

## Journal of Business and Retail Management Research (JBRMR) Volume 10 Issue 2 April 2016

### Editorial Comments

This edition of the Journal of Business & Retail Management Research (JBRMR) contains thirteen scholarly articles conforming to the principal objective of the journal, namely the dissemination of both applied and theoretical knowledge. The papers provide a thought provoking insight into a range of issues, both with local and global significance and challenge to view the current dynamic afresh, both in our own countries and further afield. The findings of a number of these papers are significant not only for academicians, but also for professionals, policy makers and those responsible for local, regional and national educational strategy. It is evident that whilst there is clear evidence of mankind's ingenuity in a range of circumstance, there is also a wealth of evidence presented herein of a lack of foresight in a variety of sectors and areas of human endeavour. It is especially heartening to see a marked increase in papers from outside Europe and North America being submitted for consideration for publication. Demographic indicators certainly point for a marked diminution in the influence of Europe as a whole and thus many of the thought leaders and innovators are likely to come from parts of the world which for too long have been neglected and overlooked.

The Editorial Board of JBRMR is grateful to the contributors for making this journal the platform by which they have chosen to put their research into the public arena, and trust that they will use their good offices to ensure that others do the same.

The opening paper of this issue is entitled: **Leadership style and retail store performance - a case study of discount retail chain** by **Mekraz and Gundala**. The retail landscape is such that discount retail chains are not only well established, but in many countries aggressively expanding their customer base. The number of such stores has increased year on year and this in itself places an additional pressures with regards to profitability. Whilst theorists and social commentators could debate at length what constitutes "success", in essence the prevailing orthodoxy as espoused by papers such as this assume that success is measured in retail primarily in regards to profitability. The issue of staff turnover should be of paramount importance to all organisations, as the loss, even the haemorrhaging of staff can be a useful barometer of concerns with regards to leadership. In accountancy terms such turnover could be equated with depreciation and thus is a cost that needs to be factored in rather than downplayed or glossed over. Likewise the issue of inventory shrinkage is a significant one, as it raises questions about what causes staff to steal. Pilfering and petty theft is endemic in the workplace and reminds us how relevant the eminent penologist Donald R. Cressey's theory concerning the "fraud triangle" remains today.

At the nub of this research is the role and prevalence of transactional and transformational leadership. The fact that the study reveals that transactional leadership is the prevalent of the two should come of little surprise. Whilst the authors believe that transformational leadership could well have a positive role to play in addressing staff retention issues, there are others who might council a degree of caution. Such caution is not based on any objection to the adoption of transformational leadership, but in regards to the "discrepancy between the rhetoric of leadership articulated by executives at the corporate head offices and the actual roles and responsibilities of managers in stores." (Grugulis, Bozkurt & Clegg 2010). Any approach that can address staff turnover is to be welcomed and thus if transformational leadership can make a modicum of difference, this must surely be worth a try.

This paper make mention of key data that was employed by employees, it would have been helpful to have an indication of the time frame that this data covered as this itself might well have helped elucidate things further. Furthermore the issues of gender and ethnicity were conspicuous by their absence. Corporate cultures are greatly influenced by the attitudes and prejudices of the boardroom and thus we must be mindful of this when engaging in research. For all the challenges for discount retail chains in the US, early in 2016 analysts at Morgan Stanley noted the sector's "resiliency to any macro slowdown", much of this being thanks to consumers becoming increasingly savvy and price aware in challenging economic times.

Whilst challenges may vary from country to country there are common threads that run through all economies. Regardless of size enterprises need to adapt to survive. A strong case could be made for having the words 'Necessity is the Mother of Invention' displayed prominently for workers and customers/clients alike to see. With this in mind it is appropriate that the next paper is entitled: **Strategic innovation capability and firm sustainability. Evidence from auto parts businesses in Thailand** by **Sriboonlue, Ussahawanitchakit and Raksong**. Innovation has long been viewed as a key generator of economic growth, with Rosenberg underscoring its importance in his research for the OECD (2004). Whilst adaptation increases the chances of survival, it does not guarantee them, and this is as true of Thailand as it is of anywhere else. Short-termism has been hotwired into the financial system to such an extent that there are serious limitations to the risks that can be taken and as a consequence foresight planning is near non-existent. In larger corporations sensitivities surrounding the regular payment of dividends to investors means that there is limited freedom for manoeuvre. Some of the issues touched upon in this paper raise questions about the nature and content of management and leadership training. Family owned businesses have their own particular dynamic and it would be interesting to know how the tax system might help support innovation. A culture of innovation and its key drivers is an area that is pertinent to all areas of endeavour.

