An Investigation into Organizational Success in Modern Retail Sector in Sri Lanka: Evidence with Regression Analysis

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I. Introduction

Business World Is Becoming More And More Competitive At Present. Hence Business Firm Required To React Against Challenge Most Suitable Way. And Also Firms Must Be Able To Cope Up With The Constant Changes In The Business World. Firm Has To Go Away From The Market While Competitors May Able To Grab The Market Share Of The Firm At The Same Time, Which Will Be Harder To Enter The Market Again. To Cope Up With The Challenges In The Environment Strategies Can Be Considered As The Most Important Base. This Research Is Focused How The Coo-Petition Affects As The Core Strategy Of The Organization In Their Success.

II. Literature Review


As Important As Competitions, Cooperation Cannot Be Neglected Because The Cooperation Or The Collaboration Is A Fashion In The Business World Because Today’s Any Business Firm Is Not Isolated With The Technology Advancement. Every Business Firm Is Linked In Many Ways With One Another Shaping The Collaboration Which Is Highly Required In This Business Era Because Without Collaboration, Survival In The Market Is Harder For Isolated Firms For Long Term. Simply, Collaboration Is A Stronger Strategy That Can Be Used For Business Firm When The Firms Having Difficulties To Get Over Competition. Simply, All The Negative Scenarios Of The Concept Of Deadly Competition Can Be Avoided Through Cooperation. Thus Cooperation Is Important To Every Business Irrespective Of The Size Of The Business Firms. Outcome Of The
Cooperation Is Narrowing The Gap Of Win Lose Situation In The Business World Where Cooperation Is Also A Core Strategy To Be Used To Survive In The Market For Long Term.

Retail And Modern Trade

Retail Business Has Changed Past Decades In The World. Especially “The Advent Of The Online Channel And New Additional Digital Channels Such As Mobile Channels And Social Media Have Changed Retail Business Models, The Execution Of The Retail Mix, And Shopper Behavior” (Peter Et Al, 2015). Retail Sector Is One Of The Fastest Growing Sectors In Sri Lanka Too. Though The Consumer Base Is Smaller When Compared To The Other Countries, Sri Lanka Has Developed To A Certain Extent In Many Phases As Appropriately Forgrowing Businesses.

Retail Is A Process Of Selling Goods And Services To Customer Through Multiple Channel Of Distribution (Amit Saha, 2015) Retail Stores May Be Small Or Big But They Mostly Operate In The Same Line As “Purchasing To Sale”. Types Of Retail Shops May Be Departmental Stores Or Supermarkets Modern Trade In Retail Sector In Sri Lanka Has Gone Through Major Expansion In Terms Of Super Markets Starting Form Small Scale To Medium And Then To The Larger Size Firms. And It Will Continue Further For A Vast Potential For Future Investment And Expansion. All Players In The Retail Sector In Sri Lanka Irrespective Of The Firm Is Highly Competing With Each Other In Order To Survive In The Market Without Losing Their Market Share While Giving Other Party A Loss In Terms Of Market Share, Profitability, Consumer Base Etc.

And Also Previous Studies Have Said That Strategy Should Be Competitive Which Create A Competitive Advantage To The Organization Thus Easily Organization Can Win. Strategic Investment Are Often Made Under Conditions Of Uncertainties About Key Market Factors Such As Demand, Costs Or Competitor’s Strategies, When Moves Will Be Hard Or Costly To Reverse The Value Of Preserving Flexibility Must Be Explicitly Assessed And Traded Off Against The Strategic Benefits Gained (Chevalier Et Al, 2011) Furthermore, Et Al, 2011, Stated That Managing An Enterprise In An Uncertain Competitive Environment Is Not An Easy Task. Strategic Management Attempts To Explain Why Some Firms Are More Successful Than Others In The Marketplace. At The Core Of Strategy Is A Dilemma Between Flexibility And Commitment. Flexibility To Adapt Strategy And Operations Is Clearly Valuable When The Environment Changes Unexpectedly. An Early Investment Commitment May Yet Have Strategic Value Because It Can Influence The Behavior Of Rivals In Equilibrium, Potentially Creating A Future Competitive Advantage For The Firm.

