

Impact of E-Governance on the performance of MSME units registered in South Kerala, India

*Gayathri.H, #Dr. Narasimha Raja.Y

*Research Scholar, #Research Guide, School of Management, Presidency University, Bangalore, India. *gayathripadma26@gmail.com, #narasimharaja.y@presidencyuniversity.in

Abstract - The article gives the result for a study on e-governance and its impact on the performance of MSME units registered in South Kerala, India (Trivandrum, Kollam and Pathanamthitta districts). The variables of the study are usage of E-governance (independent), five benefit factors (mediators) and the performance of business units (dependent). District Industry Centre Kollam, Trivandrum and Pathanamthitta in South Kerala, India has supported a lot for this study. For data collection, survey method is adopted and a set of structured close-ended questionnaire is used. There were 4175 registered MSME units as per MSME facilitation Act 2019 till March 2021 in South Kerala, and out of that, 418 samples were selected using stratified random sampling. All the questionnaires got filled completed. The response rate of this study is considered as excellent and the selected sample size is good enough for parametric tests (Hair et al., 2019). Data analysis has been performed using SPSS software. The study shows that the usage of E-governance in the MSME units has a positive impact on the business performance. The framework presented in the study would be useful for various stakeholders or the elements of e-governance like government bodies, business institutions and citizens for decision making and transparency in their relation.

Keyword- *Benefits of e-governance, Business performance, E-Governance, Manufacturing units, MSME units, Service units, South Kerala,*

I. INTRODUCTION

Due to the computerization of Government Departments in India, the idea of E-governance has emerged and which creates a citizen centric, transparent and service oriented environment between stakeholders in E-governance. [3] E-governance is simply the usage of IT in government offices for creating a transparent relationship among the interested parties or the stakeholders (World Bank). By the implementation of advanced technologies in IT, they can better deliver services to citizens or clients and can interact with them smoothly at any time which helps in improving efficient government management. It is noted that, it helps in reducing the rate of red tapism and corruption, increase in revenue growth by reducing the operating cost and thereby showing better convenience to the parties.[9] Government, Citizens and business units or investors are considered as the basic elements of E-governance. [1] Government management becomes easier with the implementation of the National E-governance plan. E- governance are of different types namely, G2B, G2C, G2E, G2G. In this study, the usage of E-governance (G2B) is giving vital importance and is considered as the independent variable. The benefit factors are considered as the mediating factors. The dependent variable for the study is the performance of MSME business units in South Kerala.

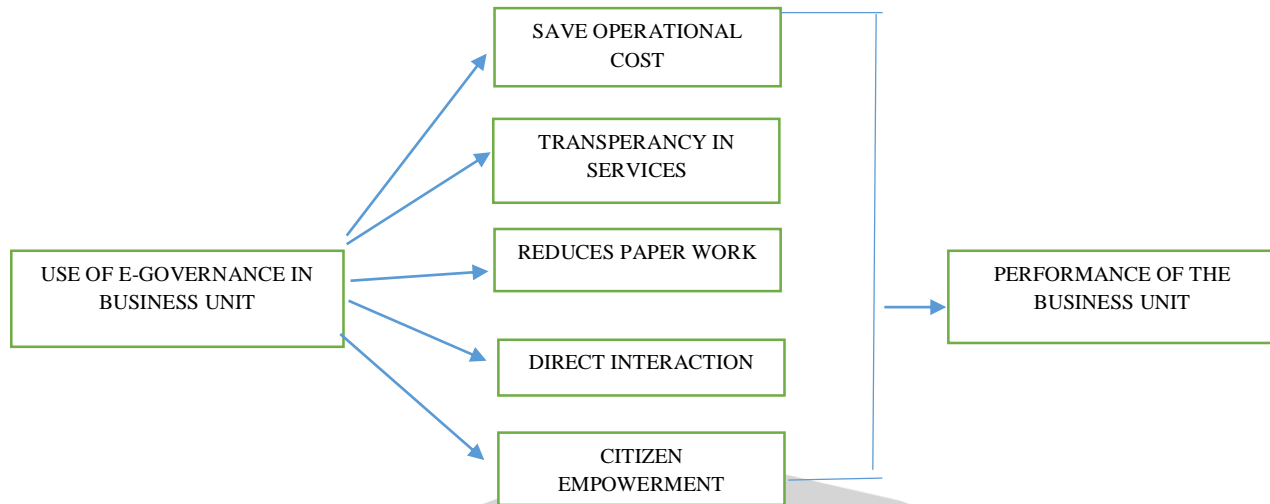
[5] "Governance refers to the exercise of political, economic and administrative authority in the management of a country's affairs, including citizens' articulation of their interests and exercise of their legal rights and obligations. E-Governance may be understood as the performance of this governance via the electronic medium in order to facilitate an efficient, speedy and transparent process of disseminating information to the public, and other agencies, and for performing government administration activities" (UNESCO- International Organization).

