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National Seminar on Effect of Ecopreneurship on Environment Protection & Sustainable Development

Impact of Service Quality on Entrepreneurship

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Abstract

Introduction: Entrepreneurs contribute in shaping the economic destiny of nations by creating wealth and employment, offering products and services and generating taxes for government, because of which entrepreneurship has been closely and directly linked to the economic growth of a country. Entrepreneurs convert ideas into economic opportunities through innovations which are considered to be a major source of competitiveness in an increasingly globalising world economy. This study examines the significant positive impact of service quality on entrepreneurial success.

Methodology: The study investigates key dimensions of service quality — reliability, responsiveness, assurance, empathy, and tangibles — to understand their specific influence on entrepreneurial growth and market penetration. It draws on the SERVQUAL scale developed by Parasuraman, Zeithaml and Berry (1988), which measures the discrepancy between consumers' perceptions and expectations, and on Zeithaml and Bitner (2003), who developed this model further by identifying the five service quality dimensions along with the scale used to measure them. The literature reviewed includes Liu, Burridge and Sinclair (2002) on trade, economic growth and inward foreign direct investment in China; Smallbone and

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Welter (2001) on entrepreneurs' contribution to economic development; and Hossain, Habibul Rahman and Habibullah on entrepreneurship development in Bangladesh.

Results & Discussion: Services marketing initiatives are identified as paramount to the growth of small businesses due to the integrative nature of stakeholder relationships in small business, which place emphasis on these relationships at a micro level as opposed to large businesses integrating at a macro level. These initiatives include service quality, the service profit chain, relationship marketing and best practice. Service quality is often conceptualised as the comparison of service expectations with actual performance perceptions, and Parasuraman et al. (1998) tend to delineate service quality using more cognitive items, whereas Edwards (1990) found that affective attitudes exhibited more change under affective means of persuasion, while Teas (1993) argues that service quality is a combination of transaction and overall attitude. Prioritising service quality supports customer satisfaction and loyalty, competitive advantage through differentiation and brand reputation, operational efficiency through the identification and elimination of inefficiencies, and financial performance through repeat business and higher customer lifetime value.

Conclusion: Entrepreneurship is the lifeblood of any economy and one of the important segments of economic growth. Indian entrepreneurs are more about overcoming barriers and obstacles, inspiring and surmounting in their fields. Innovation is a key factor through which an entrepreneur brings an overall change for the maximum social good. The entrepreneur, with vision and the ability to bear risk, can transform the economic scene of the country and plays a vital role in initiating and sustaining the process of economic development of a nation. The overall aim of an entrepreneurial development programme is to stimulate a person to adopt entrepreneurship as a career and to enable successful exploitation of opportunities for new ventures.

Keywords: Service Quality; Entrepreneurship; SERVQUAL; Customer Satisfaction; Customer Loyalty; Competitive Advantage; Entrepreneurial Development; Services Marketing; Operational Efficiency; Economic Growth.

1. Introduction

Entrepreneurs contribute in shaping economic destiny of nations by creating wealth and employment, offering products and services and generating taxes for government

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because of which entrepreneurship has closely and directly been linked to economic growth of a country. Entrepreneurs convert ideas into economic opportunities through innovations which are considered to be major source of competitiveness in an increasingly globalising world economy. Therefore, most governments in the world strive to multiply the supply of globally competitive entrepreneurs in their respective countries. Entrepreneurial development is a systematic and an organized development of a person to an entrepreneur. The development of an entrepreneur refers to inculcate the entrepreneurial skills into a common person, providing the needed knowledge, developing the technical, financial, marketing and managerial skills, and building the entrepreneurial attitude. Entrepreneurial development programmes may be defined as a programme designed to help an individual in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively.

2. Literature Review

Rahul et al., Authors of the Game Changers: "An entrepreneur is a person who stood for what he/she believed in and was able to transform the lives of others through his/her action".

