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COMPETITIVENESS OF ENTERPRISES ESTABLISHED IN RURAL AREAS: INSIGHTS FROM HILLY TERRAIN OF INDIA

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ABSTRACT: *Competitiveness of various types of enterprises is utmost important if an entrepreneurial society has to secure economic survival in the liberalized and globalized era. Firm's competitiveness assures the long-term economic and social growth of any country. The present study aims; first to analyze the competitiveness of the enterprises established in hilly region; second to determine the sector-wise level of competitiveness of the enterprises established in the rural areas of India; and third to provide the suggestions to improve the competitiveness of these enterprises to secure the long term growth in competitive era. In this study, the researchers make use of primary data which is collected through schedule method using purposive sampling. Item & reliability analysis, and factor analysis are applied to analyze the level of competitiveness of the enterprises along with ANOVA, and descriptive & t-statistics. The findings reflect that level of competitiveness of enterprises established in the rural areas of hilly terrain significantly low and differ from each other and that too from industrial area wise. Locations of the enterprises have significant contribution in the competitiveness of the enterprises. The study may provide new insights to policymakers and stakeholders to improve the competitiveness of the enterprises.*

KEYWORDS: Competitiveness, Industrial Area, Hilly Terrain, Perceived Level of Competitiveness

INTRODUCTION

Industrialization is a process where continuous and series of changes in strategic production functions are simultaneously happened (Chang, 1964). Higher production and economic development are the associated part of Industrialization (Kuchhal, 1989). Industrialization, thus serves the role of a catalyst that transforms agriculture, transportation, infrastructure, and service industry into highly productive sector. Hence, may be regarded as a fundamental component of economic development (Kimbal, 1939; Prasad, 1957). Enterprises establishment is the tried and tested tool of economic as well as social development (Prasad, 1957). In many countries of the world, positive relationship has been found between enterprises establishment and economic growth (Louis, 2012), employment generation, and increase in living standard of citizens (Chang, 1964: Rana, 1988). Establishment of enterprises in any region not only changes the economic situation of the area in positive manner but also affects the social and cultural life of the people residing nearby (Prasad, 1957). There is no denying the fact that the effective development of these enterprises is very essential for successful economic development of India as these enterprises generate highest employment opportunities after agriculture sector (Economic survey of India, 2014).

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To establish enterprises (Micro, Small, Medium, and Large Enterprises) along with government support, huge investment is the major requirement and if, once these enterprises established in any region, the success of the enterprises and development of that region depend on the level of competitiveness of these enterprises (Wint, 2003). The competitiveness of these enterprises is utmost important if the developing countries have to secure their economic survival in the liberalized and globalized era. Firm's competitiveness assures the long-term economic and social growth in the positive form (Williams, 2007). There is no common meaning for competitive advantage (Day & Wensley, 1988), however, competitiveness has been defined as the unique position which a firm develops vis-a-vis its competitors (Hofer & Schendel, 1978; O'Donnell et al., 2002). Competitiveness of these enterprises, depend on the sophistication of marketing strategy, market analysis, technological exploitation, ability to develop unique product, competitors identification (Moen, 1999; Porter, 1990; Wint, 2003; Williams 2007).

In Indian states, where most of the economies are totally dependent on agriculture, both central and state governments are trying to attract entrepreneurs with the help of different kinds of incentives packages. Recognizing the importance of small, medium, and large enterprises for overall (economic as well as social) development of the state of Himachal Pradesh; a hilly terrain, the government has created a congenial industrial environment through various industrial policies and investor friendly measures. In order to provide infrastructural facilities to the entrepreneurs, the state Government has already developed 42 industrial areas and 17 industrial estates with all basic amenities. (Economic Survey of H.P. 2015) But, the success of all these efforts depend on the competitiveness of the enterprises established in the state. Therefore, this study is an attempt to analyze the level of competitiveness of enterprises established in the hilly state of India.

CONCEPTUAL FRAMEWORK

Competitiveness defined as a unique position which a firm develops over its competitors (Hofer & Schendel, 1978; O'Donnell et al., 2002). Firm's competitiveness assures the long-term economic and social growth in the positive form (Williams, 2007). Competitiveness of enterprises depends on the sophistication of marketing strategy, market analysis, technological exploitation, ability to develop unique product, competitor identification (Moen, 1999; Porter, 1990; Wint, 2003; Williams 2007). The sources of Competitiveness for enterprises are superior skills and resources also (Day & Wensley, 1988). Entrepreneurs can achieve the competitive advantage over their competitors through; introduction of new product, new method of production, new markets, new source of supply of raw material, and new organization (Schumpeter, 1934:66). it is essential to organize the industry properly and put the administration, marketing and management on sound footing to make these enterprises competitive enough to prosper and sustain in the market place (Channabasiah & Belgaumi, 1978). Rao & Ramana (1983) reported in their study that village artisans are finding it difficult to cope up with the changing marketing conditions due to quick change in consumer's tastes. The study suggested measure of gaining competitive advantages like formulation of co-operatives, establishment of sales emporia, marketing federations, Govt. depots and a number of other sales organizations. To achieve competitive advantage, all agencies dealing with small units must be brought together under each item of manufacture in individual countries. This would help in linking item and country specifically small scale to a forum of regional economic co-operation (Chatterjee, 1991). Enterprises have to improve in

