

INFLUENCE OF MARKETING PRACTICES ON GROWTH AND SUSTAINABILITY OF RURAL MSMES IN SHIVAMOGGA DISTRICT: AN EXPLORATORY STUDY

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ABSTRACT

Rural sector of Indian economy had a slow growth in business activities as it was heavily dependent on traditional technology especially in agro-based enterprises. The conception of Liberalisation, Privatization and Globalisation in India has transformed rural business enterprises into dynamic and challenging with gradually raising their business income which has improved the life quality of rural population of India. But, rural entrepreneurs still are using traditional ways of marketing strategies while few are embracing modern technological and digital marketing tools through innovative marketing practices. In this backdrop, the current study is intended to analyse the influence of marketing practices on the growth and sustainability of rural MSMEs in Shivamogga District, Karnataka State. For the study purpose, four most important marketing practices were considered viz., opportunity focus, pro-activeness, risk taking and innovativeness from the total of 90 sample rural enterprises by using simple random sampling method. Rural entrepreneurs undertaking manufacturing and service activities for 10 years were considered and trading activities were kept outside the purview of the study. A well-structured questionnaire was used with the expertise for quantitative information. Structural Equation Model (SEM) approach is applied for analysis of the data. The study results indicate that pro-activeness, innovativeness, risk taking and opportunity focus have moderate and significant impact on MSME Growth and Sustainability in the selected sample.

Key Terms: Influence, Marketing Practices, MSMEs, Rural Entrepreneurship,

INTRODUCTION:

Indian rural economy is considered as 'The Heart of India' as larger part of the national income is generated from rural sectors of the economy and its contribution towards the economic development of India. Introduction of green revolution, white revolution and inception of LPG in India has transformed the rural business enterprises into dynamic and challenging with gradually raising their business income and the introduction of the various policies under five year plans has also improved the quality of rural life.

Marketing plays a crucial role in the growth and success of any business as to create demand for goods and services it is highly significant. Even in case of rural entrepreneurship, entrepreneurs should adopt suitable marketing practices for their business. As rural business marketing is completely different from those of urban business enterprises and needs marketing for the growth and sustainability of their business as well as to attract new customers.

Presently, rural entrepreneurs have realised the need of marketing practices and strategies which will open a way for the better selling of products and services offered by them. As there is growing trend of technology and digitalisation, rural entrepreneurs are using whatsapp, facebook, instagram, you tube and other digital platforms for advertisements and to market their products. These popular digital marketing techniques are effective and provide various opportunities to rural entrepreneurs such as easy reach to customers, cost effective, less human involvement, global access etc., but also poses certain challenges like lack of digital knowledge, network issues, electricity problem and cyber theft.

RURAL ENTREPRENEURSHIP – AN OVERVIEW

The entrepreneurial activity conducted in rural areas is termed as rural entrepreneurship and plays an important role in the economic and socio-cultural development of India. Fostering the entrepreneurial pursuit in the countryside is very crucial for the inclusive growth and sustainability of the enterprises.

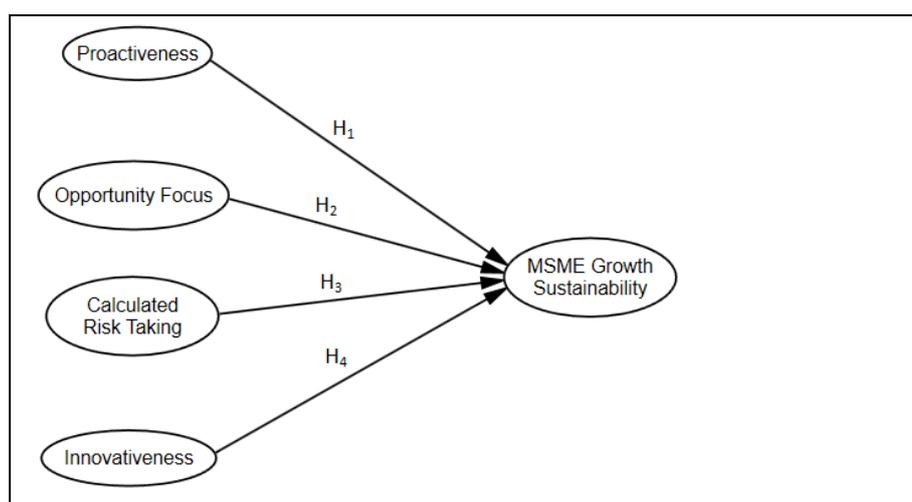
According to Khadi and Village Industries Commission (KVIC) “Rural entrepreneurship is starting and managing business activities in rural areas, focusing on local resources and opportunities. It involves enterprises located in the rural areas with a population not exceeding 10,000 and that produce products and services with or without electricity and where fixed capital per artisan or worker does not exceed the amount of one thousand rupees”.

