Conceptual Model for Integration of Agribusiness Groups with Organised Retail

Manveer Singh¹, Ramandeep Singh²

1, 2 School of business management PAU Ludhiana

Abstract- A conceptual model for integration of agribusiness groups with organised retail was formulated based on the challenges and oppurtunities of agribusiness groups and organised retail dealing with each other. Likert scale was used to study the response of the model. The data was analysed using one sample t test The data were collected using random sampling technique from agribusiness groups, organised retailers and experts dealing with agribusiness and organised retail. Agribusiness have good experience for manufacturing products. The organised retailers have potential for marketing and better resources. The integration of agribusiness groups with organised retail is the need of the hour.

I. INTRODUCTION

A conceptual model is a model made of the composition of concepts, which are used to help people know, understand, or simulate a subject the model represents. Agribusiness groups are dealing with production, processing and marketing of agriproducts. Organised retail are dealing with marketing of all products. Challenges faced by agribusiness groups while dealing with organised retailers are limited capacity and resources, inadequate access to products and services, limited mobility and freedom, inexperience and shallow networks, high transaction costs and limited knowledge of market. Oppurtunities for agribusiness groups while dealing with organised retailers are regular buyer of product, product awareness among consumers, opportunity for products to go at national level and good profits of products. Challenges faced by organised retailers while dealing with agribusiness groups are traceability of producer, quality of product, agribusiness groups has low finance, lack of latest information regarding products, standardization and continuous supply. Oppurtunities for organised retailers while dealing with agribusiness groups are products at less price, getting fresh things, on time delivery of small orders and direct contact with producer.

II. REVIEW OF LITERATURE

Singh and Singh (2015) agribusiness is a vital sector contributing to economic prosperity, labour absorption and export earnings. Opinion survey was conducted from agribusiness groups for integration with organised retail. Singh and Singh (2015) The agribusiness sector (particularly

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in the areas where it is linked to a specific country's progress regarding the agricultural sector reform) is typically lagging behind other sectors. Singh et. al. (2015) The challenges faced by agribusiness groups while dealing with organised retail were studied. There is a need to integrate them so that they can expand business. Singh and Singh (2015) Retail in India has come because of success of Indian organized Retail and management. The creation of supply chains in agriculture is being demand driven. There is a need to reduce costs/increase efficiencies of the agrisector, There are great opportunities created by globalisation for agricultural marketing. In the mature food markets of developed countries, firm profitability is largely driven by market share, which, in turn, is driven by firm efficiency. Singh and Singh (2015) The 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. Singh and Singh (2015) Retailing is one of the oldest businesses that human civilization has known. It acts as an interface between the producer and consumer, improves the flow of goods & services and raises the efficiency of distribution in an economy. Keeping in view the challenges and opportunities of agribusiness groups to integrate with organised retailersthis research work was undertaken. Opinion of organised retailers on integration with agribusiness groups was taken. Singh et. al. (2014) Producer company is a corporate structure. The idea of a producer company came from the felt need for an alternative institutional framework, free from regular interferences and which could easily undertake commercial transactions. Organized retail in India is little over a decade old. It is largely an urban phenomenon and the pace of growth is still slow. When producer company and organised retail join hands in business they can have good business combining both the features.

III. METHOD AND MATERIAL

A conceptual model was developed based on challenges and oppurtunities of agribusiness groups and organised retail while dealing with each other for development of business. The model variables were selected based on personal discussion and experience (Fig 1). The model response was studied using Likart scale. Data was analysed using one sample t test.

