

Survival & growth strategies for retail gold jewellery MSMEs in Kerala

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Abstract - The Gems and Jewellery sector plays a significant role in the Indian economy, contributing around 6-7 per cent of the country's GDP. The sector is witnessing changes in consumer preferences due to adoption of western lifestyle. Consumers are demanding new designs and varieties in jewellery, and branded jewellers are able to fulfil their demands better than the local unorganized players.

The retail jewellery business in India is largely segmented into organized and family owned jewellery businesses. The family owned jewellery businesses with major share of the market include the small and medium family run standalone and multi store jewellery shops, generally local in nature or with limited geographic coverage. Established brands are guiding the organized market and are opening opportunities to grow. Increasing penetration of organized players provides variety in terms of products and designs. High rate of competition prevails among retailers.

The study focus on strategies followed by gold retail MSMEs in Kerala. Multiple regression analysis is performed using SPSS to obtain influence of marketing, finance & accounting, human resource management and product strategies on business performance. The ranking thus obtained would come handy for a retailer while prioritizing his strategies.

Key Words: -Strategic management, gold retail, jewellery.

1. INTRODUCTION

India is the chief consumer of gold and has admirable infrastructure for diamond cutting, Jewellery Designing can prove to be a very lucrative and satisfying career. With few or no institution to research into the field, Jewellery industry could not make much progress and mostly depend on traditional art work. With the rise of internationally branded retailers in the local market, the industry is subject to hard rivalry and poised for a low growth. In today's trend induce pioneering ideas in design for crafting new styles without leaving the touch to traditional designs to add diversity and range. There also be existent young designer entrepreneurs with enthusiasm and creativeness who can discover new paths and research with designs to outfit the modern requirements. In addition to stand-alone gold and other metal based Jewellery, embedding stones, shells, wood, seeds etc. on gold ornaments are widely practiced. Ethnic

designs, with sophisticated styles are much sought after due to their fascinating styles.

1.1 Business strategies

In the conceptual framework, strategies are grouped into different areas. Marketing strategies can be addressed in ways such as exploring new methods for marketing, improving existing products/services, advertising products and extending credit to customers. Another type of strategy is in the area of finance which includes, use of outside borrowed funds, searching for cheap sources of finance, maintaining large cash balances, and using trade credit. A third possible strategy concerns products. To cope with the current situation, MSMEs might use a price cutting policy to compete with competitors, emphasize high sales turnover rather than high margin per unit sale or else they may emphasize provision of customer services. The alternative strategies that MSMEs might use for the present business environment are in the area of human resource management. This area includes consulting or employing professionals in management e.g., accountants, emphasizing reward and discipline systems for all employees which includes assessing performance of employees and staff training or they may maintain a traditional management style. MSMEs that are more successful may also effectively use business networks compared with those who are not successful. The possible business networks that MSMEs use include: setting up co-operatives, finding business alliances and being a member of business associations.

1.2 Business performance

Strategies used by Retailers influence business performance and the reverse way, retailers will re-assess their strategies based on business performance. The following indicators can be used to measure business performance: profit, total sales, goods turnover, market share and margin on sales. All of these indicators will show positive or negative performances such as success in making profits; for example, its rate must be ten percent higher than for the last five years. The other example of an indicator is market share. The number of customers will tell whether they are a success or failure.

2. LITERATURE REVIEW

Kittima Cheungsuvade 2006 conducted a study entitled "Business adaptation strategies used by small and medium retailers in an increasingly competitive environment: A study of Ubon Ratchathani, Thailand" this thesis presents a study of business adaptation strategies employed by small and medium retailers in order to be sustainable in a climate of rapid and significant environmental change in regional Thailand. The study was carried out in Ubon Ratchathani, a large regional city in North Eastern Thailand which shares many of the difficulties encountered by regional businesses in regional Thailand. Changes over the last ten years have been considered in this work and recent strategies adopted by the small and medium retailers have been investigated. Using extensive input from a study group which represented approximately 10% of all small and medium retailers, the study attempts to isolate the successful strategies for the region. Data obtained through survey and in-depth interview revealed that difficulties encountered by small and medium retailers were independent of the type of business. The study observed an increase in overall business performance which appears to be linked to the general population growth and improvement in the local economy. Young businesses were found to be growing faster than older businesses but are at risk because of their lack of sustainable practice resulting in many young businesses collapsing. The impact of larger chain stores has forced the small and medium retailers to focus on service, rather than price, in order to remain competitive.

