Chapter III

Research Methodology

3.1. Introduction

This Chapter throws light on the methodology and the research problem considering the literatures and research gaps identified in the previous chapter. The Research Questions and Research Objectives are framed based on the Gaps and the need for the study. Various factors are explored in the context of E-Marketing and Small Business Enterprises to achieve scientific efficiency. The study is mainly on the use of E-Marketing in Bhutan and India and on the firms which are already involved in E-marketing based on the feedbacks from the industry and the Government agencies. Most importantly, the researcher, in this chapter, investigates the problem statement, the research Objectives, the exploration of factors, meaning and definition of factors, and the Proposed Research Model,

3.2. Need for the Study & Research Gaps identified:

Almost all the researches on E-marketing in SBEs are conducted in the European Nations, other western countries, New Zealand and Australia. All these studies are done in the developed economy context. A few studies have been conducted on a developing economy (Egypt) but the context is with the developed Economy. The researcher considers E-Marketing as a strong tool for countries like Bhutan and India who have relatively a major domestic market as E-Marketing and can act as a door way to the global economy.

- No study is conducted on E-marketing in the least developed economy like Bhutan.
- There is no study available on SBEs specifically, in Indian and Bhutanese context; usually most of the studies conducted are on MSMEs or CSIs.
- A very limited studies are available on comparative study on India and Bhutan, but no studies are available in the field of marketing.
The new advents in E-Marketing that is, Mobile Applications have not been so far incorporated in the researches conducted in the field of E-marketing.  

E-marketing can be a potential tool to help SBEs to increase their competitive advantage effectively.

The models available on E-Marketing are relevant for the developed economies. Their relevance in the developing and under developed economies needs to be tested.

The adoption of E-marketing in India and Bhutan is particularly interesting as both nations have their own marketing environment although the awareness towards computers is very recent and is increasing at a very fast rate.

The dynamics of the E-Marketing is changing with the advent of E-commerce websites, launch of various social networking smart phone applications, and the change of attitude of the sellers and buyers in these two countries albeit they require a study to analyze the latest marketing practices.

Bhutan as a nation has recently drawn the attention of the world because of the new dimension towards the economy that is, GNH (Gross National Happiness). The history and practices of this nation are based on sustainable and eco-friendly practices and E-marketing as a digital framework follows the same principles.

Most importantly, in the context of this research, no study has been conducted on the developing country, India and the least developing nation, Bhutan. The researcher feels that, in the era of globalization where the IT is most pervasive form of communication, a study on the E-marketing practices of these two nations is a bare necessity.
3.3. Research Problems, Research Questions and Scope of the Study

3.3.1. Research Problem

The presence of the internet is not a guarantee for a firm’s excellence for success. The advantage of the internet mainly depends on how strategically and skillfully it has been used but the absence of the internet guarantees the risk of a firm. In the modern era, internet is becoming a basic need for survival of any firm. The firms irrespective of size and scale have to mark their virtual presence along with the real presence in order to gain competitive advantage as well as more customer base. Firm risks losing its customer unless they have the presence on the website, which can enable the customers to browse the website of the competitor for any queries and sales transactions (Kotabe and Helsen, 2000). The theory says that if somebody marks his virtual presence he is shifting from the local market to the world market. Both India and Bhutan have so many items to offer to the world consumer market. The advantage for India is its own huge domestic market, and the problem with Bhutan is a thin national population shrinking the domestic market. This study considers E-Marketing as a potential solution to combat the problem of consumer market as with E-market. Today the whole world is within the reach of the marketing activity. The most important issue is how E-Marketing can permeate the firms and the current practices.

It is important to understand the E-marketing practices by the Indian and Bhutanese small businesses. At the same time this study analyzes the factors affecting the E-Marketing activities in these Small Business Enterprises. In addition, it evaluates the effectiveness of each tool of E-Marketing with respect to the present use and future potential and to evaluate the E-marketing practices in these two countries.
3.3.2 The Research Questions

The following questions will be the integral part of this research based on the above problem statement related to the Indian and Bhutanese SBEs:

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/adoption of E-marketing, Effectiveness of E-marketing tools, and orientation of Entrepreneurs?

