Abstract

Introduction

Small Business Enterprises are often considered as an economic engine. In the recent years, SBEs along with medium and micro enterprises have attracted substantial concern from various business researchers and business learners. The importance of small business is also marked significant in the present era known as “Information Age” as the information age is changing the dimension of business and its functioning. In almost every business the use of internet and other electronic sources are pivotal to communicate with their respective stakeholders including customers. The new form of marketing is creating its space in the traditional marketing arena that is Electronic Marketing or E-marketing which is abbreviated as E-marketing.

The definition of Small Business Enterprises varies from country to country depending upon the national and local needs. The main factors used to define SBEs are the number of employees and the capital invested. In India the SBEs are mainly organizations which have a capital investment of 2.5 million to 50 million for manufacturing sector and 1 million to 20 million for service sector. Similarly for Bhutan, SBEs is an organization which has 5-19 employees with a capital investment of 1 million to 10 million. In India the contribution of MSME is remarkable as it is responsible for 40% employment with 8% GDP contribution, whereas for Bhutan CSI constitutes 95% of the total industry, and has a major cultural and social impact on the country.

The major identified agencies in India comprises of Ministry of Micro, Small, and Medium Enterprises (M/o MSME), National Small Industries Corporation of India (NSIC), Coir Board of India, Khadi and Village Industries Commission, National Commission for Enterprises in the Unorganized Sector, ASSOCHAM and FICCI. Bhutan has agencies dealing specifically for the preservation, promotion, and growth of Cottage and Small Industries namely, Department of Cottage and Small Industries - Ministry of Economic Affairs, Bhutan Opportunity and Information Centre (BOIC), Handicraft Association of Bhutan (HAB), Association of Bhutanese Industry (ABI),
Association of Wood Based Industry, Loden foundation and non-governmental organizations.

To define E-marketing, the definition coined by Strauss and Frost has been used which goes as, “The use of electronic data and applications for planning and executing the conception, distribution and pricing of ideas, goods and services to create exchanges that satisfy individual and organizational objectives”. This definition has considered the main elements of E-marketing and it is adopted by the renowned organization, American e-Marketing Association.

The aim of this study is to compare the E-marketing practices in India and Bhutan, a developing and an underdeveloped nation respectively. The major concern is to analyze the current position of E-marketing practices and possible avenues to develop E-marketing in these two countries with respect to the local needs. There is a strong belief that virtual presence is important for any organization and in certain cases physical presence is more significant with the view point of survival and to gain customer advantage over the market. Each and every firm has to make an effort towards E-marketing practices and with this assumption this study is a comparative study on India and Bhutan.

Literature Review

The main intension of reviewing the literature is to streamline and strengthen the body of the theory affecting a study. Literature review of SBEs, E-Marketing, and the adoption models were surveyed, illustrated and reviewed. The definition of SBEs across the globe and a consensus with the literature is developed. The SBEs definition is mainly based on the local and national needs and thus the definition of the national agency dealing with SBEs can be the best possible definition to adopt for the purpose of this study. The definition identified for SBEs in Bhutan, “Any Manufacturing, production, trading and service business enterprise who have investment between BTN 10 lakhs to BTN 1 crore, is called Small Business Enterprises in Bhutan” whereas the definition for the Indian SBEs is found to be segregated under service and manufacturing sector. For the Manufacturing SBEs the definition is, “Any production or manufacturing Business Organisation where the investment is between INR 25 Lakh to INR 5 Crore”; for service sector the definition is identified as, “any trading or
service business organization where the investment is between INR 10 lakh to INR 1 crore”.

This study made an attempt to highlight the reasons why SBEs have not received proper attention from research point of view in developing and under developed countries where their status is overshadowed by the presence of the larger firms and their limited size in terms of finance, human resource, top management and information systems. At the same time the potentiality in terms of creativity, innovativeness, economic support, and employment, of SBEs cannot be ignored and therefore SBEs are considered to be important socially and economically. Thus, it can be concluded from this section, that there is a gap in terms of studies conducted on SBEs specifically. As these firms are special with regard to their size and structure, a special attention should be given to these enterprises. Both India and Bhutan are trying to give attention to these Enterprises. Bhutan has created a separate department that is, Department of Cottage and Small Industry (DCSI) under the Ministry of Economic Affairs (MoEA); whereas India has created a separate Ministry that is, Ministry of Medium, Small and Micro Enterprises (M/o MSME). This clearly shows the significance of these sectors at the perception of the governments.