A rural enterprise help in employment generation in rural areas, and effectively makes utilisation of all available local resources, traditional knowledge and skills inculcated among rural people. Indian government and many NGOs are providing awareness and various skill development programmes to the rural youths particularly for those youths who want to start and operate their own enterprises to promote innovation and development of skills by learning new technologies, marketing and business skills.

CONCEPTUAL FRAMEWORK OF THE STUDY:

The framework shown in Figure 1 is conceptualized from the literature reviews.

Figure 1: Conceptual Framework of the Research Study



Source: Researcher's Compilation

REVIEW OF LITERATURE:

Royasn Sequeira (2025) explained that in India rural entrepreneurship is playing a vital role in the economic growth and individual's growth by creating employment opportunities but faces many challenges which reduces the growth and sustainability, which can be tackled by framing focused policy and regulatory interventions, education and skill enhancement programmes and training, financial literacy, innovation, resulting in easy and sustainable growth of rural entrepreneurship.

Richard (2025) evaluated that Indian rural entrepreneurs are facing high entrepreneurial and marketing challenges and to control these challenges it is suggested that there is a need for focused governmental interventions, financial education, training and skill building programmes which will result in easy and sustainable growth in rural entrepreneurship.

Jarina and Manida (2024) explained the significance of rural entrepreneurship in MSME purview and its contributions in creation of employments, extension of the economy and social progress in rural India. It is suggested that there is need for sustained policy focus, investment in infrastructure and technological advancements to unlock the full potential of rural entrepreneurship.

Jayadatta and Shivappa (2023) explored the progressive landscape of digital marketing in rural settings and recommended government and stakeholders on fostering a more conducive ecosystem for the digital empowerment of rural entrepreneurship, thereby ensuring the long-term viability and growth of rural enterprises in this modern digital era.

Ndivhuho Tshikovhi and et.al (2023) explored certain strategies for enhancing rural economies to be more sustainable and showed that smart growth has been rapidly growing in urban cities, while certain communities outside urban areas have been left behind. They looked at various ways as how rural communities can solve their challenges towards smart growth and sustainability of their resources.

Channappa and Timmaiah (2022) reviewed various opportunities and challenges in rural marketing in Davanagere district of Karnataka state and highlighted that initiatives taken had major influence on the growth of rural marketing. They concluded that the future is very auspicious for those entrepreneurs who will understand and analyse the changes of rural markets and utilise them to their best advantage.

Reshma Shrivastava et al. (2018) found that rural enterprises are facing challenges of finance, marketing knowledge, technology etc. but offer growth opportunities. They conclude that rural market is one of the best market place of the new millennium and marketers should understand the needs and preferences of rural customers before marketing or selling their produces in the rural markets.

RESEARCH GAP

Marketing practices are highly dynamic, influencing researchers to investigate new topics, perspectives and methodologies. No significant evidence of research work undertaken duly considering the influence of marketing practices in the growth and sustainability of rural entrepreneurs in Shivamogga District of Karnataka State are available. Further, no remarkable research works have tried to figure out the different marketing practices based on enterprises like micro, small and medium. In this context, present work is an attempt to fill this research gap.

RESEARCH PROBLEM AND NEED FOR THE STUDY

In the present competitive business world, rural entrepreneurs are striving to prove themselves by competition with other entrepreneurs of rural and urban areas. Various factors are influencing their business and one among them is marketing, as it plays a significant role in the growth and success of any enterprise. Rural entrepreneurs, to market their products and services it is very essential to adopt suitable marketing practices. Out of various marketing practices the most important practices are innovativeness, opportunity focus and risk taking. By adopting these practices business can grab the opportunities in the market but, rural entrepreneurs face challenges in adopting them. So, the present study is intended to analyse the influence and impact of marketing practices on the growth and sustainability of rural entrepreneurs based on four important factors viz., Innovativeness, Pro-activeness, Opportunity Focus and Risk Taking.

