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Customer Satisfaction Dimensions and Impacting Variables in Modern Retail Industry: An Empirical Study

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ABSTRACT

Retail sector is growing to its leas and bounds in the recent past. The organized retail is at its peak of growth. The customer satisfaction is taking many dimensions and colours in the recent past. The first started with price bonanza followed by wire range of products with multiple brands and ended with value added services. The whole impact leads to hype in the customer expectations from the retailers. To day measuring customer satisfaction becomes customer delight point. The present paper is addressed some of the dimensions of the impact of organized retail and FDI on unorganized retail business and customer satisfaction in the Chennai city. The results reveal that, all the market attractions are temporary in nature. The prime satisfying variables which are permanent in nature are price, quality and value for money. These only helps the firms to sustain in long run in the retail sector.

Keywords: Market economy-Value added services-Price mechanisms-FDI.

1. INTRODUCTION

India is the second fastest growing economy in the world. It is the third largest economy in the world in terms of GDP and the fourth largest economy in terms of Purchasing Power Parity. India presents a huge opportunity to the world at large, to use as a hub. Standing on the threshold of a retail revolution and witnessing a fast changing retail landscape, India is all set to experience the phenomenon of global village. India is the “promised land” for global brands and Indian retailers. As a “Vibrant economy”, India tops in the list of emerging market for global retailer and India’s retail sector is expanding and modernizing rapidly

in line with India's economic growth. The future is promising; the market is growing, government policies are becoming more favourable and emerging technologies are facilitating operations.

Retailing in India is gradually inching its way toward becoming the next boom industry. The whole concept of shopping has altered in terms of format and consumer buying behaviour, ushering in a revolution in shopping in India. Modern retail has entered India as seen in sprawling shopping centres, multi-storied malls and huge complexes offer shopping, entertainment and food all under one roof. The Indian retailing sector is at an inflexion point where the growth of organized retailing and growth in the consumption by the Indian population is going to take a higher growth trajectory. The Indian population is witnessing a significant change in its demographics. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working-women population and emerging opportunities in the services sector are going to be the key growth drivers of the retail sector in India. Retailing in India is evolving rapidly, with consumer spending growing by unprecedented rates and with increasing number of global players investing in this sector.

1.1. Indian Retail Sector: An Overview

India represents an economic opportunity both as a global base and as a domestic market. The real GDP is expected to grow in the next five years due to the entry of organized retailing and the entry of FDI in multi brand retailing. India's vast middle class and its almost untapped retail industry are key attractions for global retail giants wanting to enter the Indian retail market. The organized sector has started developing in the past few years. Many International brands have entered the market. With the growth in organized retailing, unorganized retailers are fast changing their business models.

1.2. Background to the Study

India's retail is dominated by a large number of small retailers consisting of the local kirana shops, owner manned general stores, chemists, footwear shops, apparel shops, paan & beedi shops, hand-cart hawkers, pavement vendors etc. which together make up the so-called Unorganized retail. Organized retail is reflected in sprawling shopping centres, multiplex-malls & huge complexes which offer shopping, entertainment and food all under one roof. The last 3-4 years have witnessed the entry of a number of organized retailers opening stores in various modern formats in metros and other important cities. Organized retailing has begun to tap the enormous market but its share is small. A number of large business houses have entered the retail business with very ambitious expansion plan.

The Retail Sector of Indian Economy is going through the phase of tremendous transformation. The retail sector of Indian economy is categorized into two segments such as organized retail sector and unorganized retail sector with the latter holding the larger share of the retail market. At present, the organized retail sector is catching up very fast. The impact of the alterations in the format of the retail sector changed the lifestyle of the Indian consumers drastically. The evident increase in consumerist activity is colossal which has already chipped out a money making recess for the retail sector of Indian economy. The debate over the future of India's retail sector has arisen because people are questioning whether the public land used for these malls, the ultimate symbol of consumerism, is being put to good use. The crucial sectors of the economy are on a self trajectory. The IT industry, telecommunication industry and many other industries have seen unprecedented growth during the last couple of years, but one industry that has caught the eye

of the common man at almost every turning on the road is the Booming Retail Industry. There is a huge cry over the entry of private organized retailers' entry in Indian retail industry. The sector faced quite a few hurdles such as controversy over the involvement of FDI in Multi-Brand Retail and the national wide protest by small traders against the bigger fishes.

