

Evaluation of E-Payment Process Embraced By Micro and Small Enterprises of Nagpur City

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ABSTRACT

This study presents the findings from interviews with 25 Small and Medium Enterprises (SMEs) in Nagpur's various industry sectors that now use an electronic payment system (EPS). From the viewpoints of owner-managers in various business sizes and industries, this study explores how Nagpur SMEs adopt and develop the EPS process, as well as its prerequisites that would aid them with such adoption. Each participant in this study underwent semi-structured interviews, and the interview transcripts were then thematically analysed. The results of this study show that SMEs were embracing EPS at an early stage, assisted by unofficial decision-making procedures. The results demonstrate that the introduction of the current EPS was mostly ad hoc and unsupported by a formally stated plan. Owner-manager expertise, abilities, and experience with technology are a factor influencing SMEs' adoption of EPS. Observing the EPS operations of other companies in their industry sector and then copying and adapting them for their own use is the approach that SMEs typically utilise to acquire this expertise. The age of owner-managers and a lack of leadership expertise are two issues that come with adopting and implementing EPS.

Key words: *EPS; Cashless Society; e-Payment; SMEs; Social Media*

INTRODUCTION

There is little doubt as to what led the Small and Medium Enterprises (SMEs) in Nagpur to adopt the Electronic Payment System (EPS), which will continue to grow in popularity and have a significant impact on SMEs there. Despite the expanding collection of academic and practitioner research on EPS, there is still a paucity of research to back the standard guidelines for using, developing, and adopting it as a business strategy in Nagpur. Initiatives, particularly how large, medium, and small firms interact with such initiatives, appear to vary within the broader framework of EPS. Therefore, it is essential to have a comprehensive understanding of EPS adoption in practise as well as to identify important issues and conditions that affect the creation and implementation of EPS plans. A stated strategic aim and long-term vision are in fact necessary for this. It can be said that, based on their business contexts, the patterns of concerns and challenges with respect to EPS faced in various firms have been researched. Thus, in response to these common problems faced by these organisations, the findings that will be discussed in this paper were created.

Since Nagpur residents reportedly had among the top 10 highest rates of smartphone internet connectivity in 2019, our study selected to concentrate on that city. Additionally, consumers

in Nagpur were among the most avid users of social media (SM), with approximately 75% of the population having daily access to the internet. Similar to this, according to a recent research by the RBI, Nagpur SMEs processed an average of 4.5 million transactions using e-Payment from 2018 to 2020 at a rate of Rs. 5,000 per transaction per person. Due to this, the RBI has established new regulations that have upgraded the IT risk management standard of e-payment service providers to be consistent with the norm used by financial institutions (2021). Clearly, the development of e-commerce has a significant impact on company practises that are in accordance with the increasing internet usage. Many business owners consider the advantages of implementing a new alternative technology over the long run. SMEs that wish to alter the conventional payment systems are considering EPS. However, it has been discovered that EPS adoption as a strategy by SMEs has remained unclear despite the exponential rise of EPS as a component of the global business model, since most of the reported adoptions are conducted only as supplementary payment instruments or even payment possibilities (such as weekly, fortnight, or monthly).

This suggests that SMEs are currently in the early stages of EPS adoption, where they are more likely to learn how to integrate their current corporate strategies effectively, particularly traditional business strategies combined with social technologies, to help them engage with current and potential customers through whichever method of communication they prefer. In fact, EPS tactics call for a diversity of resources in fresh contexts. This shows that a thorough analysis of the fundamental requirements in respect to the resources and skills supporting EPS initiatives is also necessary. Therefore, the goal of this essay is to help close this knowledge gap.

LITERATURE REVIEW

Abebe M. (2014) conducted study in Texas on e-commerce usage, entrepreneurial orientation, and the success of small and medium-sized enterprises (SMEs). According to the experts who performed the study, e-commerce adoption has a direct impact on the growth and performance of businesses. These entrepreneurs, according to the association, should think about how they may improve efficiency and performance by using e-commerce technologies.

