INFLUENCE OF PRODUCT CHARACTERISTIC ON THE PERFORMANCE OF FIRM: A STUDY OF KANPUR LEATHER FIRMS

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Abstract

Product characteristics play a very crucial role on the performance of firm. The present study focuses to gauge the influence of characteristics of product on firm performance using multiple regression. In the present study the researchers have used 256 deep personal interviews with the manufacturer of leather product in Kanpur. The constructs for product characteristics in the present study were Strength of patent, degree of training sales force needs to handle product if any, the magnitude to which product is established with the firm in years, amount of the uniqueness of product (features, design, packaging etc.), amount of the cultural specificity of the product and Product’s service/maintenance requirements if any. Although out of these six variables only two variables are found to have significant impact on firm performance in the present study i.e. amount of the uniqueness of product (features, design, packaging etc.), and amount of the cultural specificity of the product and other four variables are found to be insignificant.

Manuscript Info

Received: 20 August 2020
Final Accepted: 24 September 2020
Published: October 2020

Key words:-
Product Characteristics, Firm Performance, Leather Product, Uniqueness Of Product, Cultural Specificity Of Product

Introduction:

The necessary building block in the marketing is the product. A product is an article for consumption as an offered brand marketed by the business. It includes many aspects such as degree of the uniqueness of product (design, features, etc.), Degree of the cultural specificity of the product and Product’s service/maintenance requirements, packaging, labelling etc. A product can refer to whatsoever available for consumption goods, services or ideas. Therefore, many marketing offering which fulfills customers demand or satisfy a need can be referred as products. A product may have core products and augmented products. A core product satisfies the basic need and the augmented products are the additional features which are offer for sale with core products such as after sales services, guarantee, setting up delivery and credit. Customer’s preferences alteration, new consumer segments appear, and company’s abilities and primacies change. Entirely these changes justify a revolution in a company’s outcome and performance. So, the manufacturer must possess an inclusive understanding of the consumers’ preference and producing of products according to customer needs. The manufacturer of products duty is to realize the relationships amongst every characteristic of their products with the firm performance. There are abundant research available in the area of marketing that product characteristic has a significant impact on the firm performance and export

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performance. In the study of (Mazhar and Yameen, 2019; Beamish, Craig and McLellan, 1993; Dominguez and Sequeira, 1993; Louter, Ouwerkerk and Bakker, 1991) shows that there is positive relationship of quality/ uniqueness of product on export performance. However, there is no uniform measure of export performance in the literature in the study of Cavusgil and Zou, 1994. The performance measurement problem is not unique to international business; it has been researched and debated for many years in the general management and strategy literature (Venkatraman and Ramanujam, 1986). However, it is also important to recognize that an organization’s performance is situation-specific and export performance.

Kanpur, known as the ‘Leather City’, has some of the finest and largest tanneries in the country. One of the main products was Mashq (leather bag made from animal hide used to carry water). This Mashq led to the development of tanning leather. In the beginning the animal hide was processed with bark of Babool tree which was available in abundance. In 1840, the saddlery made in Kanpur was sent to England in a fair where it was liked by all thus giving a boost to the art.

In 1857, after the mutiny the reins passed in the name of Queen Victoria. Now the trade was fledging and in 1859 the first Government Harness and Saddlery Factory was established by Colonel John Stewart. Soon many other factories like Cooper Allen and Company also cropped up. However, no Indian was allowed to set up his leather factory. The first leather factory came up in 1902 in Jajmau and it was followed by several others. All of them in the beginning were owned by Muslims. Non-Muslims preferred other trades as textiles, jute, flour mill etc. The rapid industrialization of the city earned Kanpur the title of “Manchester of East”.

Rai and Reddy held that leather is the major item in the export kit of India. The exports of leather have been fluctuating because of the slackening of demand in the importing countries and increasing international competition. They argue that Indian leather exporters have not been adequately exposed to markets in the developed world so far. The requirements of USA, Germany and other developed countries are met by the exports of Brazil, Taiwan, Portugal, Italy and Korea. But these exporters have poor raw materials base. India can cash in on this advantage. The authors feel that technological up gradation in the highly competitive markets, is a necessity. In order to ensure smooth marketing of leather products, they suggest, that it would be necessary to have buy-back arrangements with foreign collaborators. An umbrella type marketing arrangement have to be worked out under which big organization take the responsibility for securing huge orders and create the infrastructure to get them executed through 81 a number of units. The country should explore the new markets, as the demand for quality finished leather is on increase abroad. Singh in a paper observed that the leather industry is largely confined to the small sector. It is an important labour intensive industry. The author provides a description of the basic problems of leather industry and an appraisal of the export performance of the industry.

Product Characteristics are features that can be added to the product definition to extend the description of each product and consequently can gain the competitive advantage and increase the firm performance. Consistent with the standardization literature (e.g., Buzzell 1968; Douglas and Wind 1987; Jain 1989), a high degree of variation of product is found when the firm is universally competent; the product is exceptional, new, or culture specific; the industry is less machinery intensive; or the export market is viable. A product that is distinctive to the local market, new to the company or culture specific could have limited acceptance in the export market. Similarly, a capable firm understands the characteristics of the export market and is able to respond to the local conditions by an adaptation strategy (Douglas and Craig 1992).

Objective of the study:-
This study attempts to examine the influence of characteristic of products on firm performance in the Kanpur leather sector and then discuss implication for management and future research

Research Methodology:-
The study has purely based on primary data, the leather businesses from Kanpur are taken as sampling unit, total 256 responses were collected from the Kanpur leather firm which consists of owner, managers and executive personnel over and done with non-random convenience sampling technique. Data was collected using controlled close ended questionnaire from (Cavusgil& Zou, 1994) which was validated and already tested one. Coefficient of correlation was calculated for accepting the relation between product characteristics and firm performance and regression
analysis were used for testing the hypothesis. For creating the data base and carrying out the statistical investigation SPSS software was used.