3.3.3 Scope of the Study

This study is a comparative study of E-marketing practices between Small Business Enterprises of India and Bhutan and analyses the current practices and adoption of electronic marketing among both the manufacturing and service SBEs in these two countries. To put it in a statement, the scope of the study is: “e-Marketing practices among Indian and Bhutanese Small Business Enterprises”.
3.4 Research Objectives

The objectives of the research are as follows based on the research questions:

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.

3.5 Exploring the Factors Affecting E-Marketing Adoption by SBEs:

After reviewing the literatures and other studies, it is found that the adoption of E-Marketing is not only dependent on TAM and IDT but also on a number of other factors. E-Business Model proposed by Ng (2005), states that there can be factors which have a significant role in adoption of E-business. These factors are: Organisation Culture, Type of offering by an Organisation or Product of the Organisation, Resources of an enterprise like financial resources, human resources and technical resources, and the organization size. The term organization size is a comparatively narrow term; the researcher believes that a more appropriate word can be used in the place of organization size so as to meet the effectiveness of this research.

By studying the other literatures, it has been found that the prominent researchers of E-Marketing like El-Gohary (2006, 2009, 2013), have a more focused approach on E-Marketing adoption practices. It is found that the adoption factors of E-Marketing can be segregated into two parts, that is, internal factors and external factors. The tested
factors relevant for the purpose of E-Marketing have been adopted for the present study. In order to achieve efficiency of these factors a tool has been generated in the form of a Questionnaire containing close ended and 5 point Likert scale based questions. Most of these adopted factors are sufficiently backed by the literatures and accepted theories. The researcher has also taken a liberty to test a few factors which are available in the literatures but they are not supported well. The following paragraph covers, segregation, introduction, and definition of factors that are adopted.

3.6. Definition and Meaning of factors adopted for the purpose of this study

3.6.1. Internal factors:

Internal factors include all the factors which are internal to an enterprise or organization. These factors are the micro factors which are either part of a firm’s strength or weakness or they have a direct effect on the functioning of the organization. Moreover, they are comparatively controllable and thus can be molded as per the needs of an organization. In the context of literatures discussed in the previous chapter the internal factors are segregated into three sub-parts namely, 1) TAM and IDT factors; 2) E-Business internal influencing factors; and 3) Other internal micro factors. The variables under each head are given below:

3.6.1.a Innovation and Technology Acceptance factors:

The factors borrowed from Technology acceptance Model (TAM) and Innovation Diffusion Theory (IDT) are referred as Innovation and Technology Acceptance factors. After, reviewing the literatures and other studies, five factors have been shortlisted to conduct a study on E-Marketing among Small Business Enterprises. The five variables are perceived ease of use, perceived usefulness, compatibility, complexity, and relative advantage. The meaning and definition of each of these factors are given below (Table 3.1.).
<table>
<thead>
<tr>
<th>Variable Code</th>
<th>Variables</th>
<th>Major Studies/Researches</th>
</tr>
</thead>
</table>
3.6.1.b E-Business Internal Influencing factors:

The variables based on Preliminary Model for the Selection of B2B E-Business Models by Ng (2005) has been adopted and tested by many researchers as given in the previous chapter (Chapter 2). The four variables adopted are: organization culture, type of Products, resources, organization critical mass. These variables are defined along with the major researches conducted and they are given below (table 3.2).