1.3. Organised Retail Sector In India

The Indian retail sector is highly fragmented, consisting predominantly of small, independent, and owner managed shop. The domestic organized retail industry is at a nascent stage. India got started with organized chain retailing just a few years ago. There are just very few categories, the most prominent being apparel, where organized retail chains have had a significant presence for more than 3-4 years. Indian retailers have done very well. Particularly after taking into account the various obstacles and hindrances like real estate costs, lack of trained manpower etc. Growth of organized sector of retailing will yield efficiencies in the supply chain, enabling better access to markets, to producers and to customers. The strength of organized retail lies in resource availability. It can translate into efficient supply chain management, leading to faster inventory turnaround, resulting in improved button lines. It is anticipated that the further belongs to organized sector in India. India's organized sector is all set to explode. While the existing players such as future group, Bharti, Reliance Retail, Essar, Shopper's stop and Aditya Birla Group are endeavouring to consolidate their markets, others such as Mahindra & Mahindra, Parsavnath & DLF, Hero, Honda & India Bulls have announced plans to enter the retail sector. Government is also apprehensive about the uncertain future of this sector considering the vote bank attached to retail, political environment is quite willing to take the risk of 100% FDI in retail. The Major challenge facing the organised sector is competition from unorganised sector Traditional retailing has been established in India for some centuries. It is a low cost structure, mostly owner-operated, negligible real estate & labour costs & little or no taxes to pay.

2. REVIEW OF LITERATURE

Review of literature gives the detailed overview of the selected area of study. In addition, it gives the idea on the research and the areas already covered in the previous studies. The researcher visit to the various libraries to collect literature review; research resources and data bases for this research project. The researcher explored the e-consortium facility offered by the University of Madras through the UGC website which provided access to various vendor data bases, journals and scholarly articles of various publishers. The final analysis of the relevant literature revealed over 250 pieces of classic, definitive and influential pieces of literature determined by cross referenced search of research literature in recognised bibliographies and repeated references in literature.

2.1. Motivating Factors to Retail Business

Kerry D Vandell & Charles C Carter (1993), the purposes of this review are to present this eclectic area of study as a unified body of knowledge, to encourage real estate researchers to become more involved in this area, and to indicate where recent research in real estate and urban economics is an outgrowth of study in this area. The field can be viewed as a hierarchy of investigations, including modelling consumer behaviour at the micro level, using models of consumer behaviour in models of store location, and developing approaches for choosing among markets at the macro level. The hierarchy of investigations should in turn

be viewed as the study of economic activity in space. Recent research in the areas of allocation of space in shopping centres and price discrimination in retail leasing is an outgrowth of work in the area of a retail store location and market analysis.

2.2. Impact of Organized Retailing on Unorganized Retailers on Selected Dimensions

- I. **Business models and structure:** Alexander N S and H Myers (2009), through their paper consider the development of international retail thought and the need for an integrated conceptual approach to the process of retail internationalization within the context of international retail activity and subject development and suggest the intellectual influences on the development of retail thought at times, constrained the development of a better understanding of the internationalization process. Having established the parameters of debate, the paper considers the search for a synthesized approach to the understanding of the internationalization process and integration of retail international theory within broader economics and international business frameworks.
- II. **Infrastructure Development & change:** Jonathan Reynolds & Steve Wood (2010), in their paper have three objectives: first, to reflect on the contribution of this journal to the study of retail location assessment and decision-making; second, to use the results of a questionnaire survey of retailers to assess the employment of location assessment techniques a decade since a similar survey conducted by Hernández and Bennison (2000); third, in the light of these results, to conclude what likely challenges the location planning profession will face over the next decade.
- III. **Technology and Innovation:** John Dawson (2007), Discusses in this work about three issues First there is exploration of the development of the concept of output in studies of retail productivity, suggesting that the paradigm that underpins the study of retail productivity is based on a manufacturing sector-based conceptualization of productivity. Second, some factors are considered that differentiate contemporary views of retail output from those of production sectors of the economy. Thirdly, the relationship between innovation and growth of retail output is explored through changes in the control of the channel and through the creation of retail industry.
- IV. **Customer Relationship Management:** Rockney G Walters (1988), A study tested the impact of advertised-price and direct-mail promotions on overall retail store performance. Using a specialty store setting (2 fabric stores), 361 daily observations were recorded, including: (1) Store traffic, (2) Retail promotional activities, (3) Sales by promoting merchandise, (4) Products unrelated to the promoted merchandise, and (5) Store profit. The results indicate that retail promotions generally positively affect store traffic and sales of both promoted and complementary merchandise. Although strong substitution effects, associated with newspaper advertising, served to decrease profit, this type of promotion did increase profit when increases in store traffic occurred. Therefore, it seems that a key to boosting store profit is to build store traffic through price promotions. Promotions not only build short-run store profit, they also create positive price images of the store and enhance customer loyalty. Retailers should continuously analyze changes in traffic, sales, and profit under promotional and no promotional conditions.

