CHAPTER 5

SUMMARY OF FINDINGS AND CONCLUSION

SUGGESTION

SCOPE FOR FUTURE RESEARCH
SUMMARY OF FINDINGS AND CONCLUSIONS

5.1. General Findings of the Study:

1. 95.2% Micro Firms, 94.1% Small Firms and all Medium Firms are Self-established by entrepreneurs and their ancestors, whereas 4.8% of Micro, 5.9% Small firms are purchased by the entrepreneurs due to opportunity in the clusters, availability of financial and other required resources and lack of management and technical skills of existing entrepreneur or entrepreneur willingness to sell. Overall 95.30% Firms are Self-Established by the Entrepreneurs and 4.7% Firms are purchased by the entrepreneurs.

2. Most of the Entrepreneurs in both clusters have Engineering Degree as their educational qualification.

3. Entrepreneurs coming from Joint Family System are more compared to Nuclear Family System in both clusters.

4. 26.60% of the Entrepreneurs don’t have work experience. For them the sources of obtaining knowledge was working on their own family firm established by father or relatives; interaction with employees of the firm etc.

5. 73.40% Entrepreneurs have their work experience from Lower Level Management to Top Level Management with Average Number of Years of Experience from 5 years to 15 Years, Some of the Entrepreneurs Started their career as Helper, Supervisor, Shop-in charge, and end with their designation as, In-charge-Production Department. These entrepreneurs worked in industries like Mysore Kirloskar, Harihar, Met-flow Controls, Hubli, Guru Engineering Hubli, BDK Valves, Hubli, Ashok Iron Works Belgaum, Abhishek Alloys Pvt Ltd Belgaum, AKP Foundries Pvt Ltd Belgaum, Shanti Iron and Steel Works Belgaum, BEMCO Hydraulics Belgaum and many more companies in the cluster areas.

6. Most of the entrepreneurs said the current business is not their first business. they have entrepreneurial experience as well as their family members started the business and currently these entrepreneurs are managing the same.

7. Most of the firms have some of their activities outsourced to the local vendors, the since the entrepreneurs trust these vendors and they provide on-time delivery.

8. Entrepreneurs expressed their negative opinion regarding technical collaboration with the institute because they feel that there is no match between the work carried out in the firm and syllabus in the educational institutes, entrepreneurs/managers/workers don’t have time to explain the activities carried out in the firm to students, and majority of entrepreneurs expressed their opinion as no institute has approached their firm. Entrepreneurs expressed their views on student’s attitude, lack of understanding of the machine concepts, designs etc., lack of interest
in the subject etc. Some entrepreneurs expressed that they are not interested in such activities. All Micro Entrepreneurs felt that there was no scope for students to learn in their factories and there were no such skilled people to explain the students at their level of understanding and as per their course frame work.

9. 55% of the Entrepreneurs are utilising the Common Facility Centre at Hubli-Dharwad Auto-Component Cluster. This is because some entrepreneurs felt that the charges were very high compared to outside vendors; waiting period is more, and there is no fixed price for the work etc. Here Cluster Members has to promote the common facility centre and create more awareness of the facilities available, and must focus on on-time delivery of the orders at affordable price. Some entrepreneurs felt their product does not require the machines which are available at CFC.

10. All most all the Firms are utilising the facilities which are available at Common Facility Centre at Belgaum Foundry cluster. This is because cluster members are highly active in promotion of the facility centre which is more useful to the entrepreneurs. Common Facility Centre has the advanced manufacturing machines like 3D Modelling, Spectrometer for Chemical Analysis, Designing Machines. Etc. Entrepreneurs utilising the CFC very well from the inception of the cluster to till the date.

11. Considering Quality Certifications 50% of MSME Entrepreneurial Firms have not obtained Quality Certifications while some of Firms are in the process of obtaining.

