

Perception and attitude of owners towards performance appraisal of micro, small and medium enterprises: A study with reference to Karnataka

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Abstract

The recent corporate accounting scandals involving corporate giants such as Satyam and Enron have made business ethics and corporate social responsibility a much complex area in business research. Many members of the general public are having the perceptions that businesses do not put too much emphasis on ethical considerations in their operations. This study found that there is no significant difference in attitude of males and females but the educational qualification has a significant impact on the attitude of Indian public towards ethics in Indian business. It further explored that bribery and corruption is the most important ethical issue that requires urgent and priority attention in the agenda of the Indian companies.

Keywords: business ethics, attitude, demographic factors, ethical issues and Indian business

Introduction

India's economy is an emerging economy with a huge population of 1.28 crore (GOI, 2011). India is gifted with rich natural resources and high human potential. But, the growth rate of India is still lower due to the economy is highly depending upon agricultural sector. So, the growth of economy can be fueled by the Micro, Small and Medium Enterprises (MSMEs) sector. The Government of India has taking several measures for the sustainable development of MSMEs (Suman Prem, 2016).

In the last five decades, MSMEs have emerged as a highly vibrant and dynamic sector in India. This sector plays pivotal role in the development of the economy with their effective, efficient, flexible and innovative entrepreneurial spirit (Shiralashetti1, 2017). The MSME sector is highly contributing in the industrial production, employment generation and industrial exports. This sector is having unique advantage due to its size, high labour-capital ratio, short gestation period, focused on relatively smaller markets and requires lowest investments (Nalla Bala Kalyan Kumar & Sardar Gugloth, 2012). This sector stimulates the growth of industrial entrepreneurship in India. Indian MSMEs are highly heterogeneous in terms of the size of the enterprises, diversity of products and services, and levels of technology adoption. It is served as ancillary units to large-scale industries which immensely contribute in the national income and socio-economic development of the country (Pema Lama, 2013).

Importance of the study

The success of any business depends on how it is efficiently and economically managed. The management of any business, in turn, depends on efficient administration and control of its

financial resources and other resources of any business. The performance appraisal of MSMEs can be vividly seen through this research work. MSMEs are one of the significant sector in India which provides direct and indirect employment to the large chunk of rural as well as urban people and chiefly responsible for accelerating economic growth of India. Furthermore, this sector significantly contributes to the government coffers in the form of duties and taxes. Hence, it is felt worthwhile and prudent to understand and know the performance of MSMEs in order to forecast the direction in which this sector's progress. This is essential because the MSMEs help the country to reach the goal of sustained regional developments across its width and breath.

Objectives of the study

- To understand the public perception/ opinion about business ethics
- To identify the problems encountered by the owners of MSMEs;
- To identify the core issues influencing business ethics

Methodology

For the purpose of obtaining information, primary data has been collected using questionnaire by conducting direct personal interview. The questionnaire consists of demographic information of the respondents, such as gender, age, and academic level, and occupation, comparison of current ethical practices with that of the practices followed some ten years back. The Questionnaire was developed on lines of the annual survey conducted by the Institute of Business Ethics, U.K. Convenience sampling technique was used. A total of 350 questionnaires were administered among the general public

covering different states of India. Of this, 338 responses were received and considered for the study.

Demographic information was analyzed using frequencies. Statistical tools like Pie-chart, percentage analysis and chi-square test have been used. For comparison purposes, the chi-square test was used to test for significant differences (P -value < 0.05 , where confidence of 95% is used, 0.05 probability level) between the attitude of males and females towards ethical practices, difference in attitude towards business ethics among different age groups and among different levels of qualification.

Result & Data Analysis

Table 1

Gender	Very Ethically	Fairly Ethically	Not Very Ethical	Not at all Ethical	Total
Male	9	53	69	12	143
Female	5	70	102	18	195
Total	14	123	171	30	338

Table 1 shows that 58% of the respondents were females and 42% of the respondents were male.

Chi- Square Test

H0: *There is no significant difference between male and female in terms of attitude towards business ethics.*

Table 3

Particulars	Gender	
	Male	Female
Executive Pay	38	62
Environmental Responsibility	65	88
Discrimination in treatment of People	42	69
Bribery and corruption	88	100
Safety and security in work Place	61	117
Fair pricing of products and services	34	52
Advertising and Marketing practices	33	21
Work- home balance	20	38
Transparency in information	37	16
Employee speaking out about wrong doing	11	22
Total	429	585

Statistics	Degrees of Freedom	P value	Significance
35.005	5	.000	Significant

From the table 3, it is evident that bribery and corruption, safety and security in work place and environmental responsibility are the three most serious ethical issues that need to be addressed by Indian business urgently. As the p value is less than .05 there is a significant difference between the attitude of males and females in this regard. Males

H1: *There is a significant difference between male and female in terms of attitude towards business ethics*

Statistics	Degrees of	P value	Significance
3.135	3	.371	insignificant

From the table it is clearly evident that the Indian public considers business in India not very ethical. As the p value is more than .05, there is no significant difference between the attitude of male and females towards the ethical behavior of Indian business.