- V. Financial and Investment Dimensions:** Glenn Richey Jr. R, Timothy S. Kiessling, Mert Tokman, and Vivek Dalela(2007), have done this research suggest that firms considering a merger and acquisition strategy need to pay attention to the relationship marketing managers of the target firm and the implicit agreements that have kept them with the target firm. The results of this study convey that the joint activity of maintaining the implicit contracts and retaining the relationship marketing managers has a stabilizing and positive impact on the productivity of subordinate marketing employees. These employees are a key success factor that enables the target firm to function effectively after the acquisition.
- VI. Socioeconomic Dimension:** Saghir M & Jönson G (2001), the grocery retail industry, with its large product volumes, low margins and fierce competition, is constantly seeking efficiency improvements in its supply chain. The grocery retail industry uses an immense amount of packaging and is directly affected by packaging logistics activities. There is, therefore, a potential for efficiency improvements in the grocery retail supply chain through the integration and development of new systems of packaging and logistics. Packaging handling is identified as one of the main activities that have a strong impact on the overall logistical cost of a grocery chain. This research article investigates packaging handling evaluation methods and discusses how these are employed to benefit the industry.

2.3. Negative Impact of Organized Retailing on Unorganized Retailers

Kirkup M H & Carrigan M (2000), examined in an increasingly competitive market there is a keen interest among retailers to understand as much as possible about consumer behaviour. Advances in technology have presented retail marketers with many new research tools with which to monitor such behaviour. Alongside such advances in technology, however, have come accusations that some aspects of marketing and marketing research raise ethical issues. Those engaged in the use of new marketing and research methods therefore need to be aware of any potential public concerns and be seen to adhere rigorously to ethical practice. This paper examines the growing use of video surveillance within retail stores. The technique offers an objective and accurate research tool for retailers to monitor consumer behaviour. However, along with increasing use comes the potential danger of abuse and the paper finds that few guidelines exist to assist retailers or researchers in managing this type of research.

2.4. Positive Impact of Multi Brand FDI Entry on Unorganized Retailers

Jyoti Kandpal Bhatt (2012), Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP. The retail industry in India gathered a new momentum with the establishment of different international brand outlets, hyper or supermarkets, shopping malls and departmental store. India is one of the fastest growing retail markets in the world. The retail industry in India is highly unorganized and predominantly consists of small, independent, owner-managed shops. The organized retail segment in India is projected to be 9 percent of the total retail market by 2015 & 20 percent by 2020. Hypermarkets would be the largest retail segment accounting for 21 percent of the total retail space by 2013-14.

2.5. Negative Impact of Multi Brand FDI Entry on Unorganized Retailers

Wang Dan Wang Dan & Xu Qin Xu Qin (2007), fiercer global competition and shorter product life cycles have contributed to the complexity faced by companies. Newer sources of competitive advantage are

constantly searched for to take the place of less effective traditional competitive mechanisms, one of the most important being human resources. Therefore, it's important for companies to adopt proper human resource management (HRM) practices that make best use of their employees' potentials. This trend has led to increased interest in researching the impact of HRM practices on companies' performance. Literature review shows there has been a serious lack of such researches in China. In this paper, we will examine the relationships of six HRM practices and five key dimensions of operational performance, flexibility, cost, new product, quality and delivery, in Chinese manufacturing companies. The empirical analysis is based on the data from the 2005 International Manufacturing Strategy Survey (IMSS).