Table 3.2: E-Business internal influencing factors

<table>
<thead>
<tr>
<th>E-Business Model</th>
<th>Variable Code</th>
<th>Variables</th>
<th>Major Studies/ Researches</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EB1</td>
<td>Organisation Culture: The Degree of environmental support available in the organization as a part of regular practices or culture supporting the adoption or use of E practices.</td>
<td>Ng(2005); El-Gohary (2006 &amp; 2009); McCoy, Everard and Jones (2005); Fillis, et al. (2004), Hamill (1997), Hoffman, et al (1999), Eid (2003)</td>
</tr>
<tr>
<td></td>
<td>EB2</td>
<td>Type of Product: The type offering in the form of a physical product (manufacturing &amp; trading both) and services offered by an enterprise.</td>
<td>Ng(2005); El-Gohary (2006 &amp; 2009); McCoy, Everard and Jones (2005); Fillis, et al. (2004), Hamill (1997), Hoffman, et al (1999), Eid (2003)</td>
</tr>
<tr>
<td></td>
<td>EB3</td>
<td>Resources: is the sum total of all the physical resources required by an enterprise to embrace E-Marketing practices.</td>
<td>Ng(2005); El-Gohary (2006 &amp; 2009); McCoy, Everard and Jones (2005); Fillis, et al. (2004), Hamill (1997), Hoffman, et al. (1999)</td>
</tr>
<tr>
<td></td>
<td>EB4</td>
<td>Organization Critical Mass: precisely, refers to the organizational structure. The Degree of mutual cooperation, consent, analytics and coordination within the organization to adopt or practice E-marketing activity within the organizational framework.</td>
<td>Ng(2005); El-Gohary (2006 &amp; 2009); McCoy, Everard and Jones (2005); Fillis, et al. (2004), Hamill (1997), Hoffman, et al. (1999), Eid (2003)</td>
</tr>
</tbody>
</table>

3.6.1.c. Other Internal Micro factors

The other internal factors extracted from the literatures and the theories available are clubbed under the following headings. These variables are: Net Security, Cost, Entrepreneurial skills, and Accessibility. The meaning and the definition in the context of the present study is given below (table 3.3).
Table 3.3: Other Internal Micro factors

<table>
<thead>
<tr>
<th>Variable Code</th>
<th>Variables</th>
<th>Major Studies/ Researches</th>
</tr>
</thead>
</table>

3.6.2. External factors:

External factors refer to all the factors available to the enterprise in the form of trends and opportunities. The external factors have been specially emphasized by the various studies conducted like Eid (2003), Fillis, et al (2004), Ng(2005), El-Gohary (2006,2009,2012,2013). The tested external factors that have been found instrumental are incorporated as variables in this research. This has been segregated under three broad headings as, 1) Industry factors, 2) Customer’s willingness and readiness, 3) Government Support and Environment factors.

3.6.2.a. Industry factors

Industry factors include all the factors that are derived from the Industry enterprise. After analyzing the literatures, the Industry factors have been found predominantly revolving around three variables in the context of E-Marketing. These variables are Industry or group of firms categorized under the same organization cluster, Competition or inter firm rivalry, and Market Trend. The significance and the purpose of this study are given below (table 3.4):
### Table 3.4: Industry factors

<table>
<thead>
<tr>
<th>Variable Code</th>
<th>Variables</th>
<th>Major Studies/ Researches</th>
</tr>
</thead>
<tbody>
<tr>
<td>IF2</td>
<td><strong>Competition:</strong> also known as Inter firm rivalry. It includes the degree of firm’s responsiveness to other firm’s decision in a particular direction.</td>
<td>Ng(2005); El-Gohary (2006 &amp; 2009); McCoy, Everard and Jones (2005), Fillis, et al (2004), Hamill (1997), Hoffman, et al (1999), Eid (2003), Kotabe and Helsen (2000)</td>
</tr>
</tbody>
</table>

### 3.6.2.b. Customer & Government factors:

Another area found instrumental is Customer willingness and readiness in accepting a new marketing style or strategy. Ultimately every marketing technique depends on the customers’ acceptance level. The sample investigates the enterprises and not the customers and their willingness. The perception of the enterprise has been incorporated in order to capture the willingness and readiness of the customers. Another issue is the customer literacy about the various tools available.