Competition


Coo-Petition

Coo-Petition Refers To Simultaneous Competition And Cooperation Between Rivals; Competitors. Coo-Petition Is A Situation That Competing Firms Cooperate With Each Other By Coordinating Their Business Activities To Achieve Common Goals, But At The Same Time They Compete With Each Other As Well As Other Firms (Zineldin, 2004). In This Context Firms Can Work Together To Attain Their Common Goals Because They Can Gain Advantages Strategically By Balancing Competition And Cooperation Such As: Creation Of Innovative Product And Services Improvements In Production Methods, Access To Valuable Resources, Greater Bargaining Power Over Suppliers, Increase The Competitiveness Of The Industry (Walley, 2007), (Zineldin, 2004).

Identifying Gaps

Previous Studies Have Been Found That The Effect Of The Coo-Petition Concept Towards Organizational Success. But There Were No Chronicles Have Considered Finding The Management Perception Of Coo-Petition Concept As A Core Strategy To The Organization Success In The Modern Trade Of Retail Sector In Sri Lanka Specially By Considering The Aspects As Market Share Expansion, Innovative Marketing Strategies And Financial Collaborations.

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Limitations of The Study
Retail Industry In Sri Lanka Is Very Huge. In This Study The Retail Industry Limited To Selected Modern Trade Centers In Sri Lanka.

Objectives of The Study
Based On Above Requirement The Objectives Of The Study Were Identified As Follows:
• To Identify The Impact Of Market Share Expansion On The Success Of The Organization In The Modern Trade Of Retail Sector
• To Identify The Impact Of Collective Innovative Marketing Strategies On The Success Of The Organization In The Modern Trade Of Retail Sector
• To Identify The Impact On Financial Synergies Gain From Coo-Petition On The Success Of The Organization Of The Modern Trade Of Retail Sector

Conceptual Framework

Research Hypotheses
According To The Literature Review And Conceptual Frame Work, Hypotheses For The Research Can Be Identified As Follows,
H1: There Is A Significant Relationship Between The Market Share Expansion The Success Of The Organization
H2: There Is A Significant Relationship Between The Innovative Marketing Strategies And The Success Of The Organization
H3: There Is A Significant Relationship Between The Financial Synergies And The Success Of The Organization.

III. Methodology

Target Population Of The Study
The Target Population Is Identified As The Management Of Retail Industry Who Has Involved In Retailing Decision Making In Terms Of Sales, Profitability And Marketing.

Sample
Among The Modern Retail Businesses, 150 respondents Were Selected To The Simple Using The Stratified Random Sampling Method.

Pilot Study
Prior To The Questionnaire Send To Sample, Pilot Study Has Been Conducted To Test The Reliability And Validity Of The Questionnaire Because It Is Important For The Researcher To Have Reliable Information From The Questionnaire Which Can Be Used To Prove Hypothesis Developed By The Researcher In Order To Solve The Research Problem. Twenty Respondents In The Retail Sector Of Modern Trade Retail Selected To Conduct The Pilot Study. Following Table Shows The Result Of The Reliability Test Conducted For The Questionnaire Developed By The Researcher.
Descriptive Statistical Analysis
This Study Has Found The Background Of The Respondents In Terms Of Gender And The Working Experience.

Gender – Results Show That Majority Of Respondents Are Female Which Accounted To 52% While Male Represents 48% From The Total Which Both Category Represents Significantly.

Working Experience

![Working Experience Pie Chart](image)

Pie Chart Shows The Working Experience Of Respondents Based On Years In The Retail Industry. Thus Highest Number Of Responses Acquired By Respondents Who Have Working Experiences Less Than One Year Which Accounts To 34%. Then 22% Of Respondents Have Working Experiences Of 1 Year To 3 Years And At The Same Percentage Which Is 22% Accounts Of 4 Years To 6 Years Working Experiences. And Then 14% Of Respondents Have Working Experiences More Than 10 Years Who Possess With Good Business Knowledge In The Retail Industry. Finally Only 8% Represents The Working Experience Between 7 Years To 10 Years For The Study Which The Contribution From Them Is Not Sufficient.

Further Following Statistics Have Been Provided In Terms Of Minimum, Maximum, Mean And The Standard Deviation.