After review of the existing literature on Motivating factors to retail business, Positive and Negative Impact of organized retailing on unorganized retailers on selected dimensions and Positive and Negative Impact of FDI entry in Multi brand retailing on unorganized retailers the main issues reported in the above studies can be summarised as:

1. The motivating factors of unorganized retailers at the micro and at the macro levels.
2. The major positive impact factors which have to be considered for the improved retail practice of both the sectors.
3. The negative impact factors of organised retailing on unorganised retailers.
4. Entry of FDI on multi-brand retailing and its positive impacts on unorganised retailers.
5. The negative impact factors influencing retail in the entry of FDI on the unorganised and the public.

2.6. Research Gap Identified

Based on the review of literature there is no comprehensive study covering the impact of organised and multi brand retail entry on the unorganised retailers in the study area. In addition, the growing urbanization and increased migration of rural mass to cities for employment, higher education and for better standard of life opens an avenue for the new entrants in to retail business. In addition, the purchasing power parity of the urban population is increased with the advent of technology firms and infrastructure boom in the market. The culture of visiting shopping malls becomes a part of city life. Window shopping penetrated the imitated purchase behaviour among the citizens. Need based purchased have come down to some extent in luxury and lifestyle goods and fashion and imitation took the front line. All these are hyped the demand for all types of products and services in the market and there by the organised sector and big corporate affirms are diversified their business into retail sector. In addition, the profit margins in retail are much attractive when compared to other businesses in an economy.

Simultaneously, the open market policy of the government to meet the demand for the needs is a good opportunity for the foreign firms to enter in to emerging markets like India. The reduced entry barriers are hyped another step of revolution in the market. The foreign brands attracted public with brand image and quality and value added services. Hence, multi brand retail pave a new dimension of growth to retail industry.

In such a dynamic environment, local firms operating in unorganised sector finds it difficult to cope with the customer demand and market expectations. Some of them are planned for the situation and set

up the new phase of retail outlets for encashing the ripe benefits with the changing situation of demand. Hence, a comprehensive study is needed to through a light on the impact of organised and multi brand entry on the unorganised retailers in Chennai.

3. RESEARCH METHODOLOGY

3.1. Statement of the Problem

The present study is undertaken to know the impact of organised and multi brand retail entry on the unorganised retailers in Chennai city. The primary objective of the study is to measure the positive and negative impact of the organised sector entry in to retail business and multi brand stores entry in to retail business on the unorganised retailers in the retail hub city Chennai. The reason behind selection of Chennai is to cover the heterogeneous population and retail firms with different demographical profile. In addition, it is a dynamic market with multiplied market size and the growing demand in geometric progression. The prime reason for such trends is migration from rural side along with other neighbour states. Chennai attracts people with its cosmopolitan and orthodoxy environment with high level public safety when compared to other cities in the country. The increased size and number of IT firms are another attraction to the youth for employment. Hence, it is a place for retailers of branded, unbranded, local and also a place for heterogeneous groups of customers with unity in diversity. Hence, it is appropriate to survey the retailers and to know the impact of the organised and multi brand entry in to retail business on the unorganised sector retailers.

3.3. Objectives of the Study

1. To examine the origin, growth and development of retail sector in India.
2. To examine the profile of organized retailers in Chennai.
3. To analyze the impact of organized retailing on the selected dimensions of customer satisfaction.
4. To Study the possible impact of the entry of FDI in multi brand retail on the customer satisfaction.

3.4. Hypothesis Framed

For the purpose of understanding the market dynamics and impact of the organized and multi-brand retail entry in to retail business on the unorganized retailers, the following broad hypothesis are framed and administered on the data.

1. There is no significant difference between the perceptions of the retailers with regard to the dimension of motivating factors of retail business in the sample area.
2. There is no significant difference between the perceptions of the retailers with regard to the dimension of positive impact of organised sector entry into retail business on the customer satisfaction.
3. There is no significant difference between the perceptions of the retailers with regard to the dimension of negative impact of organised sector entry into retail business on the satisfaction among retail customers.

In addition, the association between the demographical variables with the dimensions of the concept is tested and presented. The relationship between the characteristics of business and the degree of impact of the organized sector entry and FDI entry in multi brand retail is also studied.

