Experts Opinion on Integration of Agribusiness Groups with Organised Retail

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Abstract- *Organized retailing comprises mainly of modern retailing with busy shopping malls, multi stored malls and huge complexes that offer a large variety of products in terms of quality, value for money and makes shopping a memorable experience. The agribusiness sector (particularly in the areas where it is linked to a country's progress regarding the agricultural sector reform) is typically lagging behind other sectors. Seeing the challenges faced by agribusiness groups while dealing with organised retail there is a need to integrate them so that they can do business easily. For this very reason expert opinion on integration was taken. Quality of the products, quality of the packaging of the products, communication between two parties, bar coding, training regarding handling, sorting, quality management and skills building of products, up gradation of production system, market information regarding price, quality, delivery time, design, quantity, reliability, flexibility of products and trends in market, storage of products, proper knowledge of risk management skills, social relationships, knowledge of organization and analytical skills, production contract and penalties for not fulfilment of contract are important issues for integration between agribusiness groups and organised retail.*

I. INTRODUCTION

Organized retailing comprises mainly of modern retailing with busy shopping malls, multi stored malls and huge complexes that offer a large variety of products in terms of quality, value for money and makes shopping a memorable experience. Retailing is one of the oldest businesses with the start of human civilization. It acts as an interface between the producer and consumer, improves the flow of goods and services and raises the efficiency of distribution in an economy. For a strong, stable and consistently growing economy, a well-organized and efficient retail sector is a must. Most of the developed and even emerging economies had adopted the organized retail long ago and percentage share of organized retail in total retailing has increased over the years. The agribusiness sector (particularly in the areas where it is linked to the country's progress regarding the agricultural sector reform) is typically lagging behind other sectors. This is due to the many complex questions involved in modernising agriculture, such as land ownership and the creation of a functioning market for land sales and acquisitions. The global food and agribusiness industry is in the midst of major changes such as changes in product characteristics, in worldwide distribution and consumption, in technology, in size and structure of firms in the industry, and in geographic location of production and processing.

II. REVIEW OF LITERATURE

Girdhar (2011) found that more than sixty-five per cent of India's population is living in rural areas. With organized retail increasingly taking off in India, retailers are fast penetrating rural markets with different models to serve the shoppers of rural and semi-urban India with many innovative ideas like smaller size products that appeal to this segment. There is wide acceptance of the strategic importance of integrating operations with suppliers and customers in supply chains, many questions remain unanswered about how best to characterize supply chain strategies. Is it more important to link with suppliers and customers or both? Similarly we know little about the connection between suppliers and customer's integration and improved operation performance.Jhamb and Kiran (2011) found that the Indian retail sector is witnessing tremendous growth with the changing demographics and an increase in the quality of life of urban people. Retail Sector is the most booming sector in the Indian economy. With a growing economy, improving income dynamics, rising awareness, and a youth-heavy customer base, India is well on its way to become one of the most prospective markets for the domestic and global retailers. Singh& Singh (2015) found that emergence of retail in India is cause for success of Indian organized retail &marketing. With the help of modern management techniques, India will become the specialist retailers in future. The relationship between the retailer & customer is very close than other chains of distribution. Various challenges facedby organised retail are belief in unorganised retail, retail is not considered as industry, rocket high prices real estate, high stamp duties, inadequate infrastructure, tough tax system, international standards, poor supply chain management, less retail space, cultural difference and scams in retail. Various opportunities faced are new products in stores, growing urbanization, small family size, growing farm and non-farm Income, good interiors and exteriors, retail generates employment, battle in price,contract farming, supply chain management, foreign direct investment (FDI) and credit cards. Singh and Singh (2015) studiedthe agribusiness sector is typically lagging behind other sectors. Fundamental forces affecting the agribusiness are rivalry among existing competitors, threat of new entrants, bargaining power of