RESEARCH QUESTIONS

RQ 1: Is there any significant influence of pro-activeness on the *growth and sustainability of rural MSMEs in Shivamogga District?*

RQ 2: Is there any significant influence of opportunity focus on the *growth and sustainability of rural MSMEs in Shivamogga District?*

RQ 3: Is there any significant influence of calculated risk taking on the *growth and sustainability of rural MSMEs in Shivamogga District?*

RQ 4: Is there any significant influence of innovativeness on the *growth and sustainability of rural MSMEs in Shivamogga District?*

Study Objectives

Primary Objective

- The study intends to evaluate the influence of marketing practices on growth and sustainability of rural MSMEs operating in Shivamogga district.

In addition the study aims to understand

- a) Influence of Pro-activeness on the growth and sustainability of rural MSMEs
- b) Influence of opportunity focus on the growth and sustainability of rural MSMEs
- c) Influence of calculated risk taking on the growth and sustainability of rural MSMEs
- d) Influence of innovativeness on the growth and sustainability of rural MSMEs of the selected area

Hypotheses of the Study

H₁: **Pro-activeness** of firm's orientation to search for new ways to acquire a competitive advantage has a significant influence on *MSME growth and sustainability*

H₂: **Opportunity focus** of a firm's ability to select right opportunity to determine success and identifying needs for a competitive advantage has a substantial influence on *MSME growth and sustainability*

H₃: The organization's ability to implement **calculated risks** to manage the risk associated with opportunity pursuit has a substantial impact on the sustainability of MSME growth

H₄: *Innovativeness* to firm's exploration of new opportunities (R&D, Technological changes, new products & services) has a significant influence on *MSME growth and sustainability*

Study Scope

The study covers the four marketing practices - Pro-activeness, Opportunity focus, Calculated risk taking and Innovativeness adopted by micro, small and medium scale manufacturing and service oriented rural enterprises operating from the last 10 years in Shivamogga district. The scope considers manufacturing and service based rural enterprises from seven Taluks of the District. Manufacturing activities such as Candle making, Insane sticks and match box, areca paper plates and bowls, cotton wicks, food products and hallow bricks manufacturing enterprises and under service oriented business poultry farming, beauty parlor, canteen, vegetable and agricultural vendors, tailoring and retail shop enterprises are contemplated for the study purpose.

Limitations of the Study

The present study is confined to 90 sample rural enterprises undertaking manufacturing and service oriented business in Shivamogga district and trading activities are kept outside the purview of the study. It has concentrated the impact of only four marketing practices viz., pro-activeness, risk taking, innovativeness and opportunity focus on rural enterprises.

Research Design

The present work is descriptive as well as exploratory in nature

Sample Plan

With 1,829 rural micro, small and medium entrepreneurs registered in Shivamogga District with District Industries Centre, Shivamogga district, Karnataka for 2024-25, 90 respondents (53 male and 37 female) are contacted using Simple Random Sampling method and Sample respondents were chosen from seven taluks of Shivamogga district- Hosanagara, Sagara, Shikaripura, Bhadravathi Shivamogga, Soraba and Thirthahalli are presented in the form of the following table.

Table: 01

Distribution of Sample Rural Enterprises (Taluk Wise) of Shivamogga District

District	Taluk	Sector	Sample Enterprises	Total Enterprises
Shivamogga	Hosanagara	Manufacturing	07	13
		Service	06	
	Bhadravathi	Manufacturing	05	10
		Service	05	
	Sagara	Manufacturing	06	14
		Service	08	
	Shikaripura	Manufacturing	05	12
		Service	07	
	Shivamogga	Manufacturing	10	22
		Service	12	
	Soraba	Manufacturing	03	08
		Service	05	
Thirthahalli	Manufacturing	05	11	

		Service	06	
		Total		90

Source: District Industries Centre, Shivamogga

Data Sources

Primary data is collected from the selected categories of rural enterprises through a survey in Shivamogga district and Secondary data through relevant journal articles, books and online sources.

Methodology:

The well-structured questionnaire is prepared for collecting quantitative information. The respondents for the survey are selected based on random sampling. As far as statistical technique is concerned, basically Structural Equation Model (SEM) approach is considered. However, this model is customised to the need of the current research study.

Research Instrument

A well-structured questionnaire for the research was framed for data collection from sample rural enterprises. A total of 20 likert based questions were designed asking the respondents to rank their importance of agreement on a scale of 1 to 5 with '1-Never' and '5-Always'. As far as data collection is concerned, total 90 respondents were contacted through a structured questionnaire from randomly selected Rural MSMEs during the months March-May 2025 for the period of three months.

