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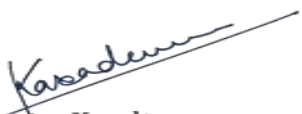
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The Impact of Marketing Mix on the Competitive Advantage in Small and Medium Scale Enterprises

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Research Paper

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)

Received 06 Mar., 2023; Revised 17 Mar., 2023; Accepted 19 Mar., 2023 © The author(s) 2023.

Published with open access at www.questjournals.org

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 Institute 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, positing, 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.

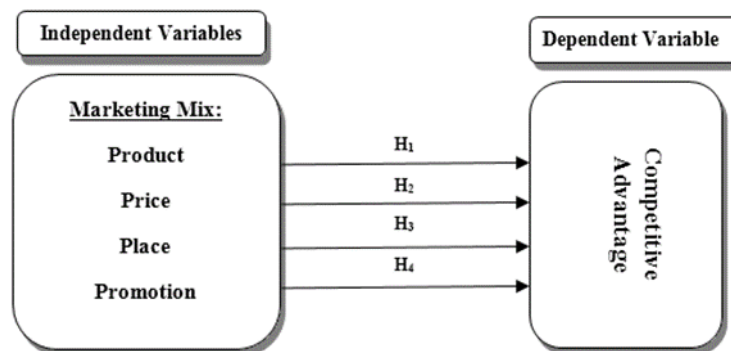


Figure 1: Conceptual Framework
Source: Researcher, 2023

Hypotheses:

- H₁: Product has a significant impact on achieving competitive advantage for SMEs in Pune.
- H₂: Price has a significant impact on achieving competitive advantage for SMEs in Pune.
- H₃: Place has a significant impact on achieving competitive advantage for SMEs in Pune.
- H₄: 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:

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

- Y = Competitive Advantage (CA) as dependent variable
- X = Product, Price, Place And Promotion as independent variables.
- β_0 = the intercept
- β = Slope of regression line/ Regression coefficient
- ϵ = Error term

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

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

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

Constructs	Number of Items	Cronbach's Alpha	Result
Product	4	0.910	Reliability Supported
Price	4	0.872	Reliability Supported
Place	4	0.847	Reliability Supported
Promotion	4	0.894	Reliability Supported
Competitive Advantage	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
	TOTAL	280	100%
Ages of Entrepreneur (years)	21 – 30 years	28	10
	31 – 40 years	112	40
	41 – 50 years	84	30
	Above 50 years	56	20
	TOTAL	280	100%
Highest Education status of Entrepreneur	Higher Secondary	84	30
	Graduation	168	60
	Master degree	25	9
	PhD	3	1
	TOTAL	280	100%
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
	TOTAL	280	100%

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*
Product	280	2.9929	0.96625	High level
Price	280	3.0571	0.83620	High level
Place	280	3.1357	0.81064	High level
Promotion	280	3.3143	0.92621	Very high level
Competitive	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
Competitive Advantage	1				
Sig.(2-tailed)	0.000				
Product	0.773**	1			
Sig.(2-tailed)	0.000	0.000			
Price	0.777**	0.772**	1		
Sig.(2-tailed)	0.000	0.000	0.000		
Place	0.742**	0.811**	0.655**	1	
Sig.(2-tailed)	0.000	0.000	0.000	0.000	
Promotion	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^b

Model	R	R ²	Adjusted R ²	Standard Error Estimate
1	0.858 ^a	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)^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	107.088	4	26.772	191.735	0.000 ^b
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: $CA = \beta_0 + \beta_1 \text{Product} + \beta_2 \text{Price} + \beta_3 \text{Place} + \beta_4 \text{Promotion} + \epsilon$

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	β	t-value	p-value	Decision
H ₁ : Product impact on competitive advantage	0.138	2.139	0.033	Supported
H ₂ : Price impact on competitive advantage	0.229	3.755	0.000	Supported
H ₃ : Place impact on competitive advantage	0.378	6.869	0.000	Supported
H ₄ : Promotion impact on competitive advantage	0.259	5.333	0.000	Supported

β = 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 R² 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.

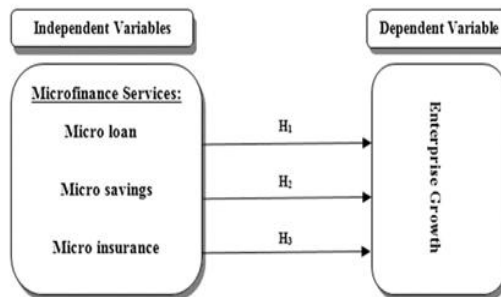


Figure 1: Conceptual Framework
Source: Researcher, 2023

Hypotheses:

- H₁: Micro loans has an influence on the growth of micro and small enterprises in Pune.
- H₂: Micro savings has an influence on the growth of micro and small enterprises in Pune.
- H₃: 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

χ = Micro loan, Micro savings, and Micro insurance as independent variables.