MSME means Micro Small and Medium Enterprises and is defined under the MSME Development Act 2006. [2] As per the Atmnirbhar Bharat package on 13th May 2020, MSME got new definition and criteria. And will come into effect from 1st July 2020. MSMEs are classified on the basis of investment in plant and machinery and turnover of the unit excluding export revenue. [4] The characteristics of a MSME unit is determined by the turnover. A Micro enterprise is one having annual turnover not more than 5 crores, a small scale enterprise having turnover not more than 50 crores and a Medium enterprise having turnover not more than 250 crores. By the successful implementation of the Digidhan Mission, all the offices of MSME became digitalized.

II. OBJECTIVES OF THE STUDY

- To identify the various factors which benefits the performance of business units by the implementation and usage of E-governance.
- To analyze the impact of each benefit factor on the performance of business unit
- To study whether there is significant association between usage of E-governance and the performance of MSME Units.

III. FRAMEWORK OF THE STUDY



IV. RESEARCH METHODS

Survey method has been adopted for data collection and used a set of structured close-ended questionnaire. There were 4175 registered MSME units as per MSME facilitation Act 2019 till March 2021 in South Kerala, and out of that, 418 samples were selected using proportionate stratified random sampling. All the questionnaires were completely filled. Data analysis has been performed using SPSS software. Three districts in South Kerala, Trivandrum, Kollam and Pathanamthitta are selected for the study. The period of study was from June 15th to June 30th 2022.

The variance was measured on a Likert scale of five points, five indicating a high agreement and one indicating no agreement. [8] The analysis was performed using mathematical interpretation in the sample and in the calculations which included the performance of the results obtained from the mathematical sample. In terms of mathematical calculations, informal statistical tests have been used: (1) Spearman's consistency measure to assess the existence of statistical relationships between variables, (2) independent chi-square test to assess the statistically significant relationship between the two variables, (3) Descriptive analysis is performed to look at the contribution of various factors. Calculations were made using IBM SPSS 23.0

V. RESULT AND DISCUSSIONS

[10] Reliability of the data has been checked using Cronbach's Alpha analysis and has found out to be greater than 0.7 and is proved to be reliable for the study. The enterprises have been divided into two types based on their

operations namely manufacturing/production and service industry. The percentage analysis of the demographic profile was carried out and explained as mentioned in Table 1

Table 1: Analysis of demographic variables

Content	Factors	Percentage (%)
Gender	Male	68
	Female	32
Age	18-24	10
	25-34	46
	35-44	20
	Above 44	24
Education	Up to UG level	12
	UG	48
	PG	40
Experience	Below 5 years	22
	5-10 years	49
	Above 10 years	29
Type of SSI	Manufacturing	64
	Service	36
Whether E-governance usage is there in the unit	Yes	82
	No	18
Using E-governance facility improves business performance	Yes	89
	No	11
G2B governance is vital in bringing good business performance(strategic and financial)	Yes	82
	No	18

Majority of the respondents contributed towards this study and was found out to be male (68%) and most (46%) of the managers are between the age group of 25-34. The majorities of the respondents have Under graduation as their educational qualification (48%) and have work experience of between 5-10 years (49%). Among the type of industry, majority (64%) of the data are collected from manufacturing sector, as the number of SSI units registered as manufacturing industry is higher than that of service sector in South Kerala region.