The Independent Variable Called Financial Synergies Have The Highest Mean Value Which Is 20.6 Than Value Of Other Variables While The Same Variable Possess Highest Values Of Other Statistics As Well; Minimum, Maximum, And Mean Where Following Graph Shows The Same.

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Share Expansion</td>
<td>50</td>
<td>9.00</td>
<td>15.00</td>
<td>13.0408</td>
<td>1.3988</td>
</tr>
<tr>
<td>Innovative Marketing Strategies</td>
<td>50</td>
<td>7.00</td>
<td>15.00</td>
<td>11.9800</td>
<td>1.6473</td>
</tr>
<tr>
<td>Financial Synergies</td>
<td>50</td>
<td>10.00</td>
<td>25.00</td>
<td>20.6800</td>
<td>2.7288</td>
</tr>
<tr>
<td>Organization Success</td>
<td>50</td>
<td>2.67</td>
<td>5.00</td>
<td>4.173</td>
<td>0.5603</td>
</tr>
</tbody>
</table>

Regression Analysis
Prior To Regression Analysis, All The Assumptions Have Been Checked In Order To Prevent From The Violation Of Any Assumption. Followings Are The Assumptions Need To Be Checked When The Researcher Does The Regression Analysis.
Assumptions Checking

The Data Set Of This Study Holds Independence Of Observation Which Is Measured By Durbin Watson Statistic. The Notion Of Serial Correlation Was Evaluated Considering Durbin-Watson Values. As A Rule Of Thumb Durbin-Watson Values Should Closer To 2. The Value Of 1.975 Showed That Variables Act Independently And Closer To 2. Next Important Assumption Is Linear Relationship Between Dependent Variable And All Independent Variables Are Satisfied Because P-P Plot Is Not Showing Any Pattern. Further the Normal P-P Plot Of Regression Standardized Residuals Is Used To Measure Normality Of Residual Distribution. If The Points Are Clustered Tightly Along With The Regression Line, One Can Affirm That The Residuals Are Normally Distributed. By Here The Residuals Are Normally Distributed And At The Same Time Linearity Can Be Seen Between Dependent Variable And The Independent Variables. Next Important Measurement Is Checking The Multicollinearity. Multicollinearity Refers To A Situation In Which Two Or More Explanatory Variables In A Multiple Regression Model Are Highly Linearly Related. Tolerance And VIF Factors Have Produced Below To Test Multicollinearity. It Is Important To Recognize That Tolerance Limits Should Lie Above 0.50 To State The Predictor Variables Are Not Collinear.

<table>
<thead>
<tr>
<th>Model</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Share Expansion</td>
<td>0.893</td>
<td>1.444</td>
</tr>
<tr>
<td>Innovative Marketing Strategies</td>
<td>0.764</td>
<td>1.309</td>
</tr>
<tr>
<td>Financial Synergies</td>
<td>0.846</td>
<td>1.182</td>
</tr>
</tbody>
</table>

Therefore Above Table Shows The Tolerance Level Of All Three Variables Are Lies Above 0.5, Thus It Indicates That Predictors Are Not Collinear. Thereby Assumption Is Not Violated. VIF Of These Variables Lie Between 1 And 1.5 Where No Multicollinearity Exists. It Means There Is No Relationship Between Predictors In The Model Because Predictors Are Not Highly Correlated Since Regression Coefficients Are Strongly Estimated.

Outliers Can Be Tested Via Graphically As Well As Via Maximum Mahalanobis Distance Of Residuals Statistics. Further A Maximum Mahalanobis Distance Larger Than The Critical Chi-Square ($X^2$) Value At The Significance Level Of 1%, Indicates The Presence Of One Or More Multivariate Outliers. The Critical Chi-Square Value Of This Model Is 16.266 At 1% Of Significance Level And The Mahalanobis Distance Maximum Value Is 13.976 Where It Is Less Than The Chi-Square Value. Therefore No Outliers Exist In The Model.

The Normal Data Set Distribution Has Been Tested By Means Of Shapiro Wilk Value Because It Gives Proper Indication About The Normality In A Statistical Way. Therefore If The Significant Value Of The Shapiro-Wilk Test Is Greater Than 0.05, The Data Is Normally Distributed. This Can Be Checked From The Normal Q-Q Plot Or From The Detrended Q-Q Plot As Well.