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the areas of management, marketing, product development, technological upgradation and cluster development are other measures to meet the global competition (Mali, 1998). Man et al. (1998) stated that to remain competitive in the market, firms need to satisfy the four conditions namely; sustainability, controllability, relativity, & dynamism and firms can achieve competencies through opportunity, organization, social, strategic, commitment and conceptual applications in their operations. Enterprises can counter the possible competition through skill development and transfer of improved technology (Adhikari, 2000). O'Donnell et al. (2002) suggested the parameters of competitive advantage such as; innovation, product differentiation, cost control, superior service, low pricing, marketing capability, and tailored offering, etc. Supply chain links, technological adoption and change, and cluster development, etc. are few innovative measures of competitiveness (Gordon et al., 2004). CII (2010) in its report on creating competitive SMEs suggested various measures to make Indian SMEs more competitive. These measures are; setting up of a separate and exclusive trading exchange, provisions of special incentives, and more liberal all-in-cost ceilings. Guzman et al. (2011) described in their study that enterprises are forced to adopt competitive strategies in 21st century due to various factors. This study concluded that financial performance, cost reduction and the use of technology have positive impact on the competitiveness level of enterprises. Hence these variables could be considered to create competitive advantage.

In-depth literature review reveals that most of the studies in this research area have focused on few aspects of competitiveness and that too in foreign countries. Researchers came across with very few studies in Indian context that have actually looked into competitiveness of enterprises. There is a relative dearth of literature on this very important aspect of enterprises establishment in India, especially in rural areas and no fruitful study is found on hilly terrain where situations are totally different than plain. This is the most important consideration, which has governed the choice of the research work. The study presents a holistic picture of overall level of competitiveness to policymakers and entrepreneurs to decide the framework for enterprises' development; those can compete in the era of globalization.

After the thorough review of literature, following parameters of enterprises competitiveness are considered for this study:

Table 1: Parameter Considered for Research

Parameters	Reference
Market Orientation	Williams, 2007; Jane, 2000
Customer Orientation	Rao & Ramana, 1983
Competitive Orientation	Guzman et al., 2012
Organizational Effectiveness	Schumpeter, 1934:66, Jane, 2000
Innovation and Technology Adaptation	Mali, 1998; Gavan, 2004; Gorden et al., 2004
Marketing Orientation	Channabasiah & Belgaumi, 1978; and Rao & Ramana, 1983; Williams, 2007; Mali, 1998; Gavan, 2004; Gorden et al., 2004; Chatterjee, 1991; Barry, 2008

Source: Researcher's own elaboration based on literature review

Status of Enterprises in Himachal Pradesh

As on 31.03.2015, there are 504 medium and large scale enterprises and about 40,107 small scale enterprises with a total investment of about Rs. 18982.92 crore working in the State.

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These enterprises are providing employment to about 2.86 lakh persons. (Table 2) The economy of Himachal Pradesh has also shown a shift from agriculture sector to industries as the percentage contribution of agriculture and allied sectors in Gross State Domestic Product (GSDP) has declined from 57.9 percent in 1950-51 to 55.5 percent in 1967- 68, 26.5 percent in 1990-91 and to 14.5 percent in 2009-10.The share of industries has increased from 1.1 percent in 1950-51 to 5.6 percent in 1967-68, 9.4 percent in 1990-91 and to 11.7 percent in 2009-10. (Economic Survey of H.P. 2012)

Table 2: Total Number of Enterprises Established in H.P. (As on 31.03.2015)

S/N	Category	Number of Units	Investment (Rs. In Cr.)	Employment (In numbers)
1	Large Scale Enterprises	137	6705.82	29072
2	Medium Scale Enterprises	367	5156.18	31906
3	Small Scale Enterprises	40107	7120.917	225423
Total Large and Medium		504	11862.01	60978
Grand Total		40611	18982.92	286401

Source: Annual Report, (2015) Department of Industries, Govt. of Himachal Pradesh

Objectives and Hypothesis of the Study

Following are the main objectives of the study:

I. To analyze the competitiveness of the enterprises established in Himachal Pradesh.

II. To determine the sector-wise level of competitiveness of the enterprises established in the rural areas of Himachal Pradesh.

III. To suggest measures to improve the competitiveness of enterprises established in hilly terrain to secure the long term growth.