β_0 = the intercept

β = Slope of regression line/ Regression coefficient

ε = 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.

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

Constructs	Number of Items	Cronbach's Alpha	Result
Micro Loan	4	0.879	Reliability Supported
Micro Savings	4	0.854	Reliability Supported
Micro Insurance	4	0.896	Reliability Supported
Enterprise Growth	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%).

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

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.

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.

Model	R	R ²	Adjusted R ²	Standard Error Estimate
1	0.863 ^a	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)^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	128.622	3	42.874	303.592	0.000 ^b
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) + β_2 (Micro savings) + β_3 (Micro insurance) + ϵ

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	β	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
β = 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

H₀: Need for achievement has a no-significant influence on the financial performance of SMEs in Pune.

H₁: Need for achievement has a significant influence on the financial performance of SMEs in Pune.

H₀: Risk-taking propensity has a no-significant influence on the financial performance of SMEs in Pune.

H₂: Risk-taking propensity has a significant influence on the financial performance of SMEs in Pune.

H₀: Self-confidence has a no-significant influence on the financial performance of SMEs in Pune.

H₃: Self-confidence has a significant influence on the financial performance of SMEs in Pune.

H₀: Innovativeness has a no-significant influence on the financial performance of SMEs in Pune.

H₄: Innovativeness has a significant influence on the financial performance of SMEs in Pune.

H₀: Locus of control has a no-significant influence on the financial performance of SMEs in Pune.

H₅: Locus of control has a significant influence on the financial performance of SMEs in Pune.

Null Hypothesis = H₀; Alternate Hypothesis = H₁; H₂; H₃; H₄; H₅; 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

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

β_0 = The intercept

β = Slope of regression line/ Regression coefficient

ε = 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
	TOTAL	210	100%
Ages of Entrepreneur (years)	21 – 30 years	50	24
	31 – 40 years	57	27
	41 – 50 years	48	23
	Above 50 years	55	26
	TOTAL	210	100%
Highest Education Status of Entrepreneur	Higher Secondary	126	60
	Graduation	44	21
	Master degree	40	19
	PhD	0	0
	TOTAL	210	100%
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
	TOTAL	210	100%

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 distributed 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.

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).

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).

Construct	Financial Performance	Need for achievement	Risk – taking propensity	Self-confidence	Innovation	Locus of control
Financial Performance Sig.(2-tailed)	1 0.000**					
Need for achievement Sig.(2-tailed)	0.773 0.000**	1 0.000**				
Risk-taking propensity Sig.(2-tailed)	0.762 0.000**	0.790 0.000**	1 0.000**			
Self-confidence Sig.(2-tailed)	0.724 0.000**	0.613 0.000**	0.517 0.000**	1 0.000**		
Innovation Sig.(2-tailed)	0.773 0.000**	0.592 0.000**	0.587 0.000**	0.765 0.000**	1 0.000**	
Locus of control 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.

Model	R	R ²	Adjusted R ²	Standard Error Estimate
1	0.890 ^a	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.

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	35.783	5	7.157	154.708	0.000 ^b
Residual	9.437	204	0.046		
Total	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 β coefficients for each independent variable. These coefficients will be interpreted for each independent variable comparing to the priori expectations that all the β 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	β	t-value	p-value	Test Result
H ₁ : Need for achievement on financial performance	0.242	4.277	0.000	Null Rejected
H ₂ : Risk –taking propensity on financial performance	0.272	4.989	0.000	Null Rejected
H ₃ : Self- confidence on financial performance	0.164	3.088	0.002	Null Rejected
H ₄ : Innovativeness on financial performance	0.263	4.383	0.000	Null Rejected
H ₅ : Locus of control on financial performance	0.107	2.108	0.036	Null Rejected
β = 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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The Effect of Service Quality on Consumer Satisfaction in Restaurants

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

Menu	<ul style="list-style-type: none"> ▪ Variety of items ▪ Knowledge of menu items ▪ Truthfulness of menu ▪ Visually attractive menu 	Almohaimmeed, (2017)
Customer Satisfaction	<ul style="list-style-type: none"> ▪ Food Quality ▪ Menu ▪ Price ▪ Service ▪ Restaurant layout and ambience ▪ Returning to the restaurant ▪ Recommending the restaurant to others ▪ Overall satisfaction with the dining experience 	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.

