daffodils has an effective, robust and automated recruitment process.

### Findings

- 1) Majority of the respondents were declined the offers in the area of PHP, UI, Back office, and iOS.
- 2) Despite referrals being one of the trusted and reliable sources the candidates who declined the offers came to know of Daffodils through employee referrals and family and friends.
- 3) The candidates who declined the offers were motivated to apply due to Daffodils being an MNC that provides immense opportunities for career growth.
- 4) The declined offers at Daffodils rated the recruitment process as good which portrays that Daffodils has an effective, robust, and automated recruitment process.
- 5) The offers were satisfied with the timeliness of the recruitment process which portrays that Daffodils has a time effective and efficient recruitment process.
- 6) The candidates were not given the opportunity of a counter offer which was one of the factors that contributed to a repudiation of offers.
- 7) The Candidates declined the counteroffer due to higher salary expectations and also the candidates who received a counteroffer declined it as they received a better job opportunity in another organization.

### Conclusions:

- 1) The company should look after the proper mechanism for recruitment and selection as the repudiation of offers is high in major technology skill sets.
- 2) Use Linked in as a platform for recruiting candidates.
- 3) Most of the candidates did not receive counter-offers hence counteroffers should be initiated along with salary negotiation to reduce the repudiation rate.
- 4) Counteroffers are an indispensable part of the recruitment process to strike a balance between salary negotiation and attracting top talent
- 5) Restructuring remuneration in a candidate-driven market as 55% of the candidates declined the offer from Daffodils because they had a better job opportunity in hand. The salary structure should be reframed to gain a competitive advantage.



6) Counteroffers are an indispensable part of the recruitment process to strike a balance between salary negotiation and attracting top talent. The researcher concluded that to decline the repudiation rate Daffodils as an organization should increase the number of counteroffers made to a candidate in a candidate-driven market.

7) The researcher concluded that restructuring remuneration in a candidate-driven market will help Daffodils to be on par with its competitors and thus reduce the repudiation of offers by candidates.

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## BETTER PROCESSES LEAD TO HIGHEST PERFORMANCE- HR ROLE TOWARDS EXPATRIATION AND REPATRIATION: A CRITICAL REVIEW

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### Abstract:

Today, success in the national market for a company is no longer enough. Due to globalization, there have been many international investments and mergers and acquisitions. Due to these activities, companies have to think about new measures to stay competitive in the global market. The need for knowledge transfer and international management development has increased. In this sense, ex-pats and ex-pats have become an essential part of the success of international companies and management in the global market. Settlement abroad has become a common application of multinational companies.

Many companies send their senior staff to work abroad in the same organization for a certain period. As a result of these missions, ex-pats gain international knowledge and, upon returning home, they are expected to use their international experience to increase their performance and share knowledge within the country. their home organizations. However, the positive effects of expatriation cannot be reaped immediately, because the repatriation process also presents certain difficulties in adapting to the country of origin after an international experience and this process. can be more painful than being away from home.

A bad repatriation or expatriation process will directly affect employee satisfaction with the process and indirectly affect overall performance. The human resource management function plays an important role in managing all these processes. A better process and its implementation are the foundation of international human resource management strategies.

This study attempts to determine the factors affecting the expatriation and repatriation process as well as employee satisfaction. Research is mainly based on secondary data. The paper has adopted the descriptive research design.

**Keywords:** Globalization, Expatriation, Repatriation, Performance, International Human Resource Management, Global Market, etc.

### INTRODUCTION

Repatriation is the process of bringing employees to another country to run a subsidiary of a multinational organization. Before departure, this process includes an extensive period of training and preparation to ensure managers are familiar with the cultural differences and to reduce the possibility of culture shock. At the end of the international mission, the expatriates return home, and then the repatriation process begins. Knowing that the company spends a lot of money on foreigners, costing an average of two to three times more than having the same employee work in its home country, the repatriation process must be thoroughly researched.(Black and Gregersen 1999). Companies often underestimate the repatriation process because the employees are just “coming back home” so there are supposed to be no difficulties in adjusting to their environment (Stroh et al. 1998; Adler 1981; Tung 1997)<sup>1</sup>.

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<sup>1</sup>“MANAGING CHANGE IN EMPLOYEE PSYCHOLOGY ON REPATRIATION” by Debayan NandiandArunava Bhattacharya at ABHINAV, VOLUME NO.1, ISSUE NO.6, ISSN 2277-1166.

Poor repatriation (the reintegration of foreign employees into host organizations) is a serious human resource management problem and a potentially significant obstacle to successful globalization. labor. While the issues of ex-pats selection, preparation, and placement have received considerable attention in international business practice and literature over the past 25 years, it is only recently that the incense is just beginning to receive the same scrutiny.<sup>2</sup>

The process of repatriation can be seen as a complex transition process that affects not only the returnees (and their families) but also many other professional groups and social systems to which the workers belong. The causes, challenges, and sequelae of these processes vary from employee to employee, are unique, and need to develop effective processes that can achieve a high level of leadership.

### NEED FOR THE STUDY

Today, it is no longer enough for a company to succeed in the domestic market. Globalization has led to many international investments, mergers, and acquisitions. These activities require companies to consider new steps to stay competitive in the global market. The need for knowledge transfer and the development of international management is increasing. In this sense, expatriates and expatriates are essential elements of a company's success in international management and global markets.<sup>3</sup>

Expatriation has become a common application for multinational companies. Many companies assign their high-level employees to overseas jobs within the same organization for a certain period. As a result of these assignments, expatriates gain international knowledge and upon their return, they are expected to utilize their international experience to increase performance and knowledge sharing at their home organizations. However, the positive returns from expatriation cannot be harvested right away, as the repatriation process also involves some difficulties regarding adjustment to the home country after an international experience and this process can be more traumatic than expatriation (Andreason&Kinneer, 2005; Caligiuri &Lazarova, 2000).

Expatriates have become a popular application for multinational corporations. Many companies send high-level employees to work abroad within the same organization for some time. As a result of these missions, expatriates are expected to acquire international knowledge and, after returning home, utilize their international experience to improve performance and knowledge sharing in their organizations.<sup>4</sup>

However, the deportation process entails some difficulties in adapting to your home country after the overseas experience, and this process can be more traumatic than for an expatriate, so you will immediately enjoy the positive benefits of immigrants. Cannot (Andreason&Kinneer, 2005; Caligiuri &Lazarova, 2000). Repatriation is the transition from a foreign country back to your home country or organization. Neither the returnees nor the organizations in their home countries expect this to be a difficult process, as this transition is merely a return. Surprisingly, however, many returnees and their families realized that they were neither immediately nor expected to return. Returnees often face problems (both professional and personal) similar to those encountered during their first cross-cultural entry into a foreign environment.

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<sup>2</sup>"Empowering Expatriates and Organizations to Improve Repatriation Effectiveness" by Douglas Allen, Daniels College of Business, University of Denver; Sharon Alvarez, Graduate School of Business, University of Colorado, Boulder.

<sup>3</sup>"The Challenges of Expatriation & Repatriation" by Teodora G. Nikolaeva at Department of Management Aarhus School of Business Aarhus University-2010

<sup>4</sup>"Repatriation Adjustment: Literature Review" by Gamze Arman at Chicago DePaul University - USA

Returning home is not given the appropriate importance and will adversely affect the organization's personnel management activities. A clear transition strategy can be a real tool for effectively managing return homes.

## REVIEW OF LITERATURE

### 1) EXPATRIATION

The word “expatriate” originates in the mid-eighteenth century from the Latin word *expatriare* meaning gone out from one's country (from *ex-* ‘out’ + *Patria* ‘native country.’) (Oxford English Dictionary 2010). The Dictionary of Human Resource Management (2001, p. 120), on the other hand, suggests that expatriation is the process of sending employees abroad on an international assignment.<sup>5</sup>

An expatriate has historically been thought of as an employee of relatively high hierarchical status, normally in a managerial role, acting as the link between a foreign subsidiary and HQ (Bonache, Zárraga-Oberty, 2008). Romero (2002) expresses it this way: “An expatriate is a highly skilled worker with unique expertise who is sent to work in another unit of the same company located in a foreign country, generally temporarily.” (p. 73). However, as the types of assignments abroad have changed, the profile of an expatriate has changed accordingly, or rather become less unilateral. More project-oriented work has opened up new opportunities for recruiting people from outside the company for certain tasks, as well as a new tendency of some expatriates to choose to either remain as an employee in the same country abroad or change employers within the foreign country. These new profiles are often known as self-initiated expatriates (Bonache, Zárraga-Oberty, 2008). The type of expatriates who are in focus in this thesis, fall within a category very similar to the earliest definitions: a temporary link between HQ and the subsidiary that returns after a limited period. All interviewees in this study reflect this group.<sup>6</sup>

### 2) REPATRIATION

Repatriation generally refers to the termination of the overseas assignment and coming back to the home country or to the country where the HQ is located or to the home subsidiary from where he/she was expatriated. The expatriation process also includes repatriation. Therefore, Repatriation may be defined as the activity of bringing an expatriate back to the home country and Repatriation is the final step in the expatriation process. Author has rightly pointed out the factors that affect individual reaction to re-entry. (Job-Related Factors- Carrier Anxiety, Work adjustment, coping with new Role demands, and Loss of status and Pay. Social Factors- Family adjustment, Social Networks, and effects on partner's carrier.)<sup>7</sup>

The retention of expatriate employees is a major international talent management challenge for MNCs (Scullion and Collings, 2006c), yet research suggests that many MNCs continue to adopt an ad-hoc approach toward the repatriation process and that many expatriate managers continue to experience the repatriation process as falling far short of expectations (Stroh et al., 2000). Repatriation has been identified as a major international HRM problem for multinational companies in Europe and North America (Stroh et al, 1998). There is growing recognition that where companies are seen to deal unsympathetically with the problems faced by expatriates on re-entry managers will be more reluctant to accept the offer of international assignments (Lazarova and Tarique, 2005; Scullion, 2001). North American research

<sup>5</sup>“The Challenges of Expatriation & Repatriation” by Teodora G. Nikolaeva at Department of Management Aarhus School of Business Aarhus University-2010

<sup>6</sup>“A study on motivational factors influencing the expatriate through the expatriation cycle” By Bente Juhl & Sarah C.S. Fuglsig at Department of Management Aarhus School of Business Aarhus University 2009

<sup>7</sup>“International Human Resource Management” by Peter J Dowling, Cengage Learning 1<sup>st</sup> Edition 3<sup>rd</sup> Reprint, ISBN 978-81-315-1648-5.

indicates that 20 percent of all managers who complete foreign assignments wish to leave their company on return. Yet, while it is generally accepted that retention of expatriates is a growing problem and that the costs of expatriate turnover are considerable (Dowling and Welch, 2004), many international firms have failed to develop repatriation policies or programs designed to assist the career progression of the expatriate (Black et al 2000).<sup>8</sup>

### 3) CHALLENGES- MOTIVATION

The motivation for accepting a foreign assignment is based on an adventurous attitude and is argued to be a prerequisite for success. In addition to this, a combination of career concerns and monetary compensation are influential aspects of the decision to accept such an assignment. The process is triggered by this motivation on the initiative of the expatriate and hereafter the company becomes involved through the selection process and training activities. During the expatriate stay the challenge for the company is to maintain the motivation of the expatriate. Certain practical arrangements ought to be a minimum to avoid directly demotivating factors; nevertheless, these normally extrinsic rewards can transform into intrinsic rewards if they are beyond the expatriate's expectations. It is important to maintain the motivation from the pre-departure and actual stay when repatriating because it is the link between former and future expatriates. The importance of this phase has still not been fully realized by companies, which is why it is often neglected. This is reflected in irrelevant jobs and holding positions for returning expatriates, which are fatal for the motivation of both groups of expatriates. Repatriation finalizes the cycle and is, therefore, a crucial but fragile link in the process.<sup>9</sup>

Expatriate assignments are coveted and accepted for various reasons. Motivations to engage in expatriate assignments vary extensively between individuals and depend largely on personal circumstances. An individual's motivations to go on an international assignment include several positive outcomes, including skill acquisition, personal development, long-term career advancement, and financial prosperity. Factors including quality of life, work-life balance, and family stability, all assist in the decision-making process of an international career, future career direction, and later whether to remain in the host country (Crowley-Henry, 2007).<sup>10</sup>

### 4) CHALLENGES BEFORE THE COMPANY

The first challenge that the managers have to consider is selecting the right employee for the international assignment. According to Dickmann et al. (2008) managers seem to underestimate this problem and do not pay much attention when considering the factors for selecting the expatriates. The next step that secures a successful completion of the international assignment is the preparation and training of the employees. Depending on the company, the international assignment, and the personal characteristics of the expatriates, the training programs differ significantly. According to Baker and Bacevich (1971) "more intense pre-departure training programs are needed to prepare selectees for the "cultural shock" of transferring abroad."

After completing the international assignment, the expatriates return home, and then the process of repatriation begins. The repatriated have created certain expectations and if the companies do not meet these expectations the intention of the employees to leave increases

<sup>8</sup> "Changing Patterns of Global Staffing in the Multinational Enterprise: Challenges to the Conventional Expatriate Assignment and Emerging Alternatives" by David G. Collings, Hugh Scullion and Michael J. Morley at Journal of World Business 42 (2007) 198–213

<sup>9</sup> "A study on motivational factors influencing the expatriate through the expatriation cycle" By Bente Juhl & Sarah C.S. Fuglsig at Department of Management Aarhus School of Business Aarhus University 2009

<sup>10</sup> "Expatriate Satisfaction in International Assignments: Perspectives from Indian IT Professionals Working in the US" by Sujoya Ray Moulik, International Journal of Human Resource Studies ISSN 2162-3058 2012, Vol. 2, No. 3



(Allen & Alvarez, 1998). Other challenges that the repatriates face are the changes that have happened there and outside their work during their international assignment. On the one hand, the companies should effectively communicate with their employees while they are abroad and keep them up-to-date with all the alterations in the headquarters. On the other hand, the expatriates must find the best ways to stay in touch with their family in friends so after they come back home, they will not feel isolated.

The analysis of the results collected showed that the companies with the higher turnover rate have realized the need for a repatriation program. A comparison between the domestic and the expatriates' turnover rates was made which showed that the domestic one was lower than the expatriates. This was not surprising but still disturbing since studies have shown that the resignation of an expatriate costs the company two to three times more than the resignation of a domestic employee (Black and Gregersen 1999).<sup>11</sup>

### **OBJECTIVES OF THE STUDY**

- 1) To study the challenges before Employers as well as Employees for Expatriation & Repatriation across the sectors.
- 2) To study the role of human resource management function in the management of Expatriates & Repatriates.
- 3) To explore the relation between Employee satisfaction and Expatriation & Repatriation Management activities.

### **SCOPE OF THE STUDY**

The scope of this research is confined to previous experiences of expatriates and repatriates across the sectors. As the research paper is majorly based on secondary data, geographical limitations are not deliberately drowned and previously developed models are also considered to be the base.

### **RESEARCH METHODOLOGY**

As this research paper is majorly based upon secondary data, questionnaires are not been framed. The previous work done by the learned scholars has been referred and the correlation between these studies is listed. The pretested models of expatriation and repatriation and their implications are been critically analyzed.

### **AREAS TO BE FOCUSED ON FOR CORRECT IMPLEMENTATION OF EXPATRIATE PROCESS**

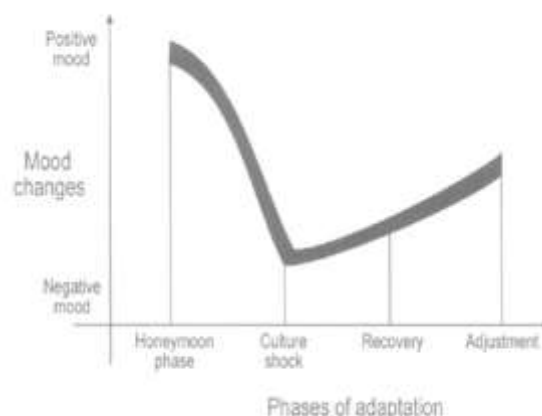
Areas to be focused on for correct implementation of the Expatriation process can be understood from Oberg's four-phase model of expatriate stay in the host country.

#### **Oberg's phases of adaptation**

The figure mentioned below shows a model developed by Oberg (1960) that describes expatriate adaptation as a four-phase process. These phases are honeymoon, culture shock, recovery, and adjustment. This section is going to describe the main characteristics of each different phase. Going through these phases in the long run results in successful adaptation to the new environment.

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<sup>11</sup>"The Challenges of Expatriation & Repatriation" by Teodora G. Nikolaeva at Department of Management Aarhus School of Business Aarhus University-2010



**Figure 1 Oberg's Model of Expatriate Adaption**

### **HONEYMOON**

This stage usually lasts from several days to several weeks and is characterized by the positive attitude of the expatriates about the host country, its culture, and everything new they are meeting. In this stage the employees feel more like tourists than expatriates (Pedersen 1995). They are excited by the news and are enthusiastic about their job (Marx 1999). The assignees are intrigued and curious about everything different from what they are used to and at the same time amazed by cultural similarities (Pedersen 1995). All of this is a result of the pleasant conditions the sojourners are offered upon their arrival. They stay in luxurious hotels where they communicate with compatriots or natives who speak their language or perhaps they have even been appointed a translator; They are busy with being shown the sights of the town, finding accommodation, a school for the children if they are accompanied by their families, and depending on the significance of the international assignment they can even be giving press interviews (Oberg, 1960).

### **CULTURE SHOCK**

As previously mentioned, the “honeymoon” stage lasts from several days to several weeks. After this period is over, the expatriates get hit by the new culture and everything they have found amusing until now starts being irritating which results in culture shock (Oberg 1960). Oberg (1960) defines this phenomenon as the “occupational disease” the sojourner experiences because of the constant interaction with the new environment and the different situations the host country offers: “Culture shock is precipitated by the anxiety that results from losing all our familiar signs and symbols of social intercourse. These signs or cues include the thousand and one ways in which we orient ourselves to the situations of daily life: when to shake hands and what to say when we meet people, when and how to give tips, how to give orders to servants, how to make purchases, when to accept and when to refuse invitations, when to take statements seriously and when not.