One area that would have benefitted from some additional detail is that of local context. The fact that Thailand is one of the largest markets in the world when it comes to pickup trucks underscores the significance of the auto parts business. New product development is invariably costly, so the refining and rebranding of existing products could well prove useful. Whilst demand is considerable, it is important to acknowledge that the market locally is extremely crowded and thus firms need to be alive both to customer needs and the threat from commercial rivals. Strategic Innovation Capability (SIC) requires a recognition that innovation requires long term commitment and sufficient time and resources to affect positive change.

Many in the retail sector have become modern day alchemists, rather than endeavouring to turn base metals into gold they are on a quest to solve the mysteries concerning what really motivates impulse purchases. **Dimensions of point of purchase factors in impulsive buying of women's skin care in India** by **Brakash and Sharma** seeks to explain something of motivation in regards to both men and women when it comes to impulse purchases. Store ambience is clearly a dominant factor in providing a conducive shopping environment, but as this study has an Indian focus there are a number of external factors that influence decision making, chiefly the preoccupation of the darkness or lightness of skin colour. Anyone familiar with how ubiquitous Fair & Lovely products are in India will appreciate the serious and deep seated psychological dimension that there is to the cosmetics element of Indian retail. The findings here clearly demonstrate that skin whitening products are hugely sought after in India, whilst in Europe, Australasia and North America it is anti-ageing cosmetics that are deemed highly desirable. The media and Bollywood have a sizeable role to play as do families and societal attitudes in

general. In the retail environment customers are encountering those frontline personnel and sales assistants that often represent the perceived 'ideal' and this could well play a part in shopping habits, especially in regards to the spontaneity of purchase.

This research appears to reinforce the findings of Indian studies in regards to the part played by positive reinforcers, for example *Coloring consumer's psychology using different shades the role of perception of colors by consumers in consumer decision making process: a micro study of select departmental stores in Mumbai city, India* (Patil 2012). The factors to contribute in ambience creation are clearly identified in recent research and whilst Prakash and Sharma must be mindful of gender stereotyping, their research has some useful pointers for retail theorists and practitioners alike. As things stand, it would appear that females are more likely to be succumb to impulse purchases, a finding that some may seize upon in order to confirm their preconceived notions of the ways in which males and females shop. As in all things it is wise to exercise caution and be willing to accept that this fascinating topic is deserving of further research.

The issue of the environment and the way in which mankind's activities have been detrimental to it is a topic that impacts on each and every one us, both directly and indirectly. Those familiar with much of Eastern Europe will appreciate that the so-called march of progress whilst it brought advantages for some, often paid scant regard to environmental considerations, in point of fact these were invariably deemed secondary in respect of national production and various five year plans. Poland is just one example of a country that has had to wrestle with the legacy of a brutal industrialisation process which has done lasting damage. Anyone familiar with *Cleaning Up Krakow: Poland's Ecological Crisis and the Political Economy of International Environmental Assistance* (Cole, 1991) will appreciate something of the monumental challenges faced. It is the legacy of the impact of heavy polluting heavy industry that shapes some of the context to the drivers behind a desire in Poland to reframe the future narrative. Krakow, Poznan and other cities all bear testimony to anthropogenic impact. It is in this context that the next paper offers new insight. **Environmental risk management in loan activity in Polish banks** by **Wincenty Kulpa** provides a series of fresh insights into the way in which the financial services sector is helping to drive forward a cultural shift, one in which an ecological mind set becomes second nature rather than merely an optional add on or indeed afterthought. Whilst some sceptics might call into question the motivation behind such activity, there is clear evidence that Corporate Social Responsibility has started to become enshrined in the policy approach. Banks and other financial institutions have good reason to welcome such initiatives, not only because this can help address the perception of an ethical/moral deficit in the banking sector, but also because it makes good business, especially if risk factors are reduced. Some will inevitably accuse banks of 'green washing', this would appear to be unfair. Where legitimate questions can be asked is in regards to the degree of independent assessment of such ecologisation of banks in Poland. The availability of pro-ecological loans is a significant development, but so is the ability to monitor such measures and ensure that they remain fit for purpose and not a skilful ruse to access funding streams.