**Research variables and Measures**

To confirm the content validity of the measures, literature review was taken. Measures were settled based upon the pre-existing scales. Respondents of the questionnaire were heading for to tell the features of their leather products. The construct of characteristics of products was measured by means of six statements and each six-statement served as the dimension of the variable.

1. Strength of patent if somewhat
2. Degree of training sales force needs to handle product
3. The extent to which product is established with the firm
4. Amount of the uniqueness of the product (features, design, packaging etc.)
5. Amount of the cultural specificity of the product
6. Product’s service/maintenance requirements if somewhat

In this study the researcher wishes to explore the influence of characteristics of products on firm performance in Kanpur under the structure of (Cavusgil and Zou; 1994) in current scenario. In present study the performance psychologically by scaling the item with level of satisfaction, the researcher finds it problematic to measures the responses economically because the respondent are unwilling to reveal the significant information's, they are able to reveal that whether they are either satisfied with performance of firm or not but they are not able to reveal the level of performance. The performance of firm was measure on five points Likert scale which was range 1 (satisfied) to 5 (dissatisfied). Items of the scale were

1. Progress of firm sales
2. Awareness and image of the firm in the international and local market.
3. International expansions of business.
4. Market Share related with firm activities
5. The profitability of the firm business.

**Data Analysis and Interpretation**

**Correlation of products characteristics variables with Firm Performance:**

Degree of the uniqueness of product only has significant correlation (coefficient =.113) with firm performance. The correlation is significant at the 10% level.

**Correlation of Products Characteristics Variables with Firm Performance**

| Variables (significance) | Correlation with Firm Performance |
|--------------------------|----------------------------------|
| Strength of patent if somewhat Sig. (2-tailed) | .029 |
| Degree of training sales force needs to handle product Sig. (2-tailed) | .097 |
| The extent to which product is established with the firm Sig. (2-tailed) | .123 |
| Amount of uniqueness of product (features, design, packaging etc.) Sig. (2-tailed) | .113 |
| Amount of the cultural specificity of the product Sig. (2-tailed) | -.102 |
| Product’s service/maintenance requirements if somewhat Sig. (2-tailed) | .015 |

**Influence of Products Characters on firm Performance (H1 to H6)**

Six hypotheses (H1 to H6) related to the influence of various aspects of product characteristics have been tested using regression analysis.
Result of Multiple Regression for Influence of Product Characteristics on firm Performance

| Hypothesis                                      | Standardized Coefficient | Significance |
|-------------------------------------------------|--------------------------|--------------|
| H1: Strength of patent somewhat                  | .046                     | .634         |
| H2: Amount of training sales force needs to handle product | -.019                    | .837         |
| H3: Extent to which product is established with firm | .099                     | .300         |
| H4: Amount of uniqueness of product (features, design, packaging etc.) | .189**                   | .007         |
| H5: Amount of cultural specificity of product     | -.269**                  | .003         |
| H6: Product’s service/maintenance requirements if somewhat | .077                     | .266         |

Notes: F (7, 247) = 3.690, p<0.001, R squared=0.095, Adjusted R squared=0.069
*significant at 0.10 and **significant at 0.05

H1 indicates that there is significant positive impact of strength of patent on firm performance. H1 was rejected (B=.46, p=.634). H2 indicated that there is significant positive impact of amount of training force needs to handle product on firm performance. H2 was rejected (B=-.019, p=.837). H3 suggested that there is significant positive impact of: Extent to which product is established with firm, H3 was again rejected (B=-.099, p=.300). H4 indicated that there is significant positive impact of amount of uniqueness of product (features, design, packaging etc.) on firm performance. H4 was accepted (B=.189, p=.007). H5 suggested that there is significant positive impact of amount of cultural specificity of product on firm performance. H5 was accepted (B=.269, p=.003). H6 suggests that there is significant positive influence of product’s service/maintenance requirements if somewhat on firm performance. H6 was rejected (B=.077, p=.266). The overall model was significant (F= 3.690, p<0.001). All independent variables could explain 6.9 % variation in the dependent variable.

Summary of Hypotheses

| Hypothesis                                      | Significance |
|-------------------------------------------------|--------------|
| H1: Strength of patent somewhat                  | Rejected     |
| H2: Degree of training sales force needs to handle product | Rejected     |
| H3: Extent to which product is established with firm | Rejected     |
| H4: Amount of uniqueness of product (features, design, packaging etc.) | Accepted**   |
| H5: Amount of the cultural specificity of the product | Accepted**   |
| H6: Product’s service/maintenance requirements if somewhat | Rejected     |

*significant at 10 %, ** significant at 5% and *** significant at 1% level

Findings and Conclusion:

The construct of Product Characteristics was operationalized using six variables: Strength of patent, Amount of training sales force needs to handle product, Extent to which product is established with firm, Degree of uniqueness of product (design, features, etc.), Degree of cultural specificity of product and Product’s service/maintenance requirements. Only two relationships were significant. Degree of the uniqueness of product (design, features, etc.) has a significant positive impact on the firm’s performance the possible reason for positive impact of firm performance is mainly because of the buffalo hide which was one of the best qualities of hide available in the world and very useful for manufacturing unique product i.e. Saddlery and harness safety footwear’s etc. It is famous across the world and export to European and Gulf countries.

The Degree of the cultural specificity of product has significant, but it shows negative in firm’s performance. It is very interesting and notable that the degree of cultural specificity has negative influence associated with firm performance. The possible reasons of it, that India is multi-religious social structure where believers are disagreed to promote this due to which in domestic market the leather product are not so famous and neither promoted so frequently.

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