In addition to customer, according to literatures, government factors play an important role in the functioning of enterprises in the economy. The government machinery emerges to be super machinery behind every individual firms functioning within an economy. In mixed economies like India and Bhutan, the dependency over government’s policy is comparatively high. After analyzing the literatures three variables have been extracted which have played a significant role, in other economy and are expected to play an important role in the adoption/practice of E-marketing for India and Bhutan as well. The variables identified are, Government pressure, National Infrastructure, and Government support. The individual definition is given below (table 3.5).
### Table 3.5: Customers’ & Government factors

<table>
<thead>
<tr>
<th>Variable Code</th>
<th>Variables</th>
<th>Major Studies/ Researches</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR1</td>
<td><strong>Consumer Readiness:</strong> denotes the degree of consumer willingness to accept E-marketing as a marketing technique as per the perception of the enterprise.</td>
<td>El-Gohary(2006,2009 &amp;2012), Kanchanatanee et al (2014)</td>
</tr>
<tr>
<td>CR2</td>
<td><strong>Customer Literacy:</strong> Denotes the degree of customer awareness and skills with respect to the usage of E-tools to be used under E-marketing</td>
<td>El-Gohary(2006,2009 &amp;2012)Kanchanatanee et al (2014)</td>
</tr>
<tr>
<td>GS3</td>
<td><strong>Government Support:</strong> Government support means the support platforms in the form of IT assistance, data bases, government incentive programs, special targeted policies etc. enabling the firm to mark their E-marketing presence.</td>
<td>El-Gohary(2006,2009 &amp;2012), Kanchanatanee et al (2014), Khan and Syed (2015)</td>
</tr>
</tbody>
</table>

### 3.7 Proposed Model and Instrument/measures used

#### 3.7.1. Proposed Model

Based on Literatures review and discussion with the experts of the industry, the following model is proposed.
Figure 3.1: Proposed Model for the present Study

Source: Researchers Contribution Based on Literatures and preliminary observation

Figure 3.2: Simplified Model for the present Study

Source: Researchers Contribution Based on simplification of initial proposed model
3.7.2. Instrument/Measures used

The measures/ instruments used for the purpose of this study is the broad factors namely, Factors affecting practices of E-marketing that is the combination of twenty two adoption/practices. These factors are discussed in the earlier part of this chapter. They are:

1. Organization Culture
2. Type of Product
3. Resources
4. Cost
5. Competition
6. International Orientation
7. Government Regulations
8. Net Security
9. National Infrastructure
10. Industry Norms & Practices
11. Organization Critical Mass
12. Perceived ease of Use
13. Perceived usefulness
14. Accessibility
15. Market Trend
16. Compatibility
17. Complexity
18. Relative Advantage
19. Entrepreneur Skills
20. Government Support
21. Consumer readiness
22. Customer Literacy

The second broad factor or instrument used is Effectiveness of E-marketing tools that includes eight statements of the questionnaire that is, Effectiveness (appropriateness) of E-marketing tools. They are related to the present conditions and
future potentiality for Mobile based marketing, E-mail based marketing, website based marketing, and intranet based marketing.

And the third broad factor/instrument used is **Entrepreneurial Orientation** that is the combination of awareness about E-Marketing, Willingness to have E-presence, and agreement levels for effectiveness of mobile E-marketing, Web based marketing, and E-mail based marketing.

3.8. **Statements of Hypotheses:**

3.8.1. **Major Hypotheses**

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.
3.8.2. Sub-Hypotheses for Dependency on Practice/ adoption of E-Marketing

\( H_1: \) Practices/ Adoption of E-Marketing is dependent on the SBE’s internal factors.

\( H_{11}: \) Practices/ Adoption of E-Marketing is dependent on Innovation and Technology Acceptance factors.

\( H_{11a}: \) Practices/Adoption of E-Marketing is dependent on Perceived Ease of Use.

\( H_{11b}: \) Practices/Adoption of E-Marketing is dependent on Perceived Usefulness.

\( H_{11c}: \) Practices/Adoption of E-Marketing practices is dependent on Compatibility.

\( H_{11d}: \) Practices/Adoption of E-Marketing practices is dependent on Complexity.

\( H_{11e}: \) Practices/Adoption of E-Marketing is dependent on Relative Advantage.

\( H_2: \) Practices/Adoption of E-Marketing is dependent on Other Internal Micro factor.

\( H_{2a}: \) Practices/Adoption of E-Marketing is dependent on Net Security.

\( H_{2b}: \) Practices/Adoption of E-Marketing is dependent on Cost.

\( H_{2c}: \) Practices/Adoption of E-Marketing is dependent on Entrepreneur Skills.