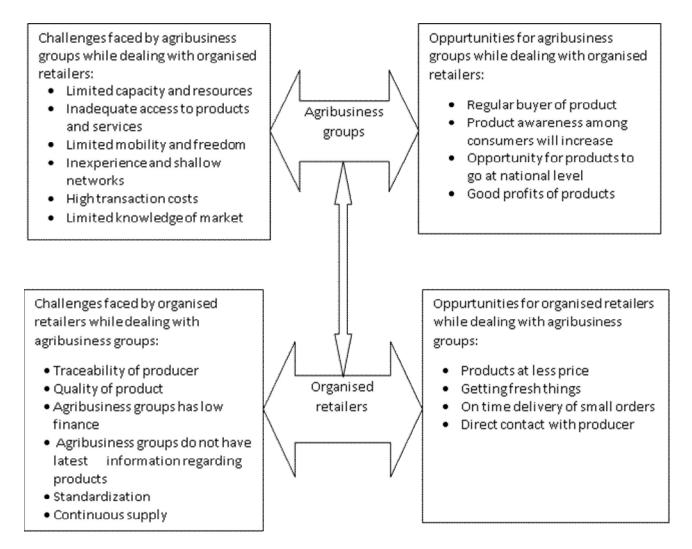


Fig 1. Conceptual model for integration of agribusiness groups with organised retail Statistical analysis

• Likert scale

Likert scale fig 3,1 was used for data collection. Likert item has two parts: the 'stem' statement' and the 'response scale'. Stem statement is used to the design of survey question. These were simple, clear and unambiguous. Response scale refers to almost any rating scale designed to measure attitudes.

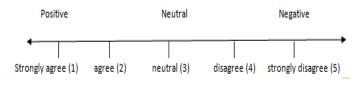


Fig.3.1 Likert scale

• One sample t test :

One sample t test was used for analysis of data. 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. Reporting the results of the single-sample t-test include 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, pvalues = 0.05 are considered to be marginal (could go either way). The steps for calculating a one Sample t-test are:

- I. Determine the "hypothesized" or "population" mean μ
- II. Compute the sample mean $X = \sum X / n$
- III. Compute $\sum X^2$

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- IV. Compute SS (Sums of Squares) $(\sum X)^2$
- V. Compute s² (variance) $s^2 = \bar{S}S / (n-1)$
- VI. Compute SEM (Standard Error of the Mean) SEM = $\sqrt{s^2} / n$
- VII. Compute t $t = (\mu - X) / SEM$
- VIII. Determine degrees of freedom for t df = n - 1
- IX. Determine critical value for t with that degrees of freedom and alpha of 0.05 = .05 as shown in fig 3.2.

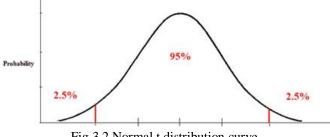
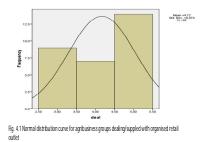


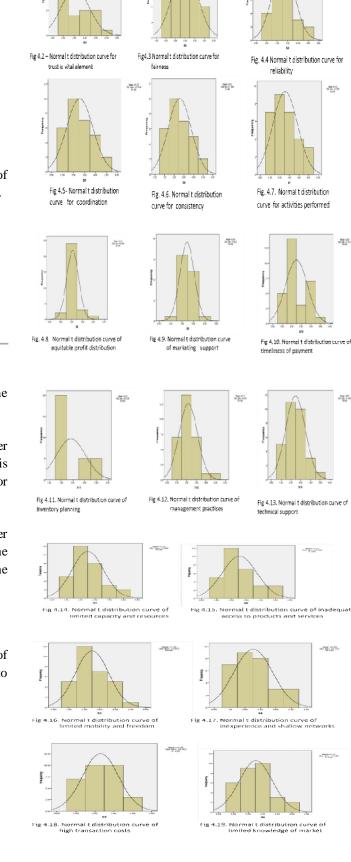
Fig 3.2 Normal t distribution curve

- Х. 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. If 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.

IV. RESULTS

Response of conceptual model on integration of agribusiness groups with organised retailare given Fig 4.1 to 4.150.





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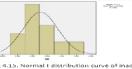
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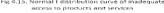
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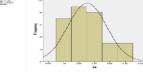
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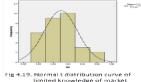




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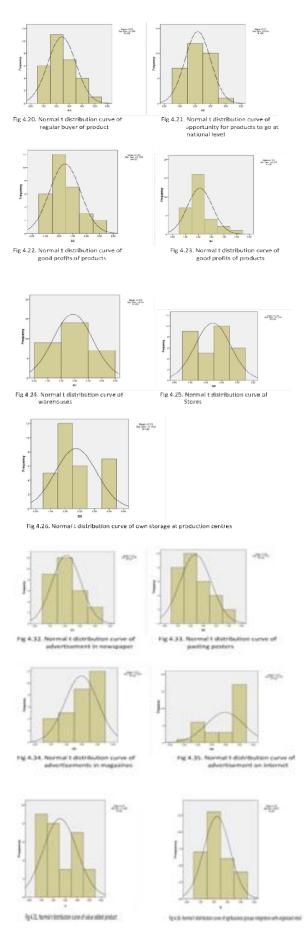




