



# Navigating the Future of Commerce through Digital Transformation, Artificial Intelligence and ESG concerns for Sustainable Business

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## Retailers' Perception towards Impact of Foreign Direct Investment (FDI) on Indian Retail Market Segments

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**Abstract:** The paper aims to analyze the FDI in retail sector and retailer's perception about the FDI growth in retail sector. The study exclusively to focused and find the growth of FDI in retail sector and how they (Retailer's) are to accept the policy making by the nation. The Indian Government feel that the retail sector is expected to grow in future since there has been demand on branded items while the reason behind permitted in the year of mid 2006 for FDI in retail industry for sustained development in India. The permission of FDI in India was creating more impact on various segments in retail sector such as organized stores developed to mall, increasing consumable pattern, changing of buying behaviour, increase cost of living and also consumer shift to branded items these factors it may be impact to the country economy. The study deals with the level of perception by the retailers' among the market segments. The researcher has conducted this study in Coimbatore district who can clearly understand the concept of FDI impact on their business. In order to measure the retailers' satisfaction and the impact of FDI, the researcher has used the independent variables as market segments, namely product, price, place, promotion, customer, ambiance and delivery. To find out the impact of FDI in retail market segments the researcher has used percentage analysis for personal factors and Confirmatory Factor Analysis (CFA) used for define the perception towards FDI.

**Keywords:** *Introduction about Retail, Problem Identification, Percentage Analysis and Confirmatory Factor Analysis (CFA).*

**JEL Classification Code:** *G14, L1, L5 and L6.*

### 1. INTRODUCTION

Retailing can be defined as the buying and selling of goods and services. It can also be defined as the timely delivery of goods and services demanded by consumers at prices that are competitive, affordable and available under one roof. Retailing involves a direct interface with the customer and the coordination of business activities from end to end (Manufactures to Consumers) right from the concept or design stage of a product or offering, to its delivery and post-delivery service to the customer (*Janardhan and Feroz Zaheer, 2006*). The Indian industrial activity especially in retail sector is an important contributor to the developed economy. The same aspect retailing is considered as one of the largest and traditional industries in India. It has emerged as one of the most dynamic and fast-paced industries and also the industry to offer with several players entering the market. The recent decade of retail industry growth has highly contributed to the organized retailing sector when compared to unorganized retail sector in

India. The organized retailing culture initiated in western and eastern countries. Recently Indian retail sector has led to the organized form with cautious initial response to the new form of retailing business and now slowly it is getting more popular.

The permission of FDI in India was creating more impact on various segments in retail sector such as organized stores developed to mall, increasing consumable pattern, changing of buying behaviour, increase cost of living and also consumer shift to branded items. From this sector the growth of overall size is estimated to be Rs. 31trillion (USD534 billion) in 2013-2014, with a CAGR of 15 per cent over the last five years, which is much higher than the growth of the Indian GDP in the same period. Going forward, the overall retail sector growth is likely to witness a CAGR of 2012-2013 per cent, which would be worth Rs.55 trillion (USD948 billion) in 2018-19. The revenue generated from organized retail (or modern retail) was Rs.0.9 trillion (USD15.5 billion) in 2009, Rs.2.4trillion in 2012(USD41.4billion), and is expected to continue growing at an impressive rate to a projected INR5.5trillion (USD94.8billion) by 2019. (*The Indian Retail the Next Growth Story*, KPMG, 2014).

## SAMPLE OF EARLIER STUDIES

**Renuka. R, Ganesan. M and et., all (2013)**, “*Impact of FDI in Indian economy with special reference to retail sector in India*”, investigated the performance of FDI in Indian retail sector and compare with successful experiments in countries like Thailand and China. The country of Thailand and China where too the issue of allowing FDI in the retail sector was first met with incessant protest, but later turned out to be one of most promising political and economical decision of their governments and led not only to the commendable rise in the level of employment but also led to the enormous development of their country’s GDP. The study makes an analysis of ten sectors and compares with Thailand and China. The result reveals that 50 per cent of the total FDI inflows received by India came from Mauritius, Singapore and the USA and also to promote the retail sector in India compare with other countries. Finally the authors concluded in their study the advantages of allowing FDI in the retail sector sure, it will help to developed in India and make a new path for consumers for buying. The successful experiments happened in the countries like Thailand and China where too the issue of allowing FDI in the retail sector economically decisions of their government.

**Chellasamy, P., and Ponsabariraj, N (2013)**, “*Profitability and Trend Analysis of Select Retail Companies in India*”, from this study the authors identify the profitability position and prospectus of the selected retail companies in India. The study covers a period of ten years from 2002-2003 to 2011-2012. The study has using financial tool namely “Profitability Scoring Multiplier Analysis”. From this analyzes to measure operating, non-operating and financial indicators on profitability position of select retail companies in India. The final results depict that the profitability position of few of the selected retail companies was not satisfactory during the study period. This was due to the poor cost of production, return on investment, non-core assets and increasing bad debts. The debt capital greatly affected the profitability position and the trend of the company. Finally the study conclude that, return on investments in terms of using capital and reduce production cost it will help to increase the profits of the concerned companies.