\( H_{2d}: \) Practices/ Adoption of E-Marketing is dependent on Accessibility.

\( H_{2e}: \) Practices/Adoption of E-Marketing is dependent on International Orientation.

\( H_3: \) Practices/Adoption of E-Marketing is dependent on E-Business Model factors.

\( H_{3a}: \) Practices/Adoption of E-Marketing is dependent on Organisation Culture.

\( H_{3b}: \) Practices/Adoption of E-Marketing is dependent on Type of Product.

\( H_{3c}: \) Practices/Adoption of E-Marketing is dependent on Resources.
**H_{E1d}:** Practices/Adoption of E-Marketing is dependent on Organization Critical Mass.

**H_{E}:** Adoption of E-Marketing Practices is dependent on the SBE’s External factors.

**H_{E1i}:** Practices/Adoption of E-Marketing is dependent on Industry factors.  

**H_{E1a}:** Practices/Adoption of E-Marketing is dependent on Type of Industry.  

**H_{E1b}:** Practices/Adoption of E-Marketing is dependent on Competition.  

**H_{E1c}:** Practices/Adoption of E-Marketing is dependent on Market Trend.  

**H_{E2i}:** Practices/Adoption of E-Marketing is dependent on Customer and Government  

**H_{E2a}:** Practices/Adoption of E-Marketing is dependent on Customer readiness.  

**H_{E2b}:** Practices/Adoption of E-Marketing is dependent on Customer Literacy.  

**H_{E2c}:** Practices/Adoption of E-Marketing is dependent on Government Pressure.  

**H_{E2d}:** Practices/Adoption of E-Marketing is dependent on National Infrastructure.  

**H_{E2e}:** Practices/Adoption of E-Marketing is dependent on Government Support.

### 3.8.3. Sub-Hypotheses for Association between factors affecting Practice/Adoption of E-Marketing and Sectors of SBEs

<table>
<thead>
<tr>
<th>S.No</th>
<th>Hypotheses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>H_{A1}: There is a significant association between Organisation Culture and Sector of the SBEs.</td>
</tr>
<tr>
<td>2</td>
<td>H_{A2}: There is a significant association between Type of Product and Sector of the SBEs.</td>
</tr>
<tr>
<td>3</td>
<td>H_{A3}: There is a significant association between Resources and Sector of the SBEs.</td>
</tr>
<tr>
<td>4</td>
<td>H_{A4}: There is a significant association between Cost and Sector of the SBEs.</td>
</tr>
<tr>
<td>5</td>
<td>H_{A5}: There is a significant association between Competition and Sector of the SBEs.</td>
</tr>
</tbody>
</table>
### 3.8.4. Sub-Hypotheses for Association between factors affecting Practice/adoption of E-Marketing and Sectors of SBEs

**Table 3.7: Set of Hypotheses to be tested for association between factors Affecting Adoption of E-Marketing and Annual Sales of the SBEs**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Hypotheses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$H_{B1}$: There is a significant association between Organisation Culture and Annual Sales of the SBEs.</td>
</tr>
<tr>
<td>2</td>
<td>$H_{B2}$: There is a significant association between Type of Product and Annual Sales of the SBEs.</td>
</tr>
<tr>
<td>3</td>
<td>$H_{B3}$: There is a significant association between Resources and Annual Sales of the SBEs.</td>
</tr>
<tr>
<td>4</td>
<td>$H_{B4}$: There is a significant association between Cost and Annual Sales of the SBEs.</td>
</tr>
<tr>
<td>5</td>
<td>$H_{B5}$: There is a significant association between Competition and Annual Sales of the SBEs.</td>
</tr>
</tbody>
</table>
6. **H6**: There is a significant association between International Orientation and Annual Sales of the SBEs.

7. **H7**: There is a significant association between Government Regulation and Annual Sales of the SBEs.

8. **H8**: There is a significant association between Net Security and Annual Sales of the SBEs.

9. **H9**: There is a significant association between National Infrastructure and Annual Sales of the SBEs.

10. **H10**: There is a significant association between Industry Norms & practices and Annual Sales of the SBEs.

