

Analysis on the gap in management capability among the agri-input retailers in Tamil Nadu

■ M. MALARKODI, K. UMA AND K. MAHENDRAN

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ABSTRACT

The aim of this study is to evaluate the expectation and satisfaction level of agri-input retailers toward the management capability which include market sensing capability, customer relationship management capability, and brand management capability. This research analyses the gap on management capability among the overall trained and untrained agri-input retailers, as well as comparison on the gap in management capability between the trained agri-input retailers and untrained agri-input retailers. The measurement of expectation and satisfaction is based on the expected mean and satisfactory mean. The difference between these mean values shows the gap value. The gap analysis in this research is assisted by the paired t-analysis in explaining the existence of difference, if any. Based on the mean analysis, almost all trained agri-input retailers and untrained agri-input retailers agree that the management capability like market sensing capability, customer relationship management capability and brand management capability are important and satisfactory as indicated by the expected and perceived means. The study results showed that even though trained agri-input retailers were satisfied with their management capability, their real satisfaction was more than expected and in case of untrained agri-input retailers were satisfied with their management capability and their real satisfaction was less than expected.

KEY WORDS : Management capability, market sensing capability, Retailers agri-input

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Resource based view (RBV) literatures describe capabilities as managerial skill and accumulated knowledge for deploying assets to create competitive advantage (Teece *et al.*, 1997). Competences are people's basic skills, while capabilities are the combination of such competences that describe a holistic picture of people's capacity to act (James, 2005). So the resources are the source of a firm's capabilities, capabilities are the main source of competitive advantage. More simply, Zack (1999) stated that

what a firm knows is a resource and what a firm knows how to do is a capability. Hence, understanding the capabilities of agri-input retailers and analyzing the gap in management capability is the most important thing for making strategies for improving their management capability so as to improve the performance.

Amit and Schoemaker (1993) concluded that capabilities are regarded as the capacity for a team of resources to perform some task or activity. The individual resources of a firm include capital equipment, employees' skills, patents, brand names, finance, and so on.

Allard and Holsapple (2002) stated that according to the resource based theory, organizational capabilities are the crucial source of firms' competitive advantages.

Barney (1991) stressed that capabilities can help firms recognize and develop strategies, and then can make a firm bring its resources into full play.

MEMBERS OF THE RESEARCH FORUM

Correspondence to:

M. MALARKODI, Department of Trade and Intellectual Property, Tamil Nadu Agricultural University, COIMBATORE (T.N.) INDIA

Authors' affiliations:

K. UMA AND K. MAHENDRAN, Department of Agricultural and Rural Management, Tamil Nadu Agricultural University, COIMBATORE (T.N.) INDIA

Yang *et al.* (2009) concluded that firm capabilities are regarded as certain of social activities. Leonard-Barton (1992) defined core capability as the knowledge sets that distinguish and provide a competitive advantage.

Teece (2007) stated that if a firm's innovations attempt to achieve its commercial goals, except for the innovations themselves, the firm still needs other capabilities to integrate. Such capabilities are complementary capabilities. Complementary capabilities can contain well training sales capabilities, supply chain management capabilities, information system capabilities, new markets creating capabilities, or capabilities for establishing intimate relations with customers.

Vorhies *et al.* (2009) found that marketing capabilities and the integration of these capabilities are indeed helpful to a firm's marketing performance and financial performance.

Coyne (1986) concluded that the reason why a firm can keep ahead of the rivals is that there are some capability gaps between the firm and its rivals. If rivals can take proper actions to close the gaps, the firm's advantage will vanish soon.

Niraj (2001) the customer relationship management is an understanding that not all prospective and existing customers are equally attractive from the perspective of a firm's ability to profitably satisfy their needs and requirements.

Boulding *et al.* (2005) defined CRM capabilities as the firm's ability to identify attractive customers and prospects, initiate and maintain relationships with attractive customers, and leverage these relationships into customer level profits.

Morgan *et al.* (2009) stated that superior market-sensing capabilities provide market insights that enable firms to lower their average costs through more productive resource use by better matching the firm's resource acquisitions and deployments with customers and prospect opportunities.

Makadok (2001) stated that firms that have market sensing capability are also better able to accurately forecast the value of different resources, which enables them to avoid overpaying for resource acquisitions. Firms with strong market sensing capabilities are also better able to identify the least price sensitive customers and prospects, which enables them to charge higher prices.

Hulland *et al.* (2007) concluded that firms with strong brand management capabilities are able to establish and maintain awareness among prospective and existing customers and to differentiate their products and services in ways that lower their customers' search costs and perceived risk.

McAlister *et al.* (2007) indicated that firms with strong brand management capabilities are likely to enjoy higher revenue growth rates through the attraction of new customers. Firms which continuously creating perceived differentiation from rivals in ways that add value for customers, such firms should also be better placed to protect their existing revenues from customer "churn".