"The Adoption, Use, and Functions of the Internet and E-Commerce in Ghana" was studied by o, A. (2015). Small and medium-sized businesses (SMEs) in Ghana are given special attention as they try to utilise the Internet and e-commerce. An additional study of small and medium-sized businesses in Ghana was conducted as part of this investigation (SMEs). A variety of study methods, including as questionnaires, interviews, and on-site inspections, were used to examine 150 Ghanaian small and medium-sized firms (SMEs). Descriptive research suggests that e-commerce adoption among small and medium-sized firms in Ghana is still low. Lack of IT skills, privacy and security concerns, and the absence of an electronic payment system are listed as further factors for the lack of e-commerce adoption by small and medium-sized businesses. It also allows for a better relationship with customers and lower costs.. A lack of legislation, implementation expenses, and limited communication technology make it difficult to implement electronic payments. Lack of consumer acceptability, lack of financial resources, and concerns about security and privacy are some of the obstacles that keep people from using the internet.. In this poll, it seems that companies of all sizes are moving through four different phases of internet use (SMEs). There should be government support for programs and initiatives to encourage computer

literacy and computer training because of the extensive usage and acceptance of e-commerce.

A research by M. E. Agwu and Peter Murray found that many small and medium-sized businesses in Nigeria had difficulty transitioning to online commerce (2015). According to a recent study, small and medium-sized enterprises in Nigeria are having difficulty transitioning to the world of e-commerce. Researchers conducted a poll of small businesses in Lagos, Abuja, and Enugu to get their perspectives on Nigeria's economy. For the most majority of small and medium-sized companies, email and a website are their main methods of contact and promotion (SMEs). Due to a lack of legal and technical assistance, the security of online transactions is also jeopardized. In addition, the owners' educational backgrounds do not align with the desired objective. Small and medium-sized businesses in Nigeria have a difficult time using the internet.

It was the goal of Agwu M. Edwin and Murray J. Peter (2014) to learn why Nigerian SMEs utilize or don't use electronic commerce in their study "E-Commerce Adoption in Nigerian Small and Medium-Sized Enterprises." A lack of information, lack of IT skills, and the high expense of computer care have kept small businesses from adopting E-Commerce. By encouraging small businesses to learn about and implement new technologies, his results imply that E-Commerce adoption may benefit them.

Nigerian scholars have studied Akanbi TA's "Challenges Facing Small and Medium Scale Enterprises in Adoption of E-Commerce Technology" in their study (2016). According to the findings of the study, small businesses might reap both advantages and downsides from using electronic commerce technologies (SMEs). As part of the project's conclusion, a research into the difficulties Nigerian small and medium-sized businesses have in implementing e-commerce solutions was conducted. Lagos, Nigeria, is home to more than 1,000 small and medium-sized businesses (SMEs) (SMEs). E-Commerce is being used by Nigerian SMEs at a basic and increasing level, according to the data collected so far. Innovation, finance, and management and organizational structure changes are also preventing uptake, according to this research. A favorable e-commerce environment is recommended by the Federal Ministry of Commerce and Industry for small and medium-sized businesses (SMEs). Legislation should be enacted to protect small and medium-sized businesses (SMEs) in online trading (SMEs).

Al Noor, M., and Arif, B. R. researched the use of B2B e-commerce by Bangladeshi small and medium-sized firms (2011). Bangladesh's adoption of B2B e-commerce may be traced back to a variety of causes. SME-focused research was conducted in Bangladesh. A survey was sent to small and medium-sized firms in the United States, and they were asked to participate by completing it online. These results were verified by the diffusion of innovation hypothesis. Many companies are hiring more and more people with computer abilities because they want to take advantage of e-commerce. Contrary to popular belief, the adoption of E-Commerce is not hindered by a sense of apprehension.