3.5. Need for the Study

The present study can help to understand the market dynamics and to identify the market opportunities for the unorganized retailers in the sample area. In addition, it can help the government and policy makers to initiate the policy decisions towards protection of domestic and unorganised retailers depending of the business for their survival and occupation. The fixation of taxes and tariffs, local duties and other charges can be fixed on the basis of the impact created by them on the society and on the environment.

3.6. Research Methodology Adopted

Since retail is a heterogeneous industry, it is not possible to specifically measure the impact on a particular sector. It is also too difficult to classify the industry on a particular basis. Retail is multidisciplinary and all the retail outlets deals with majority of the linked business. It is very high in food and grocery and agro commodities selling business. The majority of the unorganised retailers are in this sector. Hence, a convenient and imple random sample method is adopted to choose and collet the data from the retailers.

3.8. Questionnaire Design and Structure

The questionnaire is prepared to cover all the aspects related to the problem statement of the study. The questionnaire is made in a comprehensive format using dichotomous scaling, multiple choice scaling with single response, Likert scales with numerical labels. The questionnaire consists of nine sections covering various dimensions of the study.

3.9. Pilot Study and Reliability

The pilot study was conducted by distributing 100 questionnaires to selected retailers in both organised and unorganised sector in Chennai city but only 100 responses were suitable to be taken up for testing the internal consistency and reliability of the constructs. Cronbach Alpha Test was used to determine the degree of consistency among the multiple measurements of each factor. It measures the inter-item reliability of a scale generated from a number of items. Ideally, the reliability coefficient above 0.5 is considered acceptable as a good indicator of constructing reliability (Nunnally, 1976), above 0.6 is treated satisfactorily (Robinson et.al., 1991), but alpha above 0.7 is considered sufficient (George and Mallery, 2001; Pallant, 2005).

The questionnaire responses exhibited Cronbach-Alpha value of Motivating factors of retail business 0. 897, the dimensions of organized retailer on unorganized retail 0. 772, Impact on organized retailing on unorganized retailers (Negative) 0. 855, Impact of FDI on multi-brand (positive) 0. 809, Impact of FDI on unorganized retail sector (negative) 0. 842. All this value indicates that the research instrument is appropriate and it can be retained in the main study without any changes.

3.10. Sample Profile/Method/Size

Since the population is unknown, the sample is determined by using a qualitative technique of reasonability and justified with large sample size. The sample covers the entire sample area in terms of the prominent

areas for unorganized retail and residential areas, commercial areas and industrial areas. The convenient sample technique is adopted to survey the retailers from the unorganized sector. The sample size and wide coverage are taken care of to avoid the errors and validity issues relating to research. The sample size is determined by using the scientific method, by using the pilot study standard deviation of the sample of 100 respondents, by allowing the standard error at 5% level.

The sample size is fixed at 600.

3.11. Data Collection

Based on the pilot study results 1000 questionnaires were distributed to the main survey to the retailers in unorganized sector and organized sector in Chennai City. The numbers of questionnaires collected, after sustained follow up were 834. Out of the 834 responses only 607 were complete and suitable for analysis work and the remaining 227 questionnaires were incomplete in some aspects like errors of omission, errors of commissions and duplicating errors.

3.12. Tools Used for Analysis

The analysis part of the present thesis was made by using the various parametric and non-parametric statistical tests namely, Percentage Analysis, Chi-square Test, ANOVA, *t*-Test, correlation, and principal component analysis, and cluster analysis

3.13. Frame Work of the Study

The present study is presented in two parts. Part-I, is dealt with percentage analysis, factor analysis, it is used to group the variables in to homogeneous subsets and titled as percentage and factors. It is followed by association between the demographical variables and dimensions of the study are tested. Similarly *t*-test is administered to find out the significant difference between the selected bipolar demographical variables of the retailers and the dimensions of the study.

Part-II deals with the relationship testing using the ANOVA, chi square cross tables, cluster analysis, correlation analysis form the data collected.