On the basis of literature review, following hypothesis has been framed and tested in this study:

H_1: There is significant difference in the level of competitiveness between small, medium, and large enterprises operating in Himachal Pradesh.

RESEARCH METHODOLOGY

Research Design: The conclusive research design is used in the present study. The main objective of the present study is to test specific hypothesis and examine specific variables that is why conclusive research design is used as this type of research design assist the policy makers and stakeholders in determining, evaluating, and selecting the specific course of action to take policy decisions in a particular situation (Malhotra, 2010).

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Schedule Formulation: On the basis of literature review, pool of 10 to 15 statements under each parameter of competitiveness was generated at the initial stage of construct formulation. Keeping in mind the well established and non controversial importance of content of the statements (Strauss and Smith, 2009) and its relevance as major measure of construct validity (Messick, 1955), experience survey of expert professional dealing in the field of industrialization and entrepreneurship was consulted for refinement of the schedule, as is advocated by (Churchil, 1979). 7 to 13 statements under each parameter of competitiveness were finalized after discussion with experiential survey during the process of content validity.

Sampling and Data Collection: The present study is mainly based on Primary data collected from rural entrepreneurs of selected industrial areas (IA). Due to operational difficulties and non-responsive nature of respondents, strict statistical sampling cannot be applied here in selecting the respondents. In such cases, Cadler, Phillips, and Tybout (1981) advocated the use of purposive sampling keeping in mind the relevant dimensions of population. Hence, multistage-purposive sampling is used to collect the data. At first stage, six districts have been selected purposively from all the three administrative divisions of Himachal Pradesh, namely; Solan, Una, Kangra (relatively industrial developed districts), Mandi, Hamirpur, and Chamba (Industrial backward districts). At the second stage, twelve industrial areas (IA), two from each district selected randomly and at third stage, 10 enterprises from each industrial area are selected purposively to collect the data. In total, data is collected from 120 enterprises to analyze the competitiveness of enterprises established in Himachal Pradesh. Data is collected with the help of schedule method to maintain accuracy of data (Kothari) on five points Likert's scale (where 1stand for strongly disagree and 5 for strongly agree).

Determination of Level of Competitiveness of Small, Medium,and Large Enterprises

In order to quantify the status of competitiveness, level of competitiveness is calculated for each category of enterprise as well as each measure of competitiveness considered for the research. To determine the level of competitiveness, method given by Hills & Argyle (2002) is used in which researches quantify the happiness or calculated the happiness index.

Method or formula proposed by Hills and Argyle (2002) is as follow:

Level of Measure= (Total Score Received/ Maximum Score)*100

Here:

- Level of Measure=Components of Competitiveness
- Total Score Received=
  No. of Items in a measure*Score against each item given by Each Respondents* No. of Respondents
- Maximum Score=
  No. of Items in a measure*5 (Maximum Score for an item)* No. of Respondents

Statistical Techniques

To analyze the demographic profile, frequency distribution is used. Reliability of construct was checked by applying item analysis and cronbach alpha. To bring down the statements to manageable level of dimensions, factor analysis using principal components method of factor extraction with varimax rotation was used. To analyze competitiveness of enterprises, descriptive statistics, t-test, and ANOVA were applied.

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Enterprises Profile

Details of the enterprises' profile are given in the following table:

Table 3: Demographic profile of the Respondent from Enterprise

Demographics	Sub Heads of Demographics	District						Grand Total
		Chamba	Kangra	Hamirpur	Mandi	Solan	Una	
Owner's/ Manager's Education	Illiterate	0	0	0	0	0	0	0
	Up to Matric	2	4	2	7	0	0	15
	Inter	8	7	8	8	2	7	40
	Graduate	9	6	8	4	10	6	43
	Higher	1	3	2	1	8	7	22
	Total	20	20	20	20	20	20	120
Owner's/ Manager's Gender	Male	19	18	18	16	20	18	109
	Female	1	2	2	4	0	2	11
	Total	20	20	20	20	20	20	120
Enterprise Category	Small	20	20	13	20	2	7	82
	Medium	0	0	7	0	9	7	23
	Large	0	0	0	0	9	6	15
	Total	20	20	20	20	20	20	120

Source: Field Data

Parameters considered for the study are analyzed on the basis of enterprises' demographics mentioned in the above table to determine the status of competitiveness of the enterprises.

Reliability Analysis

Before analyzing data, reliability of the data (each measure) is checked with the help of Cronbach's Alpha.

Individual as well as composite reliability of the measures are checked with the help of Item analysis. Item analysis is done for all the measures of the competitiveness. Items having cross-loading/ low-loading and low Cronbach's Alpha values were dropped during analysis. All the remaining statements related to competitiveness were considered good as inter-item correlation was good and further tested during factor analysis. All the 60 statements of six measures of study were subjected to alpha test of reliability; the Cronbach's alpha statistics for all six measures were 0.838, 0.895, 0.905, 0.501, 0.790 and 0.820 respectively (table 4).