**5.2. Objective based findings:**

**Objective 1: To identify and evaluate Marketing Mix Strategies based on Entrepreneurial Marketing Dimensions.**

**Product Strategy:** the overall ratings by Micro, Small and Medium were respectively 3.8, 4.1 and 4.37, based on 7 Dimensions of EM on 5-Point Scale.

It was found that there is Increase in the ratings From Micro Firm to Medium Firm progressively. Product Strategy Varies from Firm to Firm and Product to Product. Whereas Small and Medium Enterprises have already established their brand with their Product Development, Quality, Designs and Certifications in Two Selected Clusters, micro industries need a lot of catching up to do.

Where Dimensions are concerned Entrepreneurial Marketing Dimensions such as Opportunity Focus, Pro-activeness, and Customer Intensity, Risk taking ability level of Innovation, Resource Leveraging and Value Creation are increasing from Micro to
Medium, showing that these are important dimensions and are key factors for the product success.

**Price Strategy:** Price Strategy the overall ratings by Micro, Small and Medium were respectively 4.0, 4.1 and 4.2, based on 7 Dimensions of EM on 5-Point Scale.

Thus, The Ratings of Pricing Strategy Increasing from Micro to Medium Enterprises this is because Micro Enterprises in the selected clusters work on Small Engineering Components, Fabrication, Single Type of Valves, or Castings and Other Engineering Job Works.

Whereas Small and Medium Enterprises involved in High Quality Products Such as Conveyors, all types of Valves and Castings under one roof.

The Investment of Micro Enterprises is low compared to Small and Medium Enterprises. Micro Enterprises depend upon daily orders whereas Small and Medium Companies are getting sufficient orders from their customers. Small and Medium Enterprises design Different Pricing Strategy with Special Discounts and Credit Facility to their Loyal Customers. In case of Dimensions are concerned the ratings of Entrepreneurial Marketing Dimensions such as Opportunity Focus, Pro-activeness, and Customer Intensity, level of Innovation, Resource Leveraging and Value Creation are increasing from Micro to Medium.

Whereas **Risk taking ability** is concerned between Micro and Small Firms, Small Firms rating is high compared to Micro and Medium Firms, because the Small firms has to compete with Micro Firms and Medium firms in price war at certain product category ex: Industrial Valves and CI Castings. Small firm take the risks of credit facility, taking the heavy amount of orders (Risky Projects) to compete.

**Place Strategy:** Under Place Strategy the Overall Micro, Small and Medium Enterprises were respectively 4.39, 4.39 and 4.37, based on 7 Dimensions of EM on 5-Point Scale. Thus, Place Strategy is adopted by the enterprises is almost same in all three categories since most of the entrepreneurs geographical origin is same where entrepreneurs or their ancestors started these enterprises. Based on Dimensions of the Entrepreneurial Marketing is considered the following findings were identified.
Opportunity Focus: Small Enterprises have utilised cluster area as place to initiate the business idea compared to Micro and Medium Firms.

Pro-activeness: the ratings are decreasing from Micro to Medium, this is because Micro firms are upcoming firms and for them it is survival is more crucial when compared to small firms. Small firms look in terms of their existence so they need to be pro-active. Considering Medium Firms they are established before the establishment of the cluster and they have loyal customers and good brand image in the market, their pro-active rating is low. Even though they are pro-active they need not be as proactive as micro ans small units

Customer Intensity: the ratings of customer intensity in comparison with MSMEs its increasing from Micro to Medium, since all the three category of firms built their customer loyalty by producing good quality products, on-time delivery methods, product modification as per the customer requirement, measuring customer satisfaction level from time to time.

Risk Taking: Risk taking factor for Small firms is high compared to Micro and Medium firms this is because the place like Hubli-Dharwad and Belgaum are not surrounded by Large Scale Industries or MNCs, Day by Day new entrants are increasing in the same category and small firms has to compete with other category of firms, and sometimes the place is like that you have to depend on the orders from existing MSMEs.

