

## Journal of Business and Retail Management Research (JBRMR) Volume 11 Issue 2 January 2017

### Editorial Comments

This edition of the *Journal of Business & Retail Management Research (JBRMR)* contains fifteen scholarly articles conforming to the principal objective of the journal, namely the dissemination of applied and theoretical knowledge. Taken together these papers provide a snapshot of current preoccupations and also provide an insight into some of the challenges and opportunities faced across a range of sectors and countries. These papers take the reader on a journey to various parts of the world and provide a thought provoking insight into a range of issues. 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 economic strategy. We all need to be mindful of the fact that all too often we operate in our own intellectual/cultural silos and thus would do well to make a concerted effort to read that which is outside our own areas of specialism. This journal has a positive role to play in encouraging a wider appreciation of the benefits of broadening our own horizons.

The first paper is by **Nic S. Terblanche** and is entitled: **Customer interaction with controlled retail mix elements and their relationship with customer loyalty in diverse retail environments**. Retail stores spend millions of dollars endeavouring to attract and retain customers. Some speak of the science of retailing, and at times it is as if there is an element of the Alchemist's quest to turn base metal into gold about retail. This paper underscores the importance of the retail mix and the objective that sees interactions "lead to emotional commitment". In order to achieve such an objective it is imperative to gather feedback from customers, both existing and prospective, with a view to endeavouring to be both reactive and proactive. One dimension that emerges through this research is the centrality of the relationship between shoppers and floor assistants. It would appear that customers want their shopping experience to be unencumbered by shop assistants, unless that is in the case of certain products additional knowledge is required. Giving shoppers enough space would appear to be a significant part of the dynamic, yet shoppers expect knowledgeable assistants on demand. Overly attentive shop assistants, some whose manner borders on the obsequious are far from welcome, latter-day Uriah Heep are certain to deter shoppers. Such sensitivity reminds us all of the importance of appropriate staff training that enables key personnel to read situations, as well as having relevant product and service knowledge.

There is a wealth of literature that reminds retailers that customers resent frequent change, especially in regards to store layout and product display. Thus where possible those responsible for floor plans and product display would do well to focus on simplicity, ease of access and clarity. Value for money remains a priority for all shoppers, something which has become ever more important in this age of online shopping where potential customers can benchmark products and prices as never before.

Trying to understand the way in which shoppers or potential shoppers behave is a major preoccupation of many retail stores and analysts. The desire to profile is considerable and it should come of little surprise that we all are being categorised to some degree or another. Any study of the reasoning behind loyalty cards tells us that it is not just about customer retention and repeat sales, but about data collection and data mining. By studying purchase choice and purchase behaviour retail stores seek to anticipate trends, as well as second guess customers. With this in mind we move neatly on to the second paper which is entitled: **The relationship between big five personality traits, customer empowerment and customer satisfaction in the retail industry - Javier Castillo**. The author states that the majority of companies are intent on improving customer satisfaction via service quality and value, some might ask whether this is actually the case. This might be the ideal, but consumers often feel that companies of a retail nature have one goal and one goal alone, and that is profit maximisation. Great emphasis is often made on customer retention, and yet the very same

businesses that are desperate to retain customers often are the very ones that pay scant regard to staff retention, and as a consequence undermine those important relationships that are so fundamental to customer retention. Issues such as service quality and value are often hotly debated, and we would do well to appreciate that people have a habit of viewing these very differently, both because of their personal experience and societal expectations. What might be deemed acceptable in one country could well be deemed unacceptable elsewhere.

One aspect of this research that is of particular interest is the use of social media as a means to elicit results. Whilst there is merit in seeking insight via online surveys, the fact that those with time on their hands might have a greater propensity to complete such surveys is something that needs to be noted. Some reading the findings will be struck by the percentage of Pakistanis that have taken part. It is also important to take cognisance of the difference in the number of males and females that participated. What we are being presented here is a snap shot, that whilst it provides us with some insight, it can only tell the reader so much, and in the opinion of some raises many more questions than it is likely to provide answers. The question concerning salary, even in anonymous questionnaires is likely to result in answers where people metaphorically lean on the pencil. Candour, perception, personal need and validation are all dimensions that require consideration. Our desire to want to pigeon-hole people and indeed whole countries is unlikely to diminish, and whilst there are clearly limitations in such an approach, the exercise itself often results in more than a few surprises.