Table 4: Cronbach's Alpha Values for all the measures

S/N	Description	No. of Items	Cronbach's Alpha
1	Enterprises' Market Orientation	8	0.838
2	Customer Orientation of Enterprises	11	0.895
3	Competitive Orientation	7	0.905
4	Organizational Effectiveness of Enterprises	13	0.501
5	Orientation Towards Technology and Innovation	9	0.790
6	Enterprises' Marketing Orientation	12	0.820

Source: Reliability Analysis using SPSS 19.0

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The reliability values from the above table indicate that the reliability coefficient Cronbach's alpha for all the measures except for organizational effectiveness (0.500) is above to 0.8; indicates very good reliability (Chawla & Sondhi 2011). The Cronbach's alpha values above to 0.8 or more are considered very good for research instrument validation and moreover values above to 0.5 can be considered for further analysis (Nunnally 1978).

Factor Analysis

60 statements of all the six measures of the study put to factor analysis so as to find out the dimensions perceived by the respondents (Table 5). The values of KMO's measure of sampling adequacy come out to be 0.798, 0.774, 0.808, 0.460, 0.744, and 0.560 for first to six measures of study respectively. Bartlett's test of sphericity was also found to be significant in all cases, depicts that factor analysis can be applied on this data (table 5).

Principal component analysis was used because the dimensions produced by factor analysis were to be further subjected to multivariate analysis. The basis for factor extraction was kept as rotated factor loading of at least 0.50 which is desirable (Costello and Osborne, 2005). To get the stable factor as measure of multivariate analysis, Cronbach's alpha was again checked for statements of respective factors.

Table 5: Factor Analysis (PCA and Varimax): Competitiveness of Enterprises

S/N	Measures of Competitiveness	Description				
		KMO	Bartlett's Test of Sphericity (Sig.)	Variance Explained	Number of Factors Extracted	Remarks
1	Market Orientation	0.798	0.000	68.47%	2	Stable Factors
2	Customer Orientation	0.774	0.000	68.42%	2	Stable Factors
3	Competitive Orientation	0.808	0.000	64.37%	1	Stable Factor
4	Organizational Effectiveness	0.450	0.000	70.05%	4	Did not give stable factor solution, One item having low factor loading
		0.460	0.000	74.98%	4	One item deleted, give stable factors solution
5	Orientation Towards Technology & Innovations	0.590	0.000	65.43%	3	Did not give stable factor solution, Two items have low Cronbach's Alpha values

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		0.744	0.000	63.01%	2	Both items deleted, give stable factors solution
6	Marketing Orientation	0.560	0.000	75.46%	4	Did not give stable factor solution, Two items have low Cronbach's Alpha values
		0.676	0.000	74.00%	3	Both items deleted, give stable factors solution

Source: Factor Analysis

Table 6: Factor Profiling - Loading and Stability (Enterprises' Competitiveness)

Measures	Factor No.	Factor Name	Statements	Factor Loading	Cronbach's Alpha
Market Orientation	1	Awareness of Business Plan, Govt. Policy and SWOT (F1MO)	Consult business plant to evaluate decisions (MO1)	0.927	0.893
			Business plan helps in decision making (MO2)	0.896	
			Do change in relevant part of business plan as and when required (MO3)	0.864	
			Do SWOT analysis at regular intervals (MO8)	0.779	
			Awareness about industrial policy (MO4)	0.734	
	2	Analysis of Business area and Performance (F2MO)	Defined market and target segment (MO5)	0.847	0.512
			Comparison of enterprise performance with industry performance (MO7)	0.655	
			Survey of market to know the opportunities and challenges (MO6)	0.577	
Customer Orientation	1	Customer Value (F1CO)	Considers customers opinion to design and improve product quality (CO6)	0.908	0.921
			Try to offer more value to customers (CO9)	0.892	
			Maintain good customer retention ratio (CO10)	0.856	
			Handles customers' complaint well (CO8)	0.827	

