Factors Attracted New Businesses Towards Jaffna District - A Study on Post War Perspectives

Archchutha, T[a]. Kumaradeepan, V[b]. & Karunanithy, M[b].

a. Save the Children International, Colombo.

b.Dept. of Marketing, University of Jaffna, Sri Lanka.

archchutha@gmail.com

ABSTRACT

Companies are searching for new market opportunities to attract the people towards their products and services. Most of the areas of the Jaffna district have not been observed by the companies last few decades due to the political obstacles in those areas. There is very huge potentials exist in several areas of Jaffna district, though it was not capitalized by the companies. Since end of the civil war in 2009 Post war recovery reform of the commercial system has been pivotal in accelerating economic growth. Several factors cause the companies move towards new market. Hence it is clear that the companies' entrance to Jaffna district is booming. It is worthwhile to identify the factors which attracted the companies towards Jaffna. The objective of this study is to find out the most influencing factors of the companies for moving towards markets of Jaffna district. This study found out which factors influenced highly in attracting the companies towards Jaffna among several reasons such as infrastructure, brand awareness, buying behavior of the people, income level and literacy level, CSR Implementation, distribution channel, promotional strategies. Primary data were collected from companies through questionnaire. The sample was 60 companies which moved to Jaffna after conclusion of civil war 2009. Collected data has been analyzed by using quantitative method to find out the most influencing factor of movement. Seven factors have been operationalized by using 14 measures.

Key words: New Market Movement, Postwar Perspective, Factor Analysis

1. INTRODUCTION

Companies are moving towards new markets at the moment. They are starting to attract people towards their products and services. Last few years, market opportunities of Jaffna District were not detected by many companies and they did not have interest in doing business in such places due to the obstacles, hindrances and challenges in marketing activities. Since the end of the civil war in 2009, post war recovery reform of the commercial system has been pivotal in accelerating economic growth with Sri Lanka recently adopting several commercial reforms. As a result, management of the companies has been attracted towards new markets.

New marketing entrance gained eminence in Sri Lankan business environment in the last decade. Companies are realizing that there are so many opportunities available in several markets with huge potentials exist in such markets for the companies, even though it was not exercised by them. Companies tried to attempt to capitalize those unexercised potentials towards their products.

Research Problem

Though several studies were conducted under new market entrance topic, most of the studies were focusing on the challenges behind the market entrance. An important question focusing, what are the factors attracted new businesses towards Jaffna after civil war? It raises the problem for this study.

Research Objectives

The following objectives are developed for this study:

- To find out the most influencing reasons for moving towards Jaffna markets.

- To identify the strategies used by the companies to enter into new markets.

- To find out the obstacles, hindrances and challenges in new market entrance with the ways to overcome those.

2. REVIEW OF LITERATURE

The following are some literature which support new market movements.

According to Benjamin[1] companies which are entering into new markets to sell their products and services face myriad challenges. Success of the new market is depending on activating customers, delivering products, maintaining products and performing activities.

According to Meenakshi and Syeda[2] there is a vast potential exist in rural markets. Companies and Retailers are trying to meet rural people's needs.

According to Azam and Sheela[3] marketing activities will be won through Brands, Innovation, Market place and winning of people through reinventing the selling business partners.

According to Rakshit and Narasimham[4] innovative strategies will assist to capture new market through Adopt the ability to determine the grades of the crop, Build the concept of traceability into the supply chain, Provide IT enabled services to the market.

According to Abbas and Venkat [5]Companies should educate the uneducated retailers about the modern marketing policies to improve the performance. A study of KC Behura and JK Panda stated in their studies as huge potentials are existing in several market places of India and if roadblocks are carefully handled, new market is the money making market. Innovative ideas are needed to tap the untapped new market.

According to Kavitha [6],marketers need to evolve new strategies to connect and communicate with more aware and unreserved consumer. The demand or prospect could be increased through changing consumers' mindset and offer new generation products.