METHODOLOGY

Objective and data collection :

This research is to evaluate the gap in the management capability among agri-input retailers :

- To identify the gap in management capability among the trained agri-input retailers and untrained agri-input retailers.
- To identify the gap in management capability between the trained agri-input retailers and untrained agri-input retailers.

The management capability includes market sensing capability, customer relationship management capability, and brand management capability. The measurement scale used for this study was developed by Vorhies *et al.* (2009). In this research, interviews were conducted randomly with agri-input retailers from Coimbatore and Erode districts of Tamil Nadu.

Analysis :

Evaluation on the management capabilities among the trained and untrained agri-input retailers was done followed by the three steps given below :

Mean analysis :

The mean analysis indicates the agri-input retailers' expectation/ importance and satisfaction/ perception toward the management capabilities. The mean values obtained from the retailers' responses are based on seven point Likert scale namely, 1 highly important/dissatisfactory, 2 not important/dissatisfactory, 3 somewhat not important/ dissatisfactory 4 neutral, 5 Somewhat important/Satisfactory 6-important/satisfactory, and 5-highly important/satisfactory. If the mean value is between 3 and 4, this means that the agri-input retailers agree that the management capabilities are not important / dissatisfactory. However, if the mean value is between 4 and 5, it means otherwise.

Gap analysis :

The expectation/ importance mean is usually referred to as the retailers expected mean value of management capabilities *i.e.*, what the agri-input retailers must know to compete. As far the satisfaction/ perception mean, it is the agri-input retailers perceived mean of management capabilities. In reality, sometimes there is difference in these two mean values. The difference in value between the expected mean and the perceived mean indicates gap analysis (Jaana Tonge and Susan 2007). Gap analysis can be done using the equation below:

Gap analysis = Perceived mean – estimated/expected mean

In the event the gap value is positive, it means that the

agri-input retailer's actual knowledge management capabilities are the same or more than their expectations, but if otherwise, the gap value is negative.

Paired t-test :

The paired t-test is also employed in this research. This test is done in order to determine as to whether the gap (difference in mean values) is significant or otherwise. Statistically, the paired t-test is to test the following hypotheses:

H_0 : Non-existence of difference between the perceived mean and expected mean towards the management capabilities.

H_1 : Existence of difference between the perceived mean and expected mean towards the knowledge management capabilities

In the event of non-existence of difference in the agri-input retailers' perceived mean and the expected mean towards the management capabilities, this means that the agri-input retailers' satisfaction on management capabilities are exactly as expected by them. This means, there is failure to reject the null hypotheses. However, if there is existence of difference between the means, the gap analysis will be referred to in order to determine as to whether the said difference is positive or negative. This is done so that a conclusion can be drawn as to whether the satisfaction is as the agri-input retailers expected or otherwise.

ANALYSIS AND DISCUSSION

The result of the gap analysis was discussed in the following ways as (i) Gap analysis toward the management capabilities among the trained agri-input retailers, (ii) Gap analysis toward the management capabilities among the trained agri-input retailers, and (iii) Comparative gap analysis toward the management capabilities between the trained agri-input retailers and untrained agri-input retailers. The result pertaining to these have been presented in Table 1.

Gap analysis toward the management capabilities among the trained agri-input retailers :

Based on the paired t analysis, it is also proven that there is existence of difference between the untrained agri-input retailer's expectation mean and satisfaction mean towards the chosen attributes except the attribute "Tracking brand image and awareness among target customers". In market sensing capability, Learning about customer needs and requirements ($m = 0.158, t = 4.461$), Discovering competitors' strategies and tactics ($m = 0.142, t = 4.432$), Gaining insights about the channel. ($m = 0.150, t = 4.585$), Identifying and understanding market trends ($m = 0.142, t = 4.432$), Learning about the broad market environment ($m = 0.175, t = 5.024$) with the test conducted at significance level of 0.01 (99 % CL) had positive gap mean values. Thus, this showed that trained

agri-input retailers were satisfied with their market sensing capability but their real satisfaction was more than their expectation.

In case of customer relationship management capability, the attributes like Identifying and targeting attractive agri-input retailers ($m = 0.225, t = 5.578$), Getting target agri-input retailers to try our products / services ($m = 0.217, t = 5.737$), "Focusing on meeting target agri-input retailers' long-term needs to ensure repeat business" ($m = 0.133, t = 4.279$), Maintaining loyalty among attractive agri-input retailers ($m = 0.142, t = 4.432$), Enhancing the quality of relationships with attractive agri-input retailers ($m = 0.133, t = 4.279$) had the positive mean value and were significance level of 0.05. The results indicated that untrained agri-input retailers were satisfied with their customer relationship management capability but their real satisfaction was more than their expectation.