Now, these cues which may be words, gestures, facial expressions, customs, or norms are acquired by all of us in the course of growing up and are as much a part of our culture as the language we speak or the beliefs we accept. All of us depend for our peace of mind and our efficiency on hundreds of these cues, most of which we do not carry on the level of conscious awareness.” All expatriates can be affected by culture shock, but the degree to which they suffer depends on the host country and its specific cultural characteristics, the personality of the employees and how effective they are in doing their job, their attitude towards the people from the host country and vice versa, and the significance of the international assignment

(Adler 2007; Marx 1999; Oberg 1960). Depending on these factors, culture shock can confuse one's actions, anxiety, frustration, exhilaration, actions that do not suit the norms of behavior, inability to do one's job, and thus not being able to sign an important deal, isolation, and depression (Marx 1999) Oberg (1960) goes a bit further and describes the six main emotions the individuals experience due to culture shock:



Figure 2 Six Emotions developed by Oberg (1960)

Culture shock is difficult to avoid when meeting the culture of the host country. However, cross-cultural training can help the expatriates to deal with the phenomenon. Knowing their own culture makes it easier to understand the new culture and thereby they can try to find the best way to adapt to the new culture.

## RECOVERY

In the recovery stage, the individuals start dealing with their emotions and create a positive attitude towards the surrounding people and environment of the host country (Oberg 1960). As previously mentioned, learning the language is a beneficial factor in understanding a foreign culture. If the expatriates have gained some knowledge of the language, they can communicate with their colleagues and instead of criticizing them, they start making jokes about them and even start being sarcastic about their dire straits. In addition, the employees accept that they have some problems and start asking for help from their coworkers and gradually reach the last phase of their adaptation (Oberg 1960).

## ADJUSTMENT

At this point, all six aspects of the culture shock are gone and the expatriates can perform their job in the most effective way (Marx 1999). This is because they start accepting and adapting to the new environment. The food, the drinks, the people, and the customs that used to be perceived as “foreign” are now seen as delightful and enjoyable; The individuals become so accustomed to the country and the people so when the assignment is over and they return home, they start missing all that which at some point of their stay was irritating and even disgusting (Oberg, 1960).

## CLAUSES FOR REPATRIATION FAILURE AND RESIGNATION FROM THE EMPLOYEE:

### REPATRIATES' EXPECTATIONS

The difficult process of adaptation is influenced by different factors including the expatriates' expectations and the company's perception of the international assignment. These

expectations are developed long before they come back home, during their international assignments, and sometimes even before they leave for the assignment. (Stroh et al., 1998). This can start during the expatriates' preparation and training; This is the time when the company has to set their expectations connected with the successful completion of the international assignment and also inform the employees about the degree of importance of the assignment (Dickmann et al., 2008). Thus some expectations are formed and a psychological contract has been signed; The psychological contract is defined as "an employee's beliefs about the obligations that exist between himself or herself and his or her organization" (Lazarova & Caliguiri 2001). So during the repatriation process, if the employees feel that the efforts they have put into completing the international assignment are acknowledged, their commitment to the job will stay the same or even increase and vice versa (Stroh et al., 1998).

## CONCLUSION

Being local is very difficult and inevitable to grow, as in a highly competitive business scenario. Employees need to be very careful when high performance is required. Both employers and managers involved face many challenges when implementing the export and repatriation process. The first challenge managers have to face is choosing the right employees for their overseas missions. It has been observed that managers seem to underestimate this issue and pay less attention to expatriate selection factors. The next step in ensuring that you complete your mission abroad is employee preparation and training. Training programs vary greatly depending on the personal characteristics of the company, overseas assignments, and expatriates.

According to Baker and Ivancevich (1971) "more intense pre-departure training programs are needed to prepare selectees for the "cultural shock" of transferring abroad."

The analyses of the results from the questionnaire that was conducted showed that pre-departure training helps the employees go faster through Oberg's (1960) four phases of adaptation and thus adjust faster to the foreign environment. Considering all four factors the process would be better to implement. After completing the international assignment, the expatriates return home, and then the process of repatriation begins. Hurn (1999) defines this process as "the transition from a foreign country back to one's own after living overseas for a significant period." The process of repatriation has not been paid as much attention as the expatriation one. The process implemented in a better fashion can only make employees competent to reach peak performance.

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## **GEN-Y INTERESTS, MOTIVATORS AND PREFERENCES IN THE WORKPLACE**

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### **Abstract:**

The 21st century has a fast pace in the economic growth of organizations, we need to attract and retain the right people with the right skills at the right time or in the absence of which organizations cannot innovate, grow or, in many cases, survive. The onus on today's manager, therefore, is to attract, inspire and retain precisely the Generation Y talent, his or her company needs when those employees are needed, in other words, to create a "clear line of sight between people programs and business strategy." And to do so, we have to look after their compensation and other better benefits to be at a place. Hence, we need to know the expectations of Gen- Y. The study aimed at investigating the Preferences of Gen Y while joining the organization

In this study, the emphasis was on finding out the relationship between variables and their impact on each other. If India wants to see the economic growth of organizations, it needs to attract and retain the right people with the right skills at the right time or in the absence of which organizations cannot innovate, grow or, in many cases, survive.

The Quantitative research approach has been used wherein the exploratory research design has been used to conduct the study. An online survey was set up, investigating through two different Structured Questionnaires for Gen- Y employees and Managers as well personal interviews were conducted. The Projected Gen-Y employees from 72 companies across the Pune region wherein 153 responses from employees and 34 managers responses were received. The major finding of the research was that HR managers of the companies need to understand Gen Y and their needs and preferences while framing the compensation policies. This understanding could not be based on demographic aspects of Gen-Y like Gender and type of company they work in whereas Age Groups, Marital status, and Family size of Gen-Y have to be considered. This can lead to the development of innovative models for recruiting and retaining talent in Indian organizations.

**Key Words:** Gen-Y, Perception, economic Growth, development, retention, etc.

### **Introduction:**

India is a growing economy, wherein work values are strongly influenced by national cultural values, which may have an impact on employees' perceptions and expectations of the workplace. Indian Generation-Y has been characterized as techno-savvy, entrepreneurial, ambitious, and optimistic about achieving their individual and professional goals.

The study is an attempt of investigating the Preferences and motivators of Gen-Y while joining the organization, the benefits the organization receives from them and expectations of direct compensation, and also other benefits given and motivating factors in the workplace given to Gen-Y employees. It also attempts to study the expectations from Managers as part of employers. In this study, the emphasis was on finding out the relationship between various variables and their impact on each other. The study reveals the different types of sectors and differences in their practices while dealing with the Compensation of Gen-Y Employees and the considerations of preferences of Gen-Y.



### **Conceptual Framework and Definition of the Terms**

**Generation Y:** Also referred to as the Millennials or Gen Y, these titles will be used interchangeably throughout this project. These are people born between 1980 and 2000 otherwise known as Echo Boomers, Nexters, and the Internet Generation. This generation is nearly as large a cohort, or larger, than the Baby Boomers, depending on one's source. They are well educated, skilled with technology, and very self-confident. They are the children of the Baby Boomers and early Generation Xers (Zemke et al., 2000).

**Compensation:** The term 'Compensation' has been defined by Gary Dessler as "It refers to all forms of pay going to employees and arising from their employment". In today's scenario, Gen Y employees comprise almost half of the Indian working population and are growing at a rapid pace. They are the workforce of the future. Now is the time to understand and target the new generation of agents, the Gen Y group. What Gen Y wants is to make a good living—but these young professionals also want to find happiness, fulfillment, and opportunity in their work, and to build the foundation for a career that rewards in ways beyond the merely financial.

This research focuses on the most slice of the Generation Y—those who are 18-37 years of age and beginning their careers. They are the managers, supervisors, and executives of tomorrow. Several factors of indirect Compensation attract them and retain them, provides satisfaction to them rather than the in-hand salary, incentives as a direct benefit from the organization. Generation Y feels very strongly about getting compensated appropriately for their performance. Performance compensation is sometimes more important than actual salary to this group of people. To address this issue many companies are trying to figure out how to develop loyalty with Generation Y. With these triggers in mind, we provide the pathway to find out the gap in research and set the purpose and objectives for the research.

### **Review of Literature:**

Today's workforce is more diverse than ever. Age diversity is of particular interest, as the workforce is now comprised of four generations (Kyles, 2005). Generational differences are a legitimate diversity issue that organizations need to recognize and understand (Arsenault, 2004).

Each generation is distinct, to some extent, in terms of its core values and work values (Salahuddin, 2010). Generation Y is the newest generation of workers to enter the labor force. They are different from other generations in terms of work-related values and attitudes; managers need to tailor their approach to leading Generation Y to engage and retain this generation (Salahuddin, 2010).

As Generation Y continues to mature and enter the workforce, organizations and leaders must develop an understanding of how to maximize their contribution to the workplace. Employers must have an understanding of what this generation expects from all aspects of their employment, from leadership preferences to work-life balance. It is of particular interest to understand the impact of generational differences on preference for leadership styles as it is suggested that leaders can adjust their behaviors in practical ways to enhance subordinates' organizational commitment and performance, to increase organizations' productivity (Limsila & Ogunlana, 2008).

### **Triggers of the Study**

- 1) To find out the "why" behind Generation Y, we went straight to the source. The goal was to understand this group's professional priorities and mindset: what motivates them at work?
- 2) Which are the factors motivating them at the workplace to perform better for the organization?
- 3) What are the compensation aspects and other benefits from employees' as well as employers (Managers') perspectives?

### **Statements of Problem:**

The study paves the way to find out the following questions to be answered through research;

1. What are the preferences of Gen Y employees before taking job opportunities?
2. Which are the motivating factors in the workplace that the managers decide on regarding retention and talent acquisition in the organization?
3. What are the perceptions of Managers as representatives of Employers regarding Gen Y at the workplace?

### **Scope of the Study:**

The current study is an attempt to understand the pattern of Gen towards Preferences in joining organizations and motivating factors to be in the organization. The scope of the study has been confined to IT, Manufacturing, Service, Pharmaceuticals, Media, Education, Hotel, etc. sectors in Pune city in India. This study is a pictorial representation of the preferences while joining an organization by Gen-Y, motivating factors and benefits to the organizations by Gen Y as well what sort of efforts managers as representative of Employers are considered, what all aspects of Compensations aspects are taken care by employers while providing opportunities to Gen-Y were studied.

### **Research Objectives:**

1. To understand the relationship between the expectations of Gen-Y and the concerns before taking Gen-Y at the company and to know the efforts employers (Managers) are currently taking to understand the expectations and fulfill them by making policies on their expectations.
2. To study the relationship between different variables and their impact on the preferences and motivating factors of Gen-Y Employees.

### **Limitations of Study:**

1. Sample selected may not reflect the opinion of the whole Organization.
2. The study relied heavily on attitude-based measures. This method has its typical flaws such as respondents' willingness to accurately respond, and their willingness to complete the full survey.

### **Research Design:**

The researchers have used the exploratory research design for this study which enhances knowledge by exploring new areas and where no or less research work is carried out. An online survey was set up, investigating through two different Structured Questionnaire for Gen Y Employees and Managers online form as well personal interviews were conducted. Almost 20 telephonic interviews were conducted by the researchers to obtain the largest sampling possible. To increase the responses, a reminder was emailed to the same group including a follow-up letter and the survey, asking respondents to complete the survey. The Projected Gen-Y employees - 200 total surveys were started and 153 total surveys were completed. Projected 80 Managers' responses out of which 34 responses were received. As the primary data-gathering instrument for this study, the online survey questions, Telephonic and personal interviews were based on the data the researcher discovered during the literature review. The Secondary Data was collected through reference books and internet sources and various research papers, white papers, and articles on Gen Y employees.

**Statistical Tools used for Data Analysis:** SPSS- Statistical Packages for Social Sciences through which tests are used for the analysis of data.

### **Data Analysis for Employees' Responses**

**The relationship between Age and Gen-Y employee's preferences before taking job opportunities.**

**Null Hypothesis (H<sub>0</sub>):** There is no significant difference between the age and Gen Y employee's preferences before taking job opportunities.

**Alternate Hypothesis (H<sub>1</sub>):** There is a significant difference between the age and Gen Y employee's preferences before taking job opportunities.

<b>Table no.: 3 ANOVA</b>					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1.013	4	.253	5.838	.000
Within Groups	5.811	134	.043		
Total	6.824	138			

<b>Table no.: 4 Multiple comparisons</b>						
(I) Age_ of employees	(J) Age_ employees	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
18-23 years	23-27 years	-.17041*	.04790	.005	-.3029	-.0380
	27-32 years	-.05819	.07172	.927	-.2565	.1401
	32-37 years	-.36081*	.08946	.001	-.6082	-.1134
	37-42 years	-.06410	.09505	.962	-.3270	.1987
23-27 years	18-23 years	.17041*	.04790	.005	.0380	.3029
	27-32 years	.11223	.06183	.369	-.0588	.2832
	32-37 years	-.19039	.08175	.142	-.4165	.0357
	37-42 years	.10631	.08784	.745	-.1366	.3492
27-32 years	18-23 years	.05819	.07172	.927	-.1401	.2565
	23-27 years	-.11223	.06183	.369	-.2832	.0588
	32-37 years	-.30262*	.09763	.020	-.5726	-.0326
	37-42 years	-.00592	.10278	1.000	-.2901	.2783
32-37 years	18-23 years	.36081*	.08946	.001	.1134	.6082
	23-27 years	.19039	.08175	.142	-.0357	.4165
	27-32 years	.30262*	.09763	.020	.0326	.5726
	37-42 years	.29670	.11586	.084	-.0237	.6171
37-42 years	18-23 years	.06410	.09505	.962	-.1987	.3270
	23-27 years	-.10631	.08784	.745	-.3492	.1366
	27-32 years	.00592	.10278	1.000	-.2783	.2901
	32-37 years	-.29670	.11586	.084	-.6171	.0237

### Result:

Gen-Y employees of the age group 18-23 significantly differ from age group 23-27 and 32-37 for their preferences before taking job opportunities since their significance value is  $p=0.005$  and  $p=0.001$  respectively. Also, Gen Y employees of the age group 27-32 significantly differ from age group 32-37 for their preferences before taking job opportunities since their significance value is  $p=0.020$  which is less than 0.05. Hence the alternate hypothesis ( $H_1$ ) has been accepted for the age groups 18-23 with 23-

27 and 32-37 and for age group 27-32 with 32-37. While for other age groups, the null hypothesis is accepted.

**The relationship between gender and motivating factors in the workplace for Gen Y employees.**

**Null Hypothesis ( $H_0$ ):** There is no significant difference between the gender and motivating factors in the workplace for Gen Y employees.

**Alternate Hypothesis ( $H_1$ ):** There is a significant difference between the gender and motivating factors in the workplace for Gen Y employees.

<b>Table no.: 7 Group Statistics</b>					
	Gender_employees	N	Mean	Std. Deviation	Std. Error Mean
Motivating Factors in the workplace for Gen Y employees	male	81	4.1336	.20588	.02288
	female	72	4.0874	.16402	.01933

<b>Table no.: 8 Independent Samples Test</b>				
<b>Motivating Factors in the workplace for Gen Y employees</b>				
			Equal variances assumed	Equal variances not assumed
Levene's Test for Equality of Variances	F		2.961	
	Sig.		.087	
t-test for Equality of Means	T		1.523	1.543
	Df		151	149.276
	Sig. (2-tailed)		.130	<b>.125</b>
	Mean Difference		.04621	.04621
	Std. Error Difference		.03035	.02995
	95% Confidence Interval of the Difference	Lower	-.01376	-.01297
		Upper	.10617	.10538

**Result:** The researchers noticed that there is no significant difference between Gender and Motivating Factors in the workplace for Gen Y employees. **Since the  $p = 0.125 > 0.05$  hence the null hypothesis ( $H_0$ ) has been accepted.**

### Data Analysis for Managers' Responses:

#### 1.The relationship between gender and company tracked Gen Y preference before providing job opportunities.

**Null Hypothesis ( $H_0$ ):** There is no significant difference between the gender and company tracked Gen Y preference before providing job opportunities.

**Alternate Hypothesis ( $H_1$ ):**There is a significant difference between the gender and company tracked Gen Y preference before providing job opportunities.

Table no.: 9 Group Statistics					
	Gender Of Respondents	N	Mean	Std. Deviation	Std. Error Mean
The company tracked Gen Y preferences before providing job opportunity	Male	15	4.1533	.38148	.09850
	Female	19	3.9684	.23346	.05356

Table no.: 10 Independent Samples Test				
The company tracked Gen Y preferences before providing job opportunity				
			Equal variances assumed	Equal variances not assumed
Levene's Test for Equality of Variances	F		3.979	
	Sig.		.055	
t-test for Equality of Means	T		1.743	1.649
	Df		32	22.007
	Sig. (2-tailed)		.091	<b>.113</b>
	Mean Difference		.18491	.18491
	Std. Error Difference		.10608	.11212
	95% Confidence Interval of the Difference	Lower	-.03116	-.04760
		Upper	.40099	.41742

**Result:** The researchers noticed that there is no significant difference between Gender and the Company tracked Gen Y preference before providing job opportunities. **Since the  $p = 0.113 > 0.05$  hence the null hypothesis ( $H_0$ ) has been accepted.**

#### 2. The relationship between age and company tracked Gen Y preference before providing job opportunities.

**Null Hypothesis ( $H_0$ ):** There is no significant difference between the age and company tracked Gen Y preference before providing job opportunities.

**Alternate Hypothesis ( $H_1$ ):**There is a significant difference between the age and company tracked Gen Y preference before providing job opportunities.

Table no.: 11 ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.118	3	.039	.371	<b>.775</b>
Within Groups	3.187	30	.106		
Total	3.305	33			

**Result:** There is no significant difference between Age and Company tracked Gen Y preference before providing job opportunities. Since the  $p = 0.775 > 0.05$  hence the null hypothesis ( $H_0$ ) has been accepted.

### 3. The relationship between Type of Company and Gen Y employee's preferences before taking job opportunities.

**Null Hypothesis ( $H_0$ ):** There is no significant difference between the type of company and Gen Y employee's preferences before taking job opportunities.

**Alternate Hypothesis ( $H_1$ ):** There is a significant difference between the type of company and Gen Y employees' preferences before taking job opportunities.