Haapalainen, Valérie Skog, Nan (2011) has conducted a study entitled "Growth strategies of multinational companies Industry: Jewelry Retail Industry" This thesis investigates business and growth strategies of 4 multinational companies within the jewelry retail industry. The main objective is to identify whether a company's performance is determined by its growth strategy or not. To fulfill the tasks and reach the objective, the case companies' strategic business models and growth strategies are investigated in the first part of the thesis. The main finding of the thesis is that growth strategies do to not have a significant positive or negative impact on the overall profitability. In the context of strategic management, they can support in a positive or negative way the strategic decisions, but to assess a company's profitability a broader range of indicators has to be considered, as for example the business model and strategy as well as the market. This perception and approach is found to be valid for other industries and businesses.

C.R. Kanakachandran, 2013 conducted a study entitled "Buying behavior in branded jewellery market: a case study of Kerala" This paper investigates the attractiveness of the branded jewellery market in Kerala and identifies the existing gaps between consumer needs and product availability there. The study suggested more initiatives from the part of jeweler to translate consumer needs and desires in to product design in order to capture significant share in the expanding branded jewellery market of Kerala.

N.Bhuvanesh kumar, M.Kunguma thiviya (2014) conducted a study entitled "A study on customer behaviour towards gold jewellery purchase (with reference to pollachi taluk)" The Indian gems and jewellery market continues to be dominated by the Unorganized sector. Its important for any marketer of jewellery shop to concentrate on customer behavior. The jewellery players tried to change the mindset of the people and gave customers with attractive designs at affordable prices. However, jewellery players will continue to face lot of competition from local jewelers. This paper analyses consumer attitudes and behaviour towards gold jewellery purchase in and around pollachi taluk. Our aim was to seek wide knowledge against this research, and thus helps the jewellery marketers learn possible ways to enrich customer behaviour.

Dr. D. Thomas Victor Raja, Mr. S. Gunaseelan (2015) conducted a study entitled "SWOT analysis for small jewellery merchants functioning in cuddalore district" The present research paper analyzed the SWOT of Small Jewellery Merchants (SJMs) functioning in the Cuddalore district has been identified in certain aspects revealed from the previous studies. After the assessment of problems persisted in the small jewellery merchants, researcher has extended the survey on SWOT analysis to know the strength, weakness, opportunity and threaten of SJMs in Cuddalore districts. The primary data have been collected from the identified SJM and analyzed. The results and findings of the study will implicate the SJM and the general public.

2.1 Hypothesis formulation

The aim of this study is to find the role of different strategies in business performance. Therefore, the following hypothesis will be tested in this research.

H1 : There is a significant positive relationship between Marketing strategies and overall business performance.

H2 : There is a significant positive relationship between Product strategies and overall business performance.

H3 : There is a significant positive relationship between Finance & accounting strategies and overall business performance.

H4 : There is a significant positive relationship between Human resource management strategies and overall business performance.

3. RESEARCH METHODOLOGY

Research methodology is very important as it can guide researchers on what steps needs to be taken in order to accomplish the objectives of the research. In order to accomplish the objective of this research study, a questionnaire survey methodology was adopted and was carried out retail jewellery in Kerala. The respondents are manager or owner. Based on the objectives a structured detailed questionnaire was prepared. A five point Likert scale was used in the questionnaire for marking level of implementation. Before conducting the detailed survey, initially a pilot study was conducted using this questionnaire and these responses were used to check the reliability of the questionnaire. After the pilot study the survey is extended and the valid responses obtained were 110. These data obtained via survey was tabulated using Microsoft Excel. Then the data were analyzed using IBM SPSS statistics 22 software.

