

## Resilience of Small Local Retailers in the Presence of Hypermarkets

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**Abstract:** Retail industry is one of the rapidly growing commercial sectors and has contributed significantly to the country's economic growth. Since 1980s, Malaysia's retail scenario began to shift from small and medium scale retailers to large retail businesses due to the presence of hypermarkets. Nowadays, hypermarkets have been expanding rapidly whereby their locations are not only concentrated in big cities but also in the suburbs. Thus, this study aims to identify the level of resilience of the local small retailers that operate in an environment where the presence of foreign hypermarkets poses a threat and pressure of competitiveness. This study focuses on the elements of resilience comprising of internal element which is the self-concept factors and external element which is the retail element factors. Quantitative method was used to collect and analyze data involving 130 sample of small retailers who have been identified as facing competition with hypermarkets. Results indicated that both elements of the small retailers' resilience were at a high level and therefore, the overall level of small retailers' resilience was also at a high level. This shows that small retailers are able to compete and pursue their business in the competitive scenario of hypermarkets.

**Key words:** Resilience, small retailers, hypermarkets, self-concept, retail elements

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### INTRODUCTION

Retail sector is the most active sub-sector of services sector that contributes the largest to Gross Domestic Product (GDP) of Malaysia. Department of Statistics, Ministry of Finance reported that the retail sector has managed to create nearly 500,000 jobs for the citizens. Country's rapid economic growth and development of globalization has changed the scenario of local retailing industry. After making their debut in the 1990s, foreign-owned hypermarkets were fast gaining popularity in Malaysia and have won over traditional retail stores. The reasons for this situation due to several factors including changes in consumer behavior, retailers' actions and introduction of customer-friendly business concept. According to Fernie, shopping habits and tastes of consumers have changed due to the increase in maturity and income level, feeling of less secure, more discerning and demanding, well-educated and always facing time constraints. At the same time, the retailers become wise enough not to neglect the opportunities of making good investments and business from the urbanization process in the society. Their actions of mobilizing industry resources such as foreign funds and advances in technology with local expertise has led to development and modernity of the country's retail industry. Modern business and customer-friendly concepts practiced by

hypermarkets have attracted crowd of people in Malaysia. According to Lim, customers are highly interested in "one-stop" and "all under-one-roof" concepts that offers spacious and convenient shopping environment, variety of product lines, competitive price and other facilities.

In 2002, hypermarkets captured almost 12% of the total household expenditures in Peninsular Malaysia. Hypermarkets such as Tesco, Giant, Jusco and Carrefour are not only exist in big cities such as Klang Valley but are also in the suburbs where there is high density of population. The increase in foreign retailing has changed the structural and competitive environment of local businesses. Although, the entry of large-scale foreign retailers is able to develop, modernize and improve the effectiveness of local retail industry, the existence of competitive pressure on small retailers and local suppliers cannot be avoided.

Small local retailers are seen to own limited capital and expertise as compared to foreign retailers. Therefore, the structure of their business does not allow them to offer a wide range of products, attractive sales promotions and good infrastructures. According to Bernstein and Beliveau, this situation is not in favor for local small firms. There is nothing much that can be done and yet, they must face the problems of major declining and loss of business income. However, they are some small firms who are still able to survive and pursue their businesses.

Thus, this study attempted to identify the level of small local retailer' resilience which related to the ability to run their business in the presence of hypermarkets. It is hoped that these findings may inspire the related authorities to safeguard the survival of local retail industry so that they can continuously contribute to the country's economic development.