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			Do market research to know customers' need and preferences (CO7)	0.797	
			Focuses on achieving customer satisfaction (CO1)	0.569	
	2	Customer Profiling (F2CO)	Monitor enterprise's commitment to serve customer's need (CO3)	0.839	0.796
			Prepare target customer profile (CO2)	0.815	
			Try to develop pool of satisfied and loyal customers (CO4)	0.676	
			Know why customers leave enterprises (CO11)	0.626	
			Analyses customer purchases and feedback (CO5)	0.593	
Competitive Orientation	1	Competitive Orientation (F1COM)	Collect and analyses competitors' strategic information (COM3)	0.893	0.905
			Know why customers buy from competitors (COM7)	0.889	
			Know about competitors (COM2)	0.836	
			Know how to identify current and potential competitors (COM1)	0.817	
			Target competitors' customers also (COM5)	0.796	
			Do regular survey of competitors' customers (COM6)	0.693	
			Discusses and shares competitors strengths and weaknesses (COM4)	0.663	
Organizational Effectiveness	1	Organizational Structure and Communication Flow (F1OE)	Maintain a well defined organizational structure (OE4)	0.937	0.843
			Make every effort to retain employee (OE13)	0.847	
			Share information related to resources with each department and employees (OE5)	0.795	
	2	Value of Employees (F2OE)	Problems due to employees association (OE12)	0.937	0.753
			Operate according to strengths and weaknesses (OE1)	0.847	
			Develop a sound employee's feedback and complaint redressal mechanism (OE8)	0.795	
	3	Participatory Management (F3OE)	Develop a participatory management system (OE10)	0.839	0.657
			Considers employees inputs and try to improve the functioning (OE9)	0.729	
			Superior-subordinate relations are very good (OE6)	0.657	

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	4	Management Orientation (F4OE)	Utilizes our resources in best way (OE2)	0.752	0.578
			Pay attention to employees training (OE11)	0.723	
			Emphasizes on coordination of all departments (OE3)	0.700	
Technology and Innovation	1	Attitude towards technology and innovation (F1TI)	Technology adaptations provide opportunities to enterprise (TI2)	0.807	0.804
			Use technology in SCM (TI8)	0.773	
			Product changes have been possible due to technological adaptations (TI4)	0.7390	
			Open to innovation and make every change in process (TI1)	0.7122	
			Face problem due to technological changes (TI3)	0.570	
	2	Benefits from Technology and Innovations (F2TI)	Our product is different and cannot be imitated (TI5)	0.851	0.673
			Sales has been increased due to technological changes (TI6)	0.823	
Marketing Orientation	1	Marketing Efficiency (F1MARK)	Emphasizes on coordination of all departments (OE3)	0.826	0.807
			Can manage any kind of unanticipated business situation (MARK11)	0.825	
			Cost of our product is lower than competitors (MARK2)	0.800	
			Change our prices if market demand (MARK3)	0.700	
	2	Promotional Efficiency (F2MARK)	Initiate social awareness programme (MARK7)	0.845	0.829
			Promotional strategies are unique and innovative (MARK4)	0.781	
			Use traditional and famous promotional techniques (MARK5)	0.751	
	3	Business Expansion Efficiency (F3MARK)	We are in the process of industry/ international collaborations (MARK10)	0.855	0.784
			Plan is to expand business beyond defined area (MARK9)	0.792	
			Sales promotion techniques are used to promote business (MARK6)	0.670	

Source: Factor Analysis using SPSS 19.0

Application of factor analysis on statements measuring market orientation of enterprises gave two factor solutions (first, awareness of business plan, govt. policy, & SWOT and second,

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analysis of business area and performance) and explained sixty eight percent variance. Statements measuring customer orientation generated two factor solutions after application of factor analysis i.e. customer value and customer profiling and explained again sixty eight percent variance. Application of factor analysis on statements of competitive orientation gave one factor solution (competitive orientation) and explained sixty four percent variance. Statements measuring organizational effectiveness and technology innovation gave four and two factor solutions and explained seventy four and sixty three percent variance respectively. Application of factor analysis on statements measuring marketing orientation of enterprises gave three factor solutions and explained sixty seven percent variance (table 6). Sixty percent variance explained was taken as the method for deciding number of factors. Though, there is general perception to use factor in further multivariate analysis when the variance explained is at least 55 per cent (Malhotra, 2008) but in social sciences studies, 50 percent of variance is useful and can be taken ahead (Zenk and Eckhardt, 1970). Details of each factor containing respective statements are given in the table 6 along with factors loading.

ANALYSIS, DISCUSSION, AND HYPOTHESES TESTING

Following tables exhibit the results of analysis of variance (ANOVA) and t-statistics analyzing competitiveness of enterprises established in the state of H.P.

Table7: ANOVA(Dist. Wise)

Factor	Homogeneity of Variance		Difference of Mean Test		Mean					
	Levene Statistic	Sig.	ANOVA/Welch-Brown-Forsythe	Sig.	Chamba	Kangra	H. Pur	Mandi	Solan	Una
F1MO*	7.649	0.000	Welch	0.00	2.40	3.86	3.14	3.12	4.23	4.07
			Brown-Forsythe	0.00						
F2MO*	2.100	0.700	ANOVA	0.09	2.2	2.2	2.05	2.18	2.5	2.25
F1CO*	2.671	0.020	Welch	0.00	3.09	2.59	2.82	2.70	3.51	3.03
			Brown-Forsythe	0.00						
F2CO*	5.362	0.000	Welch	0.00	3.11	3.22	3.95	3.04	3.74	3.65
			Brown-Forsythe	0.00						
F1COM	3.061	0.010	Welch	0.16	2.53					
			Brown-Forsythe	0.09						
F1OE*	2.853	0.020	Welch	0.00	3.16	3.56	3.38	3.33	4.06	4.00
			Brown-Forsythe	0.00						
F2OE*	2.100	0.00	Welch	0.02	2.46	2.31	2.38	2.41	3.25	2.83
			Brown-Forsythe	0.00						
F3OE	2.671	0.010	Welch	0.46	3.47					
			Brown-Forsythe	0.41						
F4OE*	5.362	0.000	Welch	0.00	3.35	3.73	3.33	3.51	4.13	3.98
			Brown-Forsythe	0.00						
F1TI*	3.061	0.660	ANOVA	0.00	2.5	2.45	2.31	2.42	3.16	2.8