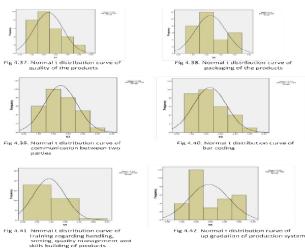




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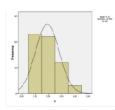
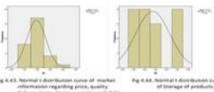


Fig 4.51. Normal t distribution curve of whether organised retailing in Punjab is honeficial for agribusiness groups



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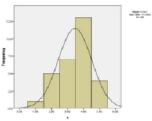
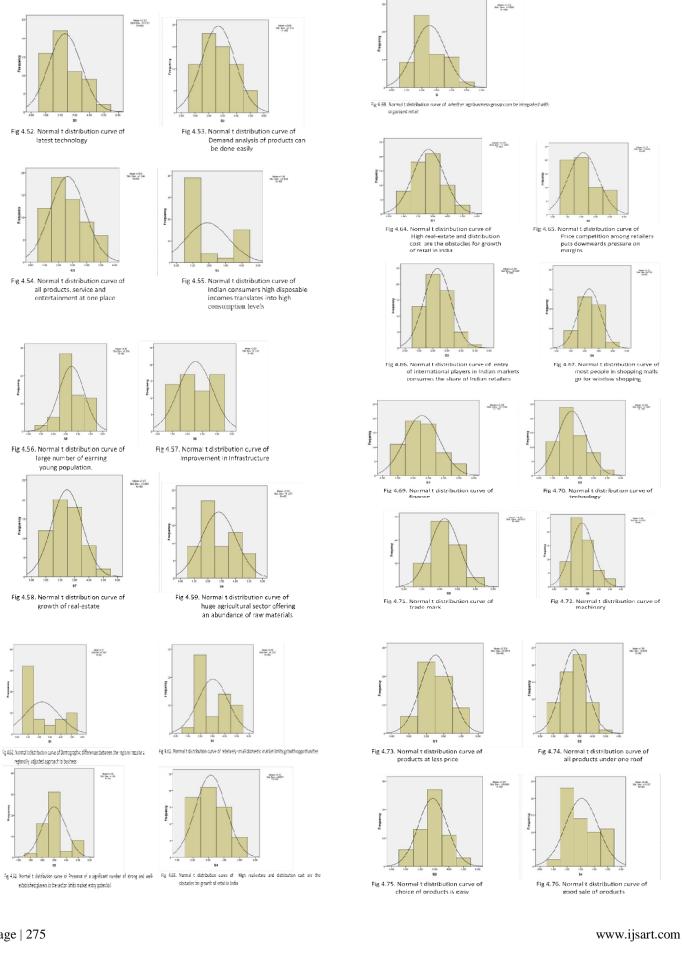