With regard to the brand management capability, the attributes had the negative mean value with significance level of 0.01 as "Using customer insights to identify valuable brand positioning" ($m = 0.158, t = 4.731$), "Establishing desired brand associations in customers' minds" ($m = 0.125, t = 4.123$), "Maintaining a positive brand image relative to competitors" ($m = 0.100, t = 3.106$), "Achieving high levels of brand awareness in the market" ($m = 0.142, t = 4.432$). The results indicated that there was existence of difference among the trained agri-input retailer's between expectation mean and satisfaction mean towards the chosen attributes in a positive way that means their real satisfaction was more with these attributes than expected.

It could be concluded that almost all of the management capabilities attribute of trained agri-input retailer's were satisfied and more than their expectation.

Gap analysis toward the management capabilities among the untrained agri-input retailers :

Based on the paired t analysis, it was also proven that there was existence of difference between the untrained agri-input retailer's expectation mean and satisfaction mean towards the chosen attributes except the attribute "Maintaining a positive brand image relative to competitors" ($m = -0.065, t = -1.542$). In market sensing capability, Learning about customer needs and requirements ($m = -0.408, t = -8.569$), Discovering competitors' strategies and tactics ($m = -0.459, t = -9.814$), Gaining insights about the channel ($m = -0.268, t = -5.580$), Identifying and understanding market trends ($m = -0.276, t = -5.717$), Learning about the broad market environment ($m = -0.268, t = 5.580$) with the test conducted at significance level of 0.01 (99 % CL) had negative gap mean values. Thus, this showed that untrained agri-input retailers were satisfied with their market sensing capability but their real satisfaction was less than their expectation.

In case of customer relationship management capability, the attributes like Identifying and targeting attractive agri-input retailers ($m = -0.470$, $t = -8.990$), Getting target agri-input retailers to try our products / services ($m = -0.330$, $t = -7.761$), "Focusing on meeting target agri-input retailers' long-term needs to ensure repeat business" ($m = -0.358$, $t = -8.214$), Maintaining loyalty among attractive agri-input retailers ($m = -0.341$, $t = -7.911$), Enhancing the quality of relationships with attractive agri-input retailers ($m = -0.367$, $t = 8.367$) had the negative mean value and were significant at 99 % CL. The results indicated that untrained agri-input retailers were satisfied with their customer relationship management capability but their real satisfaction was less than their expectation.

With regard to the brand management capability, the attributes had the negative mean value with significance level of 95 % as "Using customer insights to identify valuable brand positioning" ($m = -0.132$, $t = -3.579$),

"Establishing desired brand associations in customers' minds" ($m = -0.166$, $t = -4.909$), Achieving high levels of brand awareness in the market, ($m = -0.141$, $t = -3.937$), Tracking brand image and awareness among target customers ($m = -0.222$, $t = 5.943$). The results indicated that there was existence of difference among the untrained agri-input retailer's between expectation mean and satisfaction mean towards the chosen attributes in a negative way that means their real satisfaction were less with these attributes than expected.

It could be concluded that almost all of the management capabilities attribute of untrained agri-input retailer's were satisfied but less than their expectation.

Comparative gap analysis toward the management capabilities between the trained and untrained retailers :

Research result showed that both trained and untrained agri-input retailers had the importance mean and satisfaction

Table 1 : Gap analysis toward the management capabilities among the overall trained and untrained agri-input retailers