3.1 Data collection

The study employed the survey method, which makes use of questionnaire as research instrument. This study utilizes direct approach survey method as the means of data collection which is commonly used in similar kind of research.

3.1.1 Study area

The area selected for the present study are Thrissur, Malappuram districts. Data are collected from various retail jewellery. Owners or managers are respondent to the survey.

3.1.2 Research instrument

Based on the comprehensive review of previous literatures, a structured instrument was designed and most of the items were taken from the studies. The instrument was modified by consulting with jewellery association dignitaries, and was initially validated through a pilot survey before it was actually used for primary data collection. The questionnaire consisting of 9 categories (variables such as Marketing Strategies, Finance & accounting strategies, Product strategies, Human resource management strategies , Performance measures , Strength

Factors , Weakness factors , Opportunity Factors , Threat factors) with 57 items.

3.2 Instrument analysis

Reliability coefficients were initially computed to check the internal consistency of the measuring items of the independent and dependent variables. The validation of constructs performed using factor analysis (FA) for the study variables.

3.2.1 Reliability Analysis

The most popular test within the internal consistency method is the Cronbach's coefficient α (Nunnally, 1978; Cronbach, 1951). Cronbach's α computes internal consistency reliability among a group of items combined to form a single scale. It can also be computed for any subset of items. Nunnally (1978) advocates that new developed measures can be accepted with Cronbach's α of more than 0.60, otherwise 0.70 should be the threshold. The measure with Cronbach's α 0.80 or more is significant and reliable. An Alpha value of 0.70 or above is considered to be criterion for demonstrating strong internal consistency; Alpha value of 0.60 or above is considered to be significant. (Seun Azeez Olugbola , 2017)

Table 3.1 Reliability Statistics of 57 Items

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.979	0.979	57

The Cronbach's Coefficient alpha value was determined by using SPSS software (version 22.0). Table 3.1 summarizes the Cronbach's alpha (α) for the whole questionnaire. It was found to be 0.979 with 57 items.

Table 3.2 summarizes the Cronbach's α for 9 individual constructs respectively. The Cronbach's α for the seven factors ranged from 0.663 to 0.949 indicating a good reliability of the instrument.

3.2.2 Validity analysis

In this study the 9 factors and 57 items for finding strategies should have content validity, as the measurement items were developed based on both on comprehensive review of the literature . Construct validity refers to the degree to which a test or other measure assesses the underlying theoretical construct it is supposed to measure. The construct validity of each

measure was evaluated through a principal component factor analysis.

3.3 Factor analysis

For this study, a loading of 0.40 or greater on the factor was considered. For the independent variable since some items were below 0.40 or are having collinearity with more than one factor, it is continued to perform factor analyzing by removing the items one by one until we get all the items are having a factor loading above 0.4. Therefore, out of 57 items, all items retained for analysis.

4. DATA ANALYSIS

The final reliable and valid questionnaire with 57 items was used to collect data from jewellery retailers in Kerala. Based on the survey of 110 retailers, the hypotheses were tested using Multiple regression analysis .

4.1 Correlation analysis

To examine whether these performance measurements are related or not and whether they belong to the same dimension, correlation analysis was conducted on the four performance measures Number of customers, Goods turn over, Margin on sales, Total profit /year

Table 4.1 correlation matrix

Correlations					
		Number of customers	Goods turn over	Margin on sales	Total profit /year
Number of customers	Pearson Correlation	1	.716**	.652**	.516**
	Sig. (2-tailed)		.000	.000	.000
	N	110	110	110	110
Goods turn over	Pearson Correlation	.716**	1	.614**	.790**
	Sig. (2-tailed)	.000		.000	.000
	N	110	110	110	110
Margin on sales	Pearson Correlation	.652**	.614**	1	.515**
	Sig. (2-tailed)	.000	.000		.000
	N	110	110	110	110
Total profit /year	Pearson Correlation	.516**	.790**	.515**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	110	110	110	110

** . Correlation is significant at the 0.01 level (2-tailed).

Measurements were significantly correlated and all five measures belong to the same dimension, a total score can be calculated on these four performance, the total growth was divided by 4 to derive new factor overall performance.