Corruption is a global phenomenon, and one of the tools that exists in the fight to combat it is having highly effective auditing systems. Thailand faces a monumental struggle with corruption, something that has been highlighted in the GAN Business Anti-Corruption Portal (<http://www.business-anti-corruption.com/country-profiles/thailand>). Appreciating these local challenges enables the reader to appreciate how important effective and up to the minute tax auditing methods are both in Thailand and elsewhere. The next paper is entitled: **Audi knowledge management strategies and audit job performance: A study of tax auditors in Thailand** by **Wittayapoom** and **Lima Nonthachai**. With taxation becoming ever more complex this paper makes the point that Tax Auditors; "must possess the required industry and business knowledge". Outside of Bangkok there is always the issue of access to training and refresher courses to ensure that audit education is ongoing, rather than a final destination upon qualification. The growing need for specialist forensic accountants is not a demand that is easily addressed, especially when remuneration does not always match the skill sets required. Time pressures, as well as certain cultural norms also complicate the picture further.

The reach of globalisation is such that even academia has found itself having to ponder on new ways of engaging with stakeholders. The Internet and a whole barrage of technological developments have furnished various parties with opportunities to make comparisons, to benchmark and articulate their opinions to the wider world. With this thought in mind we move on to a paper by **Amirkhanova et al** entitled: **Management of university competitiveness based on image creating research**. Whilst this is a Russian study that examines the situation amongst the Higher Education sector in Russia it is clear from the outset that many of the observations and conclusions could be made of similar HE sectors elsewhere. The challenge lies firstly in the ability to respond and adapt to the desire amongst students, and to a lesser degree amongst society for greater openness. Once begun, and some might say stayed academic institutions are making tentative moves into having an online presence and thus making themselves more accessible to the outside world. For all that, this paper observes that some of these forays are somewhat underwhelming, with dry and uninspiring websites and the like. With image and competition an increasing preoccupation this research explores in a cogent manner the extent to which a particular image/reputation can be maintained. The following question is particularly pertinent: "For how many years can a developed image be "exploited" by a university management?". We all appreciate that there are many

organisations that continue to life off past glories, some of which in truth are not quite what their PR might claim.

We all need to be mindful of the fact that academia whilst often scornful of the marketplace, is still of it, albeit in its own category. Universities after all are invariably multi-million dollar (or should I say multi-million ruble) enterprises. Being consumer orientated is something that takes a conscious effort, especially in an era when potential students and their parents are eager for statistics about rates of employability upon graduation, as well as faculty/departmental ranking. To some this process can be more than a little disquieting, and whilst image and reputation are worthy or consideration, such institutions should not allow such preoccupations to deflect them from their primary purpose.

From Russia we move to South Africa for the next paper which is entitled: **External forces affecting Small businesses in South Africa -A case study** by **Ayandibu & Houghton**. The role of Small Medium & Micro Enterprises (SMMEs) is a topic that is routinely neglected at universities and business schools, as the lion's share of case studies and analysis is preoccupied with multinational and the like. For a country such as South Africa the contribution made by SMMEs is sizeable, and for many communities they are the very lifeblood when it comes to staving off the worst excesses of poverty. This paper also makes clear that because of South Africa's troubled history some sections of society have often been shut out from the economic mainstream and thus have had to be self-reliant in many respects. Employment opportunities are extremely limited and unemployment and underemployment are certainly problematic when seeking social cohesion.

One factor that this research overlooked was that of the additional dimension of the role of migrant communities. There is a growing body of evidence concerning wage deflation and competition for low paid and low skilled work. Mozambicans, Somalis, Zimbabweans and others are now part of the equation and locals have felt additional pressure to such a degree that there have been periodic bouts of xenophobia and accompanying violence. The following paper certainly helps highlight this subject further: *Effects of migration and immigration on SMMEs: the case study of Diepsloot informal settlement, South Africa* (Chiloane-Tsoka & Mmako 2014). A particularly pertinent line begins; "These foreign nationals such as Somalis and Pakistanis brought with them networking models to build and grow their small business...".

SMMEs do not have the reserves to help them weather economic downturns, nor do they usually have ready routes to access capital. Thus government policy or any external disruption disproportionately affects them, and it behoves policy makers to take this into consideration.