Items	Trained retailers					Untrained retailers				
	Exp.	SAT	Mean	t value	p value	Exp.	SA T	Mean	t value	p value
Market sensing capability										
Learning about customer needs and requirements.	5.94	5.78	0.158	4.461**	0.00	5.18	5.59	-0.408	-8.569**	0.00
Discovering competitors' strategies and tactics.	5.81	5.67	0.142	4.432**	0.00	5.12	5.58	-0.459	-9.814**	0.00
Gaining insights about the channel.	5.81	5.66	0.150	4.585**	0.00	5.44	5.71	-0.268	-5.580**	0.00
Identifying and understanding market trends.	5.93	5.79	0.142	4.432**	0.00	5.42	5.70	-0.276	-5.717**	0.00
Learning about the broad market environment.	5.79	5.62	0.175	5.024**	0.00	5.44	5.71	-0.268	-5.580**	0.00
Customer relationship management capability										
Identifying and targeting attractive agri-input retailers.	5.75	5.52	0.225	5.578**	0.00	5.00	5.40	-0.470	-8.990**	0.00
Getting target agri-input retailers to try our products/ services.	5.74	5.52	0.217	5.737**	0.00	5.00	5.33	-0.330	-7.761**	0.00
Focusing on meeting target agri-input retailers' long-term needs to ensure repeat business.	5.66	5.552	0.133	4.279**	0.00	5.00	5.36	-0.358	-8.214**	0.00
Maintaining loyalty among attractive agri-input retailers.	5.75	5.61	0.142	4.432**	0.00	5.00	5.34	-0.341	-7.911**	0.00
Enhancing the quality of relationships with attractive agri-input retailers.	5.74	5.61	0.133	4.279**	0.00	5.00	5.37	-0.367	-8.367**	0.000
Brand management capability										
Using customer insights to identify valuable brand positioning.	5.81	5.65	0.158	4.731**	0.00	5.50	5.63	-0.132	-3.579**	0.000
Establishing desired brand associations in customers' minds.	5.85	5.72	0.125	4.123**	0.00	5.50	5.67	-0.166	-4.909**	0.000
Maintaining a positive brand image relative to competitors.	5.66	5.56	0.100	3.106**	0.00	5.50	5.56	-0.065	-1.542 ^{NS}	0.126
Achieving high levels of brand awareness in the market.	5.84	5.70	0.142	4.432**	0.00	5.50	5.64	-0.141	-3.937**	0.000
Tracking brand image and awareness among target customers.	5.62	5.56	0.058	1.825 ^{NS}	0.71	5.50	5.73	-0.226	-5.943**	0.000

* and ** indicate significance of values at P=0.05 and 0.01, respectively

mean exceeding 5. Thus, regardless of the agri-input retailers training attended behaviour, both indicated that the management capability were satisfactory. However, these two groups had different insights when the values of the importance mean and the satisfaction mean between the trained agri-input retailers and untrained agri-input retailers were compared. This could be further proven by the t-test.

As far the trained agri-input retailers, almost all the management capability attributes had recorded different mean values. This is supported by the t-test whereby all the management capability attributes stated were significantly different except for the attribute "Tracking brand image and awareness among target customers: ($p = 0.076$) with the test conducted at significance level of 0.05. All the attributes had positive gap mean values. Thus, this showed that even though trained agri-input retailers were satisfied with their management capability, their real satisfaction was more than expected.

As far the untrained agri-input retailers, almost all the management capability attributes had recorded different mean values. This is supported by the t-test whereby all the management capability attributes stated were significantly different except for the attribute "Maintaining a positive brand image relative to competitors" ($p = 0.126$) with the test conducted at significance level of 0.05. All the attributes had negative gap mean values. Thus, this showed that even though untrained agri-input retailers were satisfied with their management capability, their real satisfaction was less than expected.

It could be concluded from Table, trained agri-input retailer's satisfaction was more than their expectation and for untrained agri-input retailer's satisfaction was less than their expectation.

Conclusion :

This research was undertaken in order to evaluate the expectation and satisfaction of agri-input retailers towards the management capability. The gap analysis was done to identify the gaps in the management capabilities including market sensing capability, customer relationship management capability, and brand management capability. Three types of analyses were employed in this research namely, the mean analysis, gap analysis and paired t-test.

Based on the mean analysis, almost all trained agri-input retailers and untrained agri-input retailers agreed that the management capability like market sensing capability, customer relationship management capability and brand management capability were important and satisfactory as indicated by the expected/estimated means and perceived means.

Nonetheless, the gap analysis showed the existence of difference between the perceived mean and the estimated/expected mean. In case of trained agri-input retailers were

satisfied with most of the management capability under observation, the said values (satisfaction) were more than what they have expected as indicated by the positive gap values. In case of untrained agri-input retailers were satisfied with most of the management capability under observation, the said values (satisfaction) were less than what they have expected as indicated by the negative gap values.

The paired t-test showed that the research result was almost identical as the gap analysis. This was because there was difference between the tourists' perceived means and the estimated/expected means to almost all the management capability. Thus, regardless of the agri-input retailers training attended behaviour, both indicated that the management capability were satisfactory.

However, these two groups had different insights when the values of the importance mean and the satisfaction mean between the trained agri-input retailers and untrained agri-input retailers were compared. As far the trained agri-input retailers, almost all the management capability attributes had recorded different mean values. This was supported by the t-test whereby all the management capability attributes stated were significantly different except for the attribute "Tracking brand image and awareness among target customers. All the attributes had positive gap mean values. Thus, this showed that even though trained agri-input retailers were satisfied with their management capability, their real satisfaction was more than expected.

As for the untrained agri-input retailers, almost all the management capability attributes had recorded different mean values. This was supported by the t-test whereby all the management capability attributes stated were significantly different except for the attribute "Maintaining a positive brand image relative to competitors". All the attributes had negative gap mean values. Thus, this showed that even though untrained agri-input retailers were satisfied with their management capability, their real satisfaction was less than expected.

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