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F2TI	1.429	0.219	ANOVA	0.37	2.57					
F1MARK	6.473	0.000	Welch	0.21	2.64					
			Brown-Forsythe	0.09						
F2MARK*	4.636	0.001	Welch	0.00	2.46	2.96	2.40	2.50	4.03	3.71
			Brown-Forsythe	0.00						
F3MARK*	1.740	0.131	ANOVA	0.00	2.98	3.08	3.7	3.20	4.13	4.00

Source: Field Survey
*Note: * Significant at 5%*

Results of table 7 exhibit that there is significant difference between the competitiveness of enterprises established in the different districts of the state with respect to market and customer orientations. Small, medium, and large enterprises of Chamba, Hamirpur, and Mandi districts are not aware about the business plan, various industrial policies of govt. and their strengths, weaknesses, opportunities, and threats (SWOT). Whereas, enterprises of remaining three districts i.e. Kangra, Solan, and Una are well aware about the business plan, govt. policies, and SWOT. This may be due to their geographical proximity with other neighbouring states and high concentration of enterprises in these areas. Results show that enterprises of all the districts do not analyze their market and business performance. Enterprises of district Solan try to provide value to its customers and almost all the enterprises of this district prepare the profile of their customers. Results also indicate that there is no statistical significant difference between the enterprises established in various districts with respect to competitive orientation. Small, medium, and large enterprises of sample districts do not analyze the operations of their competitors. Above analysis indicates that there is significant difference for various emerged factors of organizational effectiveness except F3OE (participatory management) between the enterprises of all the districts. Enterprises of all the districts operate under well developed organizational structure and practice the principle of clear communication flow, whereas, enterprises of only Solan district value their employees. Management orientation of all the enterprises is also positive in all the districts. Results highlight that attitude of enterprises towards technology and innovation is not positive except in case of Solan district. Whereas, all the enterprises of six districts do not exploit technological and innovation related benefits. Results indicate that there is no significant difference in case of marketing effectiveness between the enterprises of selected districts, all these enterprises lack in this aspect. Enterprises of only Solan and Una districts (Nearer to feeder towns) are good in the area of promotion of business especially enterprises of Solan district. Enterprises of all the selected districts except enterprises of district Chamba plan the issue of business expansion (table 7).

Table 8 presents the enterprises category-wise (small, medium, and large) results of analysis. Results highlight that there is statistical significant difference in competitive level of small, medium, and large enterprises. All the enterprises are aware of business plan, govt. policies, and SWOT, especially enterprises of medium and large categories. Only large enterprises analyze market area and its performance time to time. As per results, only large scale enterprises value their customers, whereas, results report neutral response from medium scale enterprises.

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Table 8: ANOVA (Enterprises' Category-Wise)

Factor	Homogeneity of Variance		Difference of Mean Test		Mean		
	Levene Statistic	Sig.	ANOVA/Welch-Brown-Forsythe	Sig.	Small	Medium	Large
F1MO*	7.649	0.00	Welch	0.00	3.11	4.17	4.28
			Brown-Forsythe	0.00			
F2MO*	20.356	0.00	Welch	0.00	2.11	2.13	3.00
			Brown-Forsythe	0.00			
F1CO*	25.572	0.02	Welch	0.00	2.68	3.04	4.31
			Brown-Forsythe	0.00			
F2CO*	22.425	0.00	Welch	0.00	3.06	3.63	3.92
			Brown-Forsythe	0.00			
F1COM*	7.818	0.01	Welch	0.00	2.39	2.27	3.65
			Brown-Forsythe	0.00			
F1OE*	7.085	0.00	Welch	0.00	3.40	3.56	4.60
			Brown-Forsythe	0.00			
F2OE*	45.733	0.00	Welch	0.00	2.34	2.34	4.46
			Brown-Forsythe	0.00			
F3OE*	20.928	0.02	Welch	0.00	3.33	3.81	3.66
			Brown-Forsythe	0.00			
F4OE*	50.272	0.00	Welch	0.00	3.40	4.38	4.00
			Brown-Forsythe	0.00			
F1TI*	3.706	0.03	Welch	0.00	2.3	3.01	3.56
			Brown-Forsythe	0.00			
F2TI*	3.276	0.04	Welch	0.84	2.54	2.66	2.53
			Brown-Forsythe	0.79			
F1MARK*	23.986	0.00	Welch	0.00	2.58	2.18	3.75
			Brown-Forsythe	0.00			
F2MARK*	18.425	0.00	Welch	0.00	2.49	3.73	4.66
			Brown-Forsythe	0.00			
F3MARK*	44.302	0.00	Welch	0.00	3.14	4.25	4.33
			Brown-Forsythe	0.00			