Statistical Tools

Collected data were analyzed using SPSS software. Descriptive statistics and Structural Equation Model (SEM) approach and factor analysis were used to present and test the data to fulfill the study objectives.

Testing of Hypotheses

Correlation coefficients, Cronbach Alpha, Average Variance and Confirmatory Factor Analysis (CFA) were used for testing of formulated hypotheses

Descriptive Statistics

Table: 2

Respondents Profile

Contents		Respondents	Percentage
Gender	Male	53	58.88
	Female	37	41.11
	Total	90	100
Age Group	Less than 30	24	26.67
	30-40	38	42.22
	40-50	23	25.55
	Above 50	05	05.55
	Total	90	100
Education Background	SSLC	29	32.22
	PUC	32	35.56
	Graduation	19	21.11
	Post-Graduation	07	7.77
	Others	03	3.33

	Total	90	100
Type of Enterprise	Micro	59	65.55
	Small	22	24.44
	Medium	09	10.00
	Total	90	100
Earning members of family	Less than 2	52	57.77
	2 to 4	21	23.33
	4 to 6	10	11.11
	More than 6	07	7.77
	Total	90	100
Previous job status (before starting the enterprise)	Agriculture	26	28.88
	Self-employed business	30	33.33
	Unemployed	17	18.88
	Others	15	16.67
	Total	90	100

Source: Primary Data Analysis

In depicting the sample respondent's characteristics, nearly 59 % are male, more than 40 % respondents are less than 40 years of age, more than 35% have PUC education, 58 % are having less than two as earning members in the family, on previous employment before starting MSME, 33% had small business.

Data Analysis and Results

Table 3 presented the relevant items, their standardized loading (correlation coefficients) and the construct reliability and Cronbach Alpha results analysed through *Confirmatory Factor Analysis* (CFA) technique adopted to verify the hypothesized measurement model consisting of four dimensions- *Pro-activeness*, *Opportunity focus*, *Calculated Risks* and *Innovativeness* (Figure 1).

Table 3: Reliability and Item Loadings of Marketing Practices Dimensions Influencing MSME Growth and Sustainability

Factor	Items/Indicators	Loading	CR	CE	AVE
<i>Proactiveness</i> (<i>PRO_ACT</i>)	I excel at identifying opportunities for my enterprise by introducing new products, services or strategies to be ahead of my competitors	0.846	0.896	0.896	0.684
	I am constantly on the lookout for new ways to improve my market and retain my customers	0.867			
	I am great at turning problems at my enterprise into opportunities by identifying new products and market innovatively to sustain in the market place	0.835			
	When it is about my enterprise, I am more action-oriented than	0.757			

	reaction oriented				
<i>Opportunity focus (OPP_FOC)</i>	My enterprise approach looks beyond current customers and markets while introducing new products ahead of market competition	0.818			
	I am good at recognizing and pursuing right opportunities at right time	0.908			
	I would characterize my enterprise as opportunity driven by focusing in a new market outside the district or state	0.765	0.904	0.904	0.702
	I will constantly search for opportunities and focus on marketing strategies to build a brand	0.853			
<i>Calculated Risks (CAL_RI_TK)</i>	I believe that the risk taken is measured towards achieving the entrepreneurial objectives	0.764			
	My business enterprise is willing to take risk when we think it will benefit the enterprise	0.701			
	I take bold steps (both financial and non-financial resources) despite the facts that the returns on such investments are uncertain	0.745	0.832	0.832	0.553
	My enterprise pursues new opportunities despite the risk involved rather than missing it altogether	0.762			
<i>Innovativeness (INNVOT)</i>	My enterprise tries to use innovative approaches if it will help them get the job done more efficiently	0.892			
	Being innovative is a competitive advantage for my enterprise	0.895	0.920	0.920	0.742
	My enterprise tends to be more innovative than most of my competitors	0.898			
	My enterprise creates an atmosphere that encourages creativity and innovativeness	0.751			

<i>MSME Growth Sustainability (MS_GR_ST)</i>	Calculated risk taking and resource leveraging have competitively strive profitably of rural enterprises	0.800			
	By innovativeness, pro-activeness, rural enterprises are able to achieve financial benefits	0.769			
	Value creation has resulted in growth of MSME enterprises	0.749	0.842	0.842	0.572
	New market opportunity focus of rural entrepreneurs in recent times have resulted rural enterprises sustainability	0.705			