Liu, Burrridge, and Sinclair (2002) investigated the causal links between trade, economic growth and inward foreign direct investment in china. With quarterly data long run relationship found between growth, export, import and FDI. The author finds bidirectional causality between economic growth, FDI and export which reinforce open door policy.

Smallbone and Welter (2001) Entrepreneurs contribute to economic development in terms of job creation, innovation and external income generation depending upon priorities and different stage of market reform. The authors suggested direct support to

SMEs to overcome immediate difficulties to strengthen their potential for development and growth.

According to Hossain the entrepreneurs in Bangladesh own sufficient intelligence and ingenuity to make advantage of feasible business opportunities Hossain. Habibul Rahman, et al. critically evaluated the impact of different programs and policies relating to entrepreneurship and small enterprises. The determinants of entrepreneurship development are constructed along the socioeconomic conditions of a state. Nevertheless, foreign students who ever studied the socioeconomic and ethnic context of Bangladesh appear to think that Bangladesh has youths with potentiality to be trained as entrepreneurs according to the research of Habibullah.

3. Objectives of the Paper

Entrepreneurship development in India: Entrepreneurship development is a major area of focus today as it has huge potential in creating jobs and self-employability and thus contributing to economic development. India, in the last few years in particular, has seen exponential growth of start-ups and new-age entrepreneurs. Both the Central and State Governments have been taking proactive steps towards the development of entrepreneurship in the country. The Government has launched various schemes and programmes to attract investors and create a healthy ecosystem for entrepreneurship. India is one of the largest homes of start-ups in the world and has been highly successful in bringing significant amounts of foreign direct investment. Moreover, the Government is taking active steps in removal of the bureaucratic hurdles and bottlenecks, so that entrepreneurship development is encouraged. In order to promote the culture of entrepreneurship development, the subject has been made part of the curriculum at both undergraduate and postgraduate levels across disciplines.

4. Role of Service Quality in Entrepreneurship Development

Services Marketing Initiatives. We identify services marketing initiatives as paramount to the growth of small businesses due to the integrative nature of stakeholder relationships in small business, place emphasis on these relationships on a micro level, as opposed to large businesses integrating on a macro level. Services marketing initiatives in this study include service quality, the service profit chain, relationship marketing and best practice.

Service Quality: The economic growth in service quality, related profit and competitive advantage potential has accelerated the competitive opportunities for companies who can excel in this discipline. The search for new approaches to enhance service quality and customer satisfaction led to the development of the scale SERVQUAL (Parasuraman, Zeithaml and Berry, 1988) that measures the discrepancy between consumers' perceptions and expectations. Zeithaml and Bitner (2003) developed this model further, identifying five service quality dimensions, along with the scale developed to measure them. Dimensions include reliability, responsiveness, assurance, empathy and tangibles. In context, these dimensions represent how consumers perceive service quality. Service quality is often conceptualised as the comparison of service expectations with actual performance perceptions (Zeithaml and Bitner: 2003). Emphasis is placed on the combined attitudinal construct of service quality, highlighting constituents of both cognitive and affective components. Parasuraman et al (1998) tend to delineate service quality using more cognitive items, whereas Edwards (1990) found that the affective attitudes exhibited more change under affective means of persuasion than under cognitive means of persuasion. Teas (1993), however, argues that service quality is a combination of transaction and overall attitude.

5. Importance of Services in Entrepreneurship

In entrepreneurship development, prioritizing service quality is crucial for building a sustainable business, fostering customer loyalty, and achieving long-term success through increased customer satisfaction, positive word-of-mouth, and a strong brand reputation.

5.1 Customer Satisfaction and Loyalty

High-quality service ensures that customer expectations are met or exceeded, leading to greater satisfaction and building strong customer relationships. Satisfied customers are more likely to return for future services, contributing to revenue growth and long-term stability. Happy customers become brand advocates, recommending the business to others, which can lead to organic growth and reduced marketing costs.