4.2 Multiple regression analysis

The hypothesis were tested using Multiple regression analysis. Multiple regression is used to investigate the relationship between single dependent variable (criterion) and several independent variables (predictors or explanatory) at one time. It is employed to test the research hypotheses. In this analysis, a set of independent variables is weighted to form the regression variate (regression equation or model) and that may be used to explain its relative contribution towards one dependent variable.

The relation between dependent variable (overall performance) and the independent variables (strategies) was investigated by the linear regression analysis, performed in IBM SPSS v.22 software. Histogram of standardized residuals and normal P-P plot of regression standardized residual , were analyzed to check normality ,linearity.

4.2.1 Multiple regression analysis Marketing Strategies and overall performance

Hypotheses related to effect of each Marketing Strategies factor on business performance were investigated for their significance at 5 percent level(p<0.05). Table 4.2 shows that all the Marketing Strategies (Create good relationship with customers, Advertising board, Radio broadcasting, local newspaper., Extension of credit to customers, Promote discount, Bonus, Free gift, Providing good facilities for customers (parking), Making charges of goods lower than competitors, Attractive display arrangement) having “p(sig.)<0.05” process direct and significant effect on business performance. Therefore, hypotheses H1 is supported

Table 4.2 Regression model summary Marketing Strategies

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.879	.133		-6.603	.000
Promote discount, Bonus, Free gift	.169	.024	.209	7.089	.000
Advertising board, Radio broadcasting, local newspaper.	.152	.029	.146	5.281	.000
Extension of credit to customers	.207	.028	.229	7.325	.000
Making charges of goods lower than competitors	.197	.027	.222	7.169	.000
Providing good facilities for customers (parking)	.195	.025	.237	7.794	.000
Attractive display arrangement	.130	.034	.146	3.862	.000
Create good relationship with customers	.196	.033	.237	6.014	.000

a. Dependent Variable: Overall performance

4.2.2 Multiple regression analysis product Strategies and overall performance

Table 4.3 Regression model summary product Strategies

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.929	.098		-9.449	.000
. Hallmarking the ornaments	.193	.021	.237	9.053	.000
Review inventory or stock control continuously	.201	.021	.257	9.424	.000
Increasing product variety	.212	.024	.234	9.007	.000
Quality check of the products	.213	.022	.245	9.796	.000
Provide goods insurance or goods can be returned	.165	.024	.164	6.841	.000
. Finding cheaper suppliers	.240	.021	.299	11.369	.000

a. Dependent Variable: Overall performance

Hypotheses related to effect of each product strategies factor on business performance were investigated for their significance at 5 percent level (p<0.05). Table 4.4 shows that all the product strategies (Finding cheaper suppliers,

Increasing product variety, Hallmarking the ornaments, Provide goods insurance or goods can be returned, Quality check of the products , Review inventory or stock control continuously) having “p(sig.)<0.05” process direct and significant effect on business performance. Therefore, hypotheses H2 is supported.

4.2.3 Multiple regression analysis Financial Strategies and overall performance

Table 4.4 Regression model summary Financial Strategies

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.759	.112		-6.779	.000
Use trade credit from suppliers	.200	.028	.253	7.205	.000
Re-invest profits earned and use own funds rather than use outside borrow funds	.174	.030	.194	5.863	.000
computerised accounting	.189	.031	.201	6.055	.000
Search for cheaper sources of finance	.234	.030	.263	7.885	.000
Note / record revenue, expenses, inventory, continuously	.214	.031	.218	6.985	.000
Consult/employ professionals in accounting	.193	.030	.215	6.457	.000

a. Dependent Variable: Overall performance

Hypotheses related to effect of each accounting strategies factor on business performance were investigated for their significance at 5 percent level (p<0.05). Table 4.4 shows that all the accounting strategies (Consult/employ professionals in accounting, computerised accounting, Note / record revenue, expenses, inventory, continuously, Re-invest profits earned and use own funds rather than use outside borrow funds, Search for cheaper sources of finance, Use trade credit from suppliers) having “p(sig.)<0.05” process direct and significant effect on business performance. Therefore, hypotheses H3 is supported.