Note: CR - Composite Reliability, CA - Cronbach Alpha, AVE – Average Variance Explained

Source: Analysis of Primary Data

Table 4: Discriminant Validity of the Measurement Model:

	PRO_ACT	OPP_FOC	CAL_RI_TK	INNVOT	MS_GR_ST
PRO_ACT	0.827*				
OPP_FOC	0.393	0.838*			
CAL_RI_TK	0.471	0.380	0.744*		
INNVOT	0.389	0.476	0.350	0.861*	
MS_GR_ST	0.364	0.628	0.499	0.537	0.756*

* Square Root of AVE values shown in Table 3

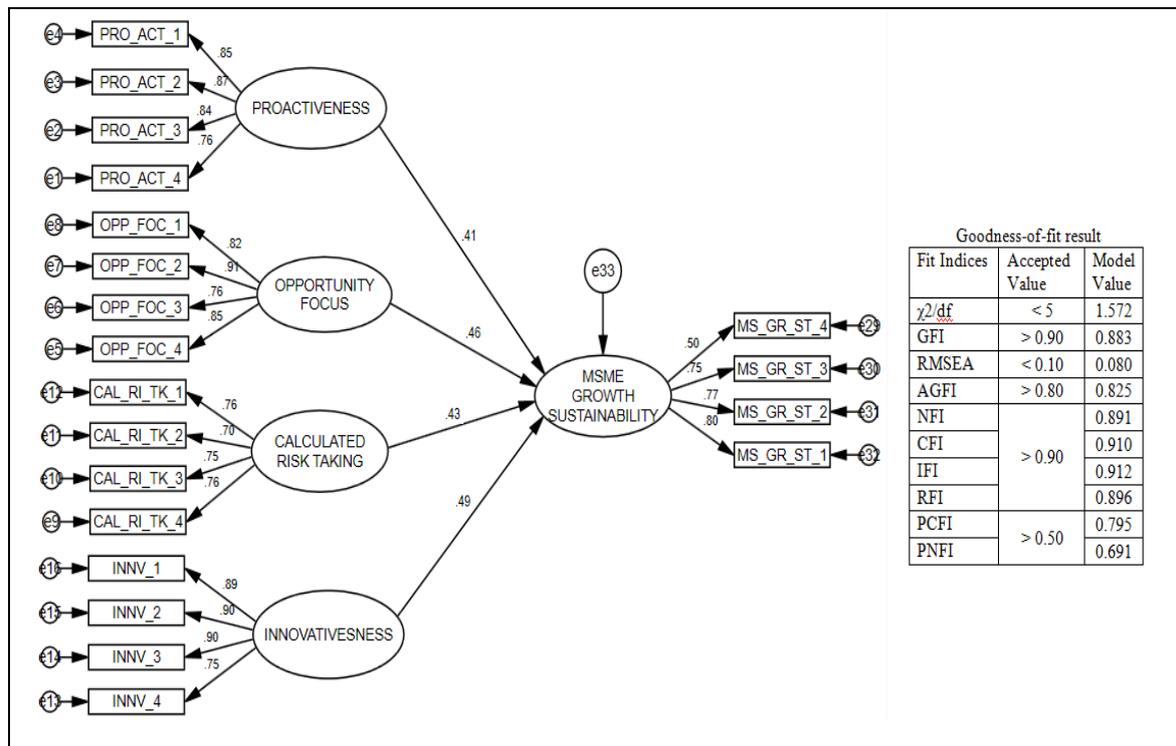
Source: Analysis of Primary Data

First, the Cronbach’s alpha reliability coefficient was computed to assess the psychometric properties of the framed questionnaire. The Cronbach’s alpha value set from 0 to 1, with value closer to 1 is pointing greater solidity and consistency, however for fundamental research the cut-off value is 0.60 (Nunnally, 1978) [Kalthom Abdullah & Others, 2012]. The tested results of Cronbach’s alpha are represented in Table 4 indicating coherence and stability of the instrument used. Then, with respect to composite reliability, from the table is it observed that most of the items revealed a loading greater than 0.50 clearly validating the convergence. Also the cronbach alpha values of each dimension are above 0.60, more than the accepted value. Similarly Discriminate Validity result is outlined in Table 4 create the divergent validity among the latent variables in that they does not statistically overlying on each other [since the inter-item correlation values are lower than the square root of AVE value] and are not having the problem of multi collinearity.