**Chellasamy, P., and Ponsabariraj, N (2016)**, “*FDI in Retail Sector and Its Impact on Select Macro-Economic Variables - A Comparative Study in India and China*”, From this study the

researcher to find FDI in retail sector is any impact on India and China economy. The researcher use to find impact with the help of macro-economic variables it is reflecting the economic growth. The country of China is doing one of the top most retail businesses activities through the world wide and also the country occupying the first place for attracting more FDI in retail sector. So, the researcher purposively selects and compare market trend with Indian retail context. The article purely based on the secondary data for the period of fourteen years from 2000 Q1 to 2014 Q4. The collected data have been analyzed with the help of econometric analysis namely descriptive statistics, CAGR, *Augmented Dickey–Fuller (ADF) test*, *Panel Least Squares analysis* and Pairwise Granger Causality Tests. Finally the study conclude that, In China the Consumer Price Index and Wholesale Price Index are very low when comparing with India during the study period. So, in order to increase the both prices the country similarly there is a need to stable GDP and EXRATE. It will attract more investment avenues in the retail segment, maintain healthy financial factors and it will help to maintain positive growth on Consumer and Wholesale Price. In India Inflation rate is high and Consumer Price Index is low among the select variables due to the retail market price of product is very high when compare with the standard of living. So, in order to minimize the inflation and maximization the Consumer price the country to make a decision in order to increase the sustainable investment in Indian retail sector and attract low price of service given by the consumer to increasing the stable economy especially in retail. It will also improve major financial indicators like Gross Domestic Product and Wholesale Price Index.

### **PROBLEM THAT HAS BEEN FOCUSED IN THE STUDY**

The FDI has made an impressive impact on the demands and needs of the customers / consumers which has directed all the attention and concentration of the consumers / customers towards the foreign retail players making a beeline for the modern shopping malls, which, in turn, has made negative dent in the retail market segment in India. The tradition retailers, both small-scale and large-scale retailers, in India have suffered considerably, because they are unable to compete with the foreign retail traders in price, quality and quantity of products, marketing abilities, proximity of shops, advertisements, parking area, ambience, comfortable shopping, affable trained staff, door delivery, accepting credit / debit cards, attractive discounts, as well as loan facilities. This makes the retailers' to create more competition and depend on other country investment. On the other hand, the Indian multi-brand retail organizations and hypermarkets need to be prepared for quick sales across various dimensions of people, process and technology in addition to the identification of right formats and value propositions (Attitudes) for the Indian consumer. In the present study the researcher wants to know if India is really in need of FDI investment in retail sector for promoting hypermarket development, consumer habits, changing lifestyle and whether it will really satisfy the Indian retailers'. With this backdrop the researcher has made an attempt to analyze the "*Retailers' Perception towards Impact of Foreign Direct Investment (FDI) On Indian Retail Market Segments*". Hence, the researcher wants to know the answers for the following research questions;

- What is the level of perception towards the retailers with regard to FDI in Indian retail market segment?

### **IDENTIFICATION OF THE RESEARCH GAP**

In summary, from these reviews work, it is understood clearly that different authors and economists analyzed different ways to approach the Foreign Direct investment (FDI) in

Indian in retail sector on time. These are all the studies that provide the base for the researcher to get new idea and design for the present study; there has been no study made about the foreign players entering the Indian retail sector with regard to perception. As an evidence from the earlier studies the researcher wants to highlight the few for the purpose of identification of research the gap. So, the researcher has tried his hands on the research attempt entitled “*Retailers’ Perception towards Impact of Foreign Direct Investment (FDI) On Indian Retail Market Segments*”.

## **STUDY OBJECTIVE**

➤ To measure the level of perception towards the retailers with regard to FDI investment in retail.

## **RESEARCH DESIGN APPLIED**

### **Sources of data and Framework of Analysis**

The study deals with the level of perception by the retailers’ among the market segments. The researcher has conducted this study in Coimbatore district who can clearly understand the concept of FDI impact on their business. In order to measure the retailers’ satisfaction and the impact of FDI, the researcher has used the independent variables as market segments, namely product, price, place, promotion, customer, ambiance and delivery. To find out the impact of FDI in retail market segments the researcher has used percentage analysis for personal factors and Confirmatory Factor Analysis (CFA) used for define the perception towards FDI.

### **An Procedure to be followed in Confirmatory Factor Analysis(CFA)**

CFA is a very important technique of SEM and is generally applied when there is some background knowledge of the underlying constructs and measurement items (variables). However, it is highly recommended that Confirmatory Factor Analysis (CFA) should be performed after Exploratory Factor Analysis (EFA) in order to verify and confirm the scales derived from EFA. In practice, unlike EFA, CFA technique is used to confirm a priori hypothesis about the relationship between set of indicator variables (measurement items) and their respective latent variables. There are two broad approaches used in CFA to evaluate the measurement model: (1) deciding the goodness of fit (GOF) criteria indices, and (2) evaluating the validity and reliability of measurement model (*Hair et al., 2006*). Therefore, the researcher has used the measurement model in this research for assessing the unidimensionality, validity, and reliability of the measures, which are explained as CMIN/DF (2.5-4.5), GFI ( $\geq 0.90$ ), AGFI (0.937), CFI ( $> 0.90$ ) and RMSEA ( $< 0.08$ ) (Kline, 2005).

