

HUMAN RESOURCE AND MARKETING CHALLENGES AS INTERCONNECTED CONSTRAINTS ON SMALL-SCALE ENTERPRISE PERFORMANCE: EVIDENCE FROM ANDHRA PRADESH, INDIA

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ABSTRACT

Purpose: This study examines human resource (HR) and marketing challenges faced by small-scale enterprises (SSEs) in Andhra Pradesh, India, and investigates their association with enterprise performance. **Design/methodology/approach:** The revised doctoral design specifies a survey of 450 entrepreneurs/owner-managers across three analytical regions and five sector groupings. HR challenges cover talent acquisition, employee retention, training and skill development, compensation and benefits, and labour-law compliance. Marketing challenges cover market access and reach, branding and positioning, digital marketing adoption, distribution/channel management, and customer relationship management. The analytical framework combines descriptive analysis, reliability assessment, factor validation, correlation, regression, moderation, multi-group analysis and PLS-SEM. **Findings:** The verified HR chapter reports an overall HR challenge mean of 3.49 (SD=0.76), with talent acquisition ranking first (M=3.78) and employee retention second (M=3.65). HR challenges are negatively associated with perceived enterprise performance ($r=-0.51$), while hierarchical regression reports $\Delta R^2=0.146$ after adding HR challenges to controls. Earlier supplementary evidence based on 420 enterprises reports marketing challenges of M=3.75, a marketing–performance correlation of $r=-0.527$, and an HR–marketing correlation of $r=0.582$. These $n=420$ results must be replaced by final $n=450$ estimates before journal submission. **Originality/value:** The study develops an integrated HR–marketing capability perspective for SSEs in an Indian regional context.

KEYWORDS: small-scale enterprises; human resource challenges; marketing challenges; enterprise performance; digital capability; Andhra Pradesh; India; PLS-SEM

1. INTRODUCTION

Small-scale enterprises contribute to employment, local value creation and regional economic activity, yet their ability to compete is frequently constrained by limited financial, managerial and organisational resources. In these enterprises, human resource management and marketing are rarely fully separated functions. Owner-managers and small employee groups often undertake recruitment, training, customer interaction, selling, digital communication and market intelligence simultaneously. Consequently, workforce constraints can influence market capability, while weak market performance can restrict resources available for employee development.

Research on Indian SMEs has identified recruitment, skill development, employee relations and labour-law management as important people-management issues. Contemporary SME research also demonstrates the usefulness of PLS-SEM for modelling capability and performance relationships. The present study extends this stream by bringing HR and marketing constraints into an integrated framework.

The study addresses six objectives: identify and assess HR challenges; identify and assess marketing challenges; examine HR, marketing and performance relationships; examine contextual influences; identify coping and adaptive practices; and develop an integrated HR–Marketing Strategic Framework.

2. LITERATURE REVIEW AND THEORETICAL FOUNDATION

The study is grounded in the resource-based view and dynamic-capability perspective. Human skills, knowledge, routines and market information can become organisational resources when enterprises are able to develop and deploy them. In SSEs, capability constraints may be mutually reinforcing: difficulty attracting skilled employees can restrict digital marketing and customer analytics, while weak market performance can constrain wages and training.

Prior Indian SME research identifies recruitment, skill development, employee involvement, employee relations and labour-law management as salient HR issues. Research also indicates that HR development can influence operational and market performance. Studies of Indian SMEs have applied PLS-SEM to marketing and performance relationships. The present study contributes by treating HR and marketing challenges as interconnected capability constraints.

3. Conceptual Framework and Hypotheses

Table 1. Constructs and hypotheses

Construct	Role	Dimensions	Expected relationship
HR Challenges	Independent	Recruitment; retention; training; compensation; compliance	Negative → performance
Marketing Challenges	Independent	Market access; branding; digital marketing; distribution; CRM	Negative → performance
HR–Marketing linkage	Interrelated construct	Integrated capability constraints	Positive association
Enterprise Performance	Dependent	Enterprise performance outcome	Outcome
Contextual variables	Moderators/context	Size; sector; region; digital literacy	Conditional effects

H1: HR challenges have a significant negative relationship with enterprise performance.