As an extension to the definition, the literatures related to the tools of the E-Marketing that is, Internet marketing, Intranet Marketing, Extranet marketing, E-mail marketing, Extranet marketing and Mobile marketing are reviewed. It is found that with the increased penetration of internet in the world in general and in India and Bhutan in particular. The potentiality of E-Marketing practices cannot be ignored. E presence does not guarantee a firm of increased market share, but not having an e presence actually gives a set back to the firm in terms of industry and consumer trends. The review acknowledges that all the E-Marketing tools can be used by a single firm together, but a willingness to promote the products by using a single tool may create a difference in the marketing performance. This section studies the E-marketing tools in
the light of the literatures available and identifies a strong need to test the penetration of such tools in Indian and Bhutanese SBEs.

The last section of chapter on literature review deals with six theories and models used to identify the variables affecting the adoption of E-marketing practices. Having been examined the literatures of the Technology Acceptance Model (TAM) and Innovation Diffusion Theory (IDT), it is found that they are the most used and accepted theory for any enterprises planning to adopt a new technology. Both the theories are found to complement each other as far as the adoption of IT is concerned. TAM is based on two beliefs, Perceived beliefs/usefulness (PU) and Perceived ease of use (PEOU); along with two constructs, attitudes towards the use of IT and Behavioural intention to use. In total, these four components lay the foundation to TAM as a Model. On the other hand, Innovation Diffusion Theory is found to be in more detail related to adoption of an Innovation. Many researchers have found IDT, a more useful theory for the adoption of a practice. This theory suggests that adoption and continuity of adoption of any practice happens through four stages that is, Knowledge, Persuasion, Decision and Confirmation. At the first stage, there are three factors, Social System Norms; Tolerance and deviancy; and Communication integration. The second stage is affected by factors like, Relative Advantage; Compatibility; Complexity; Triability; and Observability. Followed by the third stage where the adoption or rejection of an innovation happens, and finally at the fourth stage the confirmation where it is decided to continue with an innovation. Many researchers have found that these two models are incomplete and require proper extension in order to achieve efficiency in identifying more factors affecting the adoption of E-Marketing.

The Third Model/Theory discussed is Decomposed Theory of Planned Behaviour. It is an extension of Theory of Planned Behaviour (TPB). In this model technology adoption is a direct function of behavioural intention and perceived behavioural control. This model has identified six factors affecting ultimately the actual usage of a technology. These Six factors are, Relative Advantage; Compatibility; Complexity; Normative Influence; Efficacy; and Facilitating Conditions. The fourth model that is discussed is E-Business Development Model. This model mainly considers the
limitation of TAM and IDT, and segregates the factors under macro and micro factors affecting the adoption of E-business activity by an Enterprise.

The B2B selection model as described by Ng considers that there are two types of influencing factors affecting the adoption of B2B models. They are: Internal and External factors. The Internal factors are Resource available; target market segment and market scope; Nature of product and services; technological infrastructure and knowledge; Understanding of e-business models; Organizational structure and culture; types of business strategy. The external factors are: type of industry; competitors’ influence; and the market trends used by the researchers in studying adoption practices with regards to E-Marketing.

The last model discussed is E-Marketing Adoption Model specifically designed for SBEs and therefore it can be referred as E-Marketing Adoption by SBEs Model. This Model is special for the present study, as this has incorporated most of the existing Models and theories in identifying the factors affecting adoption of E-Marketing. It has been made an extension to TAM and IDT models, it has also been incorporated the arguments and outcomes in the other three models in one way or the other. The factors have been broadly segregated as External Macro factors; Internal Micro factors; and TAM & IDT factors. Twelve factors are identified completely and they have an effect on Adoption of E-Marketing practices.

In conclusion, an attempt has been made to investigate the literatures of all the elements which are important from the view point of the researcher. Moreover, many terms that are closely related and confused in the definitions are clarified analysed. Based on the literatures and the Theoretical foundations laid through literature review, the Research Gaps, Research Questions, Scope and Research Objectives have been laid.

**Research Methodology**

Based on the literature review it is identified that, no study has been conducted on the SBEs in India and Bhutan although there have been plenty of researches conducted on CSI and MSMEs. Moreover, they are identified specifically because of the advent of the latest technology and the potentiality of E-Marketing in providing marketing edge
in the emerging economies like India and Bhutan. Further, it has been identified that in the era of globalization where IT is more pervasive form of communication, the study on E-Marketing practices in these nations is needed.