Research Questions

According to this study, electronic payment services (EPS) include "online payment transactions in various electronic payment devices (such electronic card payments, internet banking, e-money, QR codes, mobile-banking, PayPal, and so on) through the use of internet

access." The purpose of this study is to examine the EPS phenomena in Nagpur SMEs by answering the following research questions:

- What is the current EPS usage/strategy in Nagpur-based SMEs?
- What elements influence SMEs' adoption of EPS?
- What obstacles must SMEs overcome in order to embrace EPS?

RESULT ANALYSIS METHODS

The research described in this paper was exploratory in nature and used a qualitative approach through in-depth, semi-structured interviews with SME business owners to learn more about the present state of EPS strategy, methods of execution, obstacles, and needs of EPS initiatives. The study, which was carried out in Nagpur, concentrated on SMEs operating in the MIDC's 25 distinct industry sectors and all of them utilised EPS. The possible participants (one informant from each business) comprised a wide range of companies of various types, sizes, and industries as well as business owners, managers, or other key decision-makers for the businesses' adoption of EPS.

The interviews lasted between 30 and 45 minutes and centred on the participants' perspectives and experiences with their EPS strategies and practises as well as how their companies put those strategies and practises into effect. This included the difficulties and criteria for their companies' implementation of EPS.

All of the interviews were taped and then written down. The names of the interviewees were swapped out with code numbers when the transcripts were written down. The codes Biz1 O and Biz2 M were given to the study participants. "Biz" stands for business, "O" for owner, "M" for manager, or "interviewees" refers to those who worked in marketing management. Table 1 summarises the information about each case's location, business sector, number of employees, and interviewee's position. By using the grounded theory principles to support thematic coding, thematic analysis was used to analyse the qualitative data from the semi-structured interviews. All interviews were then verbatim transcribed, analysed, and summarised using thematic analysis methods in accordance with newly developing themes.

Repeated and methodical searches for the data are necessary to produce an analysis of qualitative data that is of high quality. Repeated coding and interpretation reviews were necessary to achieve this. Then, a sample of the coding was examined and verified by the researchers. The coding procedure was then carried out iteratively utilising thematic coding. Before the creation of themes, the coding process and analysis underwent a lot of variations. The key ideas, together with inspiring quotes (in the participants' own words), have been discovered and are presented here. The results are presented in the form of the key themes that emerged from the data analysis in the following section.

Table 1: Summary of interviewees' details

Participants and Positioning	No. of employees	Business sector	Year of operation
Biz1_O	1-30	Retail/wholesale	Less than 1 year
Biz2_O	1-30	Tourism	Less than 1 year
Biz3_O	1-30	Food/beverage	Less than 1 year
Biz4_O	1-30	Retail/wholesale	Less than 1 year
Biz5_O	1-30	Retail/wholesale	1 to 3 years
Biz6_O	1-30	Automobile	1 to 3 years
Biz7_O	1-30	Education	1 to 3 years
Biz8_O	1-30	Food/beverage	1 to 3 years
Biz9_O	1-30	Retail/wholesale	3 to 5 years
Biz10_O	1-30	Agriculture	3 to 5 years
Biz11_O	1-30	Education	5 to 10 years
Biz12_O	1-30	Tourism	5 to 10 years
Biz13_O	1-30	Retail/wholesale	More than 10
Biz14_M	1-30	Retail/wholesale	More than 10
Biz15_M	1-30	Financial/insurance	More than 10
Biz16_O	31-100	Agriculture	Less than 1 year
Biz17_O	31-100	IT/appliances	1 to 3 years
Biz18_M	31-100	Food/beverage	1 to 3 years
Biz19_M	31-100	IT/appliances	5 to 10 years
Biz20_O	31-100	Food/beverage	5 to 10 years
Biz21_M	31-100	Retail/wholesale	5 to 10 years
Biz22_O	31-100	Retail/wholesale	More than 10
Biz23_M	31-100	Tourism	More than 10
Biz24_M	31-100	Financial/insurance	More than 10
Biz25_M	31-100	Financial/insurance	More than 10

FINDINGS

Out of the 25 responses, 15 (or 60%) came from small enterprises, followed by 40 (or 40%) from medium-sized ones. The percentage of business owners was 68%. The majority of respondents said their companies were in the retail and wholesale industries. According to table 1, the average age of a business (number of years in existence) was less than five years.