suppliers, bargaining power of buyers, the threat of substitute products technology and other drivers of change. Agribusiness faces challenges from strategic uncertainty, processing, marketing, production (throughout), enabling environment and agricultural production input, innovation, assessing innovation (creativity and innovativeness) and structural change. Agribusiness has opportunities such as form a leadership group, tap into increased demand for food resources, add value to raw products, improve collaboration and communication, exploit aquaculture and other seafood opportunities, diversified farming and the existence of a trade deficit. Singh et al (2014) reported that organised retail is known for their quality, their brand image is set in the mind of people, and moreover people trust them more. They have trained workforce. Producer company members have a variety of products which they make themselves and can have the cost advantage of manufacturing over the organized retailers. When they join hands in business they can have good business combining both the features. This is the need of hour in today's world because in a lot many cases organised retail stores are getting closed because of more running cost and they are finding it difficult to manage the business so integration of producer company with organised retail is the best solution for both and both will be able to make good business. Singh and Singh (2013) explained the creation of supply chains in agriculture is being driven, in large part, by a need to reduce costs/increase efficiencies in developed countries and the opportunities created by globalisation of agricultural markets. In the mature food markets of developed countries, firm profitability is largely driven by market share, which, in turn, is driven by firm efficiency. The pace of growth is still slow because the kiranas continue, lack of adequate infrastructure and multiple and complex taxation system. The retail marketing gets various opportunities to grow up in the Indian market like employment, plastic revolution, nuclear family, urbanization.

III. RESEARCH METHODOLOGY

Expert opinion survey was conducted from professionals, academicians, consultants, manager, agriculture officers, governmentofficials, policy makers, Mandi Board, Punsup, Markfed, Marketers, Brokers and Traders. A conceptual model was prepared in which challenges and opportunities faced by agribusiness groups while dealing with organised retailers were identified and these were kept as model parameters for carrying out the research work.For the purpose of selecting the sample a list of experts was prepared.Data were collected from sixty agribusiness experts using prestructured non disguised questionnaire. Experts were selected from the prepared list using simple random sampling. Secondary data for experts on integration of agribusiness groups with organised retailers was collected by personal discussion. Questionnaire for experts included strengths, weakness, opportunities and threats for organised retail in Punjab, limitations, advantages and important issues for integration of agribusiness with organized retailer.

IV. STATISTICAL ANALYSIS

Statistical analysis of the data was done usingLikert scale and one sample t test. Likertscale has two parts: the 'stem statement' and the 'response scale'. Stem statements guidelines were followed to design the survey question. They were simple (quite short), clear and as unambiguous as possible. Response scale was designed to measure attitudes.

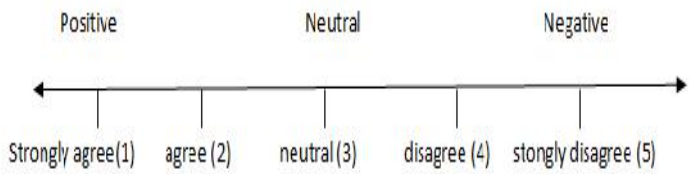

Fig.1: Likert scale

- One sample t test :

One sample t test is used when there is one measurement variable and a theoretical expectation of what the mean should be under the null hypothesis. It tests whether the mean of the measurement variable is different from the null expectation. t test for one sample compares a sample to a theoretical mean. When there is one measurement variable and compare the mean value of the measurement variable to some theoretical expectation. Reporting the results of the single-sample t-test includes two parts, the verbal part and the report of the t-value, degrees of freedom (parenthetically) and the associated p- value. Significance level $\alpha = 0.05$ was selected. p-value ≤ 0.05 indicates strong evidence against the null hypothesis, so the null hypothesis was rejected. p-value> 0.05 indicates weak evidence against the null hypothesis, so fail to reject the null hypothesis. p-values = 0.05 are considered to be marginal (could go either way).

I. Determine the "hypothesized" or "population" mean μ

II. Compute the sample mean $X = \sum X / n$

III. Compute $\sum X^2$

IV. Compute SS (Sums of Squares) $(\sum X)^2$

V. Compute s^2 (variance)
$s^2 = SS / (n-1)$

VI. Compute SEM (Standard Error of the Mean)

SEM = $\sqrt{s^2 / n}$

VII. Compute t
t = (μ- X) / SEM

VIII. Determine degrees of freedom for t
df = n - 1

IX. Determine critical value for t with that degrees of freedom and alpha of 0.05as shown in fig 2.

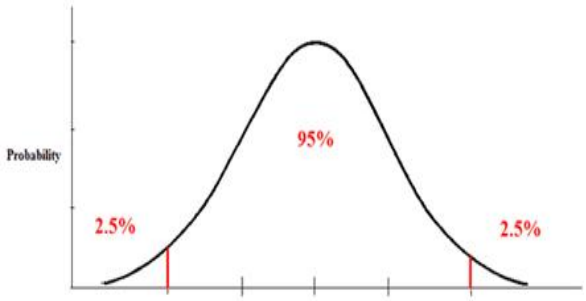

Fig 2 Normal t distribution curve

X. Compare the absolute value of the obtained t to the critical value.

a. If the absolute value of the obtained t is larger than the tabled value, then the sample is significantly different from the "hypothesized" or "population" mean.

b. f the absolute value of the obtained t is smaller than the tabled value, then the sample is not significantly different from the "hypothesized" or "population" mean.