**MATERIALS AND METHODS**

This study used a survey design. The population consisted of all small retail businesses in Kajang and Semenyih, Selangor. Researchers used stratified random sampling method to explore the different view of the student from various zones. Thus, a total of 360 questionnaires were distributed by post to five polytechnics zones such as Borneo, Southern, Northern, Eastern and Central. However, only 296 questionnaires were returned which is 82.2% above the response rates suggested by Cohen *et al.* (2011). This questionnaire was adapted from the preceding Othman (2002) and McLarty *et al.* (2010). It consists of two main parts, namely the student demographics and four institutional dimension item that is the management support, family and community influences, knowledge and skills of entrepreneurship of the students and the instructors. The instrument uses 5 point Likert scale ranging from 1 (strongly not agree) to 5 (strongly agree). Data gathered was analyzed using descriptive analyses of mean and Standard Deviation (SD) score using the Statistical Package for Social Science (SPSS) Version 18.0. The Interpretation of the mean score of each dimensions is shown in Table 1. The overall Cronbach alpha value is between 0.815 and 0.948 which are above the minimum value of reliability recommended by Sekaran (2006).

Table 1: Mean scores interpretation

| Mean scores  | Interpretation       |
|--------------|----------------------|
| 1:00 to 2:00 | Low (L)              |
| 2:01 to 3:00 | Moderately Low (ML)  |
| 3:01 to 4:00 | Moderately High (MH) |
| 4:01 to 5:00 | High (H)             |

Table 3: Evaluation on the administrators' supports

| Evaluations  | Mean | SD    | Level |
|--|------|-------|-------|
| Give priority to the entrepreneurship program at the polytechnics  | 4.11 | 0.781 | H     |
| Encourage students to give feedbacks towards the program activities  | 4.12 | 0.661 | H     |
| Show interest and commitment to improve the quality of the program   | 4.19 | 0.740 | H     |
| Always give credits to all who contribute towards improving the quality of education and entrepreneurship program      | 4.21 | 0.712 | H     |
| Always ensure that all facilities are appropriate and working  | 4.24 | 0.772 | H     |
| Know how to manage financial efficiently   | 4.22 | 0.686 | H     |
| Have detailed knowledge of the implementation process of entrepreneurship programs                                     | 4.11 | 0.682 | H     |
| Know the needs of students involved in the program   | 4.06 | 0.746 | H     |
| Monitor the activities of entrepreneurship programs from time to time  | 4.11 | 0.704 | H     |
| Evaluate the entrepreneurial behavior and skills of students after the activities                                      | 4.14 | 0.675 | H     |
| Have experience in managing entrepreneurial programs organized by external parties such as Mara, the institute, MASMED | 3.97 | 0.829 | MH    |
| Experienced in entrepreneurial internal program or within ministry   | 3.95 | 0.796 | MH    |
| Experienced working with the industrial sectors  | 4.03 | 0.768 | H     |

**RESULTS AND DISCUSSION**

**Students' profile:** Based on Table 2, majority students are female (65.9%) with parents not from business background (69.3%). The findings showed that most students are in the 3rd year of study (46.6%) while students from the 2nd year was 33.4% and 1st year students was 19.9%. More than half of students are majoring in business (72.0%) while the rest are from other areas such as engineering and technical fields. Frequency of students who have experience in business was 84.8% while the rest never had a similar experience. Almost all the students who studied, 92.2% had a keen interest in entrepreneurship compared with only 7.8% of students who are not interested in entrepreneurship.

**Administrators' support:** The study found that administrator support for entrepreneurship programs is high. Supports given including encouragement and set priority, showing interest and appreciation having knowledge about the process, manage and monitor the entrepreneurship programs. The mean value is between min = 4.24 to 4.03 (Table 3). Item 5 showed the highest mean score (mean = 4.24, SD = 0.772). However, the lowest mean scores is on item 12 (mean = 3.95, SD = 0.796). This finding supports studies by Ab-Rahman *et al.* (2011) and Othman *et al.* (2012) in which the leadership style of the