The centrality of leadership is integral to success in all fields of human endeavour, yet attitudes to those in leadership roles vary considerably from culture to culture. Geert Hofstede, the eminent Dutch sociologist, has been at the forefront of elucidating different societal approaches and his research in regard to Thailand (<https://geert-hofstede.com/thailand.html>) has particular bearing in respect of our next paper. Thailand is strictly hierarchical in nature, so much so that the figure at the apex of Thai society, namely King Bhumibol Adulyadej is deemed above reproach and there are severe sanctions for those who have the temerity or impertinence to do or say anything that might in any way question or disrespect the Thai monarch. Thai

corporations and institutions in some respects have a similar culture and this helps frame an appreciation of the next paper: **Effect of Transformation Leadership in Strategic human resource management and firm success of Toyota's dealers in Thailand** by **Purit Pongpearchan**. In recognising that leadership is; "key to business success" there is also a need to define success. Whilst quite rightly leaders are expected to provide vision, transformational leaders must ensure clarity and conviction, whilst ensuring that their message is conveyed in a convincing and assessable manner. Measuring success in a Toyota dealership is itself an interesting proposition, one that raises questions about the valuing of stakeholders, staff retention and a commitment to appreciating existing customers as endeavouring to attract new customers.

An element that is missing here is in respect of an explanation of Toyota's own corporate culture and how this sits with the cultural norms of Thai Society. Transformation leadership may be a desired ideal, but the strictures of certain educational approach may well restrict and even blunt its development. Cross-cultural leadership poses a range of important questions and additional useful insights are to be found in a paper entitled: *Transformational Leadership: The Influence of Culture on the Leadership Behaviours of Expatriate Managers* (Muenjohn & Armstrong, 2007).

The sixth paper of this edition takes as its focus one of the star performers when it comes to attracting Foreign Direct Investment - Malaysia. The issue of FDI is of tremendous importance as a growth and development factor and as a topic for research warrants exploration with regards to what are the key contributory factors that act as a pull for FDI. Malaysia's relative stability is clearly important, ranking 115 out of 178 countries listed in the Fragile States Index 2015 (the higher the number the more stable the country). **Economic globalisation: role of inward and outward FDI with economic growth evidence from Malaysia** by **Al-Shawaf and Almsafir** uses a combination of formulae to examine the extent to which Malaysia has a magnetic pull on FDI, whilst also being in a position to play its part in globalisation. The findings here provide compelling evidence as to the progress Malaysia has made in recent decades. Such progress compares favourably with regional neighbours, but should be viewed in the light of other economic powerhouses, especially Japan. The Japanese example is pertinent for it is a reminder that economic success even in the most highly developed of economies can suffered protracted periods in the Doldrums. Agencies such as the Malaysian Investment Development Agency ([www.mida.gov.my](http://www.mida.gov.my)) have worked assiduously to ensure that investment perceptions are positive and that Malaysia remains an attractive place in which to do business. The management of risk would appear to be an important part of the Malaysian strategy, with a sizeable amount of capital being invested overseas in the UK, Australia, USA and continental Europe. One of the best known examples of outgoing Malaysian FDI is in regards to the development of the Battersea Power Station site in London - See: [www.batterseapowerstation.co.uk](http://www.batterseapowerstation.co.uk) This paper is a timely reminder if needed of the remarkable success story that is Malaysia and may itself cause more academic institutions to give thought to the inclusion of case studies from this Asian country in business and economics related disciplines.