Table 2

Gender (n=338)	More Ethical	Less Ethically	Same	Total
Male	47	83	13	143
Female	60	110	25	195
Total	107	193	38	338

From the table 2, it is inferred that Indian business is behaving less ethical now when compared to ten years back. As the p value is more than .05, there is no significant difference between the attitude of male and females towards the ethical behavior of Indian business when compared to ten years ago.

Table 4

Age	Very Ethically	Fairly Ethical y	Not Very Ethical	Not at All Ethical	Total
18-35	11	70	119	22	222
36-50	3	46	48	8	105
>50	0	7	4	0	11
Total	14	123	171	30	338

Figure 2 shows that 66% of the respondents are from 18-35 age group, 31% of respondents belong to 35-50 age group and 3% of respondents are above 50 years. Chi- Square Test
H0: There is no significant difference among different age and education levels in terms of attitude towards business ethics.
H1: There is a significant difference among age and education levels

Statistics	Degrees of Freedom	P value	Significance
9.263	6	.159	Insignificant

From the table, it can be analyzed that since the P value is more than .05 there is no significant

Table 5

Age	More Ethical	Less Ethically	Same	Total
18-35	72	127	23	222
36-50	32	58	15	105
>50	3	8	0	11
Total	107	193	38	338

$X^2=2.945$, $df=4$, $p=.567$, $c=.093$

From the table, it is observed that since the p value is more than .05 there is no significant difference among the different age groups in their attitude towards ethics in Indian business as compared to ten years ago.

Table 6

Particulars	Age		
	18-35	35-50	>50
Executive Pay	78	22	0
Environmental Responsibility	100	49	4
Discrimination in treatment of People	69	38	4
Bribery and corruption	118	64	6
Safety and security in work Place	126	44	8
Fair pricing of products and services	52	31	3
Advertising and Marketing practices	37	16	1
Work- home balance	37	20	1
Transparency in information	27	21	5
Employee speaking out about wrong doing	22	10	1
Total	666	315	33

From the table above, it becomes clear that people between the age group of 18-35 consider safety and security in work place as the most important issue that need to be addressed by Indian business followed by bribery and corruption as the most important issue and safety and security was given the

second place. However, since the P value is more than .05 there is no significant difference among the different age groups in their attitude towards different ethical issues in Indian business.

Table 7

Qualification	More Ethical	Less Ethically	Same	Total
UG	44	82	9	135
Graduate	34	40	11	85
PG	29	71	18	118
Total	107	193	38	338

$X^2= 10.206$, $df = 4$, $p = .037$, $c = .171$

Statistics	Degrees of Freedom	P value	Significance
10.206	4	.037	Significant

From the table, it is observed that since the p value is less than .05 there is a significant difference among the different

levels of qualification in their attitude towards ethics in Indian business as compared to ten years ago.

Table 8

Particulars	Age		
	UG	Graduate	PG
Executive Pay	78	22	0
Environmental Responsibility	100	49	4
Discrimination in treatment of People	69	38	4
Bribery and corruption	118	64	6
Safety and security in work Place	126	44	8
Fair pricing of products and services	52	31	3
Advertising and Marketing practices	37	16	1
Work- home balance	37	20	1

Transparency in information	27	21	5
Employee speaking out about wrong doing	22	10	1
Total	666	315	33

$$X^2 = 29.712, df = 18, p = .040, c = .169$$

Statistics	Degrees of Freedom	P value	Significance
29.712	18	.040	Significant

Table above highlights that under graduates consider safety and security in work place as the most important issue that need to be addressed by Indian business followed by bribery and corruption. The graduates consider bribery and corruption as the most important issue and safety and security was given the second place. However, since the p value is less than .05 there is a significant difference among the different levels of qualifications in their attitude towards different ethical issues in Indian business.

Discussion

The result of current study reveals that there is no significant difference between males and females attitude towards ethics in Indian business. The result is coherent with Asena Gulova, Inan Eryilmaz and Deniz Ispirli whereby there was no significant difference found on the ethical perceptions of Turkish male and female salespeople. A subsequent study by Choe Kum-Lung and Lau Teck-Chai also shows no significant difference between male and female from Kuala Lumpur, Malaysia. Majority literatures endorse the claim that females tend to be more ethical than males Olawale Fatoki1 and Mathew Marembo. Many past studies in business ethics reveals that educational level has a positive impact on promoting the standards of ethics. This study also proves that educational qualification has a significant impact on the attitudes of Indian public towards business ethics. But the recent study does not find any significant difference in the attitude towards business ethics among people of different age groups.. executive pay was rated the most important ethical issue in business in India. but as per this study bribery and corruption along with safety and security at work place are the most critical ethical issues in India.

Limitation and Future Research

The study was conducted only with limited number of respondents drawn from 7 states of India. There is a good scope that people from other parts of the country could be included in the sample to make it more representative of the Indian population. Different ethical issues should be ranked so that rank correlation could be indexed properly for analyzing the most significant ethical issues influencing Indian business. Further, it is felt that a thorough probe may be conducted into measuring each ethical parameter influencing Indian business for eg. insider trading, sexual harassment, accountability towards stakeholders etc.,. In addition, ethical index may also be constructed for better results on this front.

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