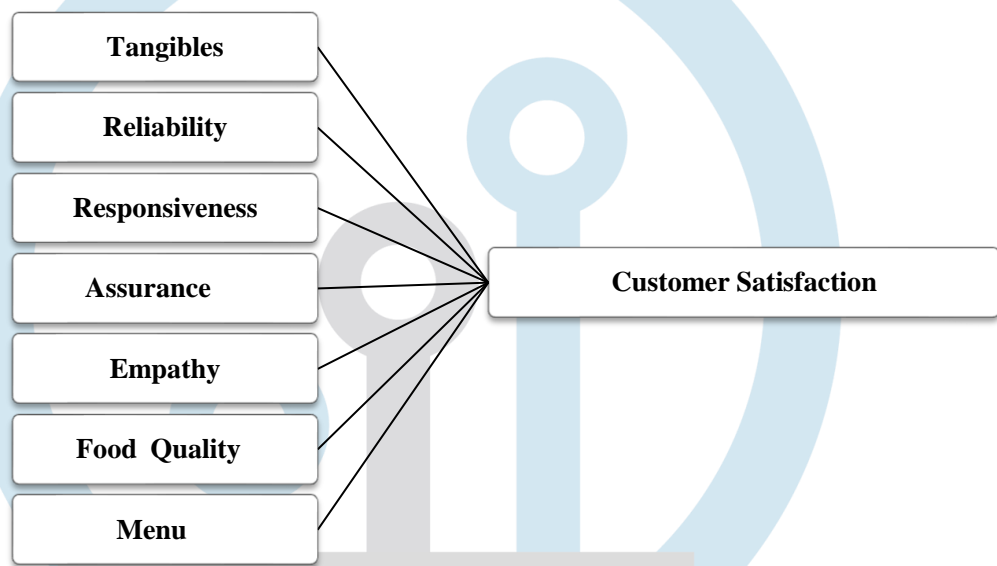


Figure 1: Conceptual Framework Source: Researcher, 2023

Hypotheses:

- H₁: Tangible component of service quality has a positive effect on customer satisfaction in restaurants.
H₂: Reliability component of service quality has positive effect on customer satisfaction in restaurants.
H₃: Responsiveness component of service quality has positive effect on customer satisfaction in restaurants.
H₄: Assurance component of service quality has positive effect on customer satisfaction in restaurants.
H₅: Empathy component of service quality has positive effect on customer satisfaction in restaurants.
H₆: Food Quality component of service quality has a positive effect on customer satisfaction in restaurants.
H₇: 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

χ = Tangible, Reliability, Responsiveness, Assurance, Empathy, Food Quality, and Menu as independent variables.

β_0 = The intercept

β = Slope of regression line/ Regression coefficient

ε = 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	42%
	Female	58%
	TOTAL	100%
Ages of Customer (years)	21 – 30 years	45%
	31 – 40 years	35%
	41 – 50 years	15%
	Above 50 years	5%
	TOTAL	100%
Never	26	10%

Number of Previous Visits to Restaurant	Once	90	35%
	Twice or more	140	55%
	TOTAL	256	100%

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*
Tangible	2.7041	0.60803	High Level
Reliability	2.8496	0.67978	High Level
Responsiveness	2.8018	0.56923	High Level
Assurance	2.6836	0.51638	High Level
Empathy	2.7705	0.53120	High Level
Food Quality	2.7354	0.56968	High Level
Menu	2.5957	0.42023	High Level
Customer Satisfaction	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
Tangible	0.389	2.572
Reliability	0.398	2.515
Responsiveness	0.353	2.830
Assurance	0.295	3.391
Empathy	0.328	3.048
Food Quality	0.332	3.016
Menu	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
Customer Satisfaction Sig.(2-tailed)	1 0.000**							
Tangible Sig.(2-tailed)	0.808 0.000**	1 0.000**						
Reliability Sig.(2-tailed)	0.792 0.000**	0.610 0.000**	1 0.000**					
Responsiveness Sig.(2-tailed)	0.807 0.000**	0.653 0.000**	0.636 0.000**	1 0.000**				
Assurance Sig.(2-tailed)	0.811 0.000**	0.732 0.000**	0.544 0.000**	0.723 0.000**	1 0.000**			
Empathy 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**		
Food Quality 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**	
Menu 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^b

Model	R	R ²	Adjusted R ²	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)^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	52.803	7	7.543	454.630	0.000 ^b
Residual	4.115	248	0.017		
Total	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 β coefficients for each independent variable. These coefficients will be interpreted for each independent variable comparing to the priori expectations that all the β 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	β	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_4 : Assurance Component of Service Quality on Customer Satisfaction	0.144	4.582	0.000	Null Rejected
H_5 : Empathy Component of Service Quality on Customer Satisfaction	0.111	3.240	0.001	Null Rejected

H ₆ : Food Quality Component of Service Quality on Customer Satisfaction	0.192	7.074	0.000	Null Rejected
H ₇ : Menu Component of Service Quality on Customer Satisfaction	0.182	6.115	0.000	Null Rejected

β = 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 H₁: Tangible component having the visually appealing physical facilities, comfortable seats in the dining room, neat-appearing employees, and clean restrooms. Similarly, H₆: Food Quality component having fresh food, aromatic and enticing food smell, delicious food taste. Furthermore, H₇: 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 H₁, H₆, and H₇ 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. H₂: 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. H₃: Responsiveness component: providing quality food with speed during the busy hours, prompt services, flexible and willing to serve guests. H₄: 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. H₅: 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 H₂, H₃, H₄ and H₅ 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, H₂, H₃, H₄ and H₅ are on the weaker position as compared to H₁, H₆, H₇. Hence it is recommended to enhance the Reliability (H₂) Responsiveness (H₃) Assurance (H₄) and Empathy (H₅).