Research Gap

The Review of Literature conducted for ensuring that a very less researches were done on new marketing movement especially there was no any researches were done in Jaffna district. Hence, it is decided to conduct a survey with reference to factors attracted new businesses towards Jaffna District – A study on post war perspectives

3. METHODOLOGY

Data Collection

Primary and Secondary data collected for this study. Questionnaire was used to collect primary data. Journals, Published reports, Internet, Libraries, and Magazines were used as secondary data collection tools.

Questionnaire has been designed with five points Likert scaling system. Primary data has been collected through structured questionnaire. For the sampling selection, Convenience sampling was used.

Primary data has been collected from the employers who moved to Jaffna District after the ending of civil war it means after 2009. One questionnaire has been issued to one company to know the pulse of their movement backgrounds. Likewise, 60 questionnaires were issued to sixty companies in Jaffna District in various sectors. Such as Banking, Insurance, Educational Institution, Manufacturing Company, Retailing and Super markets.

Data has been collected from the sample respondents on the pre structures questionnaire consisting of two parts. First part included the questions for collecting demographic information such as type of the organization, established year, and moved year to Jaffna and Branch details of the company. Second part consisted of 28 questions assessing the background. Respondents were asked to rate their perception on movements on Five point Likert scale ranging from 1 (Strongly Disagree) 2 (Agree) 3 (Moderate) 4 (Agree) 5 (Strongly Agree).

Statistical Tools used in the Study:

- Cron Bach Alpha value : To find out the reliability of the variables
- Respondent validation : To find out the validity of the variables
- Five Point Likert Scale system: To obtain the respondent response

4. DATA PRESENTATION AND ANALYSIS

Factor Analysis

In this research, an exploratory factor analysis was conducted on the different measures to purify the instrument. The Kaiser-Meyer-Olkin (KMO) has a measure of 0.773, which is above the threshold of 0.5 (Field, 2005). KMO and Bartlett's Test is conducted to determine the meaningfulness of performing a factor analysis. Bartlett's test for sphericity and Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy was done in the present study. The Bartlett's test is significant in this study with 0.000. Therefore, the KMO value of 0.773 and significance of Bartlett's statistic confirm the appropriateness of the factor analysis for the data set.

The Eigen value for each factor is greater than 1.0 (2.112, 1.396, 1.229), which implies that each factor can explain more variance than a single variable. The cumulative percentage of variance explained by three factors is 6.679 per cent. In other words, more than 60 per cent of the common variance shared by three factors can be accounted or explained by these factors.

A total of 7 factors were identified from principal component analysis, with three Eigen values greater than one. The results confirmed the existence of three factors with eigen values greater than 1.0 that accounted for 67.679 percent of the total variance.

KMO And Bartlett's Test

Kasier–Meyer–OlKin (KMO) test assist to measure sample adequacy. Kaiser (1974) recommends accepting values of greater than 0.5. In the present study, value of sampling adequacy is 0.773, which falls into the range of being meritorious. So, we should be confident that factor analysis is appropriate for these data.

Above Table clearly shows communalities before and after extraction. Principal component analysis works on the initial assumption that all variance is common; therefore, before extraction the communalities are all 1. The communalities in the column labeled Extraction reflect the common variance in the data structure.

Reliability

The reliability of the questionnaire was tested using Cronbach Alpha (a) measurements. The reliability coefficients (a) of each construct or latent variable are given in the table

Cronbach Alpha	0.717

5.FINDINGS

The study attempted to indentify the dimensions determining movement of the companies towards Jaffna and employed the technique of exploratory factor analysis. Seven dimensions were identified as the first order factors of movement towards Jaffna. These subscales measure CSR Implementation, Infrastructure, Income level & Literacy level of the people and Promotional Strategies, Distribution channel, Brand Awareness and Buying behavior of the people.