Personal motivation is a topic that could take up an entire editorial on its own. The next paper is entitled: **The Research of Motivation for Word-of-Mouth Based on the Self-Determination Theory** by **Shen, Huang and Li**. What triggers our desire to act, especially in regards to what is posted or disseminated via social media is increasingly important, especially when we see how businesses can be affected by such actions. Self Determination Theory reminds us that our motivations are often multifaceted and thus harder to read. Little wonder

then that the use of social media has proved both fascinating and frustrating in equal measure (at least as far as businesses and government bodies are concerned). This research attempts to elucidate the triggers and draws upon its research into the use of social media in mainland China. As I read this paper I found myself reflecting on the role of word of mouth in my own life and business career and my readiness to read and take cognisance of comments or observations online on sites such as Twitter or Trip Advisor. Those of us who increasingly shop online avidly read reviews and feedback or take guidance from those who post on online forums such as Mumsnet ([www.mumsnet.com](http://www.mumsnet.com)) Psychology is evidently a major driver and yet in truth few of those in key business roles have much understanding of psychology and the part that it plays in the day to day human dynamic. In acknowledging the limitations of their study the authors remind us all that this area of research is in some respects at the wild frontier, for social media is still a fairly recent phenomenon and as such all research has a limitations on just how far back data can go.

The next paper is entitled: **The Heckscher-Ohlin versus Linder's Theory: evidence from Malaysian exports** by **Lai and Bujang**. Firstly it is extremely noteworthy that that individuals behind these two theories were all connected with the Stockholm School of Economics. All three gentlemen were Swedish nationals, albeit active at different times. Eli Heckscher, Bertil Ohlin and [H. M. S. Linder](#) are part of that strong Scandinavian tradition of economic theorists that has given the world so much. In applying these formula in regards to Malaysia's exports this paper helps to shed some light onto the complex dynamic, especially in regards to the role that distance plays. Malaysia's need to find outlets for its refined crude oil and palm oil has resulted in it appreciating the challenges and fluctuations of the international trading arena as well as the importance played by degrees of trust and credibility. This thorough and in depth study reminds the reader of the fact that in trading terms Malaysia manages to punch way above its weight. Linder's Hypothesis and its forerunner the Heckscher-Ohlin Theory each add new dimensions to our appreciation of an aspect of human interaction that is constantly in a state of flux.

It is interesting to see that the next paper sees us return to the Indian subcontinent for a further exploration of impulse buying. Our preoccupation with shopping or retail therapy as it is sometimes called is itself worthy of study. Even the lexicon of the medium is a vehicle for research, as we have witnessed the emergence of words such as 'shopaholics' and 'retail guru'. **Impulse Buying: What Instills This Desire to Indulge?** by **Surpiya Kalla** takes an interesting approach in that it endeavours to examine the deep seated psychological facets and flaws of the human character to appreciate possible drivers. It is good to see 'akrasia' (the weakness of will) feature, something which speaks volumes of the lack of personal discipline. Whilst some champion the urgency factor with regards to impulse buying, a case could also be made for a casual approach that grows out of a sense of ennui. The easy come easy go approach of some Middle Class consumers is indicative of their financial comfort and seemingly aimless lives. Cities such as Mumbai, Pune and Bangalore have witnessed remarkable changes over the last couple of decades and with the new found wealth and professional status has come significant changes in behaviour, of which changing shopping habits is just one manifestation. The extensive literature review provides a firm anchor for this study, although in regards to the Indian context it does seem a pity that so many pieces of research essentially take the burgeoning professional/middle class as their focus. It would be good to see more studies in respects to the habits of those hailing from lower income brackets, that said, I appreciate that would mean academics having to venture forth out of their own comfort zones, and away from the familiar and those of similar socio-economic and cultural backgrounds. It may also prove of

interest to hear that a recent research paper entitled: *Consumer Reactions to Attractive Service Providers: Approach or Avoid?* (Wan & Wyer, 2016) has found that attractive salespeople scare away customers - maybe some must might have a sudden impulse not to shop after all.