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 MSME 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; Hacıoglua *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); Hacıoglua *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 portrayed as selecting actions to impact the company's environment. A strong proactive inclination provides 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 reveals 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 forces 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 generates 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 emphasizes 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 an enhanced perspective of the market needs and it furthermore indicates that the enterprise aspires 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 focuses on creating new products and procedures, while product-market innovation focuses 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 needs 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 described 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 selection 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 focus on the principle that entrepreneurs are inclined to undertake risky ventures (Becherer *et al.*, 2012). SMEs could select more gradual procedures and decide to lay hold of activities to follow a sequence of minor and less risk ventures. Entrepreneurial marketing describes 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 emphases 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.

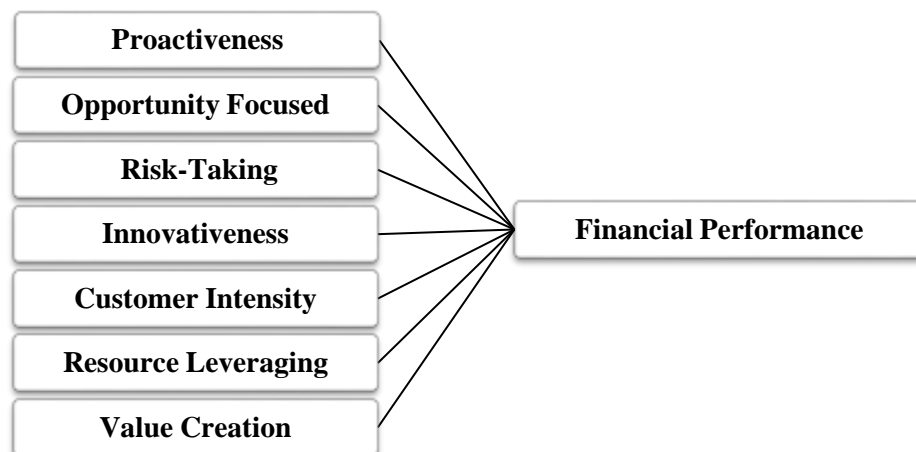


Figure 1: Conceptual Framework
Source: Researcher, 2023

Hypotheses:

- H₁:** Proactiveness has a positive impact on the financial performance of SMEs
- H₂:** Opportunity Focused has a positive impact on the financial performance of SMEs
- H₃:** Risk-Taking has a positive impact on the financial performance of SMEs
- H₄:** Innovativeness has a positive impact on the financial performance of SMEs
- H₅:** Customer Intensity has a positive impact on financial the performance of SMEs
- H₆:** Resource Leveraging has a positive impact on the financial performance of SMEs
- H₇:** 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

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

β_0 = the intercept

β = Slope of regression line/ Regression coefficient

ε = 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.% (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
Proactiveness	4	0.860	Supported
Opportunity Focused	4	0.872	Supported
Risk-Taking	4	0.865	Supported
Innovativeness	4	0.868	Supported
Customer Intensity	4	0.879	Supported
Resource Leveraging	4	0.875	Supported
Value Creation	4	0.882	Supported
Financial Performance	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	
Gender of Entrepreneur	Male	256	80
	Female	64	20
	TOTAL	320	100%
Ages of Entrepreneur (years)	21 – 30 years	112	35
	31 – 40 years	80	25
	41 – 50 years	64	20
	Above 50 years	64	20
	TOTAL	320	100%
Highest Education Status of Entrepreneur	Higher Secondary	80	25
	Graduation	192	60
	Master degree	48	15
	PhD	0	0
	TOTAL	320	100%
Experience in the Enterprise	Less than 2 year	48	15
	2 – 4 years	128	40
	4 – 6 years	80	25
	More than 6 years	64	20
	TOTAL	320	100%

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*
Proactiveness	2.7047	0.59245	High level
Opportunity Focused	2.8594	0.67750	High level
Risk-Taking	2.8039	0.55358	High level
Innovativeness	2.6758	0.50172	High level
Customer Intensity	2.7750	0.52425	High level
Resource Leveraging	2.7461	0.56562	High level
Value Creation	2.6000	0.41163	High level
Financial Performance	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
Proactiveness	0.406	2.461
Opportunity Focused	0.404	2.474
Risk-Taking	0.369	2.711
Innovativeness	0.313	3.196
Customer Intensity	0.342	2.924
Resource Leveraging	0.347	2.885
Value Creation	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
Financial Performance Sig.(2-tailed)	1 0.000**							
Proactiveness Sig.(2-tailed)	0.802 0.000**	1 0.000**						
Opportunity Focused Sig.(2-tailed)	0.785 0.000**	0.592 0.000**	1 0.000**					
Risk-Taking Sig.(2-tailed)	0.796 0.000**	0.646 0.000**	0.627 0.000**	1 0.000**				
Innovativeness Sig.(2-tailed)	0.795 0.000**	0.716 0.000**	0.522 0.000**	0.711 0.000**	1 0.000**			
Customer Intensity 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**		
Resource Leveraging 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**	
Value Creation 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^b