To achieve the objective of the study, most influencing factor was identified. it was identified that Buying behavior of the people, Income level & Literacy level of the people, Distribution channel factors contributed mostly than other factors on new market entrance. The first principal component, which relates to factors influencing market movement component which relates to Income level and Literacy level of the Folk has the eigenvalue of 2.112 amounting to 30.174% of the total variance. However, all the three principal components which >1 together accounted for 67.679% of the total variance in

the original 28 items. At the end of the study Objective of the study has been achieved by identifying 'Income level & Literacy level of the rural folk' is the most influence factor on new market attraction.

6.CONCLUSION

The central theme of the study is to find out the reasons behind the companies move towards Jaffna District. This has to be done very carefully, otherwise misleading conclusions may be drawn and the whole purpose of doing research may get vitiated. It is only through interpretation that the researcher can expose relations and processes that underlie her findings. In case of hypotheses testing studies, if hypotheses are tested and upheld several times, the researcher may arrive at generalizations. But in case the researcher had no hypothesis to start with, they would try to explain their findings on the basis of some theory. This may at times result in new questions, leading to further researches.

Scope of future research

1. There were currently several companies moved towards Jaffna during the last 5 years. The study covered only the 60 companies from the several sectors. Therefore, additional investigation is required to examine firms in the different sectors tend to follow different pattern of movement.

2. This study focused on companies to collect data, another research area that could be extended is to examine new marketing movement in the perspective of particular are folk.

6.2 Implications

The following implications are identified regarding the new marketing movement;

1. Most of the companies don't pay attention on quality and prices of the products when offering to the new marketing. Though, still People are perceived as uneducated people. Companies should consider on those aspect and pay attention on quality of the products.

2. Promotional activities of the companies don't reach the rural folk on time due to poor promotional activities. Most of the folk even don't know about the company's existence in Jaffna district due to the poor promotion of the particular company. As Indian TV channels have major influence on local TV channels, therefore TV advertisement doesn't reach the folk. Posters also issue on certain area only. It makes people unaware about the promotion. Companies should do their promotional activities from the point of rural area.

3. Most of the companies only have one branch in Jaffna

district even they have positive public acceptance and healthy outcome. They are not willing to open more branches in more places. It makes people difficult to access their service. Therefore companies should try to launch their new branch and products in more places around Jaffna District.

REFERENCE

[1] Benjamin, "Marketing channel strategies in rural emerging markets", International Journal of business research and development, Vol.No 1, 2011.

[2] Meenakshi and Syeda, "Companies move towards Rural marketing – a special emphasis on rural markets of JammuRegion", International Center for Business Research, Vol.2, 2013.

[3] Azam and Sheela, "Making a dent into new market", A Journal of management, Vol. 5, 2012.

[4] Rakshit and Narasimham, "Strategies for rural marketing by an organization", 2006.

[5] Abbas and Venkat, "Factors influencing purchase of FMCG by rural consumers in South India: An empirical study", International Journal of business research and development , Vol.1, 2012.