Table no.: 12 ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.252	5	.050	1.019	<b>.409</b>
Within Groups	6.572	133	.049		
Total	6.824	138			

**Result:** The researchers noticed that there is no significant difference between Type of Company and Gen Y preferences before taking job opportunities. **Since the  $p = 0.409 > 0.05$  hence the null hypothesis ( $H_0$ ) has been accepted.**

### Motivating Factors in the Workplace for Gen-Y Employees

Table no.: 13 Statistics				
	N		Mean	Std. Deviation
	Valid	Missing		
Work environment attitudes or culture	34	0	<b>9.1176</b>	5.85566
Freedom to make decisions	34	0	<b>6.5882</b>	4.80604
Job-related communication	34	0	<b>8.4412</b>	4.83793
Opportunities to learn, training, and development	34	0	<b>7.0588</b>	5.03287
Work-related issues that are task-oriented	34	0	<b>9.8824</b>	4.66297
Issues relating to management style or effectiveness	34	0	<b>7.8824</b>	4.38154
Geographical site	34	0	<b>7.4412</b>	4.09132
Travel opportunities/obligations	34	0	<b>6.5294</b>	3.86308
Rules and regulations	34	0	<b>8.2353</b>	4.7294
Opportunities to advance, career development	34	0	<b>7.5588</b>	4.4802
Issues that target co-worker relationships	34	0	<b>11.735</b>	3.42282
feelings of being valued	34	0	<b>10.059</b>	3.65929



Obligation to perform	34	0	<b>10.559</b>	4.78755
Any issues regarding pay or benefit	34	0	<b>9.4412</b>	3.9404
Work hour issues, the flexibility of hours	34	0	<b>12.177</b>	4.99982
Long term career, continuity of work, and earnings	34	0	<b>9.8235</b>	5.59475
Help and encouragement from the company, manager, or co-workers	34	0	<b>10.471</b>	5.50611

**Result:** According to the responses received the chronology of Motivating Factors at Workplace for the Gen Y employees.

**Table No: 14:**Rank of Motivating Factors inthe workplace

Ranks	Particulars	Mean Values
1	Travel Opportunities/Obligations	6.5294
2	Freedom to make decisions	6.5882
3	Opportunities to learn, training, and development	7.0588
4	Geographical Site	7.4412
5	Opportunities to advance, career development	7.5588
6	Issues relating to management style or effectiveness	7.8824
7	Rules and Regulations	8.2353
8	Job-related communications	8.4412
9	Work environment attitudes or culture	9.1176
10	Any issues regarding pay or benefits	9.4412
11	Long term career, continuity of work, and earnings	9.8235
12	Work-related issues that are task-oriented	9.8824
13	Feelings of being valued	10.0588
14	Help and encouragement from companies, managers, or co-workers	10.4706
15	Obligations to perform	10.5588
16	Issues that target co-worker relationships	11.7353
17	Work hour issues, the flexibility of hours	12.1765

**Discussions:**The discussions are divided into two parts which are as follows;

**Discussions for Employees’ Responses:**

1. There is no significant difference between the thinking of male and female Gen Y employees. Their thought process before taking up job opportunities is the same. Hence it is suggested that the companies should not differentiate between genders while designing the compensation policies.
2. The age group of 18-23 significantly differs from the other age groups. It is found that the needs of the age group 18-23 are very different from age group 23 and above. As the age of Gen Y employees increases, their needs and expectations also differ. Hence their preferences while taking up job opportunities are different from those of other age groups.
3. There is no significant difference between the type of company Gen Y employees work with and the preferences before taking job opportunities. And hence it is concluded that the preference of Gen Y employees remains the same irrespective of the type of company.
4. The motivating factors are not different for males and females. And hence company does not need to motivate employees differently based on gender.

5. The motivational factors remain the same for Gen Y employees irrespective of the type of company they are working in. And hence company does not need to motivate employees differently based on the type of company they work in.

#### **Discussions for Managers' Responses:**

1. The companies do not differentiate between male and female Gen Y employees before providing job opportunities.
2. The companies do not differentiate between the age groups of Gen Y employees before providing job opportunities.
3. The companies do not differentiate Gen Y employees irrespective of their family size before providing job opportunities.
4. It is found that only the manufacturing sector significantly differs from the other three sectors considered (Information Technology, Services, Education) before providing job opportunities.

#### **Recommendations:**

The researchers enlisted recommendations which are as follows:

1. HR managers of the companies need to understand Gen Y and their needs and preferences while framing the compensation policies. This understanding could not be based on demographic aspects of Gen Y like Gender and type of company they work in whereas; Age Groups, Marital status of Gen Y, Family size of Gen Y have to be taken into account.
2. It is of value for employers/ HR managers to understand the different motivating factors of Gen Y in the workplace as compared to other generations.
3. With this understanding HR managers can direct and lead change within the organization to move towards creating a culture that will attract and retain the best and brightest Gen Y employees. For this, they have to consider the following order: Job Security, fostering innovation and creativity in work, National and international exposure, Immediate feedback, appreciation and recognition with reward, Work-Life balance, Flexi work schedule, Competitive and positive work environment, Telecommuting and media usage.
4. Irrespective of demographic differences the motivational factors for Gen Y employees remain the same which are: atmosphere, autonomy, feedback, growth, interesting work, leadership, location, mobility, policy, promotion, relationships, respect, responsibility, salary, schedule, stability, and support. Thus, the managers of the companies should implement proper employee engagement initiatives for keeping them connected and committed to their work. Gen Y employees are not considering only direct compensation policies and issues regarding pay and benefits as their motivation factors. Whereas they are considering various other issues and motivations which pave the way for employers to get place the things beyond direct compensation for building competitive advantage in the workplace.
5. Usually employers have a perception that employees mostly consider only direct compensation as a motivation factor. It is recommended to the employers that they should change their perceptions because employees give importance to indirect compensation factors too which are factors like travel opportunities, freedom to make decisions, opportunities to learn, training and development, etc.

#### **Scope for Further Research**

For the further study researchers may look at the following aspects;

1. The research provides the pathway to look at moral leadership in regards to idealized influence, accountability, honesty, and feedback; it is suggested that future research further examines generation Y's preferences for moral leadership and styles of Leadership.
2. The factors which have been summated under the Gen Y preferences before taking job opportunities can be studied in detail and their impacts can be analyzed. In the same manner, motivating factors in the workplace for Gen Y employees can also be studied.

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**3.3.1 Number of research papers published per teacher in the journals notified on UGC care list during A.Y.2020-21**

## MOBILE HUMAN RESOURCE MANAGEMENT: A PARADIGM SHIFT IN IT COMPANIES OF INDIA

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### **Abstract:**

In the practice of human resource management, M-HRM is the most recent trend. The utility of M-HRM in the future is rapidly changing, and we must apply change management. Work-life balance is achievable because employees are connected to the organisation 24X7, seven days a week, and the family front can be appropriately managed. Furthermore, as technology advances and becomes more established in daily life, employees and managers will expect their employers to provide the same fast access to information and flexibility.

To investigate the changing trend of using smart phones to manage HR, to comprehend the current M-HRM scenario, to identify and investigate the core functions of HR, where mobile applications are currently in use and may be expanded in the future, and to investigate the impact of gadgets on the benefits and drawbacks of increased use of smart phones in the field of HRM. The current research paper has used primary and secondary sources. The primary data were collected from 160 respondents out of which 144 respondents were considered after reducing the response errors. The exploratory research design has adopted to conduct the research. The study of insight-stimulating cases, with an emphasis on the discovery of significant variables such as;

1. HR executives can play a more strategic role in their organizations than spending 70-80% of their time on low-value, administrative tasks.
2. HR Challenges to implement new practices for mitigating employee's performance and work Life Balance.
3. M-HRM is the first step in transforming HR by getting rid of tedious and time-consuming processes.
4. Implementation of M-HRM can help proper talent retention.
5. It can save cost to the company and more ROI.
6. Society can benefit by knowing pros and corn of M-HR as it has become the vital part of the portion of life. People can value technology and value efficient work processes.
7. An implementationmodel can be developed and verified.

Thus, harnessing the power of mobile and cloud technology can provide business with opportunities to make huge changes for the better society.

The paper presents insights on the recent trend of using smart phones to efficiently manage and administer human resources, mobile applications that are currently in use as a current trend, and the



efficacy of mobile apps in HR operations, as well as the benefits and drawbacks of M-HRM. Mobile technology is continually evolving, and new solutions are being developed all the time.

**Key Words:**M-HRM, Work life balance, Retention, Employee Engagement, HR Apps, ROI etc.

## INTRODUCTION

Human Resources function has grown more strategic within high-performing firms. In the subject of human resource management, M-HRM is the most recent trend. The truth is that today's anytime, anywhere mobile access is changing the way we do business and how people complete tasks. HR can manage IR, customer interactions, sales performance data, and even govern from their mobile devices with the correct tools. Human resources technology developers have gotten on the mobile bandwagon and are hard at work developing new mobile solutions for hiring, managing, and tracking HR through the smart phones of small, medium, and large businesses. While exposing the basic benefits of mobile technologies, enterprise mobility solutions can help HR champion and support employee engagement and efficiency.<sup>1</sup> As Mobile HR are contributing to improved workforce satisfaction, real-time decision-making, and workforce productivity.

Furthermore, as technology progresses and becomes more ingrained in day-to-day life, both employees and HR managers will begin to expect the same instant access to information and flexibility from their employers. Human Resources has a great opportunity to improve engagement and productivity of its workers by providing

The majority of IT companies use mobile HR solutions to communicate with their employees. Mobile HR solutions are assisting in the transformation of human resource management. From 2011 to 2014, the global mobile workforce surpassed three billion people, and it is expected to grow by more than 30 percent in the coming years. With this anticipated growth comes a huge opportunity for many companies' human resource management to help improve the productivity and satisfaction of their mobile workforce through mobile HR solutions.

Globally, the mobile population is expected to grow in the long and short term, and there is a clear trend among mid-sized and large companies to engage more employees through mobile HR solutions. This trend is reflected in ADP's results<sup>2</sup> reported in their survey of 400 mid-sized and large firms concerning their use of mobile HR applications. Moreover, employers are beginning to see real value in allowing their employees to access payroll and HR data through their mobile devices, like time-saving applications such as online approval of work schedules and completing expense reports from wherever they are and working smoothly effectively, targeted, action-packed mobile applications that can make them giddy with excitement.

## NEED OF THE STUDY

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<sup>1</sup><http://www.innovapptive.com/blog/sap-mobile-hr-improve-employee-satisfaction-productivity-employee-retention/>

<sup>2</sup><https://www.adp.com/tools-and-resources/adp-research-institute/insights/insight-item-detail.aspx?id=F7F82D9F-10E4-493A-9E3E-FA72BC87E699>

As technology has become a part of everyday life, it has become empirical on our part to investigate how technology can connect with the HR business. They spend 70-80% of their time on low-value administrative tasks that are reinforced by Sirion. The best way to address this is for MHRM to make tasks simple and quick. How MHRM improves employee engagement and productivity through the use of a targeted mobile application. Even though employees can work from anywhere thanks to 24/7 mobile connectivity, it has become an annoyance for them to respond to queries and follow HR instructions.

- 1) Does technology truly aid in the smooth communication of HR and employees?
- 2) Does it improve employee engagement and productivity by providing targeted mobile applications?
- 3) To comprehend the benefits and drawbacks of M-HRM in IT firms.
- 4) "From Talent Acquisition to Retainment (Attrition): How Can Technology Connect with the HR Business?"
- 5) HR Technology Advances – These Innovative HR Efficient Processes or Irritation Via Smart Phones will eliminate the human element.

## REVIEW OF LITERATURE

The origins of M-HRM can be traced back to 1973, with the use of pagers to communicate business activity and status information in 1998. HR and employees saw it as a tool to help them improve their work activities and make it easier to provide feedback. Then, in the year 2000, mobile phones with faster and more effective services were introduced, but even incoming calls were charged at the time.

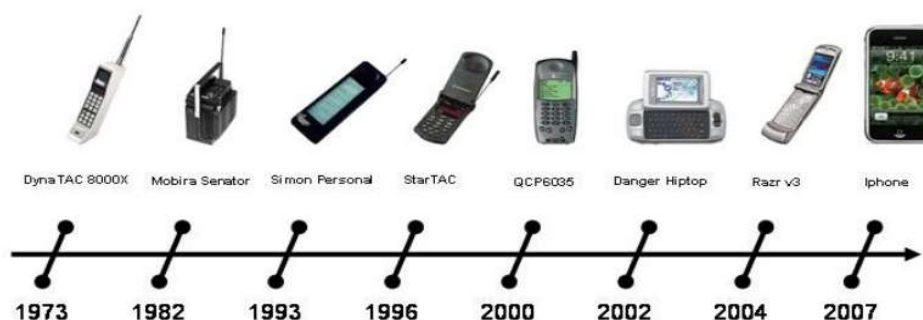


Figure 1. Historical Development of Mobile Phones. Source : Speckmann (2008).

It was only used by the upper crust of society, important business people, and people with a heavy workload. This was the real-life scenario. Because of its ease of information communication, the demand grew, and now mobile phones are affordable to the common man, who can use them for business and personal communication. However, in 2007, iPhones were introduced, which was a game changer.

More businesses see the value in allowing their employees to access payroll and HR data via smartphones, tablets, or other mobile devices. According to the ADP survey, 43 percent of mid-sized

businesses and more than half of large organisations permit the use of mobile devices for these purposes. Between 2009 and 2014, usage increased in both the mid-sized and large segments, as well as the (Meghan M Biro, April 26, 2016)<sup>3</sup>. These gadgets are amazing ever-changing never before.

Saeed Kazmi, Chairman & CEO, Vertical Systems, Inc. adds up as Mobile Technology: The Revolution in Human Resource Management<sup>4</sup>, Baby Boomers are quickly reaching retirement, and the new workforce is made up of tech-savvy Millennials with the equally savvy Generation-Z not far behind. These younger professionals have a different perspective, work ethic, and set of expectations for employment. Mobility is their calling card; one study by Aruba Networks found that the “#GenMobile” 5 demographic prefers flexibility when it comes to where they work, and when. Technology has given us not just mobile devices, but also a mobile lifestyle. Many companies are changing their HR processes to attract and retain workers not just by tossing around perks like flexible hours or unlimited vacation days, but also through the smart use of mobile technology. As it makes to manage work-life balance easier. We are having avalanches of Mobile Apps available now we just need to get them customized as per our need.<sup>6</sup> Those expectations can continue to affect HR’s ability to obtain and retain talent.

“The human resources function is a valuable asset in today’s business mobility landscape because of its ability to connect and inform the workforce in a scalable manner,” Masiero said. According to him and other experts, it only makes sense for everyone to have access to relevant work information at any time and from any location. Especially since, according to Aruba, 70% of people prefer flexibility in their work schedules “with an early finish on Fridays.”

According to a recent SimplyHired mobile recruitment survey (2013 Mobile Recruiting Outlook), 80% of active job seekers are currently using their mobile devices to search for jobs. In comparison, only 14% of employers have a mobile version of their career site, and less than 7% have a mobile ‘direct job apply.’ Michelle Rafter Mobile HR is now gaining traction.<sup>7</sup>

He emphasises the urgency of the situation. It is unquestionably time for HR recruitment systems and careers to adopt a ‘mobile-first’ strategy. It’s time for smart mobile apps with personalized interfaces for managers, candidates, and recruiters that are as simple to use as, say, Facebook. Google Maps.<sup>8</sup>

## IMPORTANCE OF THE STUDY

This study’s primary goal is to conduct an in-depth examination of the effects of M-HRM

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<sup>3</sup><http://converge.xyz/how-mobile-technology-impacts-the-hr-industry/>

<sup>4</sup>[http://hotelexecutive.com/business\\_review/3056/mobile-technology-the-revolution-in-human-resource-management](http://hotelexecutive.com/business_review/3056/mobile-technology-the-revolution-in-human-resource-management)

<sup>5</sup>[http://www.arubanetworks.com/pdf/solutions/GenMobile\\_Report.pdf](http://www.arubanetworks.com/pdf/solutions/GenMobile_Report.pdf)

<sup>6</sup>[http://www.hr-software.net/HR\\_MobileApps.htm](http://www.hr-software.net/HR_MobileApps.htm)

<sup>7</sup><http://www.workforce.com/2012/12/10/mobile-hr-apps-picking-up-steam/>

<sup>8</sup><http://www.hsenid.in/>

implementations:

“Creating a solid foundation for better HR administration can significantly reduce HR costs and lead to better employee service. “Successful shared-services projects frequently result in cost savings of up to 30 percent. “Gartner, Inc.

Consumers' use of smartphones is increasing at an exponential rate, and their use of tablets is increasing as well. The consumer-driven use of these technological devices is proving beneficial to businesses, including those in charge of human resource management. According to ADP, more than 70% of midsized organizations and 90% of large firms have deployed smartphones, supported employee-owned smartphones, or plan to deploy or evaluate the future deployment of these devices due to their numerous benefits.

- 1) The primary goal of this research is to conduct an in-depth examination of M-HRM implementations.
- 2) The purpose of this research is to determine the impact of using M-HRM in IT companies in Western Maharashtra states (which includes districts of Pune, Solapur, Ahmednagar, Satara, Sangli, Nashik, and Kolhapur)
- 3) It can assist IT companies in determining whether M-HRM makes human resource management more efficient and profitable, or whether it increases stress and makes work life manageable or difficult.
- 4) It enables employees to complete their tasks whenever, wherever, and on any Smartphone device.
- 5) It provides people with the information they need to make better decisions right now.
- 6) Develop novel HR processes by leveraging native/available device capabilities, such as location awareness.
- 7) Increase the adoption of HR processes in order to maximize performance.

## **SCOPE OF STUDY**

The current study is restricted to IT MNCsin Pune and the western Maharashtra region of India. The M-HRM practices and challenges in implementation have been taken into account.

## **OBJECTIVES OF THE STUDY**

1. To identify the reasons and factors influencing M-HRM implementation.
2. To comprehend the benefits, drawbacks, and challenges of M-HRM in IT companies for the HR Processes.
3. To investigate the relationship amongst M-HRM implementation and workforce attitude, productivity and efficiency.

4. To investigate the advantages of M-HRM proactive activities in reducing mismanagement and promoting work-life balance.