V. RESULTS

Expert opinion survey was conducted as per questionnaire and the results were analysed using one Sample t-test. Table 1 to 8 gives the summarised form with inferences

Table 1: Whether organised retailing in Punjab is beneficial for agribusiness groups.

Statement	N	Ho	H_1	Mean	Std Deviation	Std Error Mean	Test value	t	df	Sig. (2-tailed) {p value}	Mean difference	95% Confidence Interval of the Difference		Inference
												Lower	Upper	
Whether organised retailing in Punjab is beneficial for agribusiness groups	60	μ=2	μ≠2	1.9167	.88857	.11471	2	-.726	59	.470	-.08333	-.3129	.1462	p>0.05 retain Ho

N = Number of respondents, Ho= Null hypothesis, H1 = Alternate hypothesis, t = t value, df = degrees of freedom= N-1.

Table 2: Strengths of organised retail

Statement	N	Ho	H_1	Mean	Std Deviation	Std Error Mean	Test value	t	df	Sig. (2-tailed) {p value}	Mean difference	95% Confidence Interval of the Difference		Inference
												Lower	Upper	
(S1) Latest technology	60	μ=2	μ≠2	2.3167	1.12734	.14554	2	2.176	59	.054	.31667	.0254	.6079	p>0.05 retain Ho
(S2) Demand analysis of products can be done easily	60	μ=2	μ≠2	2.6833	1.21421	.15675	2	4.359	59	.000	.68333	.3697	.9970	p<0.05 reject Ho
(S3) All products, service and entertainment at one place	60	μ=2	μ≠2	2.6333	1.24828	.16115	2	3.930	59	.060	.63333	.3109	.9558	p>0.05 retain Ho
(S4) Indian consumers high disposable incomes translates into high consumption levels	60	μ=2	μ≠2	1.8833	1.30308	.16823	2	-.694	59	.491	-.11667	-.4533	.2200	p>0.05 retain Ho
(S5) Large number of earning young population.	60	μ=2	μ≠2	3.5167	.96536	.12463	2	11.179	59	.061	1.46667	1.2041	1.7292	p>0.05 retain Ho
(S6) Improvement in infrastructure	60	μ=2	μ≠2	2.5333	1.14191	.14742	2	3.618	59	.001	.53333	.2383	.8283	p<0.05 reject Ho
(S7) Growth of real-estate	60	μ=2	μ≠2	2.4667	1.06511	.13751	2	3.394	59	.011	.46667	.1915	.7418	p<0.05 reject Ho
(S8) Huge agricultural sector offering an abundance of raw materials	60	μ=2	μ≠2	2.7833	1.27680	.16483	2	4.752	59	.000	.78333	.4535	1.1132	p<0.05 reject Ho

N = Number of respondents, Ho= Null hypothesis, H1 = Alternate hypothesis, t = t value, df = degrees of freedom= N-1.

Table 3: Weaknesses of Organised Retail

Statement	N	Ho	H_1	Mean	Std Deviation	Std Error Mean	Test value	t	df	Sig. (2-tailed) {p value}	Mean difference	95% Confidence Interval of the Difference		Inference
												Lower	Upper	
(S1) Demographic differences between the regions require a regionally adjusted approach to business	60	μ=2	μ≠2	2.2667	1.59306	.20566	2	1.297	59	.200	.26667	-.1449	.6782	p>0.05 retain Ho
(S2) Presence of a significant number of strong and well-established players in the sector limits market entry potential	60	μ=2	μ≠2	2.9833	.99986	.12908	2	7.618	59	.060	.98333	.7250	1.2416	p>0.05 retain Ho
(S3) Relatively small domestic market limits growth opportunities	60	μ=2	μ≠2	3.0333	1.23462	.15939	2	6.483	59	.000	1.03333	.7144	1.3523	p<0.05 reject Ho
(S4) High real-estate and distribution cost are the obstacles for growth of retail in India	60	μ=2	μ≠2	3.1500	.97120	.12538	2	9.172	59	.055	1.15000	.8991	1.4009	p>0.05 retain Ho

N = Number of respondents, Ho= Null hypothesis, H1 = Alternate hypothesis, t = t value, df = degrees of freedom= N-1.