The next paper is entitled: **The identification of criteria for the optimal use of Facebook pages for marketing purposes: A South African perspective - Barnard, Bothma and Cant**. This paper articulates with considerable clarity the fact that whilst businesses in South Africa are perfectly aware of social media, they would appear to be uncertain how to use it effectively. Whilst "fear of missing out" is perfectly reasonable, maybe we also need to appreciate it is that some enterprises are so wary when it comes to social media. For many in leadership roles social media is very much an unknown quantity, a veritable wild frontier in which a myriad of potential dangers lurk. For some the degree of control or rather lack of it is a real issue, as is the fact that tried and trusted methods seem a safer bet. Businesses are invariably conservative in nature, that this paper and the social media experts it has interviewed would appear to agree that social media makes for; "an ideal platform for demonstrating the personality of the company...". For all that, we would do well to appreciate that the medium is changing on a daily basis, and this in itself presents challenges, especially when it comes to communication. A poorly constructed tweet, or I'll chosen visual can suddenly go viral and lead to a company reaping the whirlwind. Companies would do well to give serious thought to issues such as reputational damage, employee privacy violation and data theft. That said, this paper makes a strong case for active engagement, and as such appears to suggest that the potential benefits far outweigh the potential risks. A market as mature as South Africa presents a

wealth of opportunities and in the light of the study in relation to SMMEs maybe smaller concerns might find themselves able to benefit from the access and opportunities presented by the phenomenon that is social media.

Brazil's status as one of the BRICS has ensured that has received a greater degree of interest in recent years. That said, this interest and increasing flows of Foreign Direct Investment have not protected it from economic turbulence both from within and without. The automotive sector is often a useful barometer of the health of an economy and thus the following paper has some useful things to say: **Monetary policy and the automotive retail performance in Brazil - Bach et al.** The fact that this paper states that some 18% of Brazil's GDP is a result of FDI raises some interesting questions such as: Where is this from? Which sectors is this going into? Which regions are benefitting most? How many jobs are directly and indirectly dependent upon this investment? What 'incentives' have been provided by the national and provincial governments in order to secure such investment? South America's largest country whilst it deserves praise for having secured such investment needs to be mindful of the often precarious nature of such investment. Already Mexico is feeling the adverse effects of US car manufacturers being encouraged to invest at home rather than abroad.

The automotive industry is highly complex, and as this paper makes clear is subject to so many variables. Aligning monetary policy is an enormous challenge, especially when one considers both the internal and external pressures that are liable to impact on such policy. Brazil has had a torrid time both politically and economically of late and this cannot have helped the confidence in a key sector. Investors are easily spooked by uncertainty, and whilst they invariably factor in risk, prolonged instability can often result in a real risk that they will cut their losses and move elsewhere.

Leadership and transparency are issues that increasingly exercise those concerned about the world of business. Whilst some would have us believe that in order to enter the world of commerce one must leave one's morals by the door, others have started to examine the positive benefits of ethical behaviour on enterprises and their profitability. The next paper in this edition comes from Malaysia, and is by **Bujang and Raminand** and is entitled: **MCCG 2007 revolution: a dynamic analysis of the independent directors towards a Malaysian public listed company's performance.** The use of the word "revolution" in the title of this paper is an interesting one, let us reflect on that for a moment. Businesses and financial institutions are by their very nature largely conservative in nature, and as such abhor radical change and all that they associate with such change. Revolution implies dramatic change, or at its most benign, a cyclical change. We must ask what triggers such change, and in the case of legislation it is often by the need to address abuses or respond to external or internal pressures. Malaysia in common with other advanced economies is no stranger to corporate misdeeds and yet it also has a strong religious code that manifests itself in the outlook of certain enterprises. The desire to see effective governance, as well as an adherence in certain quarters to Sharia compliant principles has driven certain changes. The authors have not only looked at the reasons why this has taken place, but have sought to find out whether such conduct results in greater profitability. The long and short of it would appear to be that they have indeed found evidence that this is the case, and in so doing have elucidated something of the dynamic of boards of directors.

In some cases the activities and decisions of boards of directors can appear opaque, and when shareholders have insufficient information to hand they are less able to act with a clarity of purpose. Recent codes and commitments have helped address this situation and consequently have helped companies become more responsive. Anyone who monitors the annual Corruption Perception Index produced by Transparency Index will appreciate that whilst Malaysia has made considerable progress it still has some way to go.