## **HYPOTHESES OF THE STUDY**

- 1) M-HRM practices have positive impact on workforce attitude.
- 2) There is significant positive correlation between use of M-HRM and Productivity of employees.
- 3) There is significant positive correlation between use of MHRM and efficiency of HR/Personnel Department.

## **RESEARCH DESIGN**

The study was carried out by distributing questionnaires to 160 respondents, but only 144 were properly filled out and answered in order to determine the feasibility of the study. The following hypothesis was developed based on the pilot study. The research design was both exploratory and descriptive focused on discovery of significant variables and there will be an analysis of insights stimulation cases. The Mixed Approach-Qualitative and Quantitative Research has adopted for conducting the study. The Population has derived from IT MNC's in Pune Region as per Confederation of Indian Industries (CII) MCI,NASSCOM,MCCIA) list of MNC's in Western Maharashtra regions(which includes districts of Pune, Solapur, Ahmednagar, Satara, Sangli, Nashik and Kolhapur) The Sampling Method adopted was Non probability-Convenience sampling. Data analysis was made using SPSS software.

### **Organizations which provide M-HRM Software's:**

SAP / ADP (Automatic Data Processing,Inc),Staff Squared HR App, TriNet HR Passport®Mobile App, Adrenalin HR Mobile Apps, Impraise, ADP Mobile Solutions, Software Advice, Kronos, HRE Online has solutions to help. Mobile Platform enables the team to develop the next executioner app for employee's business partners or customers – optimized across devices and operating systems. Organizations are having their own customized softwares. It allows to manage and secure the devices, apps, and content through an integrated enterprise mobility management (EMM) solution. Technology have conditioned us to use mobile for a variety of needs, and employees expect the same responsiveness and ease of use in workplace applications. Mobile apps are beneficial across the board: They bring your business into the 21st century, increase HR accessibility, and allow you to reach a wider audience for recruiting, communication, and marketing. 360-degree Ways Technology Is Changing the Face of HR <sup>9</sup>

Which includes features like:Corporate Communication, Employee Self-Services, and Manager Self-Services:

- View payroll statements.
- Clock in and out.
- Send messages if they're running late or going to be absent.
- Request time off.

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<sup>9</sup><http://www.talentculture.com/5-ways-technology-is-changing-the-face-of-hr/>

- Track time attendance their schedules.
- Review benefits, savings accounts, and spending accounts.
- Create or revise timesheets.

Mobile is fast becoming the rule rather than the exception. Businesses need to get moving on the implementation of mobile technology throughout all departments, especially HR.



## HYPOTHESIS TESTING

**Table no 1: Descriptive statistics of variables**

		Recruit ment Process	Compensa tion & Rewards	Performan ce Managem ent	Training & Developm ent	Employ ee Relatio ns	Attitude
N	Valid	144	144	144	144	144	144
	Missing	0	0	0	0	0	0
Mean		4.2651	4.2558	4.1744	4.2403	4.1279	4.1990
Std. Deviation		.26805	.31870	.24112	.28476	.22074	.17410
Skewness		.424	.517	.657	.585	1.160	.676
Std. Error of Skewness		.361	.361	.361	.361	.361	.361
Kurtosis		1.266	.967	1.647	1.385	.688	.397
Std. Error of Kurtosis		.709	.709	.709	.709	.709	.709

**Result:** Values of skewness and kurtosis from Table No: 1 confirms non-normal distribution for all variables. Therefore, non-parametric tests are used to test the hypothesis.

### HYPOTHESIS TESTING 1:

Null Hypothesis ( $H_0$ ): M-HRM practices do not have positive impact on workforce attitude.

**Alternate Hypothesis ( $H_1$ ):** M-HRM practices have positive impact on workforce attitude.

Test Statistics Used: **By Spearman's two tail rho**



Table No.2: By Spearman's two tail rho		
Variables	Correlation (r)	Sig.
Recruitment Process -> Attitude	.694	.000*
Compensation & Rewards -> Attitude	.153	.326
Performance Management -> Attitude	.081	.607
Training & Development -> Attitude	.615	.040**
Employee Relations -> Attitude	.040	.801

**Results:** The results showed that the factors attitude has significant positive and moderate correlation between Recruitment Process, Training and Development and other two factors compensation and Employee Relations does not have significant relations with attitude.

## HYPOTHESIS TESTING 2:

Null Hypothesis ( $H_0$ ): There is no significant positive correlation between use of M-HRM and Productivity of employees.

Alternate Hypothesis( $H_1$ ): There is significant positive correlation between use of M-HRM and Productivity of employees.

Test Statistics Used: **By Spearman's two tail rho**

Table No.3:By Spearman's two tail rho		
Recruitment Process -> Productivity	.547	.000*
Compensation & Rewards -> Productivity	.216	.165
Performance Management -> Productivity	.506	.000*
Training & Development -> Productivity	.634	.000*
Employee Relations -> Productivity	.180	.248

**Results:**In the above test statistics showed that the relationship between Recruitment Process, Training & Development have positive correlation between use of M-HRM and Productivity of employees.

## HYPOTHESIS TESTING3:

**Null Hypothesis ( $H_0$ ):** There is no significant positive correlation between use of M-HRM and Efficiency of employees.

**Alternate Hypothesis ( $H_1$ ):** There is significant positive correlation between use of M-HRM and Efficiency of employees.

Test Statistics Used: **By Spearman's two tail rho**

Table No.4: By Spearman's two tail rho		
Recruitment Process -> Efficiency	.123	.433
Compensation & Rewards -> Efficiency	.305	.047**
Performance Management -> Efficiency	.191	.219
Training & Development -> Efficiency	-.013	.935
Employee Relations -> Efficiency	-.213	.171

\*p<.001, \*\*p<.05, n=144

**Results:** The test results showed that there is significant positive and average correlation between Compensation & Rewards and Efficiency whereas the rest other factors do not correlate with efficiency of the employees.

## FINDINGS AND CONCLUSIONS

The paper reports findings on the recent trend of use of smart phones in managing and governing human resources efficiently, the mobile applications that are currently in use as a current trend, and the utility of mobile applications in HR functions along with the pros and cons of M- HRM.

Research showed that businesses are increasingly following that line of thinking, ease of use and helping to manage work life. With an ever-expanding mobile workforce and the already ubiquitous use of popular mobile devices like smartphones, there is great business value in providing mobile access to many key HR functions, from talent management and employee communications to payroll/time and attendance to employee benefits. Practical applications include submitting time worked from distant field locations, approving time off, and submitting employee expense reports from the road.

Many of today's senior HR executives are not technology focused and therefore do not prioritize efforts to modernize systems. More junior HR staff may simply not have time to get involved due to their ever-growing to-do lists. Even though technology improves our life and makes it simpler too much interference of such technology can disturb our lives said 22% employees but 78 % people said it allows us to maintain work life balance.

Despite the fact that technology can help HR drive efficiency, build culture, and retain top talent, many in HR still perceive technology adoption as an IT responsibility. As Sitrion Chief People Officer Nancy Gill points out,

“The missed opportunity is that people see this as a ‘systems project’ versus an organizational development and culture change initiative.”

HR executives often fear the cost and added complexity of adopting still more technology. Studies show that 80% of employees only use basic functions like expense tracking, time reporting, and task approvals and many perceive low ROI when considering investments beyond these basic use cases, especially when mobile connectivity is needed. The greater cost can come from employee perception that the company doesn't invest in technology to make work better. Due to M-HRM employees' performance is raised high as they could able to manage their work life balance properly, which was the actual HR Challenge in front of HR.

## FUTURE SCOPE FOR FURTHER STUDY

The study can be taken to create the policy updating regarding use of M-HRM and the rules and regulations revision for managing the work life balance.

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**SYNERGY OF CATEGORY MANAGEMENT AND HEDONIC EXPERIENCES AND ITS  
IMPACT ON CUSTOMER SATISFACTION AND ECONOMIC  
GROWTH OF RETAIL STORES : A CRITICAL REVIEW**

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## ABSTRACT

In 21<sup>st</sup> Century, India has witnessed the organized retailing and mall development day by day is growing at an exponential pace and focusing more on dramatically changing consumer needs and lifestyles. The retail stores are trying to adopt creative and innovative ideas to satisfy the customers' expectations as well as trying to emphasize on both the functional values and hedonic values to the customers. The study aimed to find out the category management as a best functional value and the hedonic experience for improving the customer satisfaction and sales at retail malls. The study has made an attempt to review the literature with descriptive research design to look at the impact of category management and hedonic experience in bringing the customer satisfaction and increase in the economic growth of retail stores. The major finding of the work has focused the implementation of category management in relation with hedonic experience cultivates the establishment of assortment plans in making better decisions on shelf allocation, product pricing and product promotion improves sales and profits for the retailers and provides customers satisfaction at retail stores. Hence, the hedonic experience provides the functional value and value for money impacts on satisfaction for the customers and utilitarian value services to bring the economic growth of retail outlets. The present study implied that the Category Management and hedonic experiences has made significant contribution by ensuring synergetic effect on sales and customer satisfaction for retail outlets. Hence, to conclude, the retail stores the overall shopping experience has connected with positive word of mouth, loyalty, emotional value and psychological satisfaction which can be possible by ensuring the hedonic experience through category management. This can be implied that the satisfaction of the customers can be derived through the synergistic effect ultimately leads to increase in the sales by making the customers shopping experience more pleasurable, enjoyable and full of excitement at shopping malls.

**Keywords :** Category Management, Functional value, Hedonic experience, Utilitarian value, pleasurable.

### Introduction :

In the era of globalization, privatization and liberalization has made significant transformation in the organized retail and mall development day by day is growing at an exponential pace and focusing a lot of on dramatically ever-changing client desires and lifestyles.

Therefore, the retail business is attempting to produce the satisfaction by serving the ever-changing client profile and their desires with time. The shoppers

have big expectations that impact on each a part of retail.

Therefore, the retail stores try to adopt artistic and innovative ideas to satisfy the customers' expectations. The retailers also are attempting to stress on each the purposeful values and epicurean values of shoppers. So, the competitive retailers need to identify the key antecedents to customer loyalty and the association between the benefits provided to the consumer and significant results. The present study has paved the way

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to look at the synergy of category management and hedonic values for the customer satisfaction and sales growth of the retail stores in Indian context.

#### **Objectives of the study :**

1. To study the concepts such as category management and hedonic experience
2. To identify the key attributes of category management and hedonic experience
3. To assess the linkages of category management and hedonic experience in enhancing values for customers satisfaction and economic growth of the retail stores.

#### **Purpose of the study :**

The purpose of this paper is to study the category management as a best functional value and the hedonic experience whether combined helps the retail malls to improve the customer satisfaction and sales at retail malls.

#### **Theoretical Background of Category Management and Hedonic Experience :**

##### **Category Management :**

A category is an assortment of items that the customer sees as reasonable substitutes for each other. "Category is defined as a group of product or product lines meeting related customer needs."

Dupre & Gruen, 2004 presented that the Category Management is a joint process in which both the retailers and suppliers come together and handle product categories in order to increase customer value.

IGD defines Category Management as "the strategic management of product groups through trade partnerships which aim to maximise sales and profit by satisfying consumer and shopper needs".

Pradhan, (2017) stated that the Category Management Process involves eight steps that are Category Definition, Category Role, Category Assessment, Category Scorecard, Category Strategies, Category Tactics, Category Implementation and Category Review. Category Management Process is well structured and measured set of activities designed to produce a specified output for the suppliers, retailers and the consumers. The process is a common roadmap for both supplier and retailer to contribute their unique

capabilities for mutual advantage.

#### **Hedonic Experiences :**

Babin, Lee, Kim, & Griffin, 2005 conveyed that Shopping trip not only improves the shopping experience but also makes stronger the acknowledged satisfaction and improve the self-esteem. It is also observed that the motivated people share their experiences with others and encourage their friends and family members to visit that retailer only when they have their shopping trip extremely pleasurable.

Hirschman & Holbrook, 1982) and Babin, Darden, & Griffin, 1994 expressed that the hedonic values are associated with fulfillment of the senses that are improved through experiences of pleasure, entertainment, fantasy and playfulness. Hence the intrinsic values denote enjoyment, fun and leisure motives.

#### **Review of Literature**

Yusof, Musa, & Rahman, 2012 stated, "Today's customer is more sophisticated and go to retail stores and supermarkets with the aim not only to buy products but also to make their shopping experience more pleasurable, enjoyable and full of excitement."

Dupre & Gruen, 2004 mentioned that the implementation of Category Management helps retailers to strengthen their positioning via differentiating themselves through strategically managing the selected and defined destination category.

Category Management is considered to be the best activity that helps retailer in defining and managing the categories as per the customers shopping behavior.

Rebecca & Clarissa, (2004) emphasized that the category management benefits both for customers as well as retailers, it provides customers satisfaction by better understanding their behavior and for retailers it establishes good category assortment plans in making better decisions on shelf allocation, product pricing and product promotion which helps them to improve sales and profits at retail stores.

Huddleston, Whipple, Mattick, & Lee, (2009) presented that the retail store; the store price, product assortment, service and quality positively influence customer satisfaction.

Sharif, (2012) stated on the product assortment, product pricing, product presentation, product availability and customer services are the key variables of category management of which product assortment, product availability and quality customer service displays significant impact on customer satisfaction at retail stores. And product price, product presentation and product promotion display insignificant impact on customer satisfaction.

Ismail, Nazief, & Boge, (2016) mentioned that the product quality and product price encourage the growth in customer value and the improved product quality and competitive product price increases customer satisfaction. Hence customer value boosts customer satisfaction.

Muhammad & Danish, (2019) put forth out of six key variables product promotion and product presentation have significant impact on customer satisfaction, product assortment, product availability, product pricing and customer service have insignificant impact on customer satisfaction. Author further says that presentation, promotion and customer service have positive correlation while assortment, availability and pricing have negative correlation with the customer satisfaction. And suggests the superstores to pay more attention towards promotion, presentation of products on the shelves and the customer service to increase satisfaction. Hence, category management have a positive association with the customer satisfaction.

Taher, Leigh, & French, (1996) stated that Category Management is the complete strategic retailing process that comprises planning, organizing, communication, coordinating, control and feedback and plays a vital role in constructing supplier relationship, sourcing, vendor selection, procurement and exhibition. The key factors of category management are product assortment, product availability, product presentation, product pricing and product promotion to the customers. Customer satisfaction is an important aspect of retailer and to achieve it author suggests every retail store to continuously find new ways to surprise its clients and delight them with augmentations and make their experiences less stressful, more convenient, and more

fun.

Babin, Darden, & Griffin, (1994) conveyed that the shopping value is the combination of utilitarian value and hedonic value of which some customers make every effort for utilitarian shopping value to gain planned outcomes, some customers make every effort for hedonic shopping value developing from emotional reward in the terms of pleasure. Hence, utilitarian and hedonic shopping value provides satisfaction to the consumers and that should be evaluated continuously.

Dhar & Wertenbroch, (2000) conveyed that the consumers' choice is motivated by utilitarian and hedonic measurements.

Jones, Reynolds, & Arnold, (2006) and Purwanto, Kuswandi, & Sunjoto, (2015) and Ryu, Han, & Jang, (2010) presented the components of hedonic value such pleasure, entertainment and fun etc. play a strategic role in customer purchase process and influences customer satisfaction as well as brand loyalty.

Where as Lee & Overby, (2004) and Sanchez-Fernandez & Iniesta-Bonillo, (2007) put forth the Hedonic value and utilitarian value positively influenced customer satisfaction.

Khawaja & Jalal, (2015) focused on the higher satisfaction among customers, retailers need to emphasize frequently on both hedonic and utilitarian value and the impact of hedonic value on brand loyalty appears to be positively significant.

Babin, Darden, & Griffin, (1994) displayed that the customers are considered to be the most intellectual and emotional in nature that values both hedonic and utilitarian values at the retail stores.

### **Research Design :**

The research design adopted for the study is descriptive research design. The method of collecting data is based on secondary data like various books, journals and expertise research work.

### **Findings and Conclusions :**

From the above-mentioned review of experts, we can conclude that the consumers not only shop for purchasing goods and services but also for experiential and emotional motives. Shopping value is the combination of utilitarian value and hedonic value. At



retail store the overall shopping experience is connected with positive word of mouth, loyalty, emotional value and psychological satisfaction.

Implementation of the combination of category management and hedonic experience will definitely create a synergistic effect and enhance customer satisfaction and sales by making the customers shopping experience more pleasurable, enjoyable and full of excitement at shopping malls.

Thus, the category management has its impact on increase in economic value by ensuring the customer satisfaction. The role of implementation of category management and hedonic experience as strategic move by the retail outlets. This has made clear understanding the importance of category management and hedonic experience in the growth and development of shopping malls at Indian Context as well.

#### Scope for future Research :

As the study focuses on literature review at Indian context and determines that in India the organized retail sector is growing well so it is necessary to conduct the survey on the implementation of the combination of category management and hedonic experience that really helps to satisfy the consumer needs, and if it works well, it will really benefit customers, retailers and suppliers as well, so there is a good scope for future research.

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**3.3.1 Number of research papers published per teacher in the journals notified on UGC care list during A.Y.2019-20**

## A REVIEW OF THE KEY DRIVERS OF CATEGORY MANAGEMENT AND ITS IMPACT ON CUSTOMER SATISFACTION AT RETAIL MALLS

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### ABSTRACT

Retail is not only one of the most dynamic sectors in India but is also one of the pillars of its economy. The customer satisfaction in today's dynamic corporate environment is gaining a good importance as it greatly influences customers repurchase intentions. Therefore it is necessary for the retail organization to create and maintain favorable relationship with their customers for repeat purchase and customer retention. The purpose of this paper is to determine the key drivers of Category Management Practice and their impact on customer satisfaction at retail malls. The study has adopted to investigate the role of variables in customer satisfaction by using descriptive research method and secondary method of data collection. The current study has conveyed that there are six variables: product assortment, product pricing, product presentation, product promotion, product availability, and customer service which are significant incategory management practices. These variables have a positive impact on customer satisfaction at retail malls. This study paves the way to understand existing literature on the variables of category management and its relationship in building the customer satisfaction in retail malls.