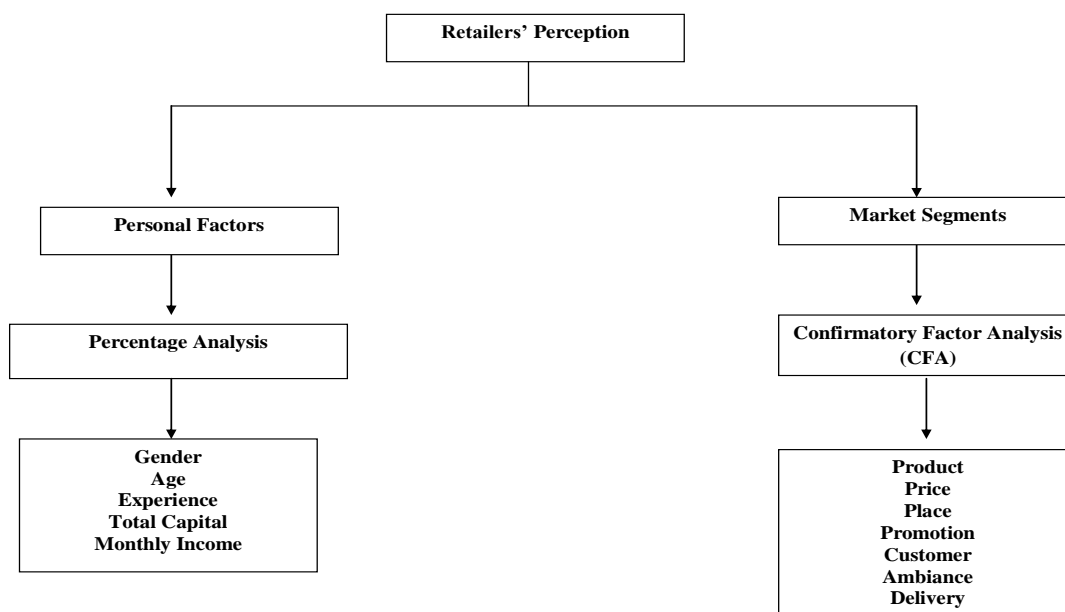
## **CONCEPTUAL DESIGN AND HYPOTHESES DEVELOPED FOR THE STUDY**

Exhibit 1 reveals the conceptual design and hypotheses developed for the retailers’ perception during the study period.

### **Exhibit- 1**

#### **CONCEPTUAL DESIGN AND HYPOTHESES DEVELOPED FOR THE STUDY**

**H01:** *There is no significant relationship between impact of FDI in retail sector and retailers’ perception about market segments.*



## ANALYSIS DISCUSSION:

### PERCENTAGE ANALYSIS OF PERSONAL FACTORS OF RETAILERS'

Table 1 shows the percentage analysis of personal factors of retailers' in Coimbatore District during the study period.

**Table- 1 Percentage Analysis of Personal Factors of Retailers'**

Variables		Frequency	Percentage
<b>Gender</b>	Male	364	96
	Female	15	4
	<b>Total</b>	<b>379</b>	<b>100</b>
<b>Age</b>	Up to 35 Years	12	3.2
	36-40 Years	104	27.4
	41-45 Years	182	48.0
	46-50 Years	64	16.9
	51-55 Years	11	2.9
	56-58 Years	4	1.1
	Above 58 Years	2	0.5
	<b>Total</b>	<b>379</b>	<b>100</b>
<b>Education</b>	Primary School	42	11.1
	Higher Secondary / Diploma	262	69.1
	Undergraduate	59	15.6
	Postgraduate	15	4.0
	Professional	1	3
	Others	-	-
	<b>Total</b>	<b>379</b>	<b>100</b>
<b>Type of Family</b>	Nuclear family	137	36.1
	Joint family	242	63.9
	<b>Total</b>	<b>379</b>	<b>100</b>
<b>Experience</b>	Less than 5 years	11	2.9

Variables		Frequency	Percentage
	6-10 years	49	12.9
	11-20 years	217	57.3
	More than 20 years	102	26.9
	<b>Total</b>	<b>379</b>	<b>100</b>
Variables		Frequency	Percentage
<b>Total Capital</b>	Less than Rs.1,00,000	5	1.3
	Rs.1,00,001-Rs.5,00,000	85	22.4
	Rs.5,00,001- Rs.10,00,000	267	70.4
	More than Rs.10,00,001	22	5.8
	<b>Total</b>	<b>379</b>	<b>100</b>
<b>Monthly Income</b>	Less than Rs.10,000	7	1.8
	Rs.10,001- Rs.20,000	40	10.6
	Rs.20,001- Rs.30,000	121	31.9
	Rs.30,001- Rs.40,000	168	44.3
	Rs.40,001- Rs.50,000	35	9.2
	More than Rs.50,000	8	2.1
	<b>Total</b>	<b>379</b>	<b>100</b>
<b>Ownership</b>	Own place	208	54.9
	Rented place	88	23.2
	Leased place	83	21.9
	<b>Total</b>	<b>379</b>	<b>100</b>
<b>Location</b>	Rural	88	23.2
	Semi-urban	136	35.9
	Urban	155	40.9
	<b>Total</b>	<b>379</b>	<b>100</b>