H2: Marketing challenges have a significant negative relationship with enterprise performance.

H3: HR challenges and marketing challenges are positively related.

H4: HR and marketing challenges jointly have a significant negative effect on enterprise performance.

H5: Enterprise size, industry sector, region and owner-manager digital literacy significantly moderate the relationship between HR/marketing challenges and enterprise performance.

4. METHODOLOGY

The revised research design specifies a quantitative survey of 450 entrepreneurs/owner-managers of SSEs in Andhra Pradesh, covering three analytical regions and five sector groupings. The entrepreneur/owner-manager is the primary respondent because this respondent has direct knowledge of recruitment, employee management, marketing decisions and enterprise performance.

HR challenges are measured through 25 Likert-scale items across five dimensions. Marketing challenges are measured through market access and reach, branding and positioning, digital marketing adoption, distribution/channel management and customer relationship management. Higher scores indicate greater challenge severity.

The analytical sequence comprises data screening, descriptive statistics, reliability analysis, EFA/CFA, correlation, hierarchical regression, robust group comparisons, PLS-SEM with bootstrapping, moderation, Multi-Group Analysis, mediation where theoretically justified, and IPMA. NVivo and Delphi/expert validation may support the qualitative and framework-validation components.

A critical data-integrity issue must be resolved before publication: the thesis contains earlier empirical marketing and integrated results based on 420 enterprises, whereas the revised doctoral design specifies 450 respondents. Therefore, all $n=420$ statistics below are explicitly supplementary and must be replaced by final $n=450$ estimates before submission.

5. RESULTS

5.1 Human Resource Challenges

Table 2. HR challenge dimensions reported in the thesis

Dimension	Mean	SD	Rank	Interpretation
Talent acquisition	3.78	—	1	High challenge
Employee retention	3.65	—	2	High challenge
Compensation and benefits	3.52	—	3	High challenge
Training and skill development	3.38	—	4	Moderate challenge
Labour-law compliance	3.12	—	5	Moderate challenge
Overall HR challenges	3.49	0.76	—	High challenge

The reported overall HR challenge score of 3.49 is significantly above the neutral midpoint of 3.00 ($t=13.72$, $df=449$, $p<0.001$). Talent acquisition is the most prominent dimension, followed by employee retention. Difficulty attracting skilled workers, competition from larger firms, early turnover, salary competitiveness and limited career growth emerge as major concerns.

HR challenges are negatively associated with perceived enterprise performance ($r=-0.51$). Hierarchical regression reports R^2 increasing from 0.112 for size, age and sector to 0.258 after HR challenges are added, giving $\Delta R^2=0.146$. The reported standardised coefficient for HR challenges is $\beta=-0.38$. These values should be re-run and verified against the final 450-response file before publication.

5.2 Marketing Challenges: Supplementary Evidence

Table 3. Earlier marketing evidence retained for manuscript development

Dimension	Mean	Rank	Sample status
Digital marketing and e-commerce gaps	4.08	1	Supplementary n=420
Brand building and market visibility	3.83	2	Supplementary n=420
Market intelligence and research	3.67	3	Supplementary n=420
Distribution/channel constraints	3.42	4	Supplementary n=420
Overall marketing challenges	3.75	—	Supplementary n=420

The earlier empirical evidence reports digital marketing and e-commerce gaps as the most severe marketing dimension. It also reports that 71.2% of the earlier sample lacked formal digital-marketing capability. Marketing challenges are negatively associated with business performance ($r=-0.527$, $p<0.01$). Market intelligence deficit ($\beta=-0.386$, $p<0.001$) and digital marketing gaps ($\beta=-0.304$, $p<0.001$) are significant negative predictors in the earlier regression.

Because these values are based on $n=420$ rather than the revised $n=450$ design, they should not be presented as definitive results of the final doctoral study. They identify the empirical storyline and the analyses that should be reproduced on the final dataset.