Table 2: Students' profile

| Aspects                      | Categories      | Frequency | Percentage |
|------------------------------|-----------------|-----------|------------|
| Gender                       | Male            | 101       | 34.1       |
|                              | Female          | 195       | 65.9       |
| Year of study                | 1st year        | 59        | 19.9       |
|                              | 2nd year        | 99        | 33.4       |
|                              | 3rd year        | 138       | 46.6       |
| Major                        | Business        | 213       | 72.0       |
|                              | Non business    | 83        | 28.0       |
| Course attended              | Attended        | 251       | 84.8       |
|                              | Never attend    | 45        | 15.2       |
| Parental background          | Businessmen     | 91        | 30.7       |
|                              | Not businessmen | 205       | 69.3       |
| Interest in entrepreneurship | Yes             | 273       | 92.2       |
|                              | No              | 23        | 7.8        |
| Business experience          | Have            | 251       | 84.8       |
|                              | Don't have      | 45        | 15.2       |

leaders in organizational management, control, supervision and effective monitoring will ensure the smooth implementation of the entrepreneurship program and will improve the quality and quantity of entrepreneurial activities undertaken.

**The influence of family and community:** Table 4 shows the evaluation towards the influences of families and communities on students' option for entrepreneurship career. They are identified as individuals closed to the students such as parent, immediate family members, close friends or other external parties such as community in polytechnics, alumni, local communities, industries, the government and private sectors. The highest mean score was for item 1 (mean = 4.44, SD = 0.666) and the lowest mean score obtained from item 9 (mean = 3.76, SD = 0.844). This findings implies that cooperation's, influences and encouragements shown by abovementioned parties will help build the students confidence to enter entrepreneurship ventures.

**Implementers' and students' entrepreneurial knowledge:** Table 5 refers to the evaluation of the entrepreneurial knowledge and skills possessed by the students and the instructors. This assessment is important because

students and implementers must have basic knowledge of entrepreneurship and business management in order to meet customer needs do not rely on others to market products or services and build business networking and to create a unique business strategy (Pholphirul and Bhatiasevi, 2012; Buang and Agil, 2011). Knowledge of entrepreneurship in this study is divided into three sub-constructs comprise of marketing knowledge (A), financial management knowledge (B) and basic knowledge of business management (C). The highest mean score for the implementers is at the sub-constructs of C (mean = 4.32, SD = 0.495) followed by sub-constructs B (mean = 4.26, SD = 0.566) and sub-constructs A (mean = 4.23, SD = 0.522). While, the highest mean scores for students are in sub-constructs of C (mean = 4.23, SD = 0.520) followed by sub-constructs A (mean = 4.21, SD = 0.494) and sub-constructs B (mean = 4.11, SD = 0.594). However, most of sub-constructs remained at a high mean score.

**Implementers' and students' entrepreneurial skills:** The appropriate management practices such as financial management, basic management, marketing, organizational management and record keeping by the entrepreneurs are the most important determinant of business success (Buang and Agil, 2011; Azmi *et al.*, 2012). Table 6 shows the entrepreneurial skills assessment of the implementers and students, consist of three main sub-constructs, namely marketing management skills (A), financial management skills (B) and basic business management skills (C). The highest mean score for entrepreneurial skills possessed by the implementer is in the sub-constructs of C (mean = 4.25, SD = 0.545) followed by sub-constructs B (mean = 4.24, SD = 0.536) and sub-constructs A (mean = 4.18, SD = 0.566). For

Table 4: Evaluation on the influence of families and communities

| Evaluations                | Mean | SD    | Level |
|----------------------------|------|-------|-------|
| Mother, father or guardian | 4.44 | 0.666 | H     |
| Immediate family           | 4.24 | 0.740 | H     |
| Close friend               | 4.17 | 0.800 | H     |
| Community in polytechnics  | 4.12 | 0.758 | H     |
| Local community            | 3.94 | 0.790 | MH    |
| Government and agencies    | 3.97 | 0.821 | MH    |
| Private sector             | 3.82 | 0.797 | MH    |
| Industrial sector          | 3.94 | 0.736 | MH    |
| Alumni                     | 3.76 | 0.844 | MH    |