SEM Analysis Result:

After using the CFA to test the reliability and validation of the factors (questions), the defined research hypotheses exhibited in conceptual frame work (Fig 1) is tested for SEM analysis and the result is shown in Figure 2 and table 4.

Figure 2: SEM Result of Marketing Practices Dimensions Influencing MSME Growth and Sustainability



Source: Primary data Analysis

Table 5: Standardized Regression Weights used for Direct Relationship between Independent and Dependent Dimensions

		Factors	Standard Estimate	C.R.	P	Remark
Growth Sustainability	<---	Proactiveness	0.407	3.373	0.001*	H ₁ Supported
Growth Sustainability	<---	Opportunity Focus	0.459	3.725	0.000*	H ₂ Supported
Growth Sustainability	<---	Calculated Risk Taking	0.433	3.478	0.000*	H ₃ Supported
Growth Sustainability	<---	Innovativeness	0.492	3.678	0.000*	H ₄ Supported

* Significant at 5% level.

Source: Primary Data Analysis

Findings of SEM indicate that the research model almost satisfied the requirement of model fit with chi-square/df showing a value of 1.572 (Figure 2). The GFI, CFI and GFI are close to standard cutoff of above 0.90. RMSEA with a value of 0.080 fulfilled the cut-off value of 0.10. On the regression analysis result depicted in Table 4, *Proactiveness* has a moderate ($\beta = 0.407$) and significant ($p= 0.000, p<0.05$) influence on MSME Growth Sustainability. Thus, hypothesis H₁ is accepted at 95 % level of confidence. The regression ($\beta = 0.407$) indicate for every additional 10 respondents agreeing on the statements under *Proactiveness*, one would expect on average of four respondents rating on agreement with MSME Growth Sustainability dimension. Similarly, *Opportunity Focus* has also a moderate and significant

influence on MSME Growth Sustainability and the hypothesis has been accepted at 5 % level of significance. Similarly, Calculated Risk taking has a moderate (43 percent, $\beta = 0.433$) and significant influence on MSME Growth Sustainability, while innovativeness has a good (49 percent, $\beta = 0.492$) and significant influence on MSME Growth Sustainability.

MAJOR FINDINGS

- There is a moderate and significant influence of pro-activeness on the Growth and Sustainability of MSMEs ($\beta = 0.407$, $p = 0.000$, $p < 0.05$).
- Opportunity Focus has also a moderate and significant impact on MSME Growth Sustainability and the hypothesis has been accepted at 5 % level of significance.
- There is a moderate and significant influence of Calculated Risk taking on MSME Growth and Sustainability (43 percent, $\beta = 0.433$).
- Innovativeness has a good and significant influence on MSME Growth Sustainability (49 percent, $\beta = 0.492$).
- Thus, there is a significant influence of marketing practices on the growth and sustainability of rural MSMEs in Shivamogga District

SUGGESTIONS

- Rural MSMEs have to concentrate on increasing their pro-activeness to create awareness and increase demand for their products and services.
- Knowledge about proper implementation of innovative marketing techniques for the rural entrepreneurs is needed.
- There is a need to grab marketing and business opportunities by rural entrepreneurs and should focus on the new opportunities in order to improve their growth and sustainability
- Rural entrepreneurs can build a strong marketing network with other entrepreneurs, marketing intermediaries and organizations that provide assistance, support, advice and guidance, which in turn can help in finding customers by adopting suitable marketing practices.
- Rural enterprises have to focus on getting education and training to enhance their skills and knowledge by attending skill development programs, EDPs, conferences and workshops related to various aspects business especially in marketing.
- Marketing practices such as innovativeness, pro-activeness and opportunity focus should be properly implemented by rural enterprises to achieve financial benefits which could result in the growth of rural MSMEs in Shivamogga District.

CONCLUSION

Even though rural enterprises are the back bone of large industries, rural micro, small and medium enterprises are failing in adopting suitable marketing practices in marketing of their products and services which in turns leads to failure in reaching target customers. Marketing practices such as pro-activeness, opportunity focus, innovativeness and risk taking should be properly implemented as per their requirements as they can act as success factor for them. Even Government should provide adequate marketing support and knowledge to the rural enterprises about marketing practices, strategies and marketing opportunities available to them to empower them and sustain in the long run.

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