Model	R	R ²	Adjusted R ²	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)^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	62.689	7	8.956	546.384	0.000 ^b
Residual	5.114	312	0.016		
Total	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) + β_2 (Opportunity Focused) + β_3 (Risk-Taking) + β_4 (Innovativeness) + β_5 (Customer Intensity) + β_6 (Resource Leveraging) + β_7 (Value Creation) + ε

The regression output among other data gives the β coefficients for each independent variable. These coefficient will be interpreted for each independent variable comparing to the priori expectations that all the β 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 H₄ 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 H₆ 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 H₇ about the significant role Value creation in achieving financial performance on the part of Pune SMEs.

Table 9: Multiple Regression Analysis (MRA)

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

β = 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 H₁: Proactiveness: always on the the lookout for new ways to improve the enterprise and to for better ways to active things. Similarly H₅: Customer intensity: are driven by customer satisfaction and after-sales service. Furthermore, H₂: Opportunity focused: looks beyond current customers and markets for more opportunities, recognizing and pursuing new opportunities. H₆: 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 H₁, H₅, H₂ and H₆ 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. H₄: Innovativeness: using innovative approaches more efficiently and creating atmosphere that encourages creativity and innovativeness. H₇ Value Creation: creating value for consumers and pricing structure is designed to reflect value. H₃: 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 H₄, H₇, and H₃ 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, H₄, H₇, and H₃ are on the weaker position as compared to H₁, H₅, H₂, and H₆. Hence it is recommended to enhance Innovativeness (H₄), Value creation (H₇), and Risk-taking (H₃).

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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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 can 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

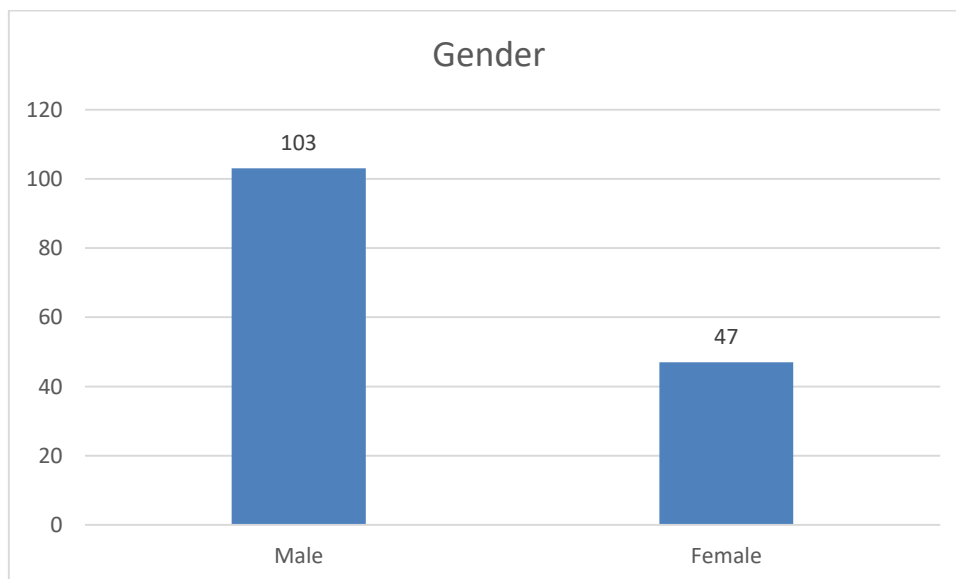
The assessment performed on the data gathered from the survey is shown in the part that follows. Individuals who are as of now living in Pune, India, were given the overview of requests. Taking into account that the survey was spread to 200 people and that 150 of them replied, the overall response rate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