Table 4: Threats to organised retail

Statement	N	Ho	H_1	Mean	Std Deviation	Std Error Mean	Test value	t	df	Sig. (2-tailed) {p value}	Mean difference	95% Confidence Interval of the Difference		Inference
												Lower	Upper	
(S1) Rigid government policies and regulations restrict the entry of new players	60	μ=2	μ≠2	2.7000	1.06246	.13716	2	5.103	59	.000	.70000	.4255	.9745	p>0.05 retain Ho
(S2) Price competition among retailers puts downwards pressure on margins	60	μ=2	μ≠2	2.1333	1.04908	.13544	2	.984	59	.329	.13333	-.1377	.4043	p>0.05 retain Ho
(S3) Entry of International players in Indian markets consumes the share of Indian retailers	60	μ=2	μ≠2	2.3000	.96199	.12419	2	2.416	59	.019	.30000	.0515	.5485	p<0.05 reject Ho
(S4) Most people in shopping malls go for window shopping	60	μ=2	μ≠2	2.3167	.79173	.10221	2	3.098	59	.003	.31667	.1121	.5212	p>0.05 retain Ho

N = Number of respondents, Ho= Null hypothesis, H1 = Alternate hypothesis, t = t value, df = degrees of freedom= N-1.

Table 5: Integrated of agribusiness groups with organized retail

Statement	N	Ho	H_1	Mean	Std Deviation	Std Error Mean	Test value	t	df	Sig. (2-tailed) {p value}	Mean difference	95% Confidence Interval of the Difference		Inference
												Lower	Upper	
Whether agribusiness groups can be integrated with organized retail	60	μ=2	μ≠2	2.5167	1.06551	.13756	2	3.756	59	.061	.51667	.2414	.7919	p>0.05 retain Ho

N = Number of respondents, Ho= Null hypothesis, H1 = Alternate hypothesis, t = t value, df = degrees of freedom= N-1.

Table 6: Limitations for integration of agribusiness groups with organized retailer

Statement	N	Ho	H_1	Mean	Std Deviation	Std Error Mean	Test value	t	df	Sig. (2-tailed) {p value}	Mean difference	95% Confidence Interval of the Difference		Inference
												Lower	Upper	
(S1) Finance	60	μ=2	μ≠2	2.5833	1.13931	.14708	2	3.966	59	.055	.58333	.2890	.8776	p>0.05 retain Ho
(S2) Technology	60	μ=2	μ≠2	2.4000	1.06086	.13696	2	2.921	59	.064	.40000	.1260	.6740	p>0.05 retain Ho
(S3) Trade mark	60	μ=2	μ≠2	2.2667	.82064	.10594	2	2.517	59	.015	.26667	.0547	.4787	p<0.05 reject Ho
(S4) Machinery	60	μ=2	μ≠2	2.4833	1.03321	.13339	2	3.624	59	.061	.48333	.2164	.7502	p>0.05 retain Ho

N = Number of respondents, Ho= Null hypothesis, H1 = Alternate hypothesis, t = t value, df = degrees of freedom= N-1.

Table 7: Advantages of integration of agribusiness groups with organized retailers to consumers

Statement	N	Ho	H1	Mean	Std Deviation	Std Error Mean	Test value	t	df	Sig. (2-tailed) {p value}	Mean difference	95% Confidence Interval of the Difference Lower	Upper	Inference
(S1) Products at less price	60	μ=2	μ≠2	2.5333	.87269	.11266	2	4.734	59	.080	.53333	.3079	.7588	p>0.05 retain Ho
(S2) All products under one roof	60	μ=2	μ≠2	2.5833	.97931	.12643	2	4.614	59	.051	.58333	.3304	.8363	p>0.05 retain Ho
(S3) Choice of products is easy	60	μ=2	μ≠2	2.8667	.99943	.12903	2	6.717	59	.057	.86667	.6085	1.1248	p>0.05 retain Ho
(S4) Good sale of products	60	μ=2	μ≠2	3.0833	1.19734	.15458	2	7.008	59	.081	1.08333	.7740	1.3926	p>0.05 retain Ho

N = Number of respondents, Ho= Null hypothesis, H1 = Alternate hypothesis, t = t value, df = degrees of freedom= N-1.

