

Survival of the Smartest

Mithun S Ullal

Assistant Professor, Sahyadri College of Engineering & Management, Mangalore, Karnataka, India

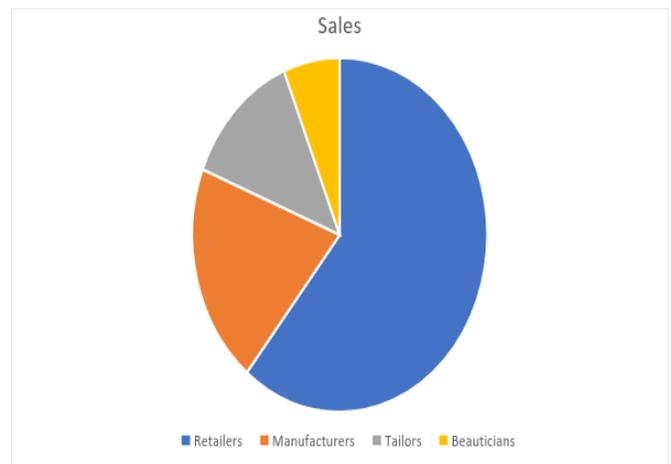
Abstract: Successful Marketers are strong enough to stand alone, smart enough to know when they need help and brave enough to ask for it when required. Success in the field of marketing is not talent, the smartness in putting talent to work is success. Marketers make choices, these choices make their company. India has multiple problems on the rural front. The paper visits various businesses and finds the solutions to the problems through a new angle, entrepreneurship. How marketing smartness by these entrepreneurs solves this problem of the rural India. How training can impact their businesses and how the training can be customized. The research was conducted for over 7 weeks in rural towns of Mangalore and Udupi regions. The findings of this research is that smartest people in business survive and how entrepreneurs become smart, it's by training they undergo and how they utilise the training.

Poverty is associated with India for long. It reflects in the aid provided by governments after governments in this country. But this research provides us with a solution to the problem which is unique and not looked into before. Skills of the entrepreneurs is not a new subject to be put under the microscope. All the initiatives, including skill India have shown benefits which are not long lasting. The paper provides the proof that the opposite of this is true. Indian poverty could be solved not by government's programmes or freebies, but by better business done by entrepreneurs in rural areas. Rural entrepreneurs are the most commonly found bread winners in Indian rural areas and are ignored by governments for long. If the policies of the government are designed to transform their business, it will also transform the face of rural India. Also, the outputs here could be applied to all third world countries of the world. By studying the poverty of the oldest civilization in the world, we can understand the crux of this problem that lies worldwide. The study was conducted by the visits to the microentrepreneurs business offices across Mangalore, Udupi, tier-3 cities in India. Entrepreneur for this article has been defined as an Individual or a group who starts a registered business taking risks financially with the ultimate goal of profits. The advantages of skills training provided to people by government are a waste until and unless the people had aspirations to grow. The main question in our survey was do you want to grow your business in the next 2-3 years. Shockingly 73% of the respondents out of 1000 said no. These were people who were pushed into entrepreneurship out of lack of jobs rather than out of the will. They sustained in the business only for the sake of affording a life and would close down the business at the offer of a job. The capability here is to have a premise.

Finally, 891 entrepreneurs were selected. The entrepreneurs among them were divided based on their type of business

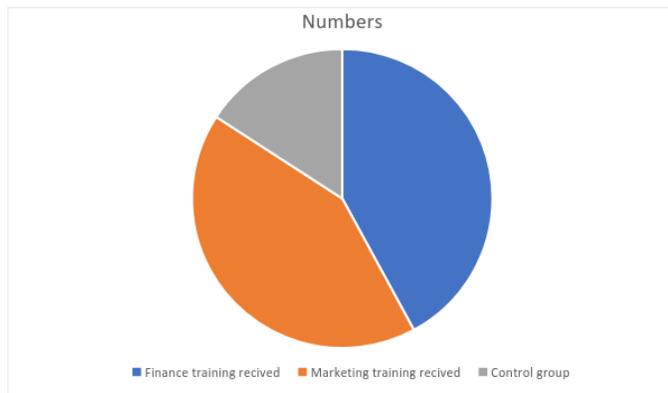
which is as follows.

Types	Numbers
Retailers	542
Manufacturers	180
Tailors	114
Beauticians	55



The retailers were the single largest groups in tier -3 Indian cities of Mangalore and Udupi. The entrepreneurs were divided into 3 different segments. There are some who have financial training, some have marketing training and rest is the control group. The last group was convinced that the same training will be given to them after the study. Simple random sampling was used to allocate to entrepreneurs to groups. The hypothesis was set that business training increases business prospect of entrepreneurs. But to identify the type of training required to improve the business. Training given by qualified MBA's was based on finance and marketing for 48 hours across 7 weeks and their business after training was identified. The findings, which followed were totally different from the findings of earlier studies conducted on the same topic. The trained groups did 41% business more than the untrained groups.

Groups	Type	Numbers
Finance training received	A	375
Marketing training received	B	375
Control group	C	141



SURVIVAL

Whether the business survives or not was selected as a major measure. Was the business still operating after 7 weeks were taken into consideration. 32% of the business in control groups were not functioning after 7 weeks. And 82% of businesses in the trained groups were existing in business. The businesses which selected were all newly started a business which included funding from Self Help Groups (SHG) to its members, small micro finance loans offered by cooperative banks, and self-funded social media based business also.