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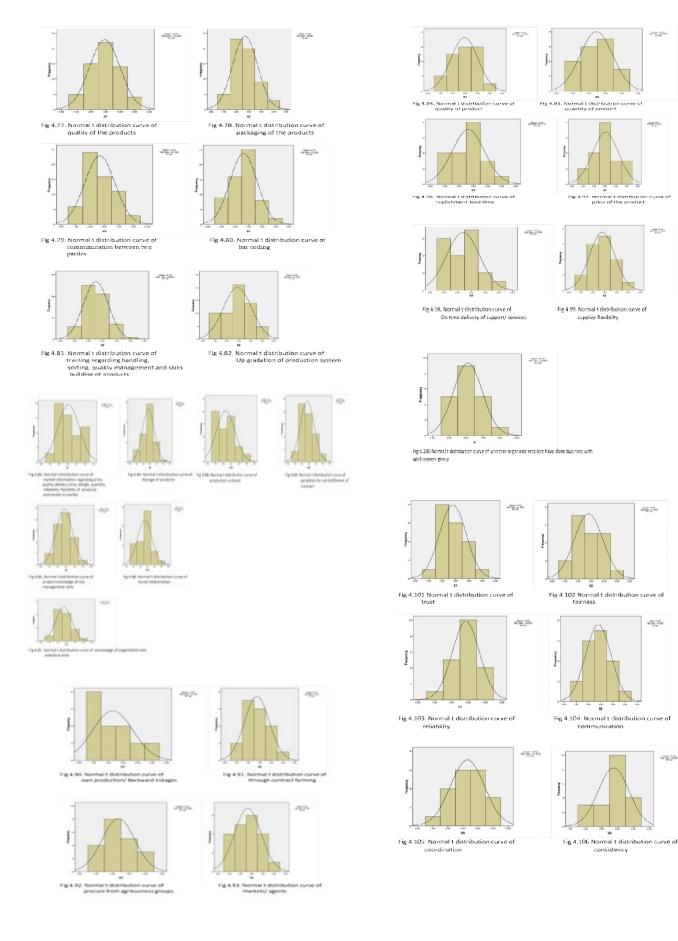
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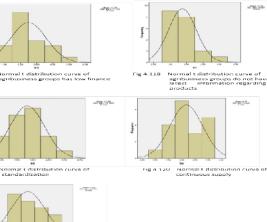
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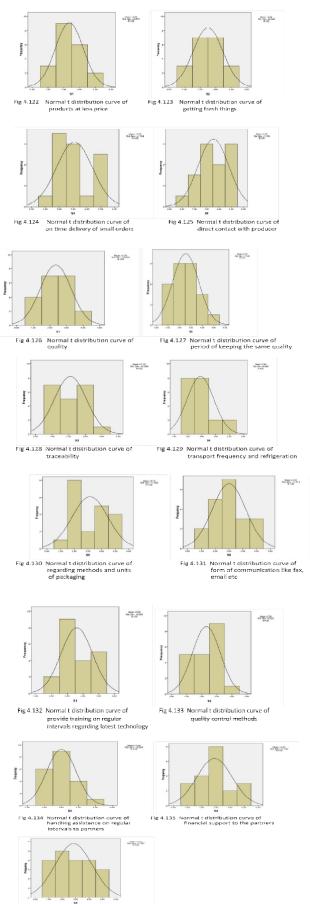
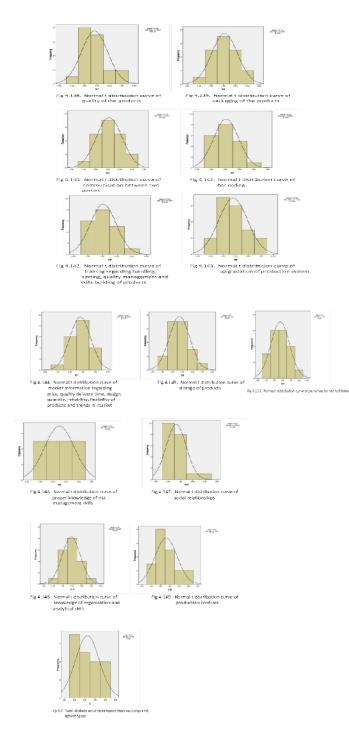


Fig 4.136 Normal L distribution curve of transport assistance on regular basis

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Fig 4 3.23.



V. INFERENCES

The conceptual model response on integration of agribusiness group with organised retail has been summerised below :

- Agribusiness groups have not dealt with organised retail.
- Trust is vital element between buyer and seller for good relationship, reliability between two parties is very important, communication is must between buyer and seller, consistency plays vital role in doing business, equitable profit distribution is must for maintaining long

term relationships, fairness is not important in doing business, marketing support is not very important, timeliness of payment is must, inventory planning is not very crucial in times of shortage, management practices need to be up to date and technical support is not must for having successful supplier relationship