Rarely have I come across an academic paper that has managed to explain the genesis and impact of a global economic event with quite the clarity as the following one does. **The global financial crisis and US housing policy** by **Matthews** and **Driver** provides a fascinating into innovation and its ability to stimulate fundamental change; the historical context provided here along with the explanation of the origins of mortgages is extremely informative. Furthermore this paper illustrates with suitable gravity the devastating impact of the concatenation of a seeming random series of events. We would all do well to appreciate the ideas crystallised by the American sociologist Robert K. Merton when he coined the expression "unintended consequences". Whilst events post 2007/2008 certainly proved near cataclysmic in many quarters, what continues to amaze many seasoned commentators is the ability of economies to rediscover a degree of equilibrium after a while. This paper contains some extremely significant observations as well as valuable advice for those directing public and private policy.

From the United States of America we now move to the Sultanate of Oman, a country of less than five million people. Whilst in demographic terms Oman may not seem that significant, in some respects it proves it to be dynamic and forward thinking. **Performance evaluation of mutual funds in Oman: An investors' perspective** by **Khan, Jamil** and **Uddin** shines a light on the current state and profitability of the mutual funds sector. In comparison to some countries the launch of mutual funds in Oman has been a fairly recent affair, having only taken place some 21 years ago. Cognisance has needed to be taken of issues such as Sharia compliance, but apart from this to all intents and purposes the funds on offer mirror much of what is being offered in a highly sophisticated market such as London. Reticence and risk both play there part in emerging markets and whilst some Omanis will continue to look elsewhere for returns on their capital, it is evident that as the sector in Oman matures it too has the potential to deliver positive yields. What is presented here is a valuable data set that will be well worth revisiting in years to come to see what shifts have taken place. Oman remains a remarkable oasis of calm in an otherwise troubled region and this paper reminds us that whilst considerable attention is often given over to regional powerhouses such as Saudi Arabia, there is much to be gained and learned by examining what is taken place in smaller and more enlightened states.

The penultimate paper of this edition is entitled: **Public devices entrepreneurship and employment in the industry in Algeria** by **Djamila** and **Oumelkheir**. The scourge of unemployment and under-employment (the latter being largely overlooked) is something that should be of concern to each and every one of us. Whilst every national situation is unique, Algeria would appear to manifest some common symptoms, especially in regards to regional and sector specific disparities and the legacy of poorly thought through schemes. In common with other oil producing economies there has been a gradual realisation of the need for greater liberalisation and diversification across the economic base, something that is far easier said than done. What is evident from this research is that a primary focus has been in regards to addressing youth unemployment. This focus seems all the more important in view of the fact that Algeria's Office National des Statistiques (ONS) has calculated that the Youth Unemployment Rate has risen from 25.20% in 2014 to an alarming 29.90% in 2015. This research highlights the weaknesses in a number of job creation schemes, and it is evident that for all the good intentions many of these schemes are failing to deliver. Such failings have serious implications both for the well-being and prospects of individual citizens, but for social cohesion

and for national and regional security. There are also some important lessons here for NGOs working in the field of micro-businesses and job creation.

The final paper of this edition is entitled: **A parametric survival analysis of fundamental factors and sentiment index towards future stock returns: a new chapter of global financial crisis 2007** by **Bujan, Hamit et al.** Market volatility and the sheer volume of trading activity in stock exchanges around the world provide the impetus for research into a topic that has serious monetary implications. When mention is made of; "human psychology, emotion and sentiment in influencing the decision making process" the size of the canvas soon becomes clear. Anything that enhances the accuracy of predictive ability is deemed desirable and thus control mechanisms that 'read' investor sentiment are much sought after. Whilst this study has used data taken from trading volumes in New York, it is perfectly logical that the formulae applied here could well be applied to other sectors and disciplines. Equally it is important that those engaged in business, retail and management research be alive to the possibility of valuable lessons to be learned from other fields of human endeavour. Research of this nature should challenge us all to look afresh at the milieu in which we operate.



Dr P.R.Datta  
Editor-in-Chief