Innovation: As per the ratings the level of innovation is low in Small Firms Compared to Micro and Medium Firms. This is because Small entrepreneur’s education level is low, use of technological resources is low,

Small Firm Entrepreneurs do not take risky projects which calls for innovation. They also do not have sufficient fund to invest in Research and Development.

Resource Leveraging: The ratings for place strategy under resource leveraging are increasing from micro to medium. It means that all the three category of firms use the available resources such as financial, technological and human resources successfully in their business operations.
**Value Creation:** The ratings for Place Strategy under value creation dimension it is decreasing from Micro to Medium. Micro and Small firms create value for their customers by producing good quality of product and on-time delivery. Micro and Small Firm entrepreneur have knowledge of Production Value Chain and removing non-value adding activities in their product development process.

Some of the medium entrepreneurs don’t have the knowledge of production value chain and they have not updated since when they have introduced the business these concepts may not be looked seriously by the entrepreneur.

**Promotion Strategy:** Promotion Strategy the overall ratings by Micro, Small and Medium were respectively 3.1, 2.5 and 2.3, based on 7 Dimensions of EM on 5-Point Scale.

Thus, The Ratings of Promotional Strategy decreasing from Micro to Medium Enterprises in the selected Clusters.

Micro Enterprises having a smaller resource base need to aggressively promote their product because of the Competition from the similar type of Industries are more in the selected Clusters, For Micro Enterprises Word of Mouth of Customer is a Major Promotional Tool. They also promote their products through exhibitions and tradeshows etc.

In case of Small and Medium Enterprises they also promote their Products through their Own Websites in Industrial Magazines; some of the entrepreneurs promote their products to social networking such as Facebook, Whatsapp etc.

Small and Medium Enterprises have built their brand in the clusters, and they get continuous orders from their loyal customers; hence they do not feel the need for aggressively promote their products; whereas Micro Enterprises need to promote their product because it is a question of survival to them.

Based on Dimensions of the Entrepreneurial Marketing is considered the following findings were identified.

**Opportunity Focus:** Micro and Medium firms take the opportunity of utilising social media to promote their products even though they still use the traditional media as promotional tool and they believe that customer word of mouth is the key factor for
the success for the promotion of the product. Whereas Some Small Firm entrepreneurs are not that much tech savvy they still concentrate on the old methods, some entrepreneurs feel that promoting products to catalogue, pamphlet is additional investment they have loyal customers, they do not need such kind of activities.

**Pro-activeness:** Micro entrepreneurs are highly pro-active compared to small and medium firms, since they need create awareness about the firm and their products they use promotional tools significantly compared to small and medium firms. Small and Medium firm entrepreneurs are well educated and tech savvy they also promote their products since they are existence is from decade they believe that customer word of mouth is the key role.

**Customer Intensity:** Micro and Medium Firms attract and retain customers compared to small firms. Micro and Medium firms provide special discounts to loyal customers and in case of product quality never compromise and deliver the product on-time and ask for the feedback for entire order to deliver process and these firms continuously measure customer satisfaction. Micro and Medium Firms felt that employees are their brand ambassadors in-case of small firms such ideas are not much found and entrepreneurs are get orders from their loyal customers since there existence.

**Risk Taking:** Micro and Small firms take risks to advertise their products in catalogues, participate in exhibitions and seminars to create awareness even though it is extra investment or financial risk for them, allow students to visit their firms for the study/project/internship. Whereas medium firms do not take such risks.

**Innovation:** Micro entrepreneur use innovative promotional strategies such as utilising social media, whatsapp, facebook account to promote products, sending product design picture through clients etc. where other category firms still focusing on e-mail now they are turning to use social media tools.

**Resource Leveraging:** Micro firms have small staff that delegates authority efficiently and effectively in promotion of the product, and they believe that their product development process, employees and customer word of mouth is key role for the firm.
Value Creation: All the three category of firms believe that their product development process, employees contribution in creating and delivering product to customer and customer word of mouth is key role for the firm.