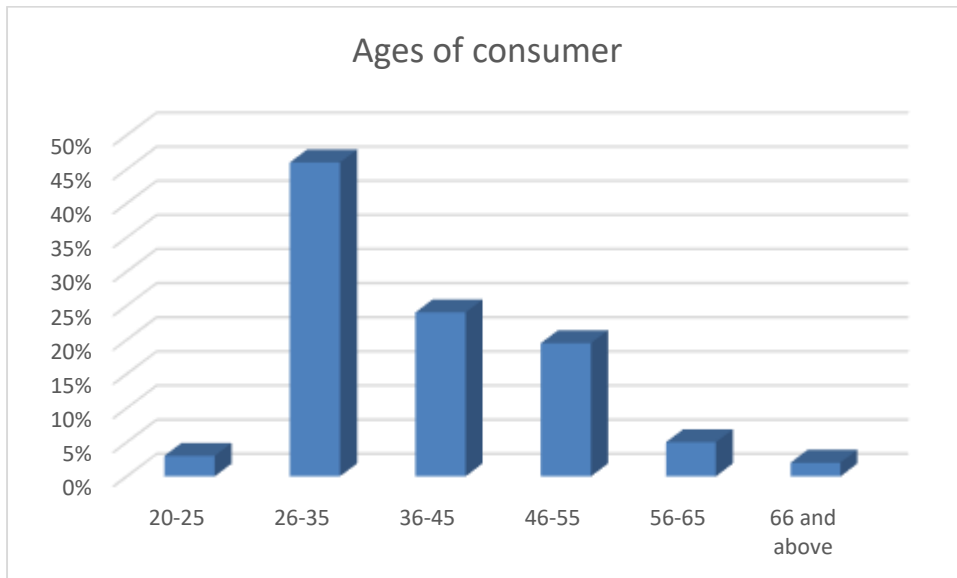
Gender		
	Respondents	%age
Male	103	68.60%
Female	47	31.40%
	150	100.00%



2. Age wise consumers

Ages

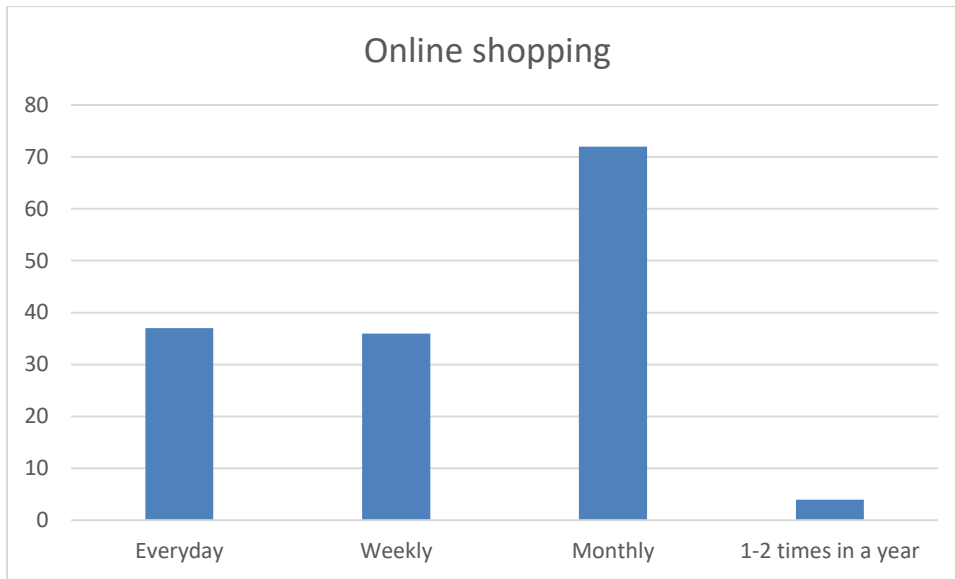
	Respondents	% age
20-25	5	3%
26-35	69	46%
36-45	36	24%
46-55	29	20%
56-65	8	5%
66 and above	3	2%
	150	100%



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

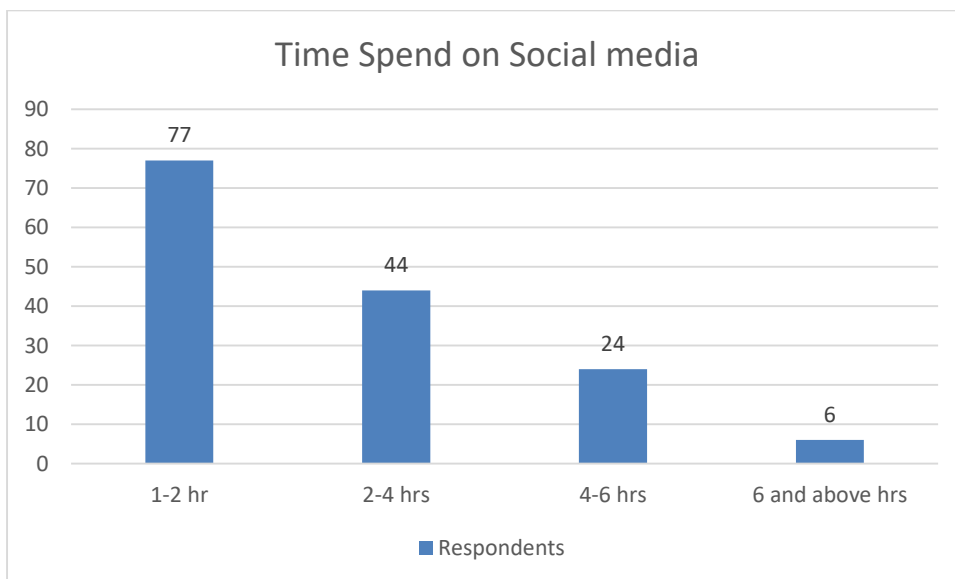
How often go for online shopping		
	Respondents	% age
Everyday	37	24.80%
Weekly	36	24.10%
Monthly	72	48.20%
1-2 times in a year	4	2.90%
	150	100.00%