5.2 Competitive Advantage

In a competitive market, exceptional service can be a key differentiator, attracting customers who value quality and reliability. Consistent, high-quality service builds a positive brand reputation, which can attract new customers and retain existing ones. Retaining customers through excellent service is often more cost-effective than acquiring new ones, allowing entrepreneurs to allocate resources more strategically.

5.3 Operational Efficiency

Focusing on service quality can lead to the identification and elimination of inefficiencies, improving overall operational efficiency. Entrepreneurs who prioritize service quality often have more engaged and motivated employees, as they understand the importance of their role in delivering a positive customer experience. Measuring service quality allows entrepreneurs to track performance, identify areas for improvement, and make data-driven decisions.

5.4 Financial Performance

High-quality service can lead to increased customer satisfaction, loyalty, and repeat business, ultimately boosting profitability. Satisfied customers are more likely to become long-term customers, contributing to a higher customer lifetime value, which is a key indicator of business success. By focusing on preventing service issues and resolving them quickly, entrepreneurs can reduce costs associated with customer complaints, returns, and churn.

6. Future of Entrepreneurship Development

The future of entrepreneurship development will see a rise in sustainable and socially conscious ventures, digital transformation, and AI-driven solutions, with a focus on adaptability, innovation, and resilience.

6.1 Key Trends and Opportunities

- **Sustainability and Social Impact:** Entrepreneurs are increasingly prioritizing environmental and social responsibility, leading to the growth of sustainable businesses and social enterprises.
- **Digital Transformation:** The adoption of digital technologies and a digital-first approach will be crucial for businesses to remain competitive and efficient.
- **Artificial Intelligence (AI) and Automation:** AI and automation will play a significant role in various industries, creating new opportunities for entrepreneurs to develop innovative solutions.
- **Remote Work and Gig Economy:** The rise of remote work and the gig economy will continue, offering more flexibility and opportunities for entrepreneurs to build and scale their businesses.
- **Focus on Innovation and Differentiation:** In a competitive market, businesses must focus on innovation and differentiation to stand out and attract customers.

- **Startup Studios:** Startup studios are emerging as a powerful force in the modern business world, increasing the success rate of startups and providing essential resources.
- **Collaboration and Partnerships:** The future of social entrepreneurship is collaborative, with an emphasis on partnerships between social enterprises, governments, non-profits, and the private sector.
- **Mental Health and Wellness:** With increasing awareness of mental health, there will be a rise in businesses focused on mental health and wellness solutions.
- **Emerging Markets:** Expanding beyond domestic markets and focusing on emerging markets will be a significant growth area for entrepreneurs.
- **Renewable Energy and Sustainable Agriculture:** Businesses that focus on renewable energy, sustainable agriculture, or eco-friendly products will be in high demand.
- **Online Learning and E-commerce:** The online learning and e-commerce sectors are expected to continue to grow, creating opportunities for entrepreneurs in these areas.

7. Conclusion

Entrepreneurship is the lifeblood of any economy. Indian entrepreneurs are more about overcoming barriers, obstacles, inspiring & surmount in their fields. Entrepreneurship is one of the important segments of economic growth. Innovation is a key factor that an entrepreneur brings in an overall change through innovation for the maximum social good. The growth of entrepreneurship particularly in the small scale sector can be traced to the Second World War boom which brought many enterprising people from various walks of life. As someone said "failures are the stepping stones for success". Faced many obstacles in the way of entrepreneurial achievement. The entrepreneur with

his vision and ability to bear risk can transform the economic scene of the country. They play a vital role in initiating and sustaining the process of economic development of a nation. The overall aim of an entrepreneurial development programme is to stimulate a person for adopting entrepreneurship as a career and to make him able to identify and exploit the opportunities successfully for new ventures. The bottom line for all the entrepreneurial life taught the first lesson for success; and that is failure.

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