Table 5: Evaluation on implementers and students' entrepreneurial knowledge

|  | Implementers |       |       | Students |       |       |
|--|--------------|-------|-------|----------|-------|-------|
|  | Mean         | SD    | Level | Mean     | SD    | Level |
| <b>Entrepreneurial knowledge</b>   |              |       |       |          |       |       |
| <b>Marketing knowledge (A)</b>   |              |       |       |          |       |       |
| Pricing strategy for a product or service  | 4.22         | 0.629 | H     | 4.20     | 0.607 | H     |
| Identify target market of a product or service (e.g., through market research)                             | 4.25         | 0.613 | H     | 4.22     | 0.609 | H     |
| Identify the strengths and weaknesses of competitors' products or services                                 | 4.23         | 0.596 | H     | 4.19     | 0.654 | H     |
| Overall mean   | 4.23         | 0.522 | H     | 4.21     | 0.494 | H     |
| <b>Financial management knowledge (B)</b>  |              |       |       |          |       |       |
| The process of preparing the financial statements of business (e.g., record revenue, earnings and profits) | 4.26         | 0.676 | H     | 4.04     | 0.782 | H     |
| The procedures of preparing a business plan  | 4.30         | 0.596 | H     | 4.21     | 0.682 | H     |
| The procedures of preparing a cash budget  | 4.25         | 0.657 | H     | 4.06     | 0.693 | H     |
| Know how to manage daily business expenses (e.g., recording of expenses in cash book)                      | 4.24         | 0.628 | H     | 4.12     | 0.731 | H     |
| Overall mean   | 4.26         | 0.566 | H     | 4.11     | 0.594 | H     |
| <b>Basic knowledge of business management (C)</b>  |              |       |       |          |       |       |
| Identifying consensus in the business  | 4.29         | 0.626 | H     | 4.07     | 0.724 | H     |
| How to take care of business   | 4.33         | 0.593 | H     | 4.26     | 0.585 | H     |
| Have good means of communication   | 4.34         | 0.571 | H     | 4.36     | 0.595 | H     |
| How to manage time (e.g., the right time to order and add stock trading)                                   | 4.34         | 0.602 | H     | -        | -     | -     |
| Overall mean   | 4.32         | 0.495 | H     | 4.23     | 0.520 | H     |

Table 6: Evaluation on the implementers' and students' entrepreneurial skills

| Entrepreneurial skills   | Implementers |       |       | Students |       |       |
|--|--------------|-------|-------|----------|-------|-------|
|  | Mean         | SD    | Level | Mean     | SD    | Level |
| <b>Marketing skills (A)</b>  |              |       |       |          |       |       |
| Pricing strategy for a product or service  | 4.20         | 0.660 | H     | 4.16     | 0.647 | H     |
| Identify target market of a product or service (e.g., through market research)                             | 4.17         | 0.649 | H     | 4.17     | 0.619 | H     |
| Identify the strengths and weaknesses of competitors' products or services                                 | 4.16         | 0.661 | H     | 4.12     | 0.663 | H     |
| Overall mean   | 4.18         | 0.566 | H     | 4.12     | 0.526 | H     |
| <b>Financial management skills (B)</b>   |              |       |       |          |       |       |
| The process of preparing the financial statements of business (e.g., record revenue, earnings and profits) | 4.22         | 0.666 | H     | 3.96     | 0.733 | MH    |
| The procedures of preparing a business plan  | 4.29         | 0.612 | H     | 4.02     | 0.661 | H     |
| The procedures of preparing a cash budget  | 4.22         | 0.646 | H     | 3.94     | 0.686 | MH    |
| Know how to manage daily business expenses (e.g., recording of expenses in cash book)                      | 4.23         | 0.649 | H     | 3.99     | 0.713 | MH    |
| Overall mean   | 4.24         | 0.536 | H     | 3.98     | 0.573 | MH    |
| <b>Basic business management skills (C)</b>  |              |       |       |          |       |       |
| Identifying consensus in the business  | 4.22         | 0.646 | H     | 3.90     | 0.723 | MH    |
| How to take care of business   | 4.24         | 0.632 | H     | 4.08     | 0.677 | H     |
| Have good means of communication   | 4.28         | 0.642 | H     | 4.16     | 0.656 | H     |
| How to manage time (e.g., the right time to order and add stock trading)                                   | 4.26         | 0.620 | H     | -        | -     | -     |
| Overall mean   | 4.25         | 0.545 | H     | 4.05     | 0.569 | H     |