EPS adoption status as a strategy

Customer Interaction

There was agreement among respondents that one of the key factors in their company's decision to implement EPS was to use its EPS to improve customer engagement and infuse their brands with good customer experiences. By incorporating SM into a conventional website, EPS was viewed as a "strategic engagement" tool (alternative payment alternatives)

to attract more consumers and prospects through a payment method and to improve customer experiences in comparison to rivals who had not implemented it. "You know that brand-engaged consumers want more brand interaction... To beat out our competitors [Biz12 O], new payment alternatives were added for consumer convenience. SMEs were increasingly concentrating their efforts on customer insights or a thorough understanding of the demographic, psychographic, and behavioural features of their customers in a highly competitive and dynamic environment. The interview results show that various EPS approaches were utilised to handle various sorts of clients in order to acquire customer insights. While offline customers did not require shipping services because they picked up their purchases immediately after payment, EPS was integrated with e-commerce with an emphasis on online customers (and their requirement for shipping services). "It becomes a comprehensive plan at the corporate level and the person level. [Biz14 M]"

Uptake of EPS procedure

Regardless of the size of the firm, the majority of respondents said that their company was still in the early stages of adopting EPS and that informal decision-making methods were being used. This adoption was influenced by the owners' age and technological sophistication. Due to resource and expertise limitations brought on by the modest size of the majority of the sampled organisations, EPS was unable to mature and become a well-defined strategy. "No, I would argue that at this point, the plan is more ad hoc than specified. We need a procedure to effectively push and manage it. It has to do with trends and generational differences.

Ownership and managers at SMEs were characterised by significant degrees of informality and personal expertise because there wasn't a formal, established EPS strategy. "Yes, not official, so. However, a lot of informal decision-making occurs, therefore it is logical [Biz17 O] Even though their companies participated in EPS, the programme had no clearly defined business goals. At this point, the goals of EPS adoption were connected to the goals and advantages of their customers and business context. "I don't believe there are any concrete business aims connected to it. To improve accuracy and seamless transactions, EPS is being adopted [Biz18 M] Only a small percentage of respondents from medium-sized enterprises, however, claimed that their company has created concrete measures for determining the direct influence of EPS operations on its operational goals. "We determined the KPIs we could use, and then we compared them to our corporate goals and objectives. We have two financial accounts: [Biz21 M] for cash payments and [EPS] respectively.

CONCLUSIONS

According to the study's research, it is evident that SMEs view the implementation of EPS as 'a supporting strategy' tool that combines components of marketing, sales, and customer service. Such adoption, nevertheless, was comparatively haphazard and unsupported by a formalised strategy and policy framework. At this point, given their awareness of the significance of knowledge as a key to success in EPS adoption, businesses mostly used the method of observation and imitation and adaptation of EPS activities used by other firms in their industry sector in order to acquire this information. In most cases, creating an internal EPS system was the norm. Businesses had two main worries about the difficulties in adopting and implementing EPS: the first was about important aspects of the age and experience of owner-managers that affected EPS utilisation, and the second was about a lack of leadership expertise. It was crucial for the organisational leaders to have sufficient knowledge of what EPS was and how such an initiative was important and relevant to their businesses since the

planning and execution of EPS in SMEs heavily relied on the knowledge and technological skills of their owners. This would help ensure the long-term implementation of such an initiative. Particularly, high-tech leadership was a crucial resource in creating strategic plans and putting EPS into practise.

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