**Source:** Compiled and Calculated from the Primary Data

Table 1 reveals the percentage analysis of personal factors of the retailers' during the study period. As far as gender is concerned 96 per cent of the respondents are male and 4 per cent of the respondents are female. It is implied that majority of the retail stores are managed by the male respondents compared to the female respondents. From the age-wise classification, it is clear that majority of (48 per cent) the respondents belong to the age group of 41 – 45 years, followed by (27.4 per cent) respondents belonging to the age group of 36 – 40 years and 16.9 per cent respondents belonging to the age group of 46 – 50 years, 3.2 per cent respondents belonging to the age group of up to 35 years and 2.9 per cent respondents belonging to the age group of 51 – 55 years. Only 1.1 and 0.5 per cent respondents belong to the age groups of 56 – 58 and above 58 years respectively. Majority of the retailers' belong to middle-age group. It is because of the increase in the number of retail stores with highest participation of young businessmen.

From the education-wise classification, it is understood that majority (69.1 per cent) of the respondents have studied up to Higher secondary or hold a diploma, followed by 15.6 per cent of the respondents who are undergraduates, and 11.1 per cent of the respondents have studied up to Primary School level. Only a least percentage of respondents, i.e. 4 per cent of postgraduates and 3 per cent of professionals, are found in the category. From this, it is understood that majority of the retail stores are managed by the respondents who have studied up to Higher Secondary level or who hold a diploma when compared to the respondents who

are either postgraduates or professionals. The analysis of the respondents' type of family shows that majority (63.9 per cent) of them are from joint family and the remaining 36.1 per cent of the respondents are from nuclear family. It clearly understood that majority of the retail stores are managed by the respondents who come from joint family.

As far as experienced is concerned, majority (57.3 per cent) of the respondents have 11-20 years experience in this field, followed by 26.9 per cent of the respondents who have more than 20 years experience in retail marketing field. As low as 12.9 per cent and 2.9 per cent of the respondents have an experience of 6-10 years and 5 years experience respectively. It is solely because of the increase in the number of retail stores with the highest participation of the youngsters. It is clear from the analysis that most of the retail owners have two decades of experience in this field. The analysis of the total capital reveals that majority (70.4 per cent) of the respondents belong to the capital group of Rs.5,00,000 – Rs.10,00,000, followed by 22.4 per cent of the respondents who belong to the capital group of Rs.1,00,001 – Rs.5,00,000. As low as 5.8 per cent and 1.3 per cent of the respondents belong to the capital group of more than Rs.10,00,001 and less than Rs.1,00,000 respectively. This indicates that majority of the retail store owners have invested up to Rs.10,00,000. As far as monthly income of the retailers is concerned, most (44.3 per cent) of the respondents earn between Rs.20,000 and Rs.40,000, followed by 31.9 per cent of the respondents who earn between Rs.20,001 and Rs.30,000, and only 10.6 per cent of the respondents earn between Rs.10,001 and Rs.20,000. As low as 9.2 per cent of the respondents ear between Rs.40,001 and Rs.50,000, and 2.1 per cent and 1.8 per cent of the respondents earn more than Rs.50,000 and less than Rs.10,000 respectively. It is understood from the analysis that most of the retail owners earn up to Rs. 40,000 monthly through their retail business.

The analysis of the ownership reveals that majority (54.9 per cent) of the respondents run their retail shops in their own places, followed by 23.2 per cent of the respondents who run their shops in rented places. As much as 21.9 per cent of the respondents run their shops in leased places. It is implied that majority of the respondents run their retail business in their own places rather than in rented places. From the analysis of the location of the stores, it is understood that most (40.9 per cent) of the respondents have their stores in urban areas, followed by 35.9 per cent of the respondents who have their shops in semi-urban areas, and as low as 23.2 per cent of the respondents have their stores in rural areas. It is understood that most of the respondents run their shops in urban areas rather than semi-urban and rural areas.

#### **CONFIRMATORY FACTOR ANALYSIS OF RETAILERS' SATISFACTION ABOUT MARKET SEGMENTS-WISE**

Table 2 to 15 reveals the confirmatory factor analysis of retailers' satisfaction about market segments.

**H<sub>01 (a)</sub>:** There is no significant relationship between impact of FDI in retail sector and retailers' perception about product-wise.