When ANOVA for the all Marketing Mix Strategies were done it was found that there is significance between increase in the ratings Entrepreneurial Marketing Dimensions of the Product Strategy and Promotion Strategy Compared to Price and Place. There is a significant association between Entrepreneurial Marketing Dimensions and 4P Strategies except Customer Intensity and Value Creation dimensions in Product Strategy.

The Objective 1 can be summarised as Product and Promotion Strategies are the two major Strategies as compared to Place and Price in case of MSMEs in Selected Industrial Clusters of Karnataka.

Objective 2: To Identify and Evaluate Antecedents of the Entrepreneur with Respect to Marketing Mix Strategies based on Entrepreneurial Marketing dimensions in MSMEs.

Product Strategy: From the result of regression analysis The Regression Model to predict product strategy bound on Industry Experience, Educational Qualification, Family Support and Friends Support is a good fit with p-value(0.000) and r=0.542.

The Regression Model for Product Strategy has Positive Coefficients for Industry Experience and Family Support, whereas for Educational Qualification and Friends Support it is found to be negative.

The Product Strategy of MSMEs under study is influenced by various antecedents like Industry Experience, Educational Qualification, Family Support and Friends Support.

Pricing Strategy: The Regression Model to predict Pricing Strategy bound on Industry Experience, Educational Qualification, Family Support and Friends Support is not a good fit. The Regression Model for Product Strategy has Positive Coefficients for Educational Qualification, and Family Support, and Educational Qualification and Friend Support. The Pricing Strategy of MSMEs under study is influenced by various antecedents like Industry Experience, Educational Qualification, Family Support and Friends Support. It is tested that using Regression Analysis that there is no Significant

**Place Strategy:** The Regression Model to predict Place Strategy bound on Industry Experience, Educational Qualification, Family Support and Friends Support is not a good fit. The Regression Model for Place Strategy has Positive Coefficient for Family Support, whereas for Industry Experience, Educational Qualification and Friends Support it is found to be negative. The Place Strategy of MSMEs under study is influenced by various antecedents like Industry Experience, Educational Qualification, Family Support and Friends Support. There is a Significant Correlation between Educational Qualification with Family and Friends Support. It is tested that using Regression Analysis that there is no Significant Correlation between Placing Strategy and Industry Experience, Educational Qualification, Family Support and Friends Support.

**Promotion Strategy:** The Regression Model to predict Promotion strategy bound on Industry Experience, Educational Qualification, Family Support and Friends Support is a good fit with p-value (0.000) and r=0.544. The Regression Model for Promotion Strategy has Negative Coefficients for Industry Experience, Educational Qualification, Friends Support whereas and Family Support it is found to be Positive.

There is Significant Negative Correlation between Industry Experience and Promotion Strategy. The Promotion Strategy of MSMEs under study is influenced by various antecedents like Industry Experience, Educational Qualification, Family Support and Friends Support.

It is tested that using Regression Analysis that there is a Significant Negative Correlation between Promotion Strategy and Entrepreneurs Industrial Experience (-0.464 and Significance Value is 0.000).

The Objective 2 can be summarised as Entrepreneurs Industry Experience plays vital role in Product and Promotion Strategies of MSMEs in Select Industrial Clusters of Karnataka.
Objective 3: To relate Cluster Characteristics to Marketing Mix Strategies based on Entrepreneurial Marketing dimensions in MSMEs.

**Product Strategy:** The Regression Model to predict Product strategy bound on Geographical Variables, Related Supported Industries, Labour Availability and Competition is a good fit with p-value (0.000) $r=0.590$

The Regression Model for Product Strategy has Positive Coefficients for Geographical Variables, Related Supported Industries, Labour Availability and Competition. There is Significant Correlation between Product Strategy and Cluster Characteristics

**Pricing Strategy:** The Regression Model to predict Pricing strategy bound on Geographical Variables, Related Supported Industries, Labour Availability and Competition is a Good Fit with p-value 0.019 and $r=0.423$

The Regression Model for Pricing Strategy has Positive Coefficients for Related Supported Industries, Labour Availability and Competition and Geographical Variables is found to be negative. There is Significant Correlation between Pricing Strategy and Cluster Characteristics such as Related Support Industries, Labour Availability and Competition.