**Keywords :** Category Management, Customer Satisfaction, Retail Industry, Product Assortment, Product Promotion etc.

#### Introduction :

Retail is supposed to be one of the most dynamic sectors in India. Retailing is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP and acts as an important source of employment and profit generation Industry. Retail landscape in India is also changing very rapidly. The changing customer taste and the strong spirit of competition has enlarged the choice basket of the consumers. With the introduction of various retail formats in India, the consumer spending habits have changed and this has made the sector dynamic. (Shaurya & Pandey, 2014) The space, ambience, convenience for parking and an array of choices under one roof are the major factors that draw consumer at the door steps of retail stores. (Faizan, Nawaz, & Khan, 2011)The customer satisfaction has gained a good importance in

today's dynamic corporate environment, as it greatly influences customers repurchase intentions. Therefore it is necessary for the business organization to create and maintain favorable relationship with their customers for repeat purchase and customer retention.

The central idea behind the category management initiative is to develop customer satisfaction and loyalty and gain incremental sales. This research paper is a small effort to understand the key drivers of Category Management practice that has impact on customer satisfaction at retail malls.

#### Objectives of the study :

1. To understand the concept category, category management and category management process.
2. To Identify the Key Variables of Category Management responsible for Customer

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Satisfaction at retail malls.

### **Statement of Problem :**

Which are the variables act as a key drivers of Category Management and responsible for Customer Satisfaction at retail malls?

### **Research Design :**

The research design adopted for the study was descriptive in nature. The method of collecting data as based on secondary data where in reviewing various books, journals and research work.

### **Category Management :**

Category Management is a merchandising technique that almost the firms such as supermarkets, drugstores, hardware stores, and general merchandise retailers use to improve their productivity. It is a way to manage a retail business that focuses on the performance of product category results, and not the individual brands. It arranges grouping of products into strategic business units that to better meet consumer needs and to achieve sales and profit goals. Category management means adaption of merchandise for each store or region to best satisfy customers. Category management helps the retail employees to make the merchandising decisions that leads to maximize the total return on the assets. (Barry Berman, 2018) Category Management Process is eight step process and is a common roadmap for both the supplier and the retailer to contribute their unique capabilities for mutual advantage.

### **Customer satisfaction :**

Customer Satisfaction is defined as a person's feeling of pressure or disappointment that result from comparing a product's perceived performance or outcome to the expectation. (Kotler, Keller, Koshy, & Jha)

Satisfaction is a critical measure of a firm's success that influences consumer attitude, repurchase, and word-of-mouth communication (Sivadas & Baker-Prewitt, 2000)

### **Review of Literature :**

The study says that amongst five variables like Price, product assortment, customer service, customer satisfaction, product quality the three factors, like pricing, customer service and assortment has significant impact

on customer satisfaction at specialty and conventional grocery stores and the variables influencing customer satisfaction may appear different at different scenarios. (Huddleston, Whipple, Nye Mattick, & Jung Lee, 2009)

The study comprises five variables like Pricing strategies, product assortment, customer satisfaction, supplier involvement, product availability and remarks that presentation and promotion are proved to be the most important activities at supermarket. The promotional activities generate sales to the retailers and provides comprehensive information to the general consumers. And the product presentation has a central position in the augmentation of sales and revenues. (Dupre & Gruen, 2004)

According to the author at Kuwaiti category managed superstores customer satisfaction was largely driven by product assortment, product availability and excellence in customer service. The other category management variables like product price, product presentation and product promotion had insignificant impact on customer satisfaction. The study shows that the relationship of category management process with the satisfaction, loyalty and above six factors seemed to be somewhat positive. (Sharif, 2012)

Author after examining the six factors of category management at Karachi Superstores the study found that Product Promotion and Presentation do have significant impact on customer satisfaction. The factors like assortment, availability, pricing and customer service have minimal impact with customer satisfaction whereas presentation, promotion and customer service have positive correlation and assortment, availability and pricing have negative correlation with the customer satisfaction. Hence Category Management do have a significant and positive association with the customer satisfaction. (Muhammad & Danish, 2019)

The study illustrates that product presentation have gigantic effect on customer satisfaction whereas product price have a moderate effect on customer satisfaction and the demand for customer service during shopping is great. The customer satisfaction is largely motivated by a product presentation, product pricing and excellence in customer service. The product availability



has minimal influence on customer satisfaction but product promotion and product assortment has a minor effect on customer satisfaction. (Sadaf & Danish, 2019)

The study concludes that category management aspects have direct influence on enhanced customer service and indirect influence on customer satisfaction and at a same time the effect of enhanced customer service is high on customer satisfaction. Product availability and product promotion have direct influences on customer service and the indirect effect of product assortment, product availability and product pricing on customer satisfaction is significant. The direct effect of customer service on customer satisfaction is significant in pharmaceutical retailing at Kanchipuram Town. (Ramanathan & Sonia, 2018)

#### **The Six Key variables :**

##### **Product Assortment :**

Assortment is mainly based on quantity of SKU and presence of the favorite products and have a sensitive impact on the consumers. Hence consumers highly value the assortment at retail outlets. (Amine & Cadenat, 2003)

The study says that assortments are more important than retail prices in store choice decisions. And for most of the households, the number of brands offered in the retail assortment has positive effect on store choice. (Richard, Pradeep, & Edward, 2009)

##### **Product Availability :**

The availability of products on the shelves at the supermarket not only ensures sale but also creates awareness in the mind of consumer. Being the main source of promotion activities product availability further gets convert into customer satisfaction. (Ettouzani, Yates, & Mena, 2012)

In India the out of stock product and non-availability of product marks negative effect on customer satisfaction and also places a negative effects on both, the shopping attitude of consumer and the store loyalty. (Leela & Velayudhan, 2008)

##### **Product Pricing :**

Price image has a great impact on consumer's perception regarding the store choice, retailer's price level, purchasing decisions, as well as the basket size on each visit to the store. (Hamilton & Chernev, 2013)

Author states that the bulk buying activity at supermarket has a great advantage to operate lower pricing strategy and this lower pricing strategy is the major factor of customer satisfaction. (McCullough & Padberg, 1971)

##### **Product Presentation :**

The study says visual merchandising is the best instore presentation that attracts the attention of the customer, creates an interest for the product/service, creates a desire to own the product and then, initiates the customer to make the purchase decision. (Weishar, 1985)

In a study, depicts that satisfaction and delivery of articulate information is depend on the presentation and the appropriate presentation can be a source of satisfaction for the customers at Spain Supermarkets (Flavian, Gurrea, & Orus, 2009)

##### **Product Promotion :**

Author argues that promotion of both online and offline in retail businesses is the bloodline of enhancing business reach to its customers. (Phang, Tan, Sutanto, Magagna, & Lu, 2014)

Author states that sales promotions is the gist of supermarkets and without appropriate product promotion category management process is incomplete. (Satnam, 2014)

##### **Customer Service :**

Author claims that the customer satisfaction can only be ensured by providing high level service, and as the greater the level of high class service to consumers, better is the result regarding performance of the supermarket. (Emerson & Grimm, 1999)

Author in the study determines that customer service is an important influencer of customer satisfaction and the improvement of customer service at the supermarket is the entire appearance of the efforts for improving customer satisfaction. (Sureshchandar, Rajendran, & Anantharaman, 2002)

##### **Discussion and Conclusions :**

Customer satisfaction is the major crux of the retail Industry as the satisfied customer greatly influences customer's repeat purchase and retention. From the above literature study it can be determined that the customer satisfaction in today's dynamic corporate environment

plays a key role in an organisation success. According to the views of Khurram Sharif (2012), Ramanathan V, Sonia C (2018), Muhammad Waleed Minhaj, Danish Ahmed Siddiqui (2019), and Sadaf Naushad, Danish Ahmed Siddiqui (2019) it has been found that amongst several variables the six major key variables of category management such as product assortment, product availability, product pricing, product promotion, product presentation and customer service acts as a major key drivers of category management and have significant and positive association with the customer satisfaction. The key variables may differ from country to country with more or less effect. And the evidences from the various literature paves the way to develop the relationship amongst the category management variables and customer satisfaction at retail outlets.

#### Scope for future Research :

- 1) The in-depth quantitative research can be carried out on category management with respect to customer satisfaction and sales
- 2) The impact of category management on sales and productivity can be tested to know the key role of category management in sustainability of retail industry which can benefit the Indian retailers, suppliers, and customers, employees and furthermore, can contribute to the economy of India.

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**ANALYTICAL STUDY OF CHALLENGES OF E-GOVERNANCE  
AND ITS IMPLEMENTATION IN RURAL  
PART OF MAHARASHTRA STATE**

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**ABSTRACT**

The speedy growth and disposition and propagation of new digital and evolving information and communication technologies herald new opportunities for growth and development in countries all over the world. The good e-governance is the essence of the changing era of technology and its implementation in rural part of Maharashtra has the dire need of the civil citizens of India. The real challenge for good governance is the effective implementation of e-governance. The paper explores the various challenges and factors causes for implementation of e-governance in Rural Part of Maharashtra. The study is an attempt to understand the perception of the people related to the good administration of good governance through e-governance and challenges faced while implementing e-governance in Maharashtra state. The research design used to carry out this research is descriptive in nature where in structured questionnaire was administered and collected 256 responses from various region of Maharashtra state. The results of the study showed that demographic variables; Age wise and Region wise perception of citizens do not vary significantly with respect to challenges and implementation of e-governance at rural Part of Maharashtra State of India. While building implementation strategy, the policy maker should avoid the change in path for age and region and adopt the practice in unique way to all regions and age of the citizens. Hence, major factors to be taken into account while making effective administration of good governance and e-governance at Maharashtra especially in rural part of state. Thus, Maharashtra State Government should encourage the e-governance implementation for creating good governance in relationship with need and expectations towards administration of good governance. This study can be useful in framing Policy for creating pace for delivering services to the citizens and promote good e-governance in Maharashtra state.

**Keywords :** e-governance, implementation, administration, challenge, perception, policy etc.

**Introduction**

“Good Governance is putting people at the center of the development process.” - Prime Minister of India, Mr. Narendra Modi

E-Governance in India has steadily evolved from computerization of Government departments to initiatives that encapsulate the finer points of Governance, such as citizen centricity, service orientation and transparency. Lessons from previous e-Governance initiatives have played an important role in shaping the progressive e-Governance strategy of the

country. Due cognizance has been taken of the notion that to speed up e-Governance implementation across the various arms of Government at National, State, and Local levels, a programme approach needs to be adopted, guided by common vision and strategy. This approach has the potential of enabling huge savings in costs through sharing of core and support infrastructure, enabling interoperability through standards, and of presenting a seamless view of Government to citizens.

Access to governance is desperate in the growth of the nation and the systems evolved in the government

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needs to transparent and effective, so the e-governance delivers this outcome for the same. In this context, it has been a growing realization to induct the information and communication technology in the day-to-day government working.

It supports in removing the human interface between the government and people- working towards the ideal of the least governance.

The current scenario expects the re-engineering in using IT to simplify and make the government processes more efficient is critical for transformation to make the delivery of government services more effective across various government domains and therefore needs to be implemented e-governance. This dire need paves the way to understand the current status of e-governance in Maharashtra state.

### **Conceptual Framework of e-governance**

e-Governance or 'electronic governance' is basically the application of Information and Communications Technology to the processes of Government functioning in order to bring about 'Simple, Moral, Accountable, Responsive and Transparent' (SMART) governance.<sup>3</sup> This would generally involve the use of ICTs by government agencies for any or all of the following reasons: (a) Exchange of information with citizens, businesses or other government departments (b) Speedier and more efficient delivery of public services (c) Improving internal efficiency (d) Reducing costs / increasing revenue (e) Re-structuring of administrative processes and (f) Improving quality of services.

### **According to the World Bank e-Governance**

"E-Government refers to the use by government agencies of information technologies (such as Wide Area Networks, the Internet, and mobile computing) that have the ability to transform relations with citizens, businesses, and other arms of government. These technologies can serve a variety of different ends: better delivery of government services to citizens, improved interactions with business and industry, citizen empowerment through access to information, or more efficient government management. The resulting benefits can be less corruption, increased transparency, greater convenience, revenue growth, and/ or cost reductions."

### **e-Governance as per UNESCO:**

"Governance refers to the exercise of political, economic and administrative authority in the management of a country's affairs, including citizens' articulation of their interests and exercise of their legal rights and obligations. E-Governance may be understood as the performance of this governance via the electronic medium in order to facilitate an efficient, speedy and transparent process of disseminating information to the public, and other agencies, and for performing government administration activities."

Dr. APJ Abdul Kalam, former President of India, has visualized e-Governance in the Indian context to mean: "A transparent smart e-Governance with seamless access, secure and authentic flow of information crossing the interdepartmental barrier and providing a fair and unbiased service to the citizen."

### **Review of Literature**

**Dr. Pradeep Mittal and Amandeep Kaur, 2013** highlighted in their work the main challenges related to the implementation of e-Governance in India. They made categories of challenges of e-governance: Environmental and Social Challenges, Economical Challenges and Technical Challenges.

**Sanjay Kumar Dwivedi & Ajaykumar Bharti, 2010** emphasized the problems facing by the government and public sector organizations in all over the world to perform their administration and to making it efficient and cost effective. They have considered the effective use of information and communication technology (ICT) for e-governance for to provide proper services to citizen. Findings of their research were considered e-Governance as a high priority agenda in India, they found out that e-governance is the best way to make the business of governance inexpensive, qualitatively responsive, and truly encompassing.

**Singh Shalini, 2010** focused on the system related to right to information, The Right to Information (RTI), which gave the citizens of India access to records of the central government and state governments, was thought to be one of the most revolutionary of legislation in recent India which can make India one of the highly developed democracies. He has also discussed about some booming



initiatives that can guide Results of this article that there are several challenges arising for e-governance restrained and not excitement. Government is still failure to deliver e-governance in better way from last more than a decade.

### Scope of the Study

The Study is focused on challenges in Administration of Good Governance and its implementation of e-Governance in Rural part of Maharashtra State of India. This study was confined to five regions of Maharashtra State. The civil citizens from rural part of Maharashtra were chosen as subject to response to the structured questionnaire.

### Hypotheses of the Study

**Hypothesis 1:** There is statistically difference between region of the respondents and challenges of e-governance

**Hypothesis 2:** There is statistically difference between gender of the respondents and challenges of e-governance

### Research Design:

The current study has adopted descriptive research design and quantitative research method. The sample size is 256 from five regions of State of Maharashtra were covered to collect responses. The SPSS were administered to analyze data wherein the tests used were one-way Anova, Independent Samples Test etc.

### Data Analysis for Hypotheses Testing :

#### Hypothesis 1

H0: There is no statistically difference between region of the respondents and challenges of e governance

H1: There is statistically difference between region of the respondents and challenges of e-governance.

Table 1: One Way Anova						
		Sum of Squares	df	Mean Square	F	Sig.
Human Challenges	Between Groups	1.152	4	.288	.539	.707
	Within Groups	134.017	251	.534		
	Total	135.168	255			
Technological Challenges	Between Groups	1.920	4	.480	.795	.529
	Within Groups	151.538	251	.604		
	Total	153.458	255			
Social Challenges	Between Groups	2.449	4	.612	.690	.600
	Within Groups	222.791	251	.888		
	Total	225.239	255			
Economic Challenges	Between Groups	2.273	4	.568	.472	.756
	Within Groups	301.966	251	1.203		
	Total	304.239	255			
Other Challenges	Between Groups	3.198	4	.800	.795	.529
	Within Groups	252.399	251	1.006		
	Total	255.597	255			

\*Note: Level of Significance ( $\alpha = 0.05$ )

Since, all P values are greater than level of significance ( $\alpha = 0.05$ ). Thus, the Null Hypothesis is accepted. Hence, it is concluded that there is no statistically difference between region of the respondents and challenges of e-governance.

#### Hypothesis 2

H0: There is no statistically difference between gender of the respondents and challenges of e governance

H1: There is statistically difference between gender of the respondents and challenges of e-governance



Table No.2: Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Human Challenges	Equal variances assumed	1.112	.293	-1.120	254	.264	-.10521	.09395	-.29022	.07980
	Equal variances not assumed			-1.150	216.970	.251	-.10521	.09148	-.28550	.07509
Technological Challenges	Equal variances assumed	3.929	.049	-1.321	254	.188	-.13214	.10000	-.32908	.06480
	Equal variances not assumed			-1.368	222.024	.173	-.13214	.09658	-.32248	.05819
Social Challenges	Equal variances assumed	2.222	.137	-.645	254	.519	-.07839	.12147	-.31760	.16083
	Equal variances not assumed			-.662	216.103	.509	-.07839	.11844	-.31184	.15507
Economic Challenges	Equal variances assumed	.246	.620	-.761	254	.447	-.10744	.14113	-.38537	.17049
	Equal variances not assumed			-.775	211.857	.439	-.10744	.13854	-.38054	.16566
Other Challenges	Equal variances assumed	.167	.683	.000	254	1.000	.00000	.12950	-.25504	.25504
	Equal variances not assumed			.000	198.360	1.000	.00000	.12987	-.25611	.25611

\*Note: Level of Significance ( $\alpha = 0.05$ )

Since, all P values are greater than level of significance ( $\alpha = 0.05$ ). Thus, the Null Hypothesis is statistically difference between age of the respondents and challenges of e-governance. accepted. Hence, it is concluded that there is no

**Table 3: Rank Analysis of the factors for providing a good quality administration and e-Governance**

Descriptive Statistics					
Sr. No	Factors	N	Mean	Std. Deviation	Rank
1	Basic Infrastructure development like roads, bridges, power, telecom, Airports, irrigation, transport etc.	256	4.36	.948	1
2	Good education facilities by the government which are job oriented	256	4.32	.985	2
3	Transparency and accountability in the dealings with the government	256	4.32	1.035	3
4	Effectiveness and efficiency of the working of government and its staff	256	4.28	1.025	4
5	Good business environment with free-market economy and no black marketing	256	4.25	1.025	5
6	Corruption free dealings with the government	256	4.24	1.094	6
7	Safety of life and property and peaceful law and order	256	4.23	1.000	7
8	Overall economic development of the state, growth rate of economy	256	4.19	1.032	8
9	Maintaining rule of law and applying the same rules/ yardstick to everyone	256	4.18	1.021	9
10	Citizen centric services in a responsive manner	256	4.15	1.016	10
11	Creating new job opportunities in the private sector and the government	256	4.13	1.000	11
12	In reducing inequalities in the society by making special provision for the poor & down trodden	256	3.93	1.227	12
13	Provide more concessions & freebies by the government, even at the cost of overall development	256	3.80	1.229	13
14	Providing total freedom to Citizen and non-interference by the Government	256	3.46	1.123	14
	Valid N (list wise)	256			

**Result :** Rank numbers (1 to 11) are significant factors whereas Rank No.12 to 14 are less significant factors for providing a good quality administration and e-governance.