Besides, the Methodology chapter incorporates the Research Problem based on the notion that E-presence does not guarantee a firm’s excellence over success but certainly gives a platform to reap the digital avenues available. It depends on how strategically and skillfully the electronic platform is used for the marketing activity. The research problems are streamlined in terms of the research questions such as:

i. What is the current status of E Marketing usage among Indian and Bhutanese SBE’s?
ii. What are the different tools, levels and forms of implementation of E-marketing by SBE’s in India and Bhutan?
iii. What are the different factors affecting the adoption of E-marketing by Indian and Bhutanese SBE’s?
iv. What is the relationship between E-Marketing adoption and the type of firm that is, manufacturing or service?
v. What is the position of adoption of E-marketing tools in terms of effectiveness and what is the orientation of Entrepreneurs towards E-marketing?
vi. What is the relationship between factors affecting practices/of adoption in E-marketing, Effectiveness of E-marketing tools, and orientation of Entrepreneurs?

Based on the above questions the scope of study is registered together as “E-Marketing practices among Indian and Bhutanese Small Business Enterprises”. Based on the research gaps, research problem, and questions, the following research objectives are established for undertaking the study. They are as follows:

1. To find out the current status of E-marketing practices among Indian and Bhutanese SBEs.

2. To explore the different forms, implementation levels, and tools of E-marketing used by SBEs.
3. To explore the effectiveness of the E-marketing tools and its future potentiality from the Entrepreneurs perspective.

4. To develop a theoretical model dealing with the adoption of E-marketing and Small Business Enterprises.

5. To use this model to evaluate the potential of E-marketing for SBEs in developing countries like India and underdeveloped countries like Bhutan.

In order to answer the research questions and achieve the objectives of the study six alternate hypothesis are established they are as follows:

H₁: Factors affecting practices of E-marketing have significant relationship with effectiveness of E-Marketing.

H₂: Factors affecting practices of E-marketing have significant relationship with Entrepreneurial Orientation.

H₃: Effectiveness of E-marketing has significant relationship with Entrepreneurial Orientation.

H₄: Effective marketing tools will mediate the relationship between factors of E-marketing practices and Entrepreneurial Orientation.

H₅: There is significant difference in the perception factors affecting practices of E-Marketing, Effectiveness of E-marketing tools and Entrepreneurial Orientation between India and Bhutan.

H₆: There is significant difference in the perception factors affecting practices of E-Marketing, Effectiveness of E-marketing tools and Entrepreneurial Orientation between Industrial/Manufacturing and Services/trading sector.

The Research Methodology chapter further enlists and defines the factors identified through the literatures and theories, this study has used five models namely, Technology Acceptance Model (TAM), Innovation Diffusion Theory (IDT),
Decomposed theory of planned behavior extended as Theory of Planned Behaviour (TPB), B2B Selection Model, and E-Marketing adoption Model. The factors adopted from each of this theories/model for the purpose of this study have been defined along with specific code assigned to each of the factors. Based on which the Research Model and the statement of alternate hypotheses are established.

A special strategy has been adopted for the collection of data as the study is based on the specific identities of India and Bhutan. As India has almost all types of Industry, it is essential to find the industrial profile of Bhutan which is done through the information and data collected through various agencies. The main data used for the identification of SBEs are adopted from the data of BCCI (Bhutan Chamber of Commerce and Industries), based on the Industrial profile of the SBEs in Bhutan the similar enterprises are identified from India. The second aspect is considered, while data collection is the geographic and demographic conditions, an attempt has been made to compare the samples from similar bases. Considering the demographic and geographic profile, capital of Bhutan that is, Thimphu cannot be compared with capital of India that is, New Delhi, but it can be compared with capital of state of Sikkim that is, Gangtok. The samples in India have been thus collected from those locations which have Industrial, demographic, and geographic similarities with Bhutan.

**Data Analysis and Interpretations**

Analysis of the data collected from SBEs of India and Bhutan have been analyzed. The chapter starts with giving a detailed outlook of the respondents profile based on location i.e. India or Bhutan, Type of Industry i.e. Industrial/Manufacturing or Service/trading, Educational Qualification, Annual Sales, and Involvement of Enterprise. The total samples collected being 410 with 226 from Indian SBEs and 184 from Bhutan. These samples were collected based on the strategy mentioned under chapter 3. Before proceeding with the analysis, reliability test was conducted to check the internal consistency of the samples, reliability test was done through Cronbach’s Alpha for factors affecting practices of E-marketing (22 items), Effectiveness of E-marketing tools (8 items) and Entrepreneurial Orientation (5
items). The Cronbach’s Alpha values received for these three broad measures were more than .7 along with overall reliability at .793 (45 items). These results show that the data collected is reliable, and has a good level of internal consistency. The statistics are presented for India and Bhutan separately along with the total. For the current status of E-Marketing in India the analysis have been made for the three tools of E-Marketing i.e. Mobile E-Marketing, E-mail Marketing, and web based Marketing. The comparisons between India and Bhutan have been made on the basis of five factors, i.e. location, type of Industry, Annual Sales, Qualification of the entrepreneur and type of Mobile phones used. Statistical tools used are frequency table, comparative mean scores, and cross-tabulation. The results show that E-marketing tools are moderately used in the two countries with India showing better results for all the three levels of E-marketing. It is also explored that smart phones and calling tablets are not used efficiently for the purpose of E-Marketing. Especially Bhutan who has a major population of respondents using Smart phone, but their usage of E-marketing is found to be low.