**Place Strategy:** The Regression Model for Place Strategy has Positive Coefficients for Related Supported Industries, Labour Availability and Competition and Geographical Variables is found to be negative. There is no Significant Correlation between Pricing Strategy and Cluster Characteristics variables such as Related Support Industries, Labour Availability and Competition.

**Promotion Strategy:** The Regression Model to predict Promotion strategy bound on Geographical Variables, Related Supported Industries, Labour Availability and Competition is a good fit with p-value (0.004) $r=0.473$. The Regression Model for Promotion Strategy has Negative Coefficients for Geographical Variables, Related Supported Industries, Labour Availability and Competition.

The Promotion Strategy of MSMEs under study is influenced by various Cluster Characteristics like. Geographical Variables, Related Supported Industries, Labour Availability and Competition.
The Objective 3 can be summarised as Cluster Characteristic such as geographical variables, related support industries, labour availability and competition played significant role on Entrepreneur decisions on Product Strategy, Price Strategy and Promotion Strategy of MSMEs in Select Industrial Clusters of Karnataka.

Objective 4: To examine the impact of effectual behaviour of entrepreneurs on Marketing Mix Strategies based on Entrepreneurial Marketing dimensions in MSMEs.

Product Strategy: The Regression Model to predict Product strategy and Effectual Behaviour is a good fit with p-value (0.061) r=0.404. The Regression Model for Product Strategy has Positive Coefficients for Starting with Means, Affordable loss and Partnership, whereas Flexibility and Controlling the Future is found to be Negative. The Effectual Behaviour of Entrepreneur MSMEs under study is influenced by different dimensions such as Starting with Means, Affordable loss, Strategic Flexibility, Partnership and Controlling the Future. It is tested that using Regression Analysis that there is a Significant Correlation between Product Strategy and Strategic Flexibility.

Pricing Strategy: The Regression Model to predict Pricing strategy and Effectual Behaviour is a good fit with p-value (0.025) r=0.441

The Regression Model for Pricing Strategy has Positive Coefficients for Starting with Means, Affordable loss, Partnership, Flexibility whereas Controlling the Future is found to be Negative.

The Effectual Behaviour of Entrepreneurs MSMEs under study is influenced by different dimensions such as Starting with Means, Affordable loss, Strategic Flexibility, Partnership and Controlling the Future. It is tested that using Regression Analysis that there is a Significant Correlation between Pricing Strategy and Affordable Loss similarly with Starting with means and Strategic Flexibility. Further the relationship between Product Strategy and other influencing variables is confirmed by regression model with p-value 0.025 and r=0.441

Place Strategy: The Regression Model for Place Strategy has Positive Coefficients for Affordable Loss, Strategic Flexibility and Partnership, whereas starting with means and controlling the future is found to be negative. It is tested that using Regression
Analysis that there is no Significant Correlation between Place Strategy and Principles of Effectual Behaviour.

**Promotion Strategy**: The Regression Model for Promotion has Positive Coefficients for Affordable loss, Strategic Flexibility; whereas for Starting with Means, Partnership and Controlling the Future is found to be Negative. It is tested that using Regression Analysis that there is no Significant Correlation between Promotion Strategy and Principles of Effectual Behaviour.

The Objective 4 can be summarised Principles of Effectual behaviour such as starting with means, affordable loss and partnership Impact on Product Strategy; and Starting with means, affordable loss, partnership and strategic flexibility impact on pricing strategies of MSMEs in Select Industrial Clusters of Karnataka. The Place and Promotion Strategies don’t have impact of effectual behaviour of entrepreneurs.
5.3. Research Contribution:

1. The Marketing Mix Strategies is measured based on Entrepreneurial Marketing Dimensions in MSME Entrepreneurial Firms which are not studied in earlier.