**Table- 2 Confirmatory Factor Analysis of Retailers’ Satisfaction about Product-Wise Standardized Regression Weights: (Group number 1 - Default model)**

			<b>Estimate</b>
Experienced the impact	<---	PRODUCT	.843
Uninterrupted supply	<---	PRODUCT	.842
Innovative strategies	<---	PRODUCT	.870
Traditional products	<---	PRODUCT	.776
Change in the buying pattern	<---	PRODUCT	.561
Entry of big retail chain	<---	PRODUCT	.603
Difference in the quality of the same product	<---	PRODUCT	.543
Unique and trendy products	<---	PRODUCT	.438
Freedom to choose the products	<---	PRODUCT	.391
Product-related services	<---	PRODUCT	.360

**Source:** Compiled and Calculated from the Primary Data

Table 2 shows the confirmatory factor analysis during the study period. From the analysis it is understood that the loading regression variables estimate the Retailers’ Satisfaction about FDI in Retail sector with regard to Products. The result reveals that the variables “*Experienced the impact* (.843), *Uninterrupted supply* (.842), *Innovative strategies* (.870), *Traditional products* (.776), *Change in the buying pattern* (.561), *Entry of big retail chain* (.603) and *difference in the quality of the same product* (.543) are represented product-wise. The other variables *Unique and trendy products* (.438), *Freedom to choose the products* (.391), *Product related services* (.360)” represent the loading values that are less than the acceptable region. So these four items are eliminated from the model.

**Table- 3 Model Fit for Retailers’ Satisfaction about Product-Wise**

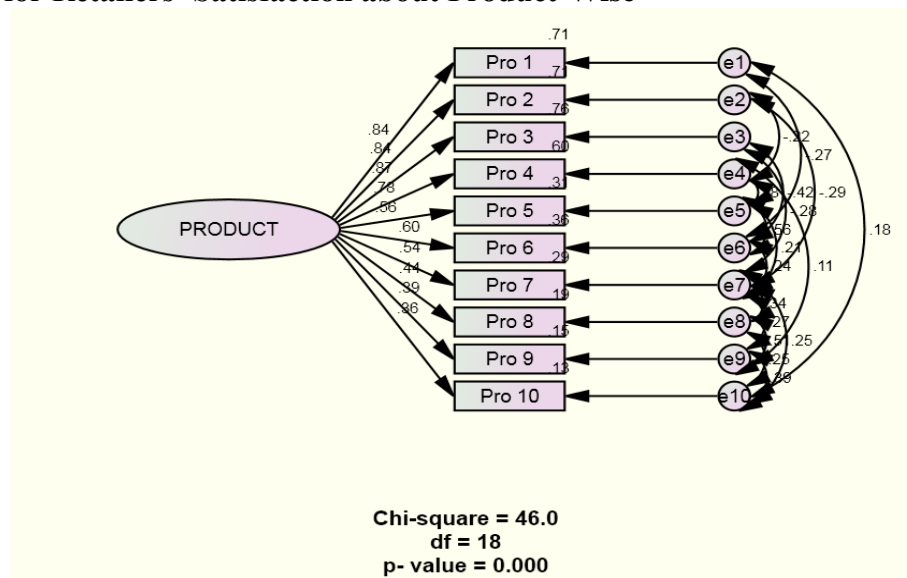
<b>Parameters</b>	<b>CMIN/DF</b>	<b>GFI</b>	<b>AGFI</b>	<b>CFI</b>	<b>RMSEA</b>
<b>RV</b>	<b>2.5-4.5</b>	<b>&gt; = 0.90</b>	<b>0.937</b>	<b>&gt; 0.90</b>	<b>&lt; 0.08</b>
<b>OV</b>	2.55	0.976	0.927	0.987	0.64

**RV:** Recommended Value; **OV:** Observed Value

The table 3 depicts the model fit indices for the retailers’ satisfaction about FDI in retail product-wise. The table reveals that CMIN value of 2.55, the Root Mean Square Error of Approximation (RMSEA) value of 0.64 which is less than equal to .08, the Goodness of fit index (GFI) value of .976, Adjusted Goodness of fit index (AGFI) value of .927 and Comparative Fit Index (CFI) value of .987 have been attained and these have satisfied the fixed criteria. It is concluded that the “*Retailers’ Satisfaction about FDI in Retail sector with regard to Products*” reveals that CFA model is acceptable and fit. Hence, the hypothesis is rejected. That means that there is a significant relationship between impact of FDI and retailers’ satisfaction about product-wise.

## Exhibit - 2

### Model Fit for Retailers' Satisfaction about Product-Wise



**H<sub>01</sub> (b):** There is no significant relationship between impact of FDI in retail sector and retailers' perception about price-wise.