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%

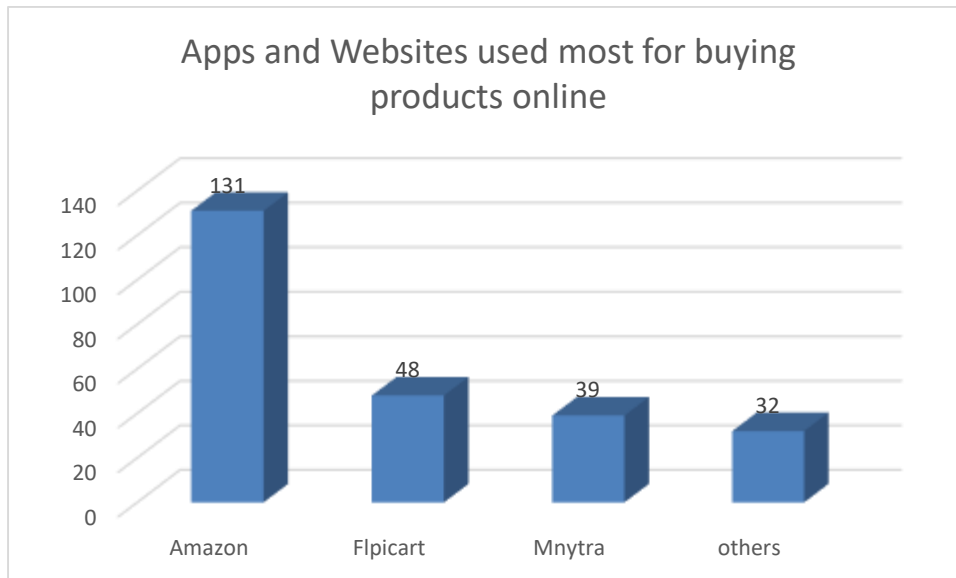


Our study's fourth inquiry posed to respondents how long a day they spend via web-based entertainment. By this, we discovered that a sizable piece of the populace, 51% of individuals, went through 1 to 2 hours every day via online entertainment. Also, 29 percent of the populace burned through 2 to 4 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:

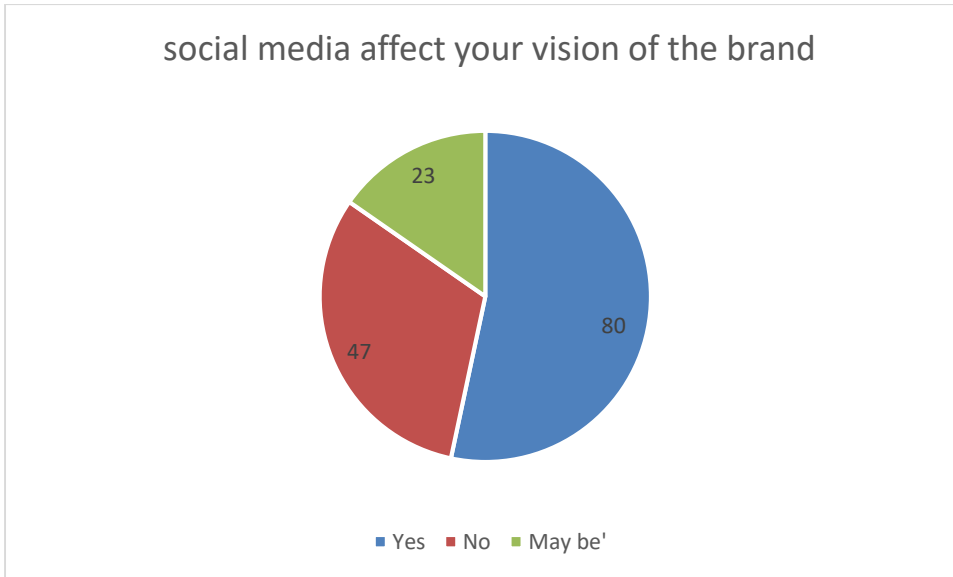
Apps and Websites used most for buying products online:		
	Respondents	%age
Amazon	131	87%
Flipkart	48	32%
Mnytra	39	26%
others	32	21%



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?