Table 8: Important issues for integration

Statement	N	Ho	H1	Mean	Std Deviation	Std Error Mean	Test value	t	df	Sig. (2-tailed) {p value}	Mean difference	95% Confidence Interval of the Difference Lower	Upper	Inference
(S1) Quality of the products is essential	60	μ=2	μ≠2	2.9500	1.04840	.13535	2	7.019	59	.000	.95000	.6792	1.2208	p>0.05 retain Ho
(S2) Packaging of the products should be good	60	μ=2	μ≠2	2.7000	.99660	.12866	2	5.441	59	.000	.70000	.4425	.9575	p>0.05 retain Ho
(S3) Communication between two parties is important	60	μ=2	μ≠2	2.6833	1.04948	.13549	2	5.044	59	.000	.68333	.4122	.9544	p>0.05 retain Ho
(S4) Bar coding is necessity	60	μ=2	μ≠2	2.6333	1.00788	.13012	2	4.867	59	.000	.63333	.3730	.8937	p>0.05 retain Ho
(S5) Training regarding handling, sorting, quality management and skills building of products should be there	60	μ=2	μ≠2	2.5333	.89190	.11514	2	4.632	59	.000	.53333	.3029	.7637	p>0.05 retain Ho
(S6) Up gradation of production system is must	60	μ=2	μ≠2	2.9000	1.18893	.15349	2	5.864	59	.000	.90000	.5929	1.2071	p>0.05 retain Ho
(S7) Market information regarding price, quality delivery time, design, quantity, reliability, flexibility of products and trends in market is must	60	μ=2	μ≠2	3.1167	1.22255	.15783	2	7.075	59	.000	1.11667	.8008	1.4325	p>0.05 retain Ho
(S8) Storage of products is very important	60	μ=2	μ≠2	2.7667	.90884	.11733	2	6.534	59	.000	.76667	.5319	1.0014	p>0.05 retain Ho
(S9) Proper knowledge of risk management skills is must	60	μ=2	μ≠2	2.8000	.97076	.12532	2	6.383	59	.000	.80000	.5492	1.0508	p>0.05 retain Ho
(S10) Social relationships are very important	60	μ=2	μ≠2	2.6167	1.02662	.13254	2	4.653	59	.000	.61667	.3515	.8819	p>0.05 retain Ho
(S11) Knowledge of organization and analytical skills is needed	60	μ=2	μ≠2	2.6833	.92958	.12001	2	5.694	59	.000	.68333	.4432	.9235	p>0.05 retain Ho
(S12) Production contract is must	60	μ=2	μ≠2	2.3167	1.18596	.15311	2	2.068	59	.043	.31667	.0103	.6230	p>0.05 retain Ho
(S13) Penalities for not fulfillment of contract	60	μ=2	μ≠2	2.7667	.99774	.12881	2	5.952	59	.000	.76667	.5089	1.0244	p>0.05 retain Ho

N = Number of respondents, Ho= Null hypothesis, H1 = Alternate hypothesis, t = t value, df = degrees of freedom= N-1.

VI. CONCLUSIONS

Organised retailing in Punjab is beneficial for agribusiness groups.

- Latest technology, all products, service and entertainment at one place, Punjabis consumers high disposable incomes translates into high consumption levels and large number of earning, young population is a strength of organised retail, demand analysis of products can be done easily, Improvement in infrastructure, growth of real-estate and huge agricultural sector offering an abundance of raw materials are not strengths of organised retail

- Demographic differences between the regions require a regionally adjusted approach to business, presence of a significant number of strong and well-established players in the sector limits market entry potential, high real-estate and distribution cost are the obstacles for growth of retail in Punjab are weaknesses of organised retail, relatively small domestic market limits growth opportunities is not a weakness of organised retail.

- Rigid government policies and regulations restrict the entry of new players, price competition among retailers puts downwards pressure on margins and most people in shopping malls go for window shopping are threats to organised retail, entry of International players in the markets consumes the share of the retailers is not a threat to organised retail.

- Agribusiness groups can be integrated with organized retail

- Finance, technologyand machinery are limitations for integration of agribusiness groups with organized retailer;trade mark is not a limitation for integration of agribusiness groups with organized retailer

- Products at less price, all products under one roof, choice of products is easy, good sale of products are advantages of integration of agribusiness groups with organized retailers to consumers

- Quality of the products is essential, quality of the packaging of the products should be good, communication between two parties is important, bar coding is necessity, training regarding handling, sorting, quality management and skills building of products should be there,up gradation of production system is must, market information regarding price, quality delivery time, design, quantity, reliability, flexibility of products and trends in market, storage of products is very important, proper knowledge of risk management skills is must, social relationships are very important, knowledge of organization and analytical skills is needed, production contract is mustand penalties for not fulfilment of contract are important issues for integration between agribusiness groups and organised retail.

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