**Table- 4 Confirmatory Factor Analysis of Retailers' Satisfaction about Price-Wise Standardized Regression Weights: (Group number 1 - Default model)**

			Estimate
Prices of the essential commodities	<---	PRICE	.270
Branded and non branded goods	<---	PRICE	.619
Mono polyonthe prices	<---	PRICE	.636
Providing quality goods	<---	PRICE	.545
Consumers switching over	<---	PRICE	.627
Profit margin	<---	PRICE	.675
Business is enhanced	<---	PRICE	.658
Agricultural products	<---	PRICE	-.152
Products on demanded time	<---	PRICE	.496
Prices of the products are reasonable	<---	PRICE	.469

**Source:** Compiled and Calculated from the Primary Data

Table 4 indicates the confirmatory factor analysis during the study period. From the analysis it is understood that the loading regression variables estimate the Retailers' Satisfaction about FDI in Retail sector with regard to Price. The result reveals that the variables "*Branded and non branded goods* (.619), *Monopoly on the prices* (.636), *Providing quality goods* (.545), *Consumers switching over* (.627), *Profit margin* (.675) and *Business is enhanced* (.658)" are represented price-wise. The other variables "*Prices of the essential commodities* (.270), *Agricultural products* (-1.52), *Products on demanded time* (.496), *Prices of the products are reasonable* (.469)" represent the loading values that are less than the acceptable region. So these four items are eliminated from the model.

**Table- 5 Model Fit for Retailers’ Satisfaction about Price-Wise**

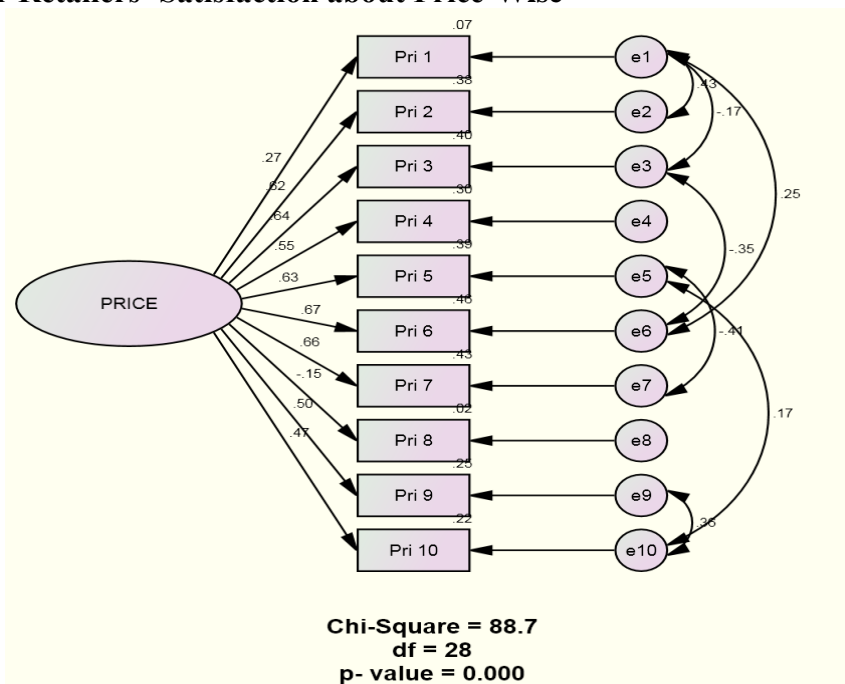
Parameters	CMIN/DF	GFI	AGFI	CFI	RMSEA
<b>RV</b>	<b>2.5-4.5</b>	<b>&gt; = 0.90</b>	<b>0.937</b>	<b>&gt; 0.90</b>	<b>&lt; 0.08</b>
<b>OV</b>	3.168	0.95	0.913	0.938	0.076

**RV:** Recommended Value; **OV:** Observed Value

Table-5 reveals that CMIN value of 3.168, the Root Mean Square Error of Approximation (RMSEA) value of 0.076 which is less than equal to .08, the Goodness of fit index (GFI) value of .938, Adjusted Goodness of fit index (AGFI) value of .913 and Comparative Fit Index (CFI) value of .95 have been attained and these have satisfied the fixed criteria. It is concluded that the “*Retailers’ Satisfaction about FDI in Retail sector with regard to Price*” reveals that CFA model is acceptable and fit. Hence, the hypothesis is rejected. That means that there is a significant relationship between impact of FDI and retailers’ satisfaction about price-wise.

### Exhibit - 3

#### Model Fit for Retailers’ Satisfaction about Price-Wise



**H<sub>01</sub> (c):**There is no significant relationship between impact of FDI in retail sector and retailers’ perception about place-wise.

**Table- 6 Confirmatory Factor Analysis of Retailers’ Satisfaction about Place-Wise**  
**Standardized Regression Weights: (Group number 1 - Default model)**

		Estimate
Eles spopular locations	<--- PLACE	.150
Famous loyalty any one shop evens till prefer you	<--- PLACE	.330
Target thigh value customers consumers	<--- PLACE	.409
Spacious	<--- PLACE	.813
Convenient	<--- PLACE	.911

		<b>Estimate</b>
Locate at yourshop	<--- PLACE	.904
Working hours	<--- PLACE	.886
Parking space	<--- PLACE	.671
Convenient layout	<--- PLACE	.640
Perfect competition	<--- PLACE	.323

Source: Compiled and Calculated from the Primary Data

Table 6 indicates the confirmatory factor analysis during the study period. From the analysis it is understood that the loading regression variables estimate the Retailers' Satisfaction about FDI in Retail sector with regard to Place. The result reveals that the variables "*Spacious* (.813), *Convenient* (.911), *Locate at your shop* (.904), *Working hours* (.886), *Parking space* (.671) and *Convenient layout* (.640)" are represented place-wise. The other variables "*Less popular locations* (.150), *Famous loyalty any one shop even still prefer you* (.330), *Target high value customers consumers* (.409), *Perfect competition* (.323)" represent the loading values that are less than the acceptable region. So these four items are eliminated from the model.

