

# **Impact of Institutions on the Growth of Enterprises: A Study of Papumpare District of Arunachal Pradesh**

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## **Abstract**

The study aims to understand the impact of institutions (formal and informal) on the growth of enterprises in the Papumpare district of Arunachal Pradesh. It takes growth of sales turnover as the proxy for growth of enterprises. Using sales turnover growth of enterprises as a dependent variable and institutions as an independent variable, the study covers 222 entrepreneurs from manufacturing, trading, hotel and restaurant, construction and other services. Analysing the data using Pearson product moment correlation along with stepwise linear regression, the study revealed that the existing arrangements of formal institutions negatively impacts sales turnover in entrepreneurship, with the rule of law, regulatory quality, and access to finance playing key roles. Similarly, the existing ecosystem of informal institutions, particularly cultural norms and values, significantly and negatively influence sales outcomes. These findings underline the importance of calibrating formal institutional arrangements and reforming the informal institutional setting to meet the requirements of the native entrepreneurs in the tribal state of Arunachal Pradesh.

**Keywords:** Formal Institutions, Informal Institutions, Entrepreneurship, Sales Turnover Growth

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