4.2.4 Multiple regression analysis Human resource management strategies and overall performance

Hypotheses related to effect of each Human resource management strategies factor on business performance were investigated for their significance at 5 percent level (p<0.05).

Table 4.4 shows that all the Human resource management strategies (Owner or manager joins short course seminar or training, Emphasis recruitment and employ only qualified staffs., Assess performance of employees, Involve employee in decision making, Emphasis staff training, Emphasis reward and discipline system for all employees) having “p(sig.)<0.05” process direct and significant effect on business performance. Therefore, hypotheses H4 is supported.

Table 4.5 Regression model summary Human resource management Strategies

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.225	.103		-2.182	.031
	Assess performance of employees	.155	.031	.183	4.990	.000
	Emphasis staff training	.201	.030	.249	6.791	.000
	Involve employee in decision making	.106	.038	.107	2.807	.006
	Emphasis recruitment and employ only qualified staffs.	.182	.027	.226	6.745	.000
	.Emphasis reward and discipline system for all employees	.171	.035	.199	4.926	.000
	Owner or manager joins short course seminar or training	.225	.031	.258	7.205	.000

a. Dependent Variable: Overall performance

5.CONCLUSION

This research paper has accomplished the stated objectives of the study successfully and analyzed the relationship between the strategies and performance in Kerala context. The present study has proposed a conceptual framework that investigates the main factors leading in the strategic management. The findings presented empirical evidence that the strategies factors

have significant and positive association with the firm performance. In the study strategies were investigated regarding their effect on the firm performance.

Marketing strategy and business performance

Based on the multiple regression results, the most influential marketing strategy for SMEs on business performance is the convenient service strategies and creating customer relationship strategies. The results of the impact of marketing strategies on the business performance suggest that small business owners should focus more customers. Whilst this is primarily an internal matter for retailers and they should focus their service rather than promotional activities.

The chief competitive tool that small retailers have is to use a strategy of focusing on individual consideration to customers. This is underlined in the training of staff in small stores where the concentration is on everybody helping out and providing prompt and considerate attention to the customer. The customer expects a certain level of service from the sales people. To compete with large businesses in the area of marketing strategy, small retailers may have to concentrate on a narrow market segment and gain an intensive knowledge of those segments. Because small retail firms are tied so closely to their local groups, marketing research should focus on these native communities. Since the small retailer’s limited resources are already tailored to local markets, Even though large chains can use their purchasing power to buy merchandise at lower prices than small local stores can, small retailers can overcome this cost disadvantage by providing better customer service than a large chains.

Financial strategies and their impact on business performance

The next practical strategy examined in this study is financial strategies. Financial strategies have been found to impact strongly on performance

The multiple regression analysis results show that the most powerful factors that impacts on business performance is reducing cost of goods sold and accounting and management control. Consequently, the small business owner should pay more attention to accounting and management control or acquire these capabilities early in the business development phase. For the solution of the management of inventory problems, MSMEs should develop strategic retailing initiatives, such as quick response times and efficient consumer response, in conjunction with the increasing use of technology, including electronic data interchange and bar coding.

Human resource strategies and their impact on business performance

Human resource strategies have a major impact on retail business performance. The multiple regression analysis results show that the most powerful factors that impacts on business performance are Owner or manager joins short course seminar or training, assessing employee performance and giving fair rewards or penalties including listening to employee suggestions and complaints are practical measures that retailers can use. The opportunity to know all employees on a personal basis should give the small retailer an advantage over larger rivals in developing employee trust and confidence in management.

Product strategies and their impact on business performance

Product strategy strongly influences performance. There are two category of product strategy that retailers used. The first factor is product preference and product innovation.

The multiple regression analysis results show that the most powerful factors of product strategies impacting on performance is the product quality, cost minimization. This means that small business owners have to build up a wider network with the suppliers for the new products. Also for the new services, small businesses have to build up new and better networks with other retailers to get new ideas about the new services and to know what kind of service that other businesses are providing. In terms of product preference, the idea of listening to the customers' complaints or suggestions is crucial because small businesses have to know and understand their customers' needs.

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