The issue of consumer choice is a significant one, one that appears to be growing in importance day by day. A key dimension of choice is competition, something certain businesses, especially supermarkets are often keen to discourage or even frustrate. With the increasing dominance of certain stores comes a diminution in the number of independent traders and this has

resulted in what has been dubbed the Clone Town phenomenon. With this in mind, completing the following often results in some surprising results: [https://www.rgs.org/NR/rdonlyres/F5FC7C84-F376-4FFF-A747-AEC113E6939D/0/FW\\_clone\\_survey.pdf](https://www.rgs.org/NR/rdonlyres/F5FC7C84-F376-4FFF-A747-AEC113E6939D/0/FW_clone_survey.pdf) It is with the retail offering in mind that we move to a fascinating paper by **du Toit and Cloete** entitled: **The impact of dual vs multiple food grocer anchorage on the performance of centres in South Africa**. Sizeable food stores and the complex supply chain and logistics involved requires serious investment, little wonder then that stores are eager to minimise possible competition by entering into single grocer anchorage deals when location got new malls and shopping centres. Such is the nature of the power dynamic in some of these that stores will use their capacity to create local employment as a major bargaining chip to secure optimal locations as well as 'dictating' the nature of the goods other retailers can and cannot offer.

In South Africa the lion's share of the current retail landscape is dominated by such arrangements, although this paper makes clear that competition legislation, demand from consumers and certain data sets are slowly beginning to bring about change. Naturally, footfall is a key priority, and whilst food stores jealously guard existing arrangements, and have proved themselves happy to resort to law in order to do so, there would appear to be compelling economic evidence for greater flexibility. Competition whether from local or foreign competitors is certainly excellent news for shoppers, but also forces stores to raise their game both with service provision and offering, as well as the quality and maintenance of the fabric of retail outlets.

This important research makes it abundantly clear that the situation in South Africa is partly shaped by the limited number of major food stores compared to other countries. Yet for all this there is clearly evidence that exclusivity clauses are less common than they once were. The point made about the character of towns and cities is an important one, and cherishing distinctiveness and local independent traders is something that is surely worthy of far more university case studies and meaningful research.

The next paper is entitled: **Methodological approaches to ensure the competitiveness of organisations - M. Abuzyarova**. The rate of change in some sectors is such that no organisation can afford to be complacent. Business text are replete with examples of once successful enterprises that lost their way or were superseded by events or the innovation by others. If anything the advent of Globalization has speeded up this process, and thus it behoves all in business to be alive to the dangers and cognisant of theories and processes that can help assist competitiveness. This paper offers a range of theoretical approaches that provide useful pointers that businesses of all sizes can draw upon. When recommendations are made we would do well to study the platforms where these are made, how information is disseminated, the manner it is received, process and acted upon, and whether monitoring takes place and progress is reviewed and evaluated at a later stage. More often than not things end up as an action point in the minutes of a meeting, and an opportunity is lost.

As much as theorising is important, what really matters is the situation on the ground. Jobs generate wealth and a degree of security and through this comes greater social cohesion and hope. Societal development is dependent upon job creation and the ripple effect that this has. Hence the importance of small and medium sized enterprises. With this in mind the next paper explores precisely this topic: **The Role of Small and Medium Scale Enterprises in Local Economic Development (LED) - Ayandibu and Houghton**. SMEs are in many respects the engine of the economy, in South Africa's case, according to this paper they provide some three quarters of all employment and over half of all new jobs. This is immensely important, especially in a country that is having to adjust and move forward following the divisive policies followed during the years of Apartheid. South Africa is particularly handicapped as result of woeful numeracy levels and the decidedly patchy quality of primary education precision. For all this Ayandibu and Houghton state that SMEs; "are nimbler and hungrier than their larger corporate peers" a point that in itself is worthy of further study. Regrettably they continue to be poorly served banks and financial institutions, most

of which have little understanding of or empathy for the sector. With an official unemployment rate in excess of 27% in the third quarter of 2016 and rates of crime, especially violent crime that are on an upward trajectory, there is every reason for far greater effort to be made to inject greater flexibility into the system. This and earlier research make for a compelling case for far greater support for SMEs both in South Africa and elsewhere.