4. DATA ANALYSIS

The primary data collected through the questionnaire is analyzed using the SPSSV-15 (Statistical Package for Social Sciences) computer packages. The statistical tools used for data analysis based on the data enumerated from the questionnaire are as follows:

1. Grouping the variables gives more clarity on the subject and also on the decision mechanism design. In view of this researcher grouped the items into groups using Principal Component Analysis with Varimax and Kaiser Normalization. In this part of the analysis, the scholar is trying to group the motivating variables, positive impact of organized sector entry into retail on the unorganized sector, the negative impact of organized sector entry in to retail on the unorganized retailers, FDI entry into multibrand retail impact on unorganized retailers, and negative impact of FDI entry into multibrand retail impact on unorganized retailers quoted as items in the questionnaire into factors.

2. *t*-test is used to consider motivating factors, dimensions of organized retail over unorganized retailers, the impact of organised retailing on unorganised retailers and positive and negative impacts of FDI on unorganized retailers. These perceptions are ascertained through Likert's 5 point scale which range from strongly agree to strongly disagree. In this context a parametric *t*-test is applied and the following results are obtained.
3. Factor analysis is used to analyse the group of motivating variables, positive and negatives impacts of organized sector on unorganized retailing, and impacts of entry of FDI on multi-brand retailing on unorganized retailers are quoted as items in the questionnaire into factors. These factors are analysed using Principal Component Analysis with Varimax and Kaiser Normalization.
4. Cluster analysis is used to segregate the retailers grouped as per the dimensions obtained in principle component method derived as predominantly factors of motivation, dimensions of retailing, impact of retailing and impact of FDI. Now these factors act as a basis to classify the respondents in to heterogeneous groups. These groups are segmented on the basis of perception of retailers. In this juncture *k*-means cluster analysis is adopted on the factors.
5. Chi-square analysis is applied to test the association between the demographic variables of organized retailers and unorganized retailers in the sample area.
6. Association using chi square is used to find the nature of association between the business details of retailers and their perceptual difference over motivation, dimensions of positive and negative impacts of organized sector entry and positive and negative impact of FDI entry in multi-brand retailing on unorganized retailers. Therefore non parametric chi square analysis is used to associate a set of independent and dependent variables.
7. ANOVA is used to test the Influence on organizational details on the factors of motivation, positive impact of organized retailing on unorganized retailers on selected dimensions and negative impact, positive and negative impact of FDI in multi-brand retail on the unorganized retail sector.
8. Correlation analysis is used to find the parametric relationship among the factors of retailing therefore Corl pearsons' co-efficient of correlation and obtained the relationships between motivation, dimension of retail business, the negative impact of retail business and the positive impact of FDI and negative impact of FDI on the unorganized retailers in the sample area.

5. MAJOR FINDINGS OF THE STUDY

5.1. Findings Based on the Percentage Analysis

1. *Type of retail business:* The sample unit is dominated by 48.8 percentages of retailers involved in FMCG business. It is followed by 33.8 percentages of retailers involved in lifestyle goods (textile and jewellery). It indicates that the retailers are attracted towards FMCG business in the sample area.
2. *Nature of firm:* It is observed in the sample survey that, 50.2 percent of the retail out lets in the sample is petty shops, 33.9 percent are super markets in the sample. It indicates that the majority

of retail business is closely associated and carried out through with petty shops in the sample area.

5.2. Findings Based on the *t*-test

1. The *t*-test values for the motivating factors of retail business is found that, attractive rate of return, continuous demand and growth and Social Recognition and contacts has the highly motivating factors.
2. The entry of FDI in multi brand retail into retail business have shown positive impact on unorganized retailers in terms of Wide range of Quality of products will be delivered to the customer, increased employment and shipping opportunities, and logistics services industry & Sustainable development and increased level of global co-operation.

5.3. Findings of Factor Analysis

1. The positive impact of FDI entry on multi-brand retail business on unorganized retailers is emerged as three factors namely, social development factor, Economic standard factor and quality of life factor. These are emerged in the light of quality of products and services availability at affordable prices.
2. The negative impact of FDI entry on multi-brand retail business on unorganized retailers is emerged in three dimensions namely, safety and security issues, regulatory issues and ethical issues dimension of business. In a large market place, promotion, regulation and control is difficult. Similarly, organization ethics are more important to business growth and society's safety.