#### Discussions

The current paper attempt to find out the factors required for effective administration of good governance and e-governance. Then study has also identified the priority of citizens for challenges faced in implementation of e-governance.

This study provides the perception of the people based on the reality of implementation of e-governance. The results of the study help in providing guideline for understanding the relationship between various factors and demographic variables. This paves the way to understand what needs to be considered while making the study of this kind.

#### Conclusions and Recommendations

1. It is suggested that to address the challenges regional and age wise difference can be ignored and a uniform policy and strategy should be administered for implementation e-governance.
2. Rank numbers (1 to 11) are significant factors whereas Rank No.12 to 14 are less significant factors for providing a good quality administration and e-governance. Thus, major factors to be taken into account while making effective administration of good governance and e-governance at Maharashtra especially in rural part of state.
3. The new framework suggested by researchers highlights the policy framework of a good quality administration and e-Governance parameters including the most important factors such as;

- 1) Basic Infrastructure development like roads, bridges, power, telecom, Airports, irrigation, transport etc.
  - 2) Good education facilities by the government which are job oriented
  - 3) Transparency and accountability in the dealings with the government
  - 4) Effectiveness and efficiency of the working of government and its staff
  - 5) Good business environment with free-market economy and no black marketing
  - 6) Corruption free dealings with the government
  - 7) Safety of life and property and peaceful law and order
  - 8) Overall economic development of the state, growth rate of economy
  - 9) Maintaining rule of law and applying the same rules/ yardstick to everyone
  - 10) Citizen centric services in a responsive manner
- This would make support to new service delivery processes more efficient and effective for making citizens life easy.

#### Future Scope further Research

The detail study related to e-Readiness of Maharashtra State as per as e-governance implementation is concerned can be studied. The Success of various schemes related to e-governance and digital India Mission can be studied in relation with different demographic variables. However, this study paves the way to understand the phenomenon related to challenges of e-governance and perception towards good administration and e-governance. This helps in carving the interest to do the study for Urban and rural part of Maharashtra to create the framework for implementing and creating a success story in e-governance of Maharashtra.

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- <http://byjus.com/free-ias-prep/e-governance-conceptual-framework>
- <http://go.worldbank.org/M1JHE0Z280>
- ([http://portal.unesco.org/ci/en/ev.phpURL\\_ID=4404&URL\\_DO=DO\\_TOPIc&URL\\_SEcTION=201.html](http://portal.unesco.org/ci/en/ev.phpURL_ID=4404&URL_DO=DO_TOPIc&URL_SEcTION=201.html))



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**Challenges in Administration and Implementation of good e- governance in the State of Maharashtra**

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**Abstract:**

*The study has evolved a panoramic view towards initiative taken by Maharashtra state for effective and efficient e-governance. The real challenge for effective and efficient e governance is the initiative need to be taken and implementation of it. This paper explores the various aspects and factors causes for implementation of e-governance. This paper discusses the factors which are responsible for good governance, e-government initiatives in Maharashtra state of India. This study also highlights on the factors of administration of good governance and establish the linkages between the factors responsible for creating conducive environment for effective implementation of e-governance. This has understood by taking perception and mindset of modern citizens from Maharashtra State of India. The research design used to carry out this research was descriptive in nature where in structured questionnaire was administered and collected 256 responses from various region of Maharashtra state.*

*The results of the study showed that the initiatives required for making e-governance effective and efficient for rural part of Maharashtra through the use of ICT does not vary region wise, as per gender and residing area of respondents but by educational qualification wise. This research would be useful in framing Policy for creating pace for delivering services to the citizens and promote good e-governance in the state of Maharashtra.*

**Key words:** e-governance, ICT, Computerization, implementation, Perception, Policy

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**Introduction:**

"Good Governance is putting people at the center of the development process."<sup>287</sup> - Prime Minister of India, Mr. Narendra Modi

Information communication Technology made a profound impact on every aspect of human life including work and business and contributed tremendously to the competitiveness of the nation through social and economic development. Hence, in the global era, India has taken large number of initiatives for e-governance. Sustained efforts have been made at multiple levels to improve the delivery of public services and simplify the process of accessing them.

E-Governance in India has steadily evolved from computerization of Government Departments to initiatives that encapsulate the finer points of Governance, such as citizen centricity, service orientation and transparency. Due cognizance has been taken of the notion that to speed up e-Governance implementation across the various arms of Government at National, State, and Local levels, a program approach needs to be adopted, guided by common vision and strategy. This approach has the potential of enabling huge savings in costs through sharing of core and support infrastructure, enabling interoperability through standards, and of presenting a seamless view of Government to citizens.<sup>288</sup>

Access to e-governance is desperate in the growth of the nation and the systems evolved in the government needs to transparent and effective, so the e-governance delivers this outcome for the same. In this context, it has been a growing realization to induct the information and communication technology in the day to day government working. It supports in removing the human interface between the government and people-working towards the ideal of the least governance.

The current scenario expects the re-engineering in using IT to simplify and make the government processes more efficient for transformation to make the delivery of government services more effective across various government domains and therefore needs to be implemented e-governance. This dire need paves the way to understand the current status of e-governance in Maharashtra state.

**Conceptual Framework of e-governance:**

With the increasing awareness among citizens about their rights and the resultant increase in expectations

<sup>287</sup> <http://www.smartcitieschallenge.in/>

<sup>288</sup> <http://meity.gov.in/content/national-e-governance-plan>

from the government to perform and deliver, the whole paradigm of governance has changed. Government, today, is expected to be transparent in its dealings, accountable for its activities and faster in its responses. This has made the use of ICT imperative in any agenda drawn towards achieving good governance.

e-Governance or 'electronic governance' is basically the application of Information and Communications Technology to the processes of Government functioning in order to bring about 'Simple, Moral, Accountable, Responsive and Transparent' (SMART) governance.<sup>3</sup> This would generally involve the use of ICTs by government agencies for any or all of the following reasons: (a) Exchange of information with citizens, businesses or other government departments (b) Speedier and more efficient delivery of public services (c) Improving internal efficiency (d) Reducing costs / increasing revenue (e) Re-structuring of administrative processes and (f) Improving quality of services.<sup>289</sup>

According to the World Bank

"E-Government refers to the use by government agencies of information technologies (such as Wide Area Networks, the Internet, and mobile computing) that have the ability to transform relations with citizens, businesses, and other arms of government. These technologies can serve a variety of different ends: better delivery of government services to citizens, improved interactions with business and industry, citizen empowerment through access to information, or more efficient government management. The resulting benefits can be less corruption, increased transparency, greater convenience, revenue growth, and/ or cost reductions."<sup>290</sup>

UNESCO defines e-Governance as;

"Governance refers to the exercise of political, economic and administrative authority in the management of a country's affairs, including citizens' articulation of their interests and exercise of their legal rights and obligations. E-Governance may be understood as the performance of this governance via the electronic medium in order to facilitate an efficient, speedy and transparent process of disseminating information to the public, and other agencies, and for performing government administration activities."<sup>291</sup>

The council of Europe has taken e-Governance to mean;

"The use of electronic technologies in three areas of public action: relations between the public authorities and civil society, functioning of the public authorities at all stages of the democratic process (electronic

<sup>289</sup> <http://byjus.com/free-ias-prep/e-governance-conceptual-framework>

<sup>290</sup> <http://go.worldbank.org/M1JHE02280>

<sup>291</sup> ([http://portal.unesco.org/ci/en/ev.phpURL\\_ID=4404&URL\\_DO=DO\\_TOPIC&URL\\_SECTION=201.html](http://portal.unesco.org/ci/en/ev.phpURL_ID=4404&URL_DO=DO_TOPIC&URL_SECTION=201.html))



democracy), the provision of public services (electronic public services)"<sup>292</sup>

Dr. APJ Abdul Kalam, former President of India, has visualized e-Governance in the Indian context to mean: "A transparent smart e-Governance with seamless access, secure and authentic flow of information crossing the interdepartmental barrier and providing a fair and unbiased service to the citizen."<sup>293</sup>

### Review of Literature:

Dr. Pradeep Mittal and Amandeep Kaur, 2013 highlighted in their work the main challenges related to the implementation of e-Governance in India. They pointed out that there are a large number of obstacles in implementation of e-Governance in India. They made categories of challenges of e-governance: Environmental and Social Challenges, Economical Challenges and Technical Challenges.

Sachdeva, 2008 discussed about the knowledge of the user of the e-governance website government as well as people for whom this e-governance is established. Results of this paper were that government should make short term as well as long term strategies for the implementation of the e-governance. He further emphasized upon proper format for the Standards, Infrastructure, Legislations, and strategies to facilitate proper implementation and also required establishment of different institutions under the Ministry of Information Technology.

Sanjay Kumar Dwivedi & Ajaykumar Bharti, 2010 stated the problems facing by the government and public sector organizations in all over the world to perform their administration and to making it efficient and cost effective. They have considered the effective use of information and communication technology (ICT) for e-governance for to provide proper services to citizen. Findings of their research were considered e-Governance as a high priority agenda in India, they found out that e-governance is the best way to make the business of governance inexpensive, qualitatively responsive, and truly encompassing. Make acceptably from the citizen and employees for e-governance.

Singh Shalini, 2010 focused on the system related to right to information, The Right to Information (RTI), which gave the citizens of India access to records of the central government and state governments, was thought to be one of the most revolutionary of legislation in recent India which can make India one of the highly developed democracies. He has also discussed about the some booming initiatives that can guide Results of this article that there are several challenges arising for e-governance restrained and not excitement.

<sup>292</sup> <http://www.coe.int/T/E/com/Files/hemes/e-voting/delinition.asp>  
<sup>293</sup> Inaugural address at IIT Delhi during International conference on e-Governance.

Government is still failure to deliver e-governance in better way from last more than a decade.

Kalsi, RaviKiran, & SCVaidya, 2009 put forth the requirement for revolution from traditional governance to e-governance. In addition, they tried to identify good way for governance. They emphasized on utilization of e-governance for citizen and how much they were benefited from it.

Findings revealed that the developing country and governance requires Joint Corporation between various major players in the society. Government should limit on mutual approach.

(AnandAgarwal, PragyaShah, & VarunWadhawa, 2008) stated about the quality of the governance online services. In the finding part they proposed a comprehensive model of quality measurement for measuring quality of the electronic governance. They recommended a two stage design combining which covers qualitative and quantitative research methods to develop the measurement model.

Tapscott and Agnew (1996)<sup>294</sup> emphasized that the internet, in particular, creates an opening for new forms of interaction with the citizen that allow real time participation in the governmental and democratic process.

Peng (2003) stated that we recognize that we do not have all the answers. We will continue to consult our stakeholders on how they would like their country's technical future to take shape. We should also needs to exchange with other govt. on best practices and plans. It is anybody's guess how the next IT revolution will take shape.

### Scope of the Study:

The study aimed at Administration of Good Governance and Challenges faced in implementation of e-Governance in Maharashtra State of India. This study was confined to State of Maharashtra where in all five region of Maharashtra State from Rural as well urban parts were taken for the responses.

### Research Problem:

Whether there is significant relationship among the various categorical variables and the initiatives need to be taken for making an effective and efficient at rural part of Maharashtra.

### Research Objectives:

- 1) To know the perception of people in Maharashtra towards the roadmap of e-governance administration and implementation.

<sup>294</sup> [www.indiagov/knowledgeexchange/capacity\\_building.pdf](http://www.indiagov/knowledgeexchange/capacity_building.pdf)



- 2) To understand the relationship between different variables with respect to initiatives need to be taken by government in making e-Governance more effective and efficient for rural part of state of Maharashtra.
- 3) To find out the relationship between the categorical variables to make the e-Governance effective and efficient

### Hypotheses:

- 1) There is difference between gender of the respondents and initiative need to be taken by Maharashtra government
- 2) There is difference between educational qualification of respondents and initiative need to be taken by Maharashtra government
- 3) There is statistically difference between region of the respondents and initiative need to be taken by Maharashtra government
- 4) There is difference between reside in areas of the respondents and initiative need to be taken by Maharashtra government

### Limitations of the Study:

The major limitation of this study is that it is only restricted to Maharashtra State and the relationship with demographic variables; region, gender and qualification, residing area of respondents were studied in which limited number of variables were taken into account. The time duration of survey was between April, 2019 to December, 2020. Hence, the responses are based on the services provided during this period is subject to previous e- governance practices and administration and implementation are taken into account.

### Research Methodology:

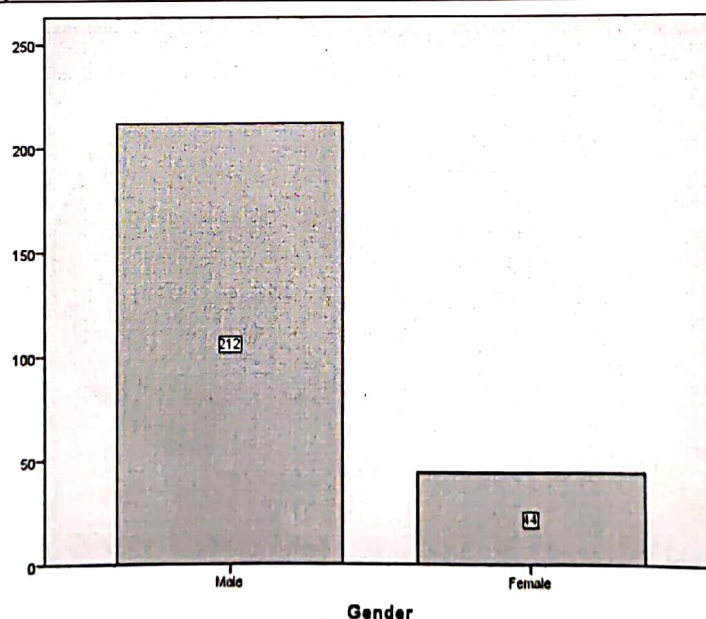
This paper has adopted Quantitative Research Method where in descriptive research design was administered to conduct the research. The self-structured questionnaire was used as the primary survey instrument for carrying out perception of the citizens of Maharashtra State. The researcher has adopted Non- Probability convenient sampling technique for collecting data. The sample respondents were from Maharashtra State where all five regions are covered to get varied responses from the respondents. In total 256 responses were included for analysis. In this scale 10 items/questions/statements were included to carry this survey. The study has administered SPSS Software for data analysis wherein the tests used are as follows; the reliability was checked through Cronbach's alpha. Frequency table, Charts, descriptive statistics, one way Anova,

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Independent Samples Test were used.

**Data Analysis of Demographic Profile:****Table No.1: Gender of Respondents:**

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	212	82.8	82.8	82.8
	Female	44	17.2	17.2	100.0
	Total	256	100.0	100.0	

**Source: Primary Data**

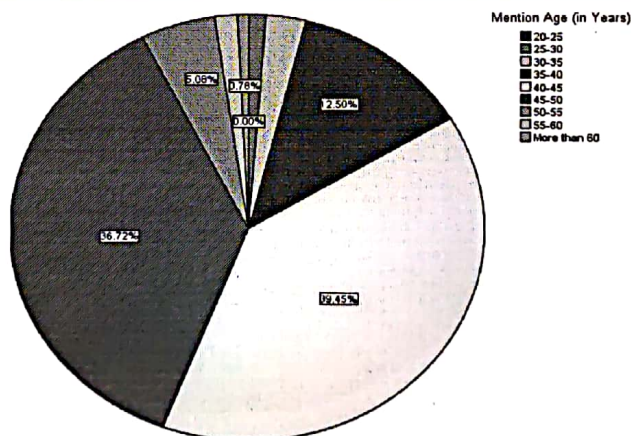
From above table and graph it has been observed that 212 were male respondents whereas 44 were female respondents. Thus, the response rate of male respondents were high than female respondents.

**Table No. 2: Age of the respondents**

Mention Age (in Years)
------------------------



		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25-30	3	1.2	1.2	1.2
	30-35	7	2.7	2.7	3.9
	35-40	32	12.5	12.5	16.4
	40-45	101	39.5	39.5	55.9
	45-50	94	36.7	36.7	92.6
	50-55	13	5.1	5.1	97.7
	55-60	4	1.6	1.6	99.2
	More than 60	2	.8	.8	100.0
	Total	256	100.0	100.0	

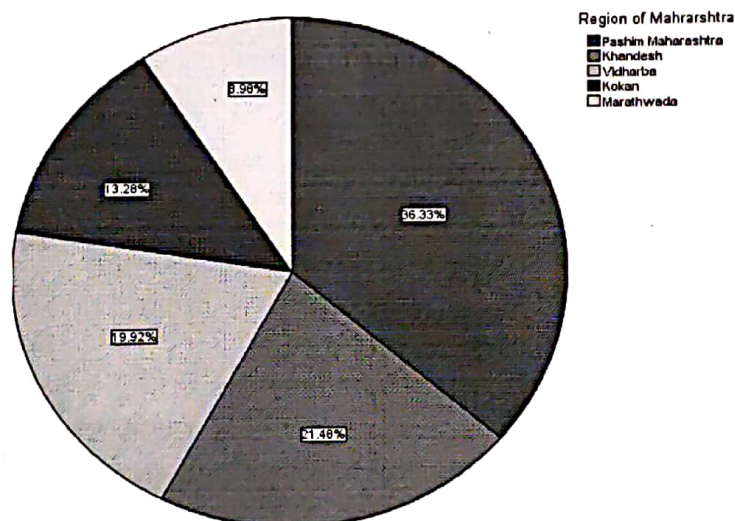


Source: Primary Data

From above table and graph it has been observed that 39.45% respondents were of age group 40 to 45 years, 36.72% respondents were of age group 45 to 50, 12.50% respondents were of age group 35-40 years, 2.7 % respondents were of age group 30 to 35 years, 5.08% respondents were of age group 50 to 55 years, 1.6 % respondents were of age group 55 to 60 years, 1.2 % respondents were of age group 25 to 30 years whereas 0.8% respondents were of more than 60 years age.