Table 2: Relationship between each benefit factor of E-governance with the performance of a business unit using the chi-square test (P value)

Statements	Chi square value (p value)	Interpretation
Implementation and adoption of E-governance facility (G2B) helps reducing the operational cost of the MSME unit	0.03	Significant relationship exists
E-governance facility helps in maintaining transparency in transactions which aids to increasing the trust and loyalty among the parties	0.012	Significant relationship exists
Business units as well as government offices are becoming paper free offices which helps in data security and easy data access	0.023	Significant relationship exists
Business units are maintaining direct interaction with government offices so as to improve confidence and better openness	0.01	Significant relationship exists
E-governance helps empowerment of citizens by getting proper information	0.000	Significant relationship exists

The major types of small scale industry units are manufacturing/ production, and service sector. By using chi square analysis, it was tried by researcher to identify whether any relationship exists between each benefit factor of E-governance with the performance of a business unit and it shows the existence of significant relationship between variables.

Table 3: Correlation between usage of E-governance and the performance of MSME unit

Statements	Spearman's correlation value	Sig. (1-tailed)	N	Inference
The business units are having proper ICT applications	0.589	.000	418	Strong positive correlation and significance between variables
Using Government approved applications for various transactions like,	0.461	.002	418	positive correlation and significance

tender, tax payment, contracts etc.				between variables
Business unit is concentrating in data accessibility and data security by using genuine E-governance applications	0.678	.021	418	Strong positive correlation and significance between variables
Business units are getting proper It training facilities	0.323	.000	418	Positive correlation and significance between variables
Business units is having regular interaction with government offices in maintaining their operation of business	0.780	.000	418	Very strong positive correlation and significance between variables
The business units are giving importance to their clients or are citizen centric	0.656	.000	418	Strong positive correlation and significance between variables
Business units are interested in digitalization	0.765	.000	418	Strong positive correlation and significance between variables
The managers/owners believes that usage of E-governance and G2B interaction is vital in business success	0.541	.002	418	positive correlation and significance between variables
Government and business units, both are encouraging the digitalization and proper maintenance of applications	0.697	.021	418	Strong positive correlation and significance between variables

While using descriptive analysis, the researcher found that most (81%) of the respondents have the opinion that E-governance support is important in the operations and business success and 85 % of them thinks that usage of E-governance through digitalization is vital factor in attaining good business performance. [6] For further strengthening this finding, the researcher conducted Spearman's rank correlation analysis between the benefit factors of e-governance and business performance. It was found that the variables have a healthy correlation among them and are having significant relationship between them.

By using descriptive analysis, the researcher found that most (86%) of the respondents have the opinion that usage of E-governance in business units influence the performance of the business.

Table 4: Chi square analysis: Usage of E-governance and business performance.

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.031 ^a	8	.000
Likelihood Ratio	12.012	8	.001
Linear-by-Linear Association	3.577	1	.001
N of Valid Cases	418		

The researcher conducted chi square test between the performance of the firm and the usage of e-governance with relation to the benefit factors. It was found that the variables have a significant relationship between them

H₀: There is no significant association between usage of E-governance and business performance

H₁: There is significant association between usage of E-governance and business performance

With 5% level of significance and degrees of freedom 8, it was noticed that significance value is less than 0.05. Since value of $P < 0.05$, we reject null hypothesis and accept alternative hypothesis. So we can infer that there exists a relationship between usage of E-governance and the performance of business unit in our study.

Based on this finding, we can conclude that the usage of E-governance can make an impact on the business performance.

VI. CONCLUSION

E-governance aims in reducing business difficulties through providing digital guidance and communication. As part of improving the business performance, most of the business units started implementing Information and Communication Technology (ICT). [7] Government of India initiated the G2B website for promotion of industries and internal trade as part of E-governance program. During 2006 E-governance plan has been launched by Government for enhancing the various types of e-governance. In this study, the variables considered as benefit factors of E-governance shows that, there is a significant relationship with the business performance. It is proven through various statistical tests, that the usage of e-governance is beneficial to a business unit and thus enhances the performance of the business unit.

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