5.4. Findings Based on the Cluster Analysis

1. The impact of FDI entry on multi brand retailing into retail sector is positively perceived by the retailers are broadly grouped in to three clusters in the sample namely, Social development perceived retailers consist of 82.2%, economic growth perceived retailers consist of 5.6% and quality perceived retailers consist of 12.2% in the sample.
2. The factor analysis derived two predominant factors of negative impact of FDI entry in to retail business on unorganized retailers consist of 44.6% “ Stability expected retailers”, and 55.4% consist of “ Value system expected retailers” in the sample survey.

5.5. Findings Based on Association between the Demographics and Type of Sector

1. There is a highly significant association between sector of business (Organized/Unorganized) and type of business and represented with 54.6 percent of organized retail firms in lifestyle business and 59.2 percent of unorganized is associated with FMCG business in the sample.
2. There is a highly significant association between sector of business and status of statutory permission represented with cent percent of licensed organized retail outlets and 74.2 percent of unorganized are running with corporation certificate in the sample area.

5.6. Findings Based on the ANOVA

1. There is a direct and positive relationship between year of establishment, type of business, annual turnover, statutory permission, form of organization, sources of finance, nature of firm, mode of entry into retail, location of the firm and initial capital invested and motivator of retail business, positive and negative dimensions of the impact of organized, FDI entry on unorganized retailers among the sample.
2. Influence of Year of establishment on factors of motivation, dimensions of organized retail on unorganized retailers, positive and negative impacts of FDI in multi brand retail on unorganized retail sector is found highly significant.

5.7. Findings Based on Correlation

1. Financial and investment dimension is positively correlated with socio-economic dimension and positive impact of organized sector entry into retail business. On the other hand, Financial and investment dimension is negatively correlated with positive impact of FDI entry into retail and negative impact of FDI entry in to retail business.
2. Positive impact of FDI entry into retail businesses is positively correlated with the negative impact of FDI entry in to retail business. It indicates the FDI entry has both pros and cons on the retail business and on the impact of unorganized sector entry

5.8. Limitations of the Study

The present study is conducted in Chennai city on the basis of its heterogeneity and retail hub characteristics. The sample size is restricted to only 607. Approaching Illiteracy, connectivity, time and cost for the selected sample is yet another limitation. The statistical tests applied for the analysis is appropriate. The accuracy of the results is taken care of through the larger sample size. The suggestions drawn by considering the micro and macro environment of business and society prevailing in the state.

6. CONCLUSION

India is at the crossroads with regard to the retail sector. Several emerging market economies have gone ahead and reaped the benefits of modern retail. India is however a latecomer to organized retail expansion and the picture still remains unclear as to its future direction. The study advocates a balanced approach to retail and suggests that the government plays a major role in shaping its future course. There is no doubt that traditional retail has been performing a vital function in the economy and is a significant source of employment. However, it suffers from huge inefficiencies as a result of which consumers do not get what they want, and farmers often get prices for their produce much below what is considered fair. In contrast, organized retail provides consumers with a wider choice of products, lower prices, and a pleasant shopping environment. It gives farmers a better alternative channel for selling their products at a better price. The competition from organized retail has affected the business of traditional retailers but they are making efforts to stay on. In their struggle to face this competition, they are handicapped by a lack of access to formal credit from commercial banks. As in other countries, government policy can and should play an important role in modernizing the unorganized sector and improve its competitiveness.

On the other hand, a policy of protection of traditional retailers by restricting organized retail will harm the growth prospects of the country by foregoing the enormous benefits that are generated by organized retail.

New restrictions on organized retailers are not advocated as this will dampen the modernization efforts of traditional retail. However, the study stress the need for organized retailers formulating certain “private codes of conduct” governing their relationships with suppliers including manufacturers, wholesalers, and farmers. The experience in Argentina, Mexico and Colombia could be studied in this regard. These steps could be complemented by the Competition Commission enforcing rules against collusion and predatory pricing as in the US, UK and France. The government may also consider enacting legislation if that ensures the implementation of a code of conduct by large organized retailers. Organized retail is subject to a number of licensing requirements at the central, state, and local levels that are cumbersome. A fresh look at the gamut of regulations is called for with a view to simplifying and compressing the time taken for the issue of permits. A move towards a nationwide uniform licensing regime for organized retail in all states and union territories is suggested.

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