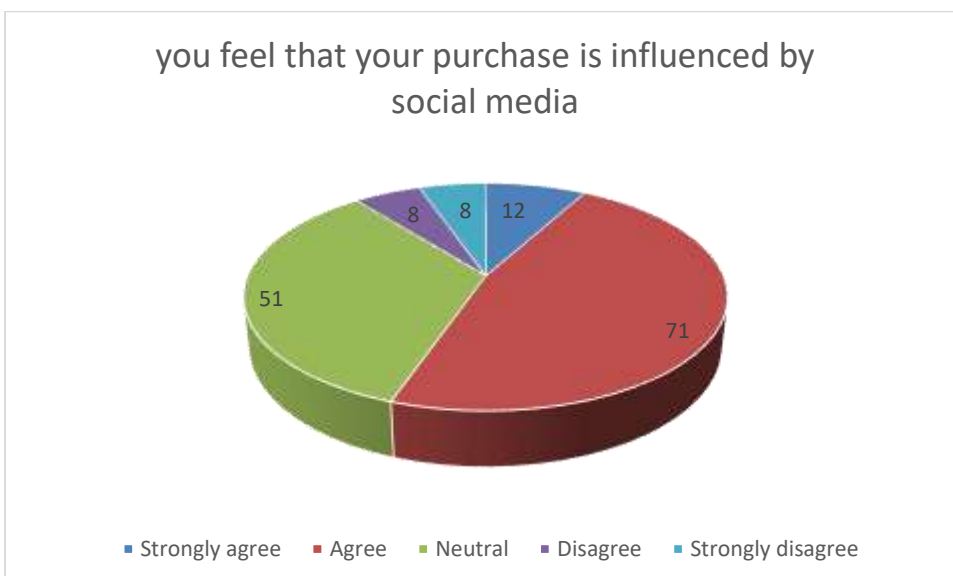
Does social media affect your vision of the brand?		
	Respondents	%age
Yes	80	53%
No	47	31%
May be'	23	16%
	150	100%



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?

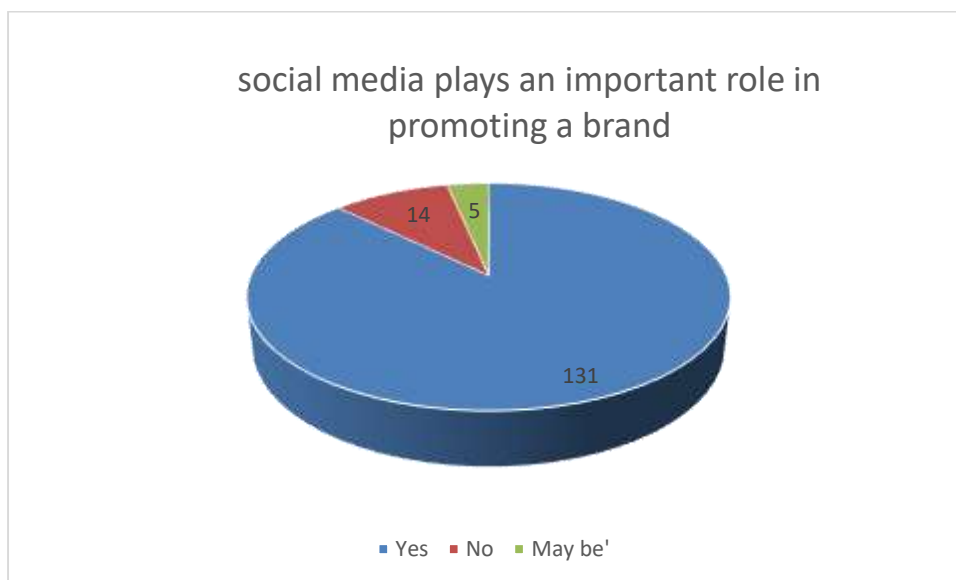
Do you feel that your purchase is influenced by social media?		
	Respondents	%age
Strongly agree	12	8%
Agree	71	47%
Neutral	51	34%
Disagree	8	6%
Strongly disagree	8	5%
	150	100%



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 (HA): 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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RABINDRA BHARATI JOURNAL OF PHILOSOPHY

UGC CARE Group I Journal
ISSN No: 09730087

CERTIFICATE OF PUBLICATION

This is to certify that the article entitled

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Published in

Department of Philosophy: Rabindra Bharati University

ISSN : 0973-0087

Vol. : XXIII, No:1(I), 2023

UGC CARE Approved, Peer Reviewed and Referred Journal



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(An Institute of ICSSR, Ministry of Education, Govt. of India and Govt. of Madhya Pradesh)

CERTIFICATE OF PUBLICATION

This is to certify that the article entitled

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ज्ञान-विज्ञान विमुक्तये

UGC

Published in Vol. 28, No: 2(vi), December 2023

Madhya Pradesh Journal of Social Sciences (ISSN: 0973-855X)

UGC-CARE List Group I

Impact Factor: 5.3


Editor-in-Chief