**Table- 7 Model Fit for Retailers' Satisfaction about Place-Wise**

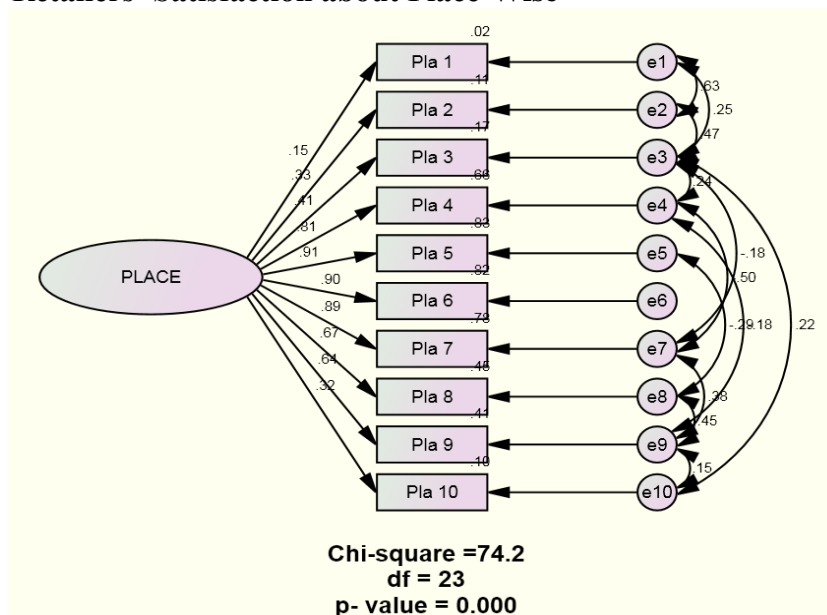
Parameters	CMIN/DF	GFI	AGFI	CFI	RMSEA
<b>RV</b>	<b>2.5-4.5</b>	<b>&gt; = 0.90</b>	<b>0.937</b>	<b>&gt; 0.90</b>	<b>&lt; 0.08</b>
OV	3.224	0.966	0.918	0.979	0.077

**RV:** Recommended Value; **OV:** Observed Value

Table 7 depicts the model fit indices for the retailers' satisfaction about FDI in retail place-wise. The table reveals that CMIN value of 3.224, the Root Mean Square Error of Approximation (RMSEA) value of 0.077 which is less than equal to 0.08, the Goodness of fit index (GFI) value of 0.966, Adjusted Goodness of fit index (AGFI) value of .918 and Comparative Fit Index (CFI) value of .979 have been attained and these have satisfied the fixed criteria. It is concluded that the "*Retailers' Satisfaction about FDI in Retail sector with regard to Place*" reveals that CFA model is acceptable and fit. Hence, the hypothesis is rejected. That means that there is a significant relationship between impact of FDI and retailers' satisfaction about place-wise.

#### Exhibit - 4

#### Model Fit for Retailers' Satisfaction about Place-Wise



**H<sub>01(d)</sub>:** There is no significant relationship between impact of FDI in retail sector and retailers' perception about promotion-wise.

**Table- 8 Confirmatory Factor Analysis of Retailers' Satisfaction about Promotion-Wise Standardized Regression Weights: (Group number 1 - Default model)**

			Estimate
Opportunity to enhance	<---	PROMOTION	.439
Efficiency of the supplychain	<---	PROMOTION	.559
Technologies upgradation	<---	PROMOTION	.766
Capital infrastructure	<---	PROMOTION	-.348
Competition is gaining momentum	<---	PROMOTION	.863
Local truckers	<---	PROMOTION	-.343
Government helps	<---	PROMOTION	.558
Subsidies	<---	PROMOTION	.537
Loyalty	<---	PROMOTION	-.338
The reputation and the good will of the shop	<---	PROMOTION	-.266
Heed to the suggestions	<---	PROMOTION	-.272
Promotion schemes and offers	<---	PROMOTION	-.203

Source: Compiled and Calculated from the Primary Data

Table 8 shows the confirmatory factor analysis during the study period. From the analysis it is understood that the loading regression variables estimate the Retailers' Satisfaction about FDI in Retail sector with regard to Promotion. The result reveals that the variables "*Efficiency of the supply chain (.559)*, *Technologies up gradation (.766)*, *Competition is gaining momentum (.863)*, *Government helps (.558)* and *Subsidies (.537)*" are represented promotion-wise. The other variables "*Opportunity to enhance (.439)*, *Capital infrastructure (-.348)*, *Local truckers (-.343)*, *Loyalty (-.338)*, *The reputation and The goodwill of the shop (-.226)*, *Heed to the suggestions (-.272)*, *Promotion schemes and offers (-.203)*" represent the loading values that are less than the acceptable region. So these four items are eliminated

from the model.