**Table No. 3: Region of Respondents**

Region of Maharashtra					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Pashim Maharashtra	93	36.3	36.3	36.3
	Khandesh	55	21.5	21.5	57.8
	Vidharba	51	19.9	19.9	77.7
	Kokan	34	13.3	13.3	91.0
	Marathwada	23	9.0	9.0	100.0
	Total	256	100.0	100.0	



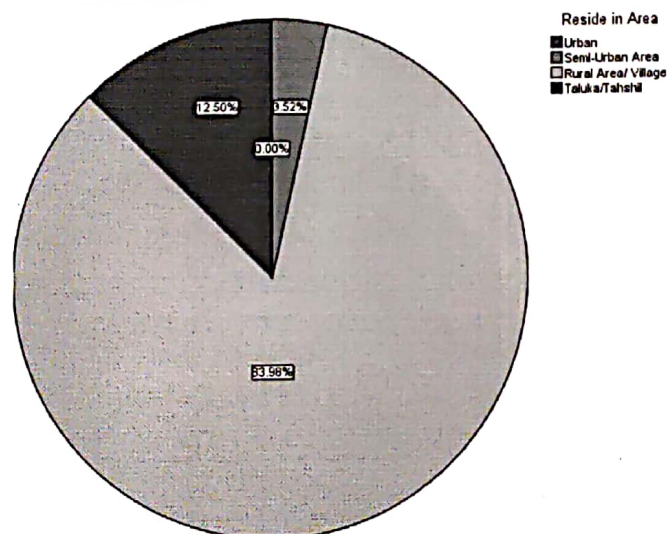
Source: Primary Data

From the table and graph it can be depicted that 36.33% respondents were from Pashchim Maharashtra, 21.48% were from Khandesh, 19.92% from Vidharbha, 13.28% were from Kokan and 8.98% were from Marathwada region of Maharashtra state. So it can be concluded that most of the respondents were from Pashchim Maharashtra, Khandesh, Vidharbha and who took part in this study as compare to Kokan and Marathwada.

**Table No.4: Residing area of Respondents**

Reside in Area
----------------

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Semi-Urban Area	9	3.5	3.5	3.5
	Rural Area/ Village	215	84.0	84.0	87.5
	Taluka/Tahshil	32	12.5	12.5	100.0
	Total	256	100.0	100.0	



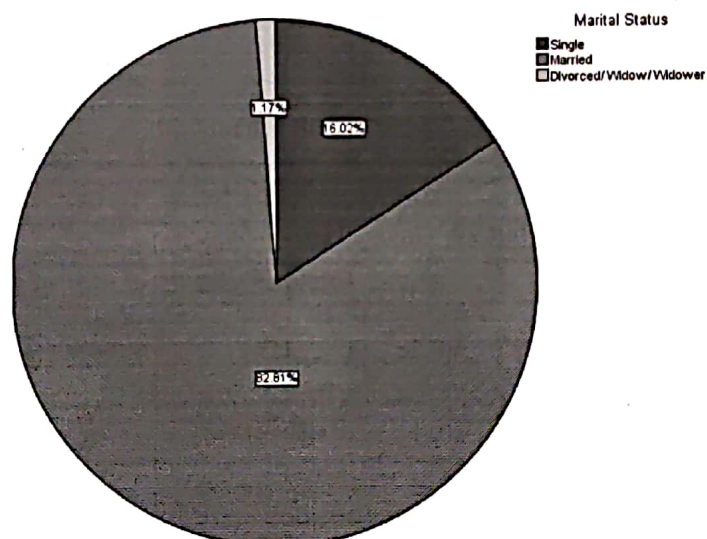
Source: Primary Data

From the table and graph it can be depicted that 83.98% respondents were from rural area, 12.50% were from tahsil place, 3.52 % from Semi urban area and there were no respondents from urban area.

**Table No. 5: Marital of the Respondents**

Marital Status					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	41	16.0	16.0	16.0
	Married	212	82.8	82.8	98.8
	Divorced/ Widow/ Widower	3	1.2	1.2	100.0

Marital Status					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	41	16.0	16.0	16.0
	Married	212	82.8	82.8	98.8
	Divorced/ Widow/ Widower	3	1.2	1.2	100.0
	Total	256	100.0	100.0	



Source: Primary Data

The above table and graph it can be concluded that 82.81 % respondents were married, 16.02 % respondents were single and 1.17 % respondents were divorced.

**Table No.6: Education Qualification of the Respondents**

Education Qualification					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Illiterate	5	2.0	2.0	2.0



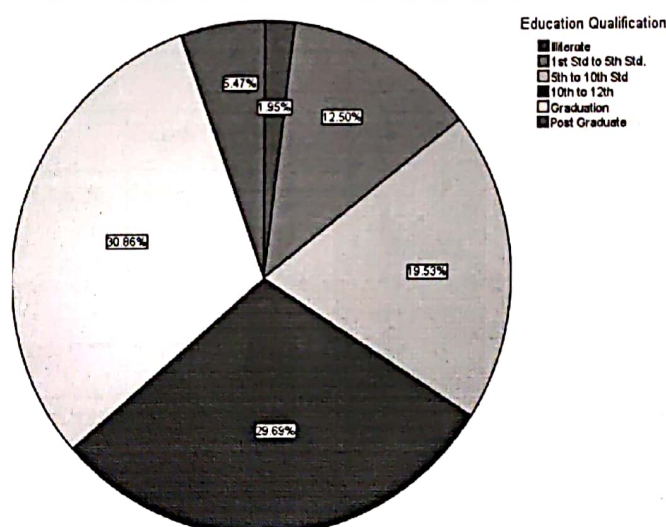
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1st Std to 5th Std.	32	12.5	12.5	14.5
5th to 10th Std	50	19.5	19.5	34.0
10th to 12 <sup>th</sup>	76	29.7	29.7	63.7
Graduation	79	30.9	30.9	94.5
Post Graduate	14	5.5	5.5	100.0
Total	256	100.0	100.0	

**Source: Primary Data**

From above table and graph it can be emphasized that very few (1.95 %) respondents were illiterate, 12.50 % were studied up to 5<sup>th</sup> standard, 19.53 % were studied between 5<sup>th</sup> to 10<sup>th</sup> standard, 29.69 % were studied between 10<sup>th</sup> to 12<sup>th</sup> standard 30.86% were graduate, post graduate were 5.47 % where as doctorate were 28.1 % Hence it can be concluded that graduate, postgraduate and doctorate respondents were participated than any other qualification

**Data Analysis & Hypotheses Testing:**

**Hypothesis 1: There is difference between gender of the respondents and initiative need to be taken by Maharashtra government**

**H0: There is no difference between gender of the respondents and initiative need to be taken by Maharashtra government**

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H1: There is difference between gender of the respondents and initiative need to be taken by Maharashtra government

**Statistical Test: Independent sample T test used to test hypothesis.**

The variable measurements of prospects of e-governance where in twenty factors were enlisted

Using Scale: (1-Not at all important, 2-Not Important, 3-Neutral, 4-Most Important, 5- Extremely Important)

**Table No.7: Independent Samples Test**

**T-Test**

Group Statistics					
	Gender	N	Mean	Std. Deviation	Std. Error Mean
Initiatives need to be taken by Govt.	Male	212	3.7500	1.26519	.08689
	Female	44	3.7955	1.28641	.19393

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Initiatives need to be taken by Govt.	Equal variances assumed	0.019	0.89	-0.216	254	0.829	-0.045	0.2102	0.4594	0.3685
	Equal variances not			-0.214	61.493	0.831	-0.045	0.2125	0.4703	0.3794



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	assumed									
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\*Note: Level of Significance ( $\alpha = 0.05$ )

Source: Primary Data

Since, all P value 0.89 is greater than level of significance ( $\alpha = 0.05$ ). Thus the Null Hypothesis is accepted. Hence, it is concluded that there is no difference between gender of the respondents and initiative need to be taken by Maharashtra government

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**Hypothesis 2: There is difference between educational qualification of respondents and initiative need to be taken by Maharashtra government**

**H0: There is no difference between educational qualification of respondents and initiative need to be taken by Maharashtra government**

**H1: There is difference between educational qualification of respondents and initiative need to be taken by Maharashtra government**

**Statistical Test: One way ANOVA used to test hypothesis.**

**Using Scale: (1-Not at all important, 2-Not Important, 3-Neutral, 4-Most Important, 5- Extremely Important)**

**Table No.8: One way ANNOVA**

ANOVA					
Education Qualification					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	19.965	4	4.991	3.727	.006
Within Groups	336.144	251	1.339		
Total	356.109	255			

**\*Note: Level of Significance ( $\alpha = 0.05$ )**

**Source: Primary Data**

Since, all P value 0.006 which is less than level of significance ( $\alpha = 0.05$ ). Thus the Null Hypothesis is rejected. Hence, it is concluded that there is difference between educational qualification of respondents and initiative need to be taken by Maharashtra government.

**Hypothesis 3: There is statistically difference between region of the respondents and initiative need to be taken by Maharashtra government.**

**H0: There is no statistically difference between region of the respondents and initiative need to be taken by Maharashtra government**

**H1: There is statistically difference between region of the respondents and initiative need to be taken by Maharashtra government**

**Statistical Test: One way ANOVA used to test hypothesis.**

The variable measurements were initiatives taken for effective e governance where in the level of importance to be given to each variable for an effective e governance framework through the use of ICT.

Using Scale: (1-Not at all important, 2-Not Important, 3-Neutral, 4-Most Important, 5- Extremely Important)

Table No.9: One way ANNOVA

ANOVA					
Region of Maharashtra					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.307	4	1.827	1.032	.391
Within Groups	444.439	251	1.771		
Total	451.746	255			

\*Note: Level of Significance ( $\alpha = 0.05$ )

Source: Primary Data

Since, all P value 0.391 is greater than level of significance ( $\alpha = 0.05$ ). Thus the Null Hypothesis is accepted. Hence, it is concluded that there is no statistically difference between region of the respondents and initiative need to be taken by Maharashtra government.

**Hypothesis 4:** There is difference between reside in areas of the respondents and initiative need to be taken by Maharashtra government.

H0: There is difference no between resided in areas of the respondents and initiative need to be taken by Maharashtra government.

H1: There is difference between reside in areas of the respondents and initiative need to be taken by Maharashtra government.

**Statistical Test:** One way ANOVA used to test hypothesis.

Using Scale: (1-Not at all important, 2-Not Important, 3-Neutral, 4-Most Important, 5- Extremely Important)

Table No.10: One way ANNOVA

ANOVA					
Reside in Area					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.473	4	.118	.772	.545

Within Groups	38.461	251	.153		
Total	38.934	255			

\*Note: Level of Significance ( $\alpha = 0.05$ )

Source: Primary Data

Since, all P value 0.545 is greater than level of significance ( $\alpha = 0.05$ ). Thus the Null Hypothesis is accepted. Hence, it is concluded that there is no difference between reside in areas of the respondents and initiative need to be taken by Maharashtra government.

### Discussions:

- 1) Administration initiatives of good e-governance need to be taken by Maharashtra State government for effective e-governance framework through the use of ICT does not vary region wise. Thus, while implementing e-governance need to be taken care equally irrespective of regions of state of Maharashtra.
- 2) Administration initiatives need to be taken by Maharashtra government for effective e-governance framework through the use of ICT does not significantly vary as per educational qualification of the respondent. Thus, despite of education everyone expects to implement effective e-governance framework across Maharashtra.
- 3) It was found that the initiatives need to be taken by Maharashtra government for effective e-governance framework through the use of ICT does not vary as per gender. It means the perception of people has remained same in administration and implementation of e-Governance.
- 4) It was found that the initiatives need to be taken by Maharashtra government for effective e-governance framework through the use of ICT does not vary as per residing in areas of the respondents

### Suggestions:

- 1) It has suggested that while administering and implementing initiatives need to be taken for effective e-governance through use of ICT, there should not be separate attention as per region wise. The state Govt. of Maharashtra has to implement good e-Governance across all regions of state without any bias towards region.



- 2) Irrespective of educational qualification there is dire need for each person of state of Maharashtra as there same perception of educated and uneducated people for making effective e-governance. So, while implementing e-governance framework there should be bifurcation as per qualification of citizens.
- 3) Gender does not have significant relationship while creating effective framework of e-governance through the use of ICT.
- 4) Residing area of respondents does not have significant relationship while creating effective framework of e-governance through the use of ICT.
- 5) There is dire need of revolution from traditional governance to e-governance for providing services towards people of state of Maharashtra.
- 6) The government of Maharashtra should improve the quality of the governance online services to make e-Governance more efficient and effective.

## Further Scope of Research:

The paper put forth the further study in relation with obstacles in implementation of e-governance at rural part of Maharashtra State. The Success of various schemes related to e-governance and digital India Mission can be studied in relation with different demographic variables.

However, this study paves the way to understand the phenomenon related to initiatives need to be taken for effective e-governance where in the variables - gender, region of residence, educational qualification and residing area of respondents are not significantly differ.

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**Emotional Intelligence: A Key in Mentoring**

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Associate Professor*JSPM's JSIMR affiliated to Savitribai Phule Pune University, Pune, Maharashtra, India***Abstract:**

*The paper aims to discuss the key role of Emotional Intelligence in mentoring. As the learning has an emotional base. The fundamental objective of mentoring is to establish relationships between mentees and the mentors. The basic aim of education is to develop the mentees by their mental, physical and emotional power to sustain in the competitive world. The sustainability in the competitive world requires the relationship between mentors and mentees.*

*The main argument is to develop the relationship between emotional intelligence and mentoring. The approach is inductive and deductive with support of experts' point of views on the concepts of emotional intelligence and mentoring process and its implementation in educational fields.*

*The main findings of the literature review show the use of emotional intelligence (EI) and how it impacts to mentors in mentoring interactions. Emotional Intelligence plays the major role in mentor- mentee relationship wherein a mentor effectively guides to the mentee transformational change in confront with life complexities. Thus, in mentoring process; the Emotional Intelligence plays significant role to develop mentees for overall progress.*

*The paper is based on a literature review and presents a call for new research. As such, it is not grounded in original empirical evidence, beyond that presented in the cited articles. It is based on secondary data has collected through various research articles and research papers.*

*The paper depicts the descriptive research which emphasizes the need of EI in mentoring. The major finding in this study shows that there is significant role of Emotional Intelligence in Mentoring.*

*This paper present the practical implications and advice to know how with basic concepts and processes and frameworks of emotional Intelligence and Mentoring and its systematic use in mentoring process at various setting s of life.*

*The paper offers evidence of theoretical grounded understanding of the use of Emotional Intelligence in mentoring which is a key to build up teamwork and motivate employees in the organisation as an innovative practice in HR practices. This idea of use of emotional intelligence may lead to increase the productivity and performance of the organisations which is directly or indirectly cause for increase the revenue of the organisation & growth of the economy of the organisation & ultimately Nation development.*

**Key Words:** Emotional Intelligence (EI), Mentoring, Sustainability, Transformational change, Productivity.

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**Introduction:**

A fundamental and central objective of any mentoring is to establish and support beneficial relationships between mentees and their identified mentors. The basic intention of the education is to develop the mentees by their mental, physical, and emotional power to survive in the competitive world. To sustain in the competitive world one should have to develop by proper mentors so they may succeed in their lives. The mentors should develop mentees in which they should be concerned about development through mentally sound, physically fit and spiritually elevated.

In modern time of management and administration, Emotional Intelligence (EI) concept has become a very important indicator of a person's knowledge efficiency and effectiveness at workplace, school, and personal life.

Throughout history, mentors have played a significant role in teaching, inducting and developing the skills and talents of others. Thus, in mentoring the Emotional Intelligence plays significant role to develop mentees for their overall progress. For this paper secondary data has collected through various research articles and research papers and journals etc. This is a descriptive type of study which emphasizes the need of EI in mentoring. The major finding in this study shows that there is significant role of EI in Mentoring.

**Objectives of the Paper:**

1. To understand the role of Emotional Intelligence in learning & in mentoring
2. To identify the key tasks and processes to enhance mentoring process through the effective emotional intelligence implementation
3. To study the challenges that occur in mentoring implies through emotional intelligence

**Research Design:**

The paper is based on secondary data where descriptive research method has adopted. This paper has focused on the conceptual aspects of Emotional Intelligence and its usage in Mentoring and learning. The study is limited to discussion of Emotional Intelligence and Mentoring.

**Theoretical Background of Emotional Intelligence and Mentoring:**

The first use of the term "Emotional Intelligence" is usually attributed to Wayne Payne's doctoral thesis, *A Study of Emotion: Developing Emotional Intelligence* from 1985. Emotional Intelligence is a comprehensive concept. Emotional intelligence refers to the ability to perceive, interpret and regulate the emotions of self and others. EI is generally defined as an individual's ability to accurately perceive reality so that to understand and regulate their own emotional responses as well as adapt and respond to others (Mayer, Salovey, 1997; Pellitteri, 2002). Later, added, as —the ability to perceive emotions, to access and generate emotions to assist thought, to understand emotions and emotional knowledge, and to regulate reflectively emotions to promote emotional and intellectual growth (Mayer, Salovey, 1997), this definition says, the Emotional Intelligence is integral part of Mentoring. To understand and regulate the emotions of self and other, we must guide them to right path, which is a part of mentoring and self-mentoring. As Hein (2007), stated EI as "the ability, capacity, skill, or potential to feel, use, communicate, recognize, remember, describe, identify, learn from, manage, understand and explain emotions. Based on the definitions mentioned above, EI is as a person's ability to be self-cognitive through understanding own emotions, detect emotions in others and manage emotional indication and information through intelligence. (Robbins, Judge, 2009).

**Concept of Mentoring:**

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The original meaning of the word ‘mentor’ refers to a “father figure” who sponsors, guides and develops a younger person. Mentoring is not merely an educational process but the mentoring is a process of molding behavior in order to influence others for the good favorable communication.

Mentoring is defined as, “an off-line help by an individual to another person in making significant transitions in work, knowledge or thinking. This mentoring programs aims to help the freshmen overcome the adversities that college life adjustment brings (Araño & Panganiban, 2006). Mentoring now looked at as a “promising approach for enriching children’s lives.”