<table>
<thead>
<tr>
<th>Model</th>
<th>Shapiro Wilk Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization Success (DV)</td>
<td>0.124</td>
</tr>
</tbody>
</table>

Since The Sig Value Is Greater Than 0.05, It Can Be Conclude That Data Is Normally Distributed.

R Square


Overall Model Fitness

According To Above Table, The Significant Value Of 0.034 Depicts In ANOVA That The Overall Model Is Significant Under 5% Level Of Significance.

Overall Result

Multiple Regression Analysis Was Performed To Measure The Relationship Between All Three Independent Variables And To The Dependent Variable. Prior To Analyze The Data, The Researcher Tested The Preliminary Assumptions Of Multiple Regression Models. The Overall Model Fit Was Observed With The Significance Level Of 5%. Thus It Is Confirmed That Market Share Expansion, Innovative Marketing Strategies And Financial Synergies Can Count For Variance In Organization Success. 63% Of R Square Value Showed Explanations Of Organization Success Counted For Market Share Expansion, Innovative Marketing Strategies And Financial Synergies Jointly.
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<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Model 1</th>
<th>Unstandardized Coefficient B</th>
<th>Standardized Coefficient Beta</th>
<th>T Value</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>.687</td>
<td>-</td>
<td>-</td>
<td>4.412</td>
<td>.000</td>
</tr>
<tr>
<td>Market Share Expansion</td>
<td>.165</td>
<td>.407</td>
<td>-2.499</td>
<td>.016</td>
<td></td>
</tr>
<tr>
<td>Innovative Marketing Strategies</td>
<td>.111</td>
<td>.320</td>
<td>2.065</td>
<td>.045</td>
<td></td>
</tr>
<tr>
<td>Financial Synergies</td>
<td>.060</td>
<td>-.268</td>
<td>1.819</td>
<td>.706</td>
<td></td>
</tr>
</tbody>
</table>

According To The Table, Two Hypotheses Confirmed That It Has Significant Impact On The Dependent Variable And The Other Hypothesis Confirmed That It Does Not Have Significant Relationship To The Dependent Variable. As Per The Model The Overall Result Of The Regression Analysis Was Used To Build The Regression Model.

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + U \]

\[ Y = 0.687 + 0.407 X_1 + 0.320 X_2 - 0.268 X_3 + U \]

Where;

- Y = Organizational Success
- X_1 = Market Share Expansion
- X_2 = Innovative Marketing Strategies
- X_3 = Financial Synergies
- U = Error Term

As Per The Intercept Term Of 0.687 Illustrates That The Average Value Of 0.687 Obtained When Independent Variable Are Set To Zero. Further Two Variables Are Significant At 5% Level Namely Market Share Expansion (0.016) And Innovative Marketing Strategies (0.045), While The Other Variable Remains Insignificant At 5% Level. Therefore If Market Share Expansion Increases By 1% The Organization Success Will Also Increase By 0.47% Holding The Values Of Other Predictors Constant. On The Other Hand, If Market Share Expansion Decreases By 1% The Organization Success Will Also Decrease By 0.47% Holding The Values Of Other Predictors Constant. The Second Impact Is, If Innovative Marketing Strategies Increase By 1%, The Organization Success Will Also Increase By 0.32% While If Innovative Marketing Strategies Decreases By 1%, The Organization Success Will Also Decrease By 0.32%. Besides, Beta Value Which Is Correspond With Negative Sign Shows A Negative Importance, Therefore If Financial Synergies Increases By 1%, The Organization Success Will Decrease By 0.268% Whereas If Financial Synergies Decreases By 1%, The Organization Success Will Increase By 0.268%. According To The Above Details, Innovative Marketing Strategies Strongly Affected Than Other Variable Market Share Expansion.

IV. Conclusion

It Was Confirmed That Market Share Expansion And Innovative Marketing Strategies Have Significant Positive Relationship With Organizational Success. The Remaining Independent Variable; Financial Synergies Has A Negative Relationship With Organizational Success. These Findings Can Apply For Future Studies On Coop-Petition And Give The Validation To The Strategy Of The Organization Which Leads To The Organization Success.

References


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