[5] Kavitha T, 'A comparative study of growth, challenges and opportunities in FMCG of rural market', ", *Interscience Management Review,* Volume 2, 2012.
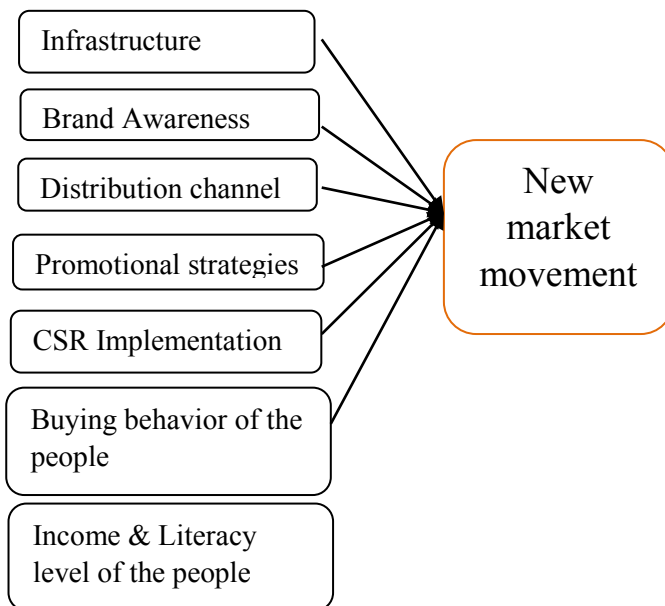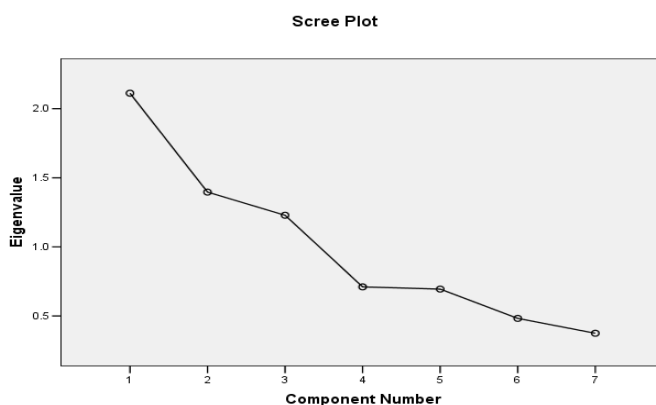
Figures

Fig: 1 Conceptualization

Fig: 2

Tables

Table 1 Operationalization

Concept	Variable	Measures	Items	
New market Entrance	Infrastructure	Road	Q01	Q02
		Telephone	Q03	Q04
	Distribution Channel	Availability of agent	Q05	Q06
		Commission to agent	Q07	Q08
	Buying behavior of the people	Not Quality oriented products	Q09	Q10
		Low cost products	Q11	Q12
	Promotional Strategies	Viewers of television	Q13	Q14
		Effectiveness of Personal selling	Q15	Q16
	Brand Awareness	Perception towards branded products	Q17	Q19
		Purchasing branded products	Q18	Q20
	CSR Implementation	Emotional bond & support	Q21	Q23
		CSR scheme to particular area	Q22	Q24
	Income & Literacy level	Source of Income	Q25	Q27
		Literacy level of the people	Q26	Q28

Table 2 Selected Sample Respondents

Type of the Company	Frequency	Percentage
Banking & Insurance	26	43%
Super Markets	4	7%
Manufacturing	4	7%
Retailing	8	13%
Educational Institution	9	15%
Other Sectors	9	15%

Table 3 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.773
Bartlett's Test of Sphericity	Approx. Chi-Square	62.994
	Df	21
	Sig.	.000

Table 4 Communalities

	Initial	Extraction
Infrastructure	1.000	0.595
Distribution Channel	1.000	0.794
Buying behavior of the people	1.000	0.744
Promotional Strategies	1.000	0.573
Brand Awareness	1.000	0.546
CSR Implementation	1.000	0.722
Income level and Literacy level of the folk	1.000	0.764

Extraction Method: Principal Component Analysis.

Table 5 Rotated Component Matrix

	Component		
	1	2	3
Income level and Literacy level of the Folk	0.837		0.246
CSR Implementation	0.814	0.223	-0.100
Brand Awareness	0.534	0.103	-0.500
Distribution Channel	-0.118	0.832	-0.295
Promotional Strategies	0.218	0.704	0.175
Infrastructure	0.298	0.526	0.479
Buying Behavior of the people			0.862

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.
a Rotation converged in 6 iterations.

Table 6 Test Retest Coefficient

	Variable	Test – Retest Coefficient
1.	Buying Behavior of the people	0.862
2.	Income level and Literacy level of the Folk	0.837
3.	Distribution Channel	0.832

Extraction Method: Principal Component Analysis. a 3 components extracted.