3. In the cluster context, attempt has been made to identify how Common Facility Centres are utilised.
5.5. Conclusion:

An industrial cluster plays a critical role in promoting the performance of firms in developing countries by allowing for shared production networks and stimulating Micro, Small and Medium Entrepreneurs.

The present research focused on Manufacturing Units of Micro, Small and Medium Enterprises of Auto-component cluster and Belgaum foundry clusters.

The Marketing Mix Strategies Product, Price, Place and Promotion were analysed with Entrepreneurial Marketing Dimensions such as Opportunity Focus, Pro-activeness, Customer Intensity, Risk taking, Innovation, Resource, Leveraging and Value Creation.

Considering Marketing Mix Strategies, Product and Promotion Strategies are the two major strategies which impact significantly on Entrepreneurial MSMEs Select Industrial Clusters in Karnataka. (Objective 1)

In-case of Antecedents like Industry Experience, Educational Qualifications, Family members support and Friends Support, Entrepreneurs Industry Experience plays vital role in Product and Promotion Strategies of MSMEs.(Objective 2)

Industrial Clusters have certain Characteristics such as geographical variables, related support industries; labour availability and competition played significant role Entrepreneur decisions on Product Strategy, Price Strategy and Promotion Strategy of MSMEs in Select Industrial Clusters of Karnataka.(Objective 3)

While the major finding was observed in the Hubli-Dharwad Auto Component Cluster, the facilities available Common facility centre is not utilised by the entrepreneurs and cluster need to focus on this issue and there is need of export initiative from the cluster members.

Effectual behaviour of entrepreneurs has dimensions like Starting with means, Affordable loss, Strategic Flexibility, Partnership and Controlling the Future. Effectual behaviour dimensions starting with means, affordable loss and partnership Impact on Product Strategy and pricing strategy. The Place and Promotion Strategies do not have any impact of effectual behaviour of entrepreneurs. (Objective 4)
5.4. Suggestions:

5.4.1. For Belgaum Foundry Entrepreneurs:

1. There is a need of support from the government to promote the Products developed by MSMEs in BFC to Export.
2. The Entrepreneurs need to focus on Quality issues in Product Development.
3. The entrepreneurs must focus on getting quality certifications to attract the market.
4. The Cluster Members must educate entrepreneurs on government schemes related to MSMEs

5.4.2. For Auto-Component Entrepreneurs of Hubli - Dharwad:

1. First the members have to educate, create awareness and promote the importance of common facility centre and its uses to entrepreneurs.
2. There is need of regular meeting of cluster members to focus on current and upcoming issues about cluster and technological development.
3. There is need to revise the prices of facilities utilised in common facility centre.
4. There is a need of separate management team to manage the cluster day to day operations.
5. Entrepreneurs have to work on to get Quality Certifications.
6. The government has to support cluster to organise workshops, seminars, training on new technological developments.
7. Explore private bus service and security in industrial areas.
8. Organize buyer-seller meets
9. Organise programs on export documentation
10. Strengthen linkages of KCCI with chamber of commerce of other countries.
11. Promote direct export from the cluster.
5.5. Scope for future research.

The Scope of future research can be focusing on Service Enterprises of the Same Clusters. The researchers may focus on other clusters like Readymade Garment Cluster Bellary, Bangalore IT Cluster, Engineering Cluster in Mysore, and Jewellery Cluster in Mangalore and other clusters of Karnataka.

There are different parameters of clusters like Inter-firm relationship between clusters firms, Performance of the Clusters, Comparison between clusters can be areas of future research.

Effectual behaviour of Entrepreneurs is specific behaviour of entrepreneurs which is not much focused in Cluster context. This can be studied with different age group of entrepreneurs and gender with different sectors of industries as well as start-up firms.