11. **H11**: There is a significant association between Organisation Critical Mass and Annual Sales of the SBEs.

12. **H12**: There is a significant association between Perceived ease of use and Annual Sales of the SBEs.

13. **H13**: There is a significant association between Perceived usefulness and Annual Sales of the SBEs.

14. **H14**: There is a significant association between Accessibility and Annual Sales of the SBEs.

15. **H15**: There is a significant association between Market Trend and Annual Sales of the SBEs.

16. **H16**: There is a significant association between Compatibility and Annual Sales of the SBEs.

17. **H17**: There is a significant association between Complexity and Annual Sales of the SBEs.

18. **H18**: There is a significant association between Relative Advantage and Annual Sales of the SBEs.

19. **H19**: There is a significant association between Entrepreneur Skills and Annual Sales of the SBEs.

20. **H20**: There is a significant association between Government Support and Annual Sales of the SBEs.

21. **H21**: There is a significant association between Consumer Readiness and Annual Sales of the SBEs.

22. **H22**: There is a significant association between Customer Literacy and Annual Sales of the SBEs.

### 3.9: Strategy for Data Collection and Procedure

Comparing E-Marketing practices among Small Business Enterprises with a big country like India and with a tiny kingdom, Bhutan is a questionable task. The main problem is the demographic and geographic structure of these two countries. India ranks with one of the most populous country in the world with a land area which is seventh largest in the globe and has a diverse Industry background. Whereas, Bhutan, with a population not even one million, has comparatively very less number of firms representing limited sectors only. As a part of the study, it is strategically decided to conduct the field study first on Bhutan, then on India by which one can identify similar
organizations in India with respect to Bhutan and an effective comparison between the two countries. Bhutanese industry gets affected by the geographic consideration, for instance, the capital city of Bhutan, that is, Thimphu, cannot be compared with the capital city of India, New Delhi, as they have many dissimilarities in term of infrastructure, Geography, demography and industry presence. However, comparisons can be made between Thimphu and the capital city of Sikkim, Gangtok where the situations of the firms’ behavior are similar.

3.10: Data Collection from Bhutan

The list of Small Business Enterprises is used for the identification in order to achieve efficiency in terms of collecting Data. The Industry share and representation, along with Industry penetration in various areas, have been taken into account. For the purpose of identifying the Manufacturing sectors in Bhutan, engaged under CSI the point of reference is taken as Green Public Procurement (GPP) project taken up by Bhutan Chamber of Commerce and Industry (BCCI) funded by European Union (EU). In addition, the Department of Small Scale Industries under the Ministry of Economic Affairs (MoEA), annual reports have been used for the purpose of Data collection plan.

3.10.1. Identification of Sectors in Bhutan:

As mentioned in chapter 1, CSI in Bhutan covers mainly three types of Industries, Manufacturing, Services and Contract. In the context of this study, Manufacturing and Service Sector have been taken. The following Table throws light on the proportion of industrial sectors available in Bhutan (Table 3.6). For the identification of industries coming under this broad sector the following points of references have been used.

| Table 3.8: Sectors based on Licenses issues in Bhutan |
|-----------------|--------------------------|
| Sector          | CSI license issues in 2014 (in percentage) |
| Service         | 75.9                     |
| Production & manufacturing | 10.7                   |
| Contract        | 13.4                     |

Source: Annual Report, DCSI, MoEA, Bhutan (2014)
3.10.1. a. For Manufacturing Sector:

BCCI is conducting a study (2015) on Green Public Procurements in Bhutan. They have identified six types of manufacturing CSI, which have more potentiality towards supplies for the National needs. They are:

i. Furniture

ii. Building Component

iii. Handmade paper


v. Printing and Publishing

vi. Bottling water

The same types of manufacturing units have been adopted by the researcher for the purpose of the present study.

3.10.1.b. For Service Sector:

As is indicative in table VI, hotels and restaurants accounts are more than 42 percent of the service sector. Other dominant sub-sectors are Transport, Storage and Communications, Real Estate, Renting and Business Activities and Repair of Motor Vehicles, Motorcycles and personal and household goods.