- Limited capacity and resources, inadequate access to products and services and limited mobility and freedom are not challenges faced by agribusiness groups while dealing with organised retailers, inexperience and shallow networks, high transaction costs and limited knowledge of market are challenges faced by agribusiness groups while dealing with organised retailers
- Regular buyer of product, product awareness among consumers will increase, good profits of products are an opportunities for agribusiness groups while dealing with organised retailers.
- Agribusiness groups do not transport their products from warehouses to the various markets, agribusiness groups transport their products from stores and from own storage at production centres to the various markets. Agribusiness groups products are not certified under AGMARK
- Agribusiness groups are member of kisan club PAU and Punjab young farmers association.
- Agribusiness groups are not member of organised farmer association of India
- Agribusiness groups deal with value added products
- Agribusiness groups do not give advertisement in newspaper, in magazines and on internet for promotion of products, agribusiness groups paste posters on walls for promotion of products
- Agribusiness groups want to be get integrated with organised retail
- Quality of the products is essential, quality of the packaging of the products should be good, communication between two parties is important for integration between agribusiness groups and organised retail, 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 is must, 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 must, penalities should not be there for not fulfillment of contract are must for integration between agribusiness groups and organised retail.
- Organised retailing in Punjab is beneficial for agribusiness groups.

- Latest technology, all products, service and entertainment at one place, indian 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 India 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 Indian markets consumes the share of Indian retailers is not a threat to organised retail
- Agribusiness groups can be integrated with organized retail
- Finance, technology and 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 of the products packaging 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 must and penalities for not fulfillment of contract are important issues for integration between agribusiness groups and organised retail
- Organised retailers procure their product from own production/ backward linkages, and through contract

farming, organised retailers do not procure their product from agribusiness groups and markets/ agents

- Quality of product, quantity of product, on time delivery of support/ services and supplier flexibility are the purchase criteria of organised retailers, replishment lead time and price of the product is not the purchase criteria of organised retailers
- Organised retailers purchase 51-75 % of their products from contract farmers, 26- 50 % of their products through agents,0- 25 % of their products from agribusiness groups and 76 100% of their products from markets
- Organised retailers have not done business with agribusiness group
- Trust is vital element between buyer and seller for good relationship, reliability between two parties is very important, consistency plays vital role in doing business, equitable profit distribution is must, timeliness of payment is must, inventory planning is very crucial in times of shortage, on time delivery is must, fairness is not important in doing business, communication is not must between buyer and seller, coordination is not very essential in doing business, activities performed are not important between both parties, marketing support is not very important, management practices need not to be up to date, technical support is not must for having successful supplier relationship
- Traceability of producer, quality of product, agribusiness groups do not have latest information regarding products, standardization and continuous supply are challenges faced by organised retailers while dealing with agribusiness groups, agribusiness groups has low finance, is not a challenge faced by organised retailers while dealing with agribusiness groups
- Products at less price, on time delivery of small orders, direct contact with producer are opportunities for organised retailers while dealing with agribusiness groups, getting fresh things is not an opportunity for organised retailers while dealing with agribusiness groups
- Consistancy in quality, communication like fax, email are parameters that organised retailers keep in trading contract with procurement partners. Traceability, transport frequency and refrigeration and quality are not parameters that organised retailers keep in trading contract with procurement partners
- Providing training on regular intervals regarding latest technology, quality control methods and financial support to the partners are assistance organised retailers provide to their procurement partners. Handling assistance and transport assistance on regular intervals to partners are not assistance organised retailers provide to their procurement partners

- Organised retailers adopt demand based pricing method for markets, organised retailers adopt competition based pricing pricing method for contract farmers, organised retailers adopt product line pricing method for agents and organised retailers adopt cost based pricing method for agribusiness groups.
- For contract farmers organised retailers adopt newspapers/magzines as promotional activitiy, for agents organised retailers adopt newspapers/ magazines as promotional activitiy, for markets organised retailers adopt online marketing as promotional activitiy and for agribusiness groups organised retailers adopt poster/ bulletin board as promotional activitiy.
- Organised retailers want to integrate with agribusiness groups
- Quality of the packaging of the products should be good, communication between two parties is important, quality of the products is essential, 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 is must, storage of products is very important, proper knowledge of risk management skills is must, social relationships are not very important, knowledge of organization and analytical skills is not needed, production contract is must and penalities for not fulfillment of contract are important issues for integration between organised retailers and agribusiness groups.

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