This chapter further explores the descriptive statistics for the three broad measures i.e. factors affecting practices of E-marketing (termed as factors_E_Mkt), Effectiveness of E-marketing tools (termed as Effectiveness), and Orientation of Entrepreneur (termed as Entrepreneurial Orientation). The analysis being carried out by way of Comparative means, Independent factor T-test and Cross tabulation. The independent factor T-test shows that there is significant difference between the results of the two countries. Also the t-test proved that there is significant difference among the two sectors i.e. Industrial/ manufacturing and Service/ trading, as well.

The next section of this chapter covers the correlation, which have been used to test the broad hypothesis established in the beginning of this research. All the hypotheses were accepted through correlation, though the level of relationship was found to be moderate only. After Correlation the impact of factors was tested through Regression analysis, where it was found that maximum factors have a significant impact on the other factors. Linear Regression analysis was further used to test the sub hypothesis, primarily the adoption/practices and secondly for the association of factors. The alternate hypotheses were accepted or rejected based on p<.05 i.e. at 95% confidence level.
This chapter, also analyses the responses through Structural Equation modeling (SEM), where the uni-dimensional analysis is conducted for the proposed model. The model fit is achieved by eliminating 2 factors from the first path diagram for factors affecting practices of E-marketing, secondly the effectiveness of E-marketing tools was achieved model fit by dropping one factor, and Entrepreneurial Orientation achieved model fit by retaining all the factors. SEM analysis also tested the mediation role of Effectiveness for the input (factors affecting E-Marketing practices) and Output (Entrepreneurial Orientation). Where the p values were found significant and partial mediation was proved.

Conclusions and Recommendations

To conclude the finding of this study in light of the theories and literatures and in order to address the research gaps this study has established research questions and answers for each research question was obtained through the literatures and findings of the data collected. Status of E-marketing in India and Bhutan is found to be at a nascent stage among SBEs, and the prime reasons identified are the non-willingness and low level of orientation of Entrepreneur towards this concept. Both the countries have their own set of concerns to deal with. This study supports the statement of Hoffman and Novak (1997, 1996), that SBEs have not fully understand the potential of digital market place and still rely on the traditional market practices and techniques. Despite the penetration of advanced mobile phones among SBEs, very limited use of mobile phone E-marketing was found. Indian SBEs were found doing better in all the three tools of E-marketing tested i.e. Mobile E-marketing, Email Marketing, and Web based E-marketing. E-mail marketing which otherwise is a strong tool of marketing is not used efficiently in Bhutan; however, the Indian SBEs are largely dependent on the use of E-mail marketing. The increased usage in the mobile phone application have increased the marketing activity through Whatsapp, we chat etc. when such use of mobile phone was compared with the number of mobile phone available in the economy a sad picture emerged.

The three levels of E-marketing usage were found for the obvious reasons i.e. B2B, B2C and B2G. In both the nation’s government is a strong customer and many SBEs are relying on it. For the tools, this study accepted the five tools proposed by Strauss and Frost (2001). However, the use of Intranet and extranet was not found among the
SBES covered for this study. This chapter further highlighted on the factors affecting practices/adoption of E-marketing and the hypotheses associated with it. As part of Conclusion a significant difference was explored through the Independent sample T-test for location i.e. India and Bhutan, and sector i.e. Industrial/manufacturing and Service/trading.

It was further concluded that there is a direct, positive and significant relationship between factors affecting practices/adoption of E-marketing and Orientation of the Entrepreneurs. But the study also found that Effectiveness of E-marketing tools are performing a partial mediation between the two factors. The model proposed hence, found relevant and applicable with acceptable level. All these findings are in a way the contribution to the body of literature from this study.

For the recommendation this study find that the required infrastructure is available in both the countries and some where it is the willingness, awareness and orientation of the entrepreneur that is not making the use of E-marketing to the level it should have been. One of the key players to develop orientation of Entrepreneurs is the government and its allied agencies which can create difference by way of imparting trainings and awareness campaigns. The government regulations can also play an important role in the practice/ adoption of E-marketing. The cyber security and cyber laws are another area where the government has to look into so that the net security issue can be resolved. The chapter ended with limitations and by proposing the guidelines for future researches.