The administration of First Asia Institute of Technology and Humanities (FAITH) formed the mentoring program to provide the students with guidance as they face the challenges of college life. Initially, it was for Education students then the program has been expanded to include all the courses. Faculty members act as mentors to each student to check his or her academic performance, to help development of the student as an individual and a true professional.

Mentoring is a learning process, which is helpful, personal, and reciprocal focusing on achievement; emotional support is a significant element. Within mentoring relationships, mentees develop and learn through conversations with more experienced mentors who share knowledge and skills that incorporated into their emotions, thinking and practice with a sole focus on competence.

### **Mentoring as Supervision:**

There is great significant correlation between mentoring and academic success. “Students who are supervised in one way or another, study better at school and socialize more easily” (Jacobi, 2001). Since developing EI is also an educational process aimed at achieving a particular set of skills, there would be a positive role of EI in the mentoring process. However, EI mold academic success. The relationship between various emotional, social abilities, and academic achievement that “the students who rate high on intrapersonal and interpersonal intelligence, adaptability which is consisting of abilities like being able to adjust one's emotions and behaviors to changing situations and conditions, and stress management which is, consisting of abilities like resisting or delaying an impulse also rate high in the academic achievement field” (Parker, 2004).

### **Emotion and Cognition:**

The role of EI and other non-cognitive variables impacts on learning. Emotions and cognition are work hand-in-hand. Ability to manage emotions makes a student smarter by helping to shape rational thought and learn practical skills (Jaeger, Eagan, 2007). Hence, the need for applicability of EI in the academic mentoring as well as work place mentoring

### **Mentor:**

Daniel Goldman stated, “The ability to be aware of and to handle one’s emotions in varying situations”, which emphasizes more on the mentoring to self-motivations as well as others too. This comprehensive definition states the supreme stability of mind of the mentor or the controller of the emotions.”

The original meaning of the word ‘mentor’ refers to a “**father figure**” who sponsors, guides and develops a younger person. Mentors play a significant role in teaching, inducting and developing the skills and talents of their mentees. An experienced individual, who serves as a role model to the students, facilitate the activities, provide counseling and support the mentee to build mutual trust to one another (Araño and Panganiban, 2006). Mentors are responsible for mentee’s versatile development consisting Attitude, Skills, Knowledge and moral as well as Spiritual development also.

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**Mentee:**

Mentee is defined as individual or a group of respondent(s) who participated in the mentoring program. The main intention of mentee's is to get help of mentors, to clear confusion, yield their own, Attitude, Skills, and knowledge repository to acquire future opportunities to be successful.

**Mentoring Program:**

"An intervention program, whereas the mentor builds rapport and trust and guiding mentee for helping them to cope up by their problems as they face the everyday changes in life" (Araño and Panganiban, 2006). Mentoring Programs were introduced in government departments and corporations. This movement occurred because organizations could see the advantage of implementing formal programs since they enabled potential learning and growth for employees on the job (Ehrich & Hansford, 1999). This program is being conducted by organization to boost employee's moral and give emotional stability by using various intervention techniques like spiritual and yoga assignments.

Formal mentoring programs vary greatly in nature, focus and outcomes. Mentoring yields benefits for mentees and mentors. Psychosocial support, such as encouragement, friendship, and advice and feedback on performance (Kram 1985), has also been identified as a positive outcome of mentoring for mentees.

**Impact of Mentoring Program on Mentee:**

Career advancement and Psycho-social support are often identified as two important outcomes of mentoring for the mentee (Kram 1985; Levinson, Darrow, Klein, Levinson & McKee, 1978). Mentoring is a relationship in which personal and professional growth is fostered, regardless of convention or tradition. Mentors often appear in less conventional form and guide and invigilate through complete evolution process. Traditional or informal mentoring arrangements where the mentor and mentee somehow find each other (Kram, 1985) continue to operate in many contexts. Jacobi (1991) noted that "some programs train mentors. Mentors are assigned to mentees and in other programs the mentee selects the mentor; some programs designate the location and frequency of meetings, while others leave it to the participants to decide". Jacobi, (1991) added, "In addition, some programs are evaluated while others are not or are "evaluated" by vague and imprecise techniques".

**Impact of Mentoring Program on Mentor:**

As mentoring is a two-way or reciprocal process, it provides benefits to the mentor also. As Levinson et al. (1978) stated that, "mentoring rejuvenates mentors' careers since it enables them to assist and shape the professional and personal development of mentees." According to Douglas (1997), other benefits for the mentor include increased confidence, personal fulfillment and assistance on projects. In relation to the benefits for the organisation, Murray and Owen (1991) identify several benefits of formal mentoring programs including increased productivity, improved recruitment efforts, motivation of senior staff, and enhancement of services offered by the organization.

**Is Mentoring Process detrimental?**

According to Long (1997), "under various conditions, the mentoring relationship can actually be detrimental to the mentor, mentee or both" (p.115). She identified several concerns regarding mentoring including:

- 1. A Lack of Time for Mentoring**

Mentor cannot give required time for mentoring to his mentee because of mentor's busy schedule, long distance and some other unavoidable problems, when s/he requires support from his mentor to boost morally and emotionally. Hence, the mentee may be confused and at a state of desperation and lose his / her confidence.

## **2. Poor Planning of the Mentoring Process**

Mentoring includes a number of processes. When at the time of preparation of this framework, the planner may not have appropriate information or due negligence of mentor and planner of process may change the track and the mentoring will drive a far from its real need. This problem can be arising due to miscommunication, negligence, faulty approach by mentee or mentor.

## **3. Unsuccessful matching of mentors and mentees**

Longer and stronger relationships are often mutually beneficial. It would be a mistake to assume that mentors stand nothing to gain. When mentors do not derive benefits, relationships are at greater risk for early termination (Snyder, Clary, & Stukas, 2000). One-sided relationships drain mentors of enthusiasm and leave mentees feeling burdened by the imbalance. Alternatively, when mentees see that admired adult's find it personally rewarding to spend time with them, they feel a new surge of self-worth and empowerment.

## **4. A lack of understanding about the mentoring process**

Mentor does not have sufficient knowledge mentoring process, how the mentoring takes place? What the steps are necessary? How to yield effects and positive impression on mentee? These are the important questions, providing significant understanding about mentoring. If the mentor fails to raise the questions and find apt answers, then it will be detrimental.

## **5. A Lack of Support**

Other drawbacks of mentoring from the organization's point of view include problems when there is a lack of support; the difficulties in coordinating programs within organizational initiatives; and the costs and resources associated with mentoring (Douglas, 1997, p. 86).

At the conclusion of this question "**Is Mentoring Process detrimental?**" the mentoring is process is not detrimental, if it is planned with cognizance, consciously and focused approach pursues. But the negligence, lacking of timing and knowledge make it detrimental.

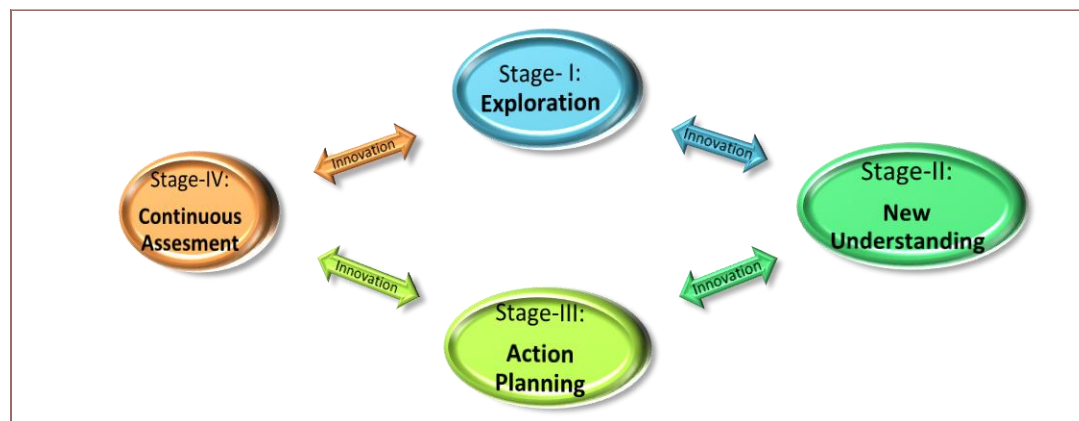
## **Four Stage Model of the Mentoring Process:**

This 4 stage model will be the extension for the '**skilled helper model**' described in Gerard Egan's Skilled Helper, is one useful framework. All stages of the model are outlined within Strategies for the Mentor, Methods, and guidelines on how to get maximum benefit during each stage of the model.

It is important to note that a mentoring discussion may consist of one key discussion strand during an individual session. The model may be utilized sequentially. A problem may be discussed over a number of meetings and the approach may be worked through and round during a number of meetings.

The model can be used in a number of ways:

1. What mentoring involves, and to Self-assessment as a mentor
2. A map of the mentoring process – to know what has been conducted, covered, and what needs of the future planning
3. To review the mentoring relationship over time, as the mentee moves towards achieving the goals identified earlier in the relationship
4. To enhance shared understanding of the mentoring process and relationship, and to develop the mentee's ability to use the model independently



**Diagram-1: Four Stage Model of the Mentoring Process**

### **Stage- I: Exploration**

Mayer and Cobb define EI as “the capacity to process emotional information accurately and efficiently, including the capacity to perceive, assimilate, understand and manage emotion,”(Cited in Hawkey, 2006). Mentor should explore to his mentee with intention to know his / her overall personality traits including, skills, mentality, emotional intelligence, IQ, and area of interest. Mentor always tries to gain control emotions, because without control emotion is chaos and this chaos always restrain human to succeed.

In this phase, mentor lead to create affinity and emotional attachment with mentee and vise-a-versa. Create an atmosphere that encourages exploration. Mentor explores mentee more closely through using his emotional legacy to know his /her personal traits through meeting and communication on very ground-level topics, this will help to mentor to peep in the mentee’s emotional world, which consists strong emotions, desires, likes, dislikes, which guide intelligence and currently uncontrolled and chaotic emotions. At the last, mentor actually prepares actions plan to tackle the mentees personality traits to get desired results.

With hand, insufficient exploration leads to faulty understanding in Stage 2 and hence to inappropriate plans. Investment of time and care in Stage One pays dividends later in the meeting and in the relationship. Resist the temptation to give advice or tell the mentee what to do. “Help mentees to arrive at own answers” is the motto of this stage.

There are occasions, when advice and direction are helpful but not during Stage One. This stage can be long for month if the issues are that much significant like changing personality values or attitude etc, or it will be for minutes issue for topics like new knowledge or skills

### **Stage- II: New Understanding:**

Each and every meeting with mentee shall reveal some new inputs to mentor so; Stage Two is the turning point in the process. New understanding is experienced depending on the individual mentee and the importance of the issue. Be flexible and resourceful. Be ready to move forward and sometimes to back stage caringly and constructively. New understanding often releases new energy and rapid excitement. Inculcate encouragement as it is necessary to face rapid excitement because it involves risk too, due to its new thing and not experienced at emotional level.

Arriving at a new understanding can be uncomfortable: the mentee may be resistant. Then progress can be slow and chaotic. This is the point where the need for more exploration. And turn around to Stage One.



If the mentee is resistant, mentor should aware about this resistance is due to panic and fear of the mentee, hence it will exercises more homework for mentor. Mentor initiate control through illustrations of successful stories to inspiration and find the causes of fear and plan remedies to vanish them. Mentor should be supportive and sensitive so that when mentor challenges, mentee should be conscious and receptive. Mentor should remember always “Challenge positively”, use the references of the mentee’s own achievements, positive qualities and potential to encourage as well as offer constructive criticism of current behavior, attitudes or perceptions that may be causing problems.

Mentor should help to mentees “to consolidate their own learning” as results of the Stage On. At the end of this stage, mentor should inculcate what the mentee has significantly learned and the implications of new developmental needs, goals and aspirations.

This stage may take hours, days, weeks or even months to fully understand a complex issue. It is dependent on experience, the nature and complexity of the issue and the quality of the mentoring conversations.

### **Stage-III: Action Planning:**

Stage Three is usually straightforward plans depends on found facts Stage One and Two and followed through when the mentee owns the solution. Mentor should advice and direction sparingly. Enhance commitment to change by clear agreements and target setting. Look after the relationship; discuss its progress with your mentee. Don’t expect every meeting to end in an action plan. Sometimes the action will be to meet again, and that will be progress enough. Appreciate and celebrate success. In this stage, it is important to implement the plans into action. Limited but strategic thinking is essential, due to actions which have been taken, direct or collateral effects on confidence level of the mentee takes place. Results of emotional revolution will develop competence and emotional experience or destruct intelligence. Competence and emotional experience might be used for strategic integration of emotions into decision making and emotional management process.

Sometimes the action phase is immediate but, in the case of complex attitudinal and behavioral issues, it may take weeks, months or even years to fully develop. As Robin S. Sharma has stated in his inspirational book “The Monk Who Sold his Ferrari”, “it is 21 days practice course to change your habits, personal traits and implement effective practices for life time.” he added, “the continuous efforts taking are very important”, here he promotes “Kaizen- the Japanese technique of continuous improvement” so again it differs from person to person.

### **Stage- IV: Continuous Assessment:**

Continuous Assessment of above three stages ought to be conducted hence we can illustrate the difference between two different statuses like past and current. So we can design the future desired status and again to start journey at Stage one i.e. Exploring. The difference between desire and achieved results may compare to plan corrective action is the main motto of this stage. Positive result of this assessment helps to encourage mentee and it contributes the confidence level of mentor also. The assessment is contemporary approach to all three stages, and this helps to take corrective actions as problem or mismatch encounter hence it helps to enhance robustness as well as flexibility of the process, this stage contributes throughout the framework. In this stage, a mentor may notice the changes in the level of emotional maturity of mentee. This maturity applied by a person known as EI of that person.

Daniel Goleman summarized this comprehensive approach and developed a framework of five elements that are Self-Awareness, Self-Regulation, Motivation, Empathy, and Social Skills are the main focused area for the mentor while exercise mentorship.

### **Innovation:**

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Every human nature is dynamic and different from another. It is also different from its own past status as it gets developed with the time and experience and it's dynamic in nature due to continuous changing in its behavior thought process.

Mentor may find each condition is different from previous condition. Solutions applied previously for some conditions may not apply to contemporary conditions, even if there are some similarities between both the conditions. Hence, the innovative ideas and techniques may used by mentor to tackle situation and help mentee to develop his / her solution. Hence the innovative aspect plays very important role in our 4 stage model of mentoring.

### **Role of Mentoring in School and Colleges:**

#### **Extra-Curricular Activities: The Group Mentoring**

Tenhouse (2007), stated that "Students become involved in extracurricular activities not only for entertainment, social, and enjoyment purposes, but most important, to gain and improve skills." This part of mentoring is necessary to develop team players, rather than focus on their own success first, they help others develop and shine. Team Players manage disputes efficiently, excellent communicators, and masters at building and maintaining relationships. (Goleman, 1995) According to the Bureau of Labor Statistics, educational activities take 3.2 hours/day of an average full-time college student. Leisure and sport comprise 3.9 hours/day (Goldrick-Rab, 2009). Thus, universities need to develop ways to link classroom learning to other aspects of students' learning. By working together in group with other individuals, students learn to negotiate, communicate, manage conflict, and lead others. According to multiple sources on extracurricular college activities and their impact on a student's personal growth. Participating out of-the-classroom activities may help students to understand the importance of critical thinking skills, time management, and academic and intellectual competence. It facilitates human interaction of different age groups, social and cultural backgrounds, and geographic locations, thus leading to increased learning and enhanced development. Hence, extra-curricular activities constitute the second most important setting to develop EI after the general education courses aspect.

### **Measures of EI:**

Hence, it is need to measure the EI involvement in mentoring. Mayer and salovey conceptualized the concept of Emotional Intelligence, introduced as enunciate four components of Emotional intelligence and stated as, "*the ability to perceive emotions, to access and generate emotions so as to assist thought, to understand emotions and emotional knowledge, and to reflectively regulate emotions so as to promote emotional and intellectual growth*" (Askanasy, 2003). This is the core of mentoring system; mentor must pursue the skills to manipulate mentees emotions to get greater results.

P. Salovey and J.D. Mayer, the leading researchers on emotional intelligence since 1990s, proposed a model that identified four different factors of emotional intelligence:

1. **Perceiving Emotions**

The fundamental skill of mentor is the ability to identify correctly - "how mentee is feeling."

2. **Using Emotions to Facilitate Thought**

The ability to create emotions and to integrate your feelings into the way you think. Mentor assists and shows the path to mentee to integrate feelings as to reach desired results.

3. **Understanding Emotions**

Mentor's ability of understand the basic causes of emotions. To restrain chaos it is necessary to understand self and mentee's emotions

4. **Managing Emotions**

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The assessment and encouragement for mentee to stay stable through forcing himself to regulate own emotions as s/he wants and needed by situations. “The ability to create effective strategies that use your emotions to help you achieve a goal.” stated Mayer, Caruso, Salovey, (2000)

These four factors are arranged from more basic psychological processes to higher, more psychologically integrated processes. Thus, these factors are developed in a chronological way through continuous effort and training.

**Conclusion:**

Mentorship helps to defuse doubts, boost confidence and self-assurance on the path to self-perfection and personal growth. Effective mentoring is good for mentors, mentees, and discipline. Mentor must be supportive to students in their challenges. Mentor assisting to come up with conclusion and solutions, helping to be confident, commitment, productivity, and professional success. In most cases, the system works well: students make informed choices regarding faculty with whom they work; faculty serve as effective mentors and fosters the learning and professional development through developing EI, and move on to the next phase of professional life. Developing EI may take mentoring, time, and effort, but the most important thing is that it can be developed. As to results of developing EI, there are several levels of advancement in the competency, skills and cognizant. The overall purpose is to follow the methods to develop EI in the chronological manner and take EI ability tracks improvement over time. By understanding the EI of Mentees, mentors may use their techniques to develop them in better way. Hence the role of EI in mentoring is significant and crucial for overall development. Thus by using Emotional Intelligence in mentoring is useful to build up teamwork and motivate employees as an innovative practice in HR practices in the organisation which is all the time leads to increase the productivity and performance of the organisations which is directly or indirectly cause for increase the revenue of the organisation. This cause provides the opportunity to increase the market share and potential of the organisation which helps to the growth of the economy of the organisations as a particular and helps the country to increase the economy as a whole.

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