Table 7: The implementers' managerial experiences

| Implementers' managerial experiences                                     | Mean | SD    | Level |
|--|------|-------|-------|
| Manage entrepreneurship program at the zone level                        | 4.09 | 0.658 | H     |
| Manage entrepreneurship program at the national level                    | 4.04 | 0.688 | H     |
| Conducting entrepreneurial projects with external parties such as INSKEN | 4.08 | 0.741 | H     |
| Monitor the development of entrepreneurial activities from time to time  | 4.23 | 0.651 | H     |
| Evaluate their performance prior to program implementation               | 4.28 | 0.667 | H     |
| Evaluate the performance of the implemented program                      | 4.28 | 0.603 | H     |
| Overall score  | 4.17 | 0.525 | H     |

the students' entrepreneurial skills, the highest mean score was obtained from sub-constructs A (mean = 4.12, SD = 0.526) whilst the lowest mean score derived from the sub-constructs B (mean = 3.98, SD = 0.573). This means that the students and the implementers have strong entrepreneurial skills of all except for the students remained at a moderately high level of financial management skills.

**The implementers' managerial experiences in the program:** Table 7 shows the results of a study on evaluation of entrepreneurship program management experiences of the implementers. All items obtained high mean scores between 4:08 to 4:28. The highest mean score for item 5 (mean = 4.28, SD = 0.667) and item 6 (mean = 4.28, SD = 0.603). However, the lowest mean score was for item 2 (mean = 4:04, SD = 0.688). However as a whole, the mean score of the evaluation of managerial experience by implementer is still high with mean score of 4.17 and standard deviation 0.525.

**Conclusion on the institutional dimension:** Table 8 shows that the students have different views on the role and influences of all stakeholders being evaluated. Overall, the role of stakeholders such as the administrators' support, the implementers, families and communities as well as the students showed a high level

Table 8: Overall evaluation on the institutional dimension

| Items                | Mean | SD    | Level |
|----------------------|------|-------|-------|
| Administrator        | 4.11 | 0.509 | H     |
| Family and community | 4.04 | 0.522 | H     |
| Students             | 4.11 | 0.441 | H     |
| Implementer          | 4.23 | 0.429 | H     |

of commitment. This is clearly derived from the findings of the highest mean for item 4 (mean = 4.23, SD = 0.429) and lowest mean was for the item 2 (mean = 4:04, SD = 0.522). While for item 1 and 2, the mean scores remain the same with the mean value of 4.1 (SD = 0.509) and the mean score of 4.11 (SD = 0.441), respectively. This shows that students have a high agreement of the role indicated by the four stakeholders in the entrepreneurship program at the polytechnic, respectively. The findings confirmed that training and intervention courses in entrepreneurship programs play a very important role in assisting an entrepreneur to be more experienced, efficient and skilled (Henry *et al.*, 2005; Ganesan *et al.*, 2002).

**CONCLUSION**

In general, the level of student evaluation on the institutional dimensions of entrepreneurship programs in terms of administrators' support, family and community influences, entrepreneurial knowledge, skills and experiences of the implementers are at a satisfactory level. However, there are gaps that need to be repaired and

given due attention by the parties involved. It requires planning and immediate action to overcome the shortcomings and weaknesses that might arise. Aspects such as hands-on and practical experiences especially in financial management, record keeping, accounting and business planning need to be taught to the students so that they have high confidence and possess positive attitude towards running a business in future. Furthermore, the students need to be exposed and experience dealing with the outsiders such through collaborations with local communities, alumni, industry experts, government and private sectors in order to be fully equipped and ready to face the real world of entrepreneurship. Accordingly, the strength and advantages derived from this study should be maintained and refined so that the implementation of entrepreneurship programs in achieving the objective of producing students with strong and quality entrepreneurial behavior a reality.

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