Source: Field Survey
*Note: * Significant at 5%*

Enterprises of all the selected districts work on the development of customers' profile for sustenance in globalized era. Only large scale enterprises analyze the business operations of their competitors whereas enterprises of other two categories do not give a thought upon it. Results exhibit that all types of enterprises develop well defined organization structure and

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communication flow for smooth functioning of the enterprises and only large scale enterprises value their employees. All the enterprises develop participatory management system and positive management orientation towards competitiveness.

Above results (table 8) also highlight that only large scale enterprises of the state reflect positive attitude towards innovation and technology adoption. Enterprises of all the categories do not exploit the latent opportunities and benefits of technology and innovation. Results indicate that large scale enterprises are efficient in case of overall marketing strategies whereas medium scale enterprises are also doing well in the area of promotion of the enterprise. Small scale enterprises lack in these two areas of marketing orientations and try to match the standard of other two categories of enterprises in expansion of business. Above results clearly state that there is a significant difference in the competitive level of all the enterprises operating in the state. Hence, data support hypothesis of the study (H_1).

Analysis of competitiveness exhibit that enterprises of the state are doing well in few areas of business so as to be competitive in the market. Enterprises, especially large scale category are meeting almost all the parameters of competitiveness. Moreover, enterprises of those areas which are nearer to feeder towns or located in highly industrial concentrated areas are performing well to counter the competition posed by globalization. As per results, small scale enterprises lack in competitiveness in the competitive world. To sustain in highly competitive environment, enterprises have to change their orientation towards competitiveness and must adopt a holistic approach to develop the competitiveness.

Perceived Level of Competitiveness of Enterprises Operating in H.P.

Following tables present the perceived level of competitiveness of all the enterprises on the basis of sample selected in the present study:

Results in the table 9 indicate that overall perceived level of competitiveness of the enterprises operating in the state is 61.04 percent. On looking upon the component-wise level of competitiveness, researchers find that enterprises of the state lack in competitive orientation, technological orientation and marketing orientation.

Table 9: Perceived Level of Competitiveness of State's Enterprises

Measures	Maximum Score	Score Received	Level	Overall
Market Orientation	4800	3223	67.15	61.04
Customer Orientation	6600	4103	62.17	
Competitive Orientation	4200	2126	50.62	
Organizational Effectiveness	7800	5442	69.77	
Technology & Innovation	5400	2771	51.31	
Marketing Orientation	7200	4310	59.86	

Source: Primary data

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Perceived Competitiveness Level of Small Scale Enterprises

Given below table presents the perceive level of competitiveness of the small scale enterprises of the state:

Table 10: Perceived Competitiveness Level of Small Scale Enterprises of H.P.

Measures	Maximum Score	Score Received	Level of Competitiveness	Overall Level of Competitiveness
Market Orientation	3240	1996	61.60	56.59
Customer Orientation	4455	2547	57.17	
Competitive Orientation	2835	1360	47.97	
Organizational Effectiveness	5265	3453	65.58	
Technology & Innovation	3645	1741	47.76	
Marketing Orientation	4860	2655	54.63	

Source: Primary data

Perceived level of competitiveness of small enterprises is 56.59 percent (table 10), which is very low in the era of high and stiff competition. Figures in the above table exhibit that small scale enterprises lack in the areas of competitive orientation and technological & innovation orientation. This may be due financial constraints and limited market area of these enterprises.

Perceived Competitiveness Level of Medium Enterprises

Following table presents the perceived competitiveness level of medium scale enterprises established in Himachal Pradesh:

Table 11: Perceived Level of Competitiveness of Medium Scale Enterprises of H.P.

Measures	Maximum Score	Score Received	Level of Competitiveness	Overall Level of Competitiveness
Market Orientation	960	741	77.19	66.35
Customer Orientation	1320	874	66.21	
Competitive Orientation	840	382	45.48	
Organizational Effectiveness	1560	1212	77.69	
Technology & Innovation	1080	633	58.61	
Marketing Orientation	1440	935	64.93	

Source: Primary data

Results of table 11, exhibit that perceived competitiveness level of medium scale enterprises established in the state is higher than small scale enterprises. The overall level of competitiveness of medium scale enterprises is 66.35 percent. Results exhibit that these enterprises lack in the areas of competitiveness and technology & innovation orientation.