The mere mention of taxation is certain to elicit a negative, often hostile reaction and yet the payment of taxes is all part of the social contract. The twelfth paper in this edition is entitled: **Revenue effect of VAT expenditure in Germany and Poland - Malgorzata Hybka**. Whilst VAT is often deemed a punitive tax, it is important that we begin from a common understanding that whilst taxation is unpopular, it serves a useful purpose. In comparing the approaches to and implementing VAT this paper reminds the reader that for all the common approaches across the EU there are still areas where economic policy varies considerably. Such differences are borne out of varied circumstances, political philosophies and expectations. Exemptions and reductions reflect local autonomy, priorities and degrees of acceptance.

This paper sheds light on the current stance of two key EU nations, but as the author rightly points out, data for all of the member states would provide valuable intelligence as well as scope to explore and consider greater alignment where possible. To add further clarity to the picture it would be useful to have a clear understanding on the degree of social provision, as well as the statistics in relation to the effectiveness or otherwise of the tax gathering system. As in all tax collection mechanisms there is always a tipping point at which the process actually proves counter-productive and this varies from country to country. What may well surprise some readers is the degree to which Poland has entered the economic mainstream. Certainly there is plenty here to mull over, assuming of course we can put our own tax aversion to one side.

Our susceptibility to colour and other sensory stimuli is something that this engaged in retail are ever eager to take advantage of. Anyone familiar with: *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) will appreciate the degree to which businesses are now taking cognisance of this fact. The next paper underscores this further, albeit in a South African context. **The impact of sensory environments on consumer buying behaviour: a study of visual displays and sight atmospherics - Elsa Corinne Nell** offers a number of useful pointers for those entering the retail arena. Apparel retailers must ensure that they are attuned to the needs and desires of their customers and potential customers, so the fact that this is a customer-centric study adds to its relevance. Conducive and congenial environments do not just happen, and indeed it is clear from this research that they have to be created in the same way that a theatrical performance is put together with a view to creating a particular mood and response. Thanks to the likes of Instagram many shoppers, particularly younger tech savvy shoppers, expect visually arresting displays and are often brand and label conscious. It is important to note that different demographics and indeed ethnic groups often have quite distinct responses to colour and fabric combinations. A one size fits all approach is unlikely to deliver positive results. This research makes clear that issues such as lighting do matter to shoppers, are integral to the creation of the right ambience, one where the shopper is more likely to respond positively.

The penultimate paper is entitled: **Rating the quality of implementation of environmental management systems - Pacana, Lew and Kulpa**. This paper articulates with considerable clarity the importance of a holistic approach to environmental management. A key component is training, something that needs to be embedded, relevant and ongoing. Training as an issue comes up repeatedly, not least because in many enterprises it is conspicuous by its absence, and others seems to bear little or no resemblance to day to day operations. Finding those with relevant experience, who have the ability to engage and enthuse is a challenge in itself. Many management systems, whilst they look good on paper, soon fall down due to day to day firefighting and insufficient

foresight. When it comes to environmental systems, the story is decidedly patchy, with many companies only following the letter rather than the spirit of the law. This paper at least presents some ideas about how things might be done a little more effectively.

The issue of enterprise and job creation has been a theme that has emerged throughout this edition, it is therefore fitting that it should be the subject of the final paper which hails from Algeria. **Macro-economic assessment of the device of enterprises creation: Case of ANSEJ in Algeria - Nacera and Djamila** manages to get to the heart of the problem with enterprise schemes, that being that more often than not any employment created is often temporary. Youth unemployment is a particular concern across the Maghreb, all the more so as the sense of disillusionment and despair can cause some to be drawn toward radical groups. Algeria is not alone in endeavouring to pump-prime by trying to encourage the establishment of new enterprises, but this paper appears to show that such schemes are making little headway and are largely ineffective. Those who profit are invariably those who are already have higher levels of educational attainment, whilst those with little or no qualifications continue to languish seemingly uncared for. In addition there is the added dimension of rural versus urban. Successes such as there are tend to be in urban areas, and thus the disparities in opportunity between such communities grows apace. This paper reminds us all of the importance of job creation, an issue governments large and small will have to wrestle with all the more as Globalization and new technology continue to impact on the ways of doing things. This Algerian paper brings to mind another significant piece of research entitled: *Trading High Unemployment for Bad Jobs Employment Challenges in the Maghreb*(Achy 2010). Creating meaningful employment, as well as meaningful lives outside of work has to be one of the greatest challenges that faces every nation and community.



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