3.10.2. Identification of Geographical Areas for Data Collection:

Bhutan is divided into six Industry Regions namely, Thimphu, Gelephu, Samdrup Jongkhar, Phuentsholing, and Mongar. The following figure (figure 3-2) demonstrates the distribution of CSI in Bhutan.
It can be inferred from the figure that the CSI presence is the highest in Thimphu region, that is, 52%. The second highest presence is marked by Phuentsholing region by 15%. These two regions account totally for 67% of the CSI in Bhutan. In other words, 2/3 of the total CSI is present in these two regions. These two regions have been taken into consideration for the purpose of Sample Collection.

3.11 Data Collection from India

For an effective comparative and relative study, it is important to search the common basis of comparison. As mentioned earlier, comparing tiny Himalayan nation like Bhutan with a major economy like India is questionable as well as it is a difficult task. The study has tried to be very reasonable in selecting the sample areas so as to achieve efficiency. It would not be wrong if it is stated that the sample profiling from India is done as per the sample profile of Bhutan. Every attempt has been made to collect the data from the similar organizations in India as those of Bhutan.
3.11.1. Identification of Sectors in India

The economy of India is mainly divided under three sectors. They are: agriculture, industry, and services (Statistics Times, 2017). However, the MSMEs do not include Agriculture sector, therefore the identification of Sector in India has been done as per the definition of Ministry of MSME as given in their annual report, 2013-2014. The distribution of sector is as follows (fig.)

**Figure 3.4: MSME by Sector in India**

![MSME by Sector in India](image)


As visible from the above, the service sector dominates Manufacturing sector in terms of its number. In order to achieve efficiency of comparison, the enterprises are selected as per those available in Bhutan.

3.11.1.a. For Manufacturing Sector:

Based on the availability of the enterprise in Bhutan, an attempt was made to identify similar enterprises in India, to mention the name of the units:

i. Furniture
ii. Building Component

iii. Handmade paper


v. Printing and Publishing

vi. Bottling water

The same types of manufacturing units have been adopted by the researcher for the purpose of the data collection in India as well.

3.11.1.b. For Service Sector:

As it is indicated in table vi, for Bhutan hotels and restaurants along with Transport, Storage and Communications, Real Estate, Renting and Business Activities and Repair of Motor Vehicles, Motorcycles and personal & household goods were taken as a point of preference while data collection is done in India.

3.11.2. Identification of Geographical Areas for Data Collection

Geographical areas in India have been selected on the basis of demographic and geographic factors. As mentioned earlier, the capital of Bhutan cannot be compared with the national capital of India as the two cities are totally different on the demographic and geographic front. According to World population review (2017) the population of Delhi as of 2016 was 18.6 Million, whereas the entire population of Bhutan was 0.79 Million (World Population Review, 2017). The samples thus collected should have a scientific basis. The samples collected from India belonged to the areas like Gangtok (Sikkim), Jaigaon (West Bengal), Darjeeling (West Bengal) and a few other adjoining areas. The following table gives a brief note of the areas that have been considered for the data collection.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gangtok</td>
<td>98,658</td>
<td>Thimphu</td>
<td>104,000</td>
</tr>
</tbody>
</table>

Table 3.9: Geographical Areas Identified for Data Collection
<table>
<thead>
<tr>
<th>Jaigaon</th>
<th>42,254</th>
<th>Paro</th>
<th>15,001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Darjeeling</td>
<td>132,216</td>
<td>Chukkha (Phuentsholing region)</td>
<td>83,190</td>
</tr>
</tbody>
</table>


The three regions of India were found very close to Bhutan in terms of Demographic and geographic factors, and therefore the samples were collected from these areas.

### 3.12. Chapter Summary

This Chapter mainly deals with the methodology adopted for the purpose of the study and states the need for the study and the gaps identified based on the literature review. The gaps identified are: 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 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.

The 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 these
theories/model for the purpose of this study have been defined along with specific code assigned to each of the factors. The chapter further proposes a Model and the statement of hypotheses are established.

Additionally, the chapter comprises the strategy used for data collection from India and Bhutan. Besides, 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.