**Table- 9 Model Fit for Retailers’ Satisfaction about Promotion-Wise**

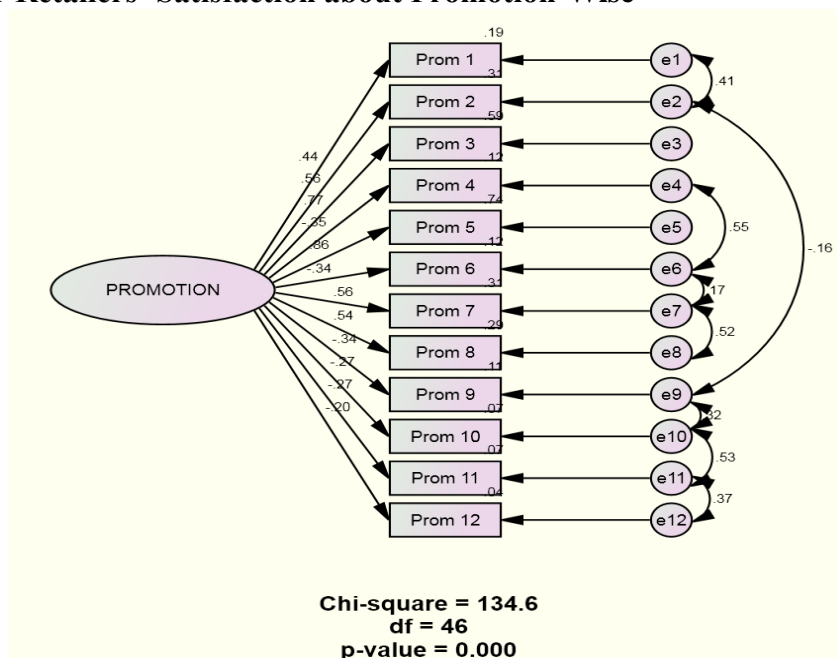
Parameters	CMIN/DF	GFI	AGFI	CFI	RMSEA
RV	2.5-4.5	> = 0.90	0.937	> 0.90	< 0.08
OV	2.926	0.942	0.902	0.944	0.71

RV: Recommended Value; OV: Observed Value

Table 9 depicts the model fit indices for the retailers’ satisfaction about FDI in retail promotion-wise. The table reveals that CMIN value of 2.926, the Root Mean Square Error of Approximation (RMSEA) value of 0.71 which is less than equal to .08, the Goodness of fit index (GFI) value of .942, Adjusted Goodness of fit index (AGFI) value of .902 and Comparative Fit Index (CFI) value of .944 have been attained and these have satisfied the fixed criteria. It is concluded that the “*Retailers’ Satisfaction about FDI in Retail sector with regard to Promotion*” reveals that CFA model is acceptable and fit. Hence, the hypothesis is rejected. That means that there is a significant relationship between impact of FDI and retailers’ satisfaction about promotion-wise.

#### Exhibit - 5

##### Model Fit for Retailers’ Satisfaction about Promotion-Wise



**H<sub>01(d)</sub>:** There is no significant relationship between impact of FDI in retail sector and retailers’ perception about customer-wise.

**Table- 10 Confirmatory Factor Analysis of Retailers’ Satisfaction about Customer-Wise Standardized Regression Weights: (Group number 1 - Default model)**

			Estimate
Widest selection	<---	CUSTOMER	.046
The lower and middle class people	<---	CUSTOMER	.283
Buying products	<---	CUSTOMER	.328

Standard of living	<---	CUSTOMER	.090
Prefer only your shop	<---	CUSTOMER	.432
Enjoy loyalty	<---	CUSTOMER	.627
Pleasant shopping experience	<---	CUSTOMER	.830
Mode of payment	<---	CUSTOMER	.749
Satisfied shopping at your shop	<---	CUSTOMER	.568
Individual attention	<---	CUSTOMER	.448

Source: Compiled and Calculated from the Primary Data

Table 10 shows the confirmatory factor analysis during the study period. From the analysis it is understood that the loading regression variables estimate the Retailers' Satisfaction about FDI in Retail sector with regard to Customer. The result reveals that the variables "*Standard of living* (.090), *Enjoy loyalty* (.627), *Pleasant shopping experience* (.830), *Mode of payment* (.740), *Satisfied shopping at your shop* (.568), are represented customer-wise. The other variables "*Widest selection* (0.46), *The lower and middle class people* (.283), *Buying products* (.328), *Prefer only your shop* (.432), *Individual attention* (.448) represent the loading values that are less than the acceptable region. So these five variables are eliminated from the model.

**Table- 11 Model Fit for Retailers' Satisfaction about Product-Wise**