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Perceived Competitiveness Level of Large Scale Enterprises

Following table presents the perceived competitiveness level of large scale enterprises established in Himachal Pradesh:

Table 12: Perceived Competitiveness Level of Large Enterprises of H.P.

Measures	Maximum Score	Score Received	Level of Competitiveness	Overall Level of Competitiveness
Market Orientation	600	486	81.00	76.58
Customer Orientation	825	682	82.67	
Competitive Orientation	525	384	73.14	
Organizational Effectiveness	975	777	79.69	
Technology & Innovation	675	397	58.81	
Marketing Orientation	900	720	80.00	

Source: Primary data

Perceived level of competitiveness of large scale enterprises established in the state is 76.58 percent which is fair enough and very high than small and medium scale enterprises of the state. This may be due to their size of operations and nature of business. But these enterprises also lack in technology & Innovation aspect.

Above results indicate that major concern or gray areas for state's enterprises are competitors' and technology & innovation orientations and these two orientations are the crucial components of overall competitiveness in present business world. In the era of high technological advancement and ICT revolution, it is very hard to all types of enterprises to sustain in the globalized era without these two important aspects. To improve the overall level of competitiveness for long term sustenance, enterprises have to focus on these two orientations of competitiveness.

FINDINGS OF THE STUDY

Following are the main findings of this study:

i) Enterprises of sample districts significantly differ in various parameters of competitiveness.

ii) Enterprises of backward districts are not aware about the basic components of competitiveness like business plan, competitor's knowledge, technology & innovation and customer orientation, etc.

iii) Enterprises of comparatively industrial developed districts like Kangra, Una, and Solan are much competitive than others.

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iv) Small scale enterprises of the state lack in terms of competitiveness. They do not practice the basic elements of competitiveness like customer value delivery, participatory management, and technology adoption, etc.

v) Perceived competitive level of medium and large enterprises of the Solan and Una districts is comparatively better than others.

vi) Attitude of all the enterprises of the state towards technology adaptation and innovation is very much passive especially small and medium scale.

vii) To sustain in competitive environment, neither small nor medium enterprises show positive attitude towards customer orientation, organizational effectiveness, and marketing orientation.

viii) Enterprises nearer to feeder towns are doing well to sustain in the globalized era.

ix) Overall level of competitiveness of state's enterprises is above fifty percent but lacks in two basic orientation i.e. competitive orientation and technology & innovation orientation.

x) To compete in the market, there is a need to change the attitude of the enterprises towards various orientations of competitiveness.

xi) Enterprises and government must exploit the opportunities provided by innovations and technology as it affects all the aspects of the business.

xii) Enterprises of the state must try to practice competitive orientation and introduce technology and innovation in their business operation in any form to compete in highly competitive environment.

CONCLUSION

Enterprises are always considered as engine of growth in all over the world and same is the case with Himachal Pradesh; hilly state of India. Enterprises of all types (small, medium, and large scale) try to meet the possible competition thrown by the enterprises established in vicinity. To sustain in the market, enterprises practice best strategies according to their size and strengths but do not aware about the crucial aspects of the competitiveness. Large scale enterprises have a much better level of competitiveness than other two types of enterprises. This may be due to the financial leverage they have than the others. In the globalized era, two major determinants of success for any kind of business is competitors knowledge and adoption of technology and innovation but enterprises of the rural areas of Himachal Pradesh lack in these two basic aspects badly. Enterprises must design some strategic mechanism to improve their overall competitiveness level.

Policy Implication

The results of the present study provide the perceived level of competitiveness of the different types of the enterprises established in the hilly region of India. The study highlights that enterprises of the area do not consider the crucial element of business operations in their day to day activities. The present study provides new insights to policymaker that may help in

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the long term survival and growth of the enterprises as well as industrial economy. Policymakers can take advantages from the present study to counter the possible competition posed by globalization. This study highlights the strengths and gray areas of enterprises established in the region. Survival and long-term growth of the enterprises depend on competitive orientation and adoption of technology and innovation approach of the enterprises.

Limitations

The results of the present study are based on sample of six districts that too from one state only. Result may not be generalized as it covers only 12 industrial areas and 120 enterprises that too from rural region. Further, results cannot be generalized as it represents only to hilly state of India. To generalize results, data may also be collected from other parts of the country. Further, respondents were not interested to provide some useful information of qualitative nature.

Scope for Future Research

The study focuses on industrial areas only and due to unavoidable factors, it ignores the enterprises established in other parts of the districts. Taking insights from the present study, researcher can analyze and compare the level of competitiveness of the enterprises of different parts of the country. The present study limits up to descriptive statistics, t-statistics, and ANOVA, and factor analysis, for further research, modeling and other statistical tools can also be applied. To validate the results, researchers can also test the methodology on other states and industries.

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