PROFITABILITY

For the trained groups, profits were a third more than the controlled groups. The women trained in marketing had stand-alone retail outlets with funding less than 40,000/- INR had more profits than the average retail outlets across the selected districts. The manufacturers trained in costing were profitable mainly due to the cost cutting methods adopted which they learnt during their off-field training provided by the MBA students.

JOB CREATION

The number of employees in the untrained group, drastically reduced in the 7 weeks. The number of employees in the marketing trained group increased by 27% and finance trained group employees increased by 13%. The average number of employees prior to the study was 1.3% excluding the owner of the business. By the end of the 7 week study duration, the marketing trained group had 1.9 employees as the untrained control group had 1 employee. The increase in employment generation of the finance trained group was at 1.4 employees per firm.

SALES

The training given for 48 hours increased the sales and after 7 weeks, the sales of the group which received marketing training increased its sales by 22%. The increase in sale of finance group was not substantial. The control group, however did not see any growth in business or profits in the period after 7 weeks of study.

MARKETING VS FINANCE

The training on marketing aimed at the growth of business in profits. Where the owner of business, chased higher sales with increased staff and resources. Whereas the focus of the finance group was in controlling the costs and making the business more efficient in its functioning. The training in marketing and finance was both acceptable, but the training has to be targeted at the right group. One of the outcomes of the study was that established business benefited from the financial training more than the marketing training. The established firms had the maximum profits of all of the selected 891 businesses. The findings suggest that entrepreneurs who are well established improved their financial and accounting skills improved overall functioning of the business. The impact of marketing training on newly established business was far greater than other firms. The entrepreneurs who were limited to the tier 3 Indian cities had more sales after the training. Also, the entrepreneurs who deal with one single product obtained more sales than the ones who had business with multiple products.

The effect of training depends on the entrepreneurs who receive it. This gave us the most important finding of our research that “Customization is the most important factor in training”. This finding can be applied to all of Asia. This is also the case with India, multinational companies where the retail companies focus more on sales and profits, whereas the manufacturing companies focus on efficiency of business. The study is closely looking into a Skill India initiative of the present government and is seeing how it can impact the training programme. There are millions of businesses in rural India, if the outcome of this study could be implemented there, the business scenario could be much better for India.

CONCLUSION

Training Initiatives can indeed help, but identification of the need for the type of the training is key. The government has to identify the business and its needs and channelize the training accordingly. If this customisation of training is implemented efficiently, the programmes like skill India can be a great success story.

REFERENCES

- [1]. Bartels, R. 1977. ‘Marketing and Economic Development’, in C. Slater (ed.), *Macro-Marketing: Distributive Processes from a Societal Perspective*, pp. 211–17. Boulder: Graduate School of Business Administration, University of Colorado .
- [2]. Bernard Felix. (2006). High tech industries and knowledge based services: The importance of R&D and human resources in science and technology. *Statistics in focus: Science and Technology*, 13, 1–6.
- [3]. Chevalier A. (2003). Measuring over-education. *Economica*, 70(279), 509–531.
- [4]. Elais Peter, Kate Purcell. (2004). SOC (HE): A classification of occupations for studying the graduate labour market (Research Paper No. 6). Researching Graduate Careers Seven Years On: A research project jointly funded by the Economic and Social Research Council and the Higher Education Careers Services Unit, Institute for Employment Research, Warwick.

- [5]. Eurostat. (2007a). 'High-technology' and 'knowledge-intensive services. Eurostat Metadata. Retrieved
- [6]. Eurostat. (2007b). 'High-technology' and 'knowledge-based services' aggregations based on NACE Rev. Eurostat Metadata. Retrieved from http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/Annexes/htec_e_sms_an3.pdfGoogle Scholar
- [7]. FICCI & NMIMS. Industry –Academia convergence: Bridging the skill gap. Mumbai: NIMIMS.
- [8]. Freeman R. B. (1976). The overeducated American. New York: Academic Press.
- [9]. Groot Wim, Massen van den Brink, Henriette (2000). Overeducation in the Labor Market: A Meta-analysis. Economics of Education Review, 19(2), 149–158.
- [10]. Joop Hertog. (2000). Over-education and earnings: Where are we, where should we go? Economics of Education Review, 19(2), 131–147
- [11]. Kashya P and S. Raut 2006, The Rural Marketing Book, New Delhi: Biztantra
- [12]. Keefe.L 2004What is the meaning of marketing? Marketing News 38(15), 15 Semptember 17-18
- [13]. Kotler.P, K.Keller, A.Koshy and M.Jha 2007. Marketing Management : A South Asian Prespective New Delhi : Pearson Prentice Hall
- [14]. Kotler, P 2000, Marketing Management NJ:Prentice Hall
- [15]. Leuven Edwin, Oosterbeek H. (2011, February). Overeducation and Mismatch in the Labor Market. Discussion Paper No. 5523, Germany: IZA.
- [16]. McGuinness S. (2006). Overeducation in the labor market. Journal of Economic Surveys, 20(3), 387–341.
- [17]. Sanghi S. (2012). Skill development for employability. Vikalpa, 37(3), 89–94.
- [18]. Torres-Freire C., Abdel A (2010 October). High-tech industries knowledge-intensive services: Why are these activities the core businesses for Sao Paulo's competitiveness? Paper presented at VIII Triple Helix Conference Triple Helix in the Development of Cities of Knowledge, Expanding Communities and Connecting Regions, Madrid.