5.3 Integrated HR–Marketing Relationships

Table 4. Integrated correlation evidence available in the thesis

Relationship	Coefficient	p-value	Evidence status
HR challenges ↔ Marketing challenges	0.582	<0.01	Supplementary n=420
HR challenges ↔ Performance	-0.493	<0.01	Supplementary n=420
Marketing challenges ↔ Performance	-0.527	<0.01	Supplementary n=420
Digital adoption ↔ Performance	0.543	<0.01	Supplementary n=420

The positive HR–marketing correlation suggests that enterprises experiencing stronger workforce constraints also tend to experience stronger market-facing constraints. Both challenge constructs are negatively associated with performance. This supports an integrated capability interpretation. However, separate correlations do not establish an interaction effect; H4 requires a joint regression, interaction term or structural model.

6. DISCUSSION

The principal HR problem appears to be the difficulty of attracting and retaining employees with appropriate skills rather than simply the absence of labour. SSEs may be unable to compete with larger employers on salary, career structures and employer visibility, making local recruitment networks, recognition, learning and progression important alternatives.

The marketing evidence points to a parallel capability challenge. Digital marketing, market intelligence and brand visibility are important because SSEs increasingly need to reach customers beyond established local networks. Digital access should nevertheless be distinguished from digital capability: platform access does not guarantee the ability to create content, analyse campaigns, manage customer data or convert digital interactions into sales. The positive HR–marketing association provides the central insight of the study. Employee capability affects customer service, selling, digital communication and market intelligence, while market performance influences resources available for recruitment, rewards and training. The final PLS-SEM model should test this proposition directly.

The findings support a resource-sensitive managerial approach: recruitment networks, recognition, modular training, internal career development, customer knowledge retention and low-cost digital capability can complement conventional financial interventions.

7. Theoretical Contributions

First, the study extends the resource-based perspective by positioning HR and marketing challenges as linked capability constraints in SSEs. Second, it connects human capability with market-facing capability by explaining how workforce limitations can influence digital marketing, customer management and market intelligence. Third, it provides regional evidence from Andhra Pradesh, a setting less visible in international SME management literature than national-level studies. Fourth, it establishes a framework for testing whether size, sector, region and digital literacy alter the challenge–performance relationship.

8. Managerial and Policy Implications

Table 5. Managerial intervention priorities

Challenge	Priority intervention	Expected outcome
Skilled-worker recruitment	Local talent pools, referrals, apprenticeships and skill matching	Improved recruitment quality
Employee turnover	Recognition, flexible learning, progression and affordable incentives	Improved retention
Training constraints	Modular, job-specific and digital training	Higher workforce capability
Digital marketing gaps	Practical digital content, analytics and customer targeting	Improved market reach
Market intelligence	Customer feedback and competitor/price monitoring	Better decisions
Brand visibility	Consistent identity, packaging and value proposition	Improved differentiation
CRM weakness	Customer records, follow-up and complaint tracking	Higher customer retention

Policy support should emphasise practical digital-marketing training, shared market-information services through clusters and associations, common logistics and channel facilitation, and capability-oriented finance.

9. LIMITATIONS AND FUTURE RESEARCH

The cross-sectional design permits statistical association but not definitive causal inference. The study also relies substantially on owner-manager perceptions, which may introduce common-method and perceptual bias. Most importantly for publication, the distinction between the revised 450-response design and earlier 420-enterprise empirical outputs must be resolved. Future research should use longitudinal designs, objective performance indicators, multi-respondent data and comparative studies across Indian states.

10. CONCLUSION

HR and marketing challenges in SSEs should be understood as interconnected organisational capability constraints. The reported HR evidence identifies talent acquisition and retention as the most prominent workforce problems, while supplementary marketing evidence highlights digital marketing, brand visibility and market intelligence. Both domains are negatively associated with performance, and the positive HR–marketing association supports an integrated analytical perspective.

The proposed integrated HR–Marketing Strategic Framework connects people capability, digital capability, market intelligence and customer-facing routines. Before journal submission, every supplementary $n=420$ result should be replaced with the corresponding verified $n=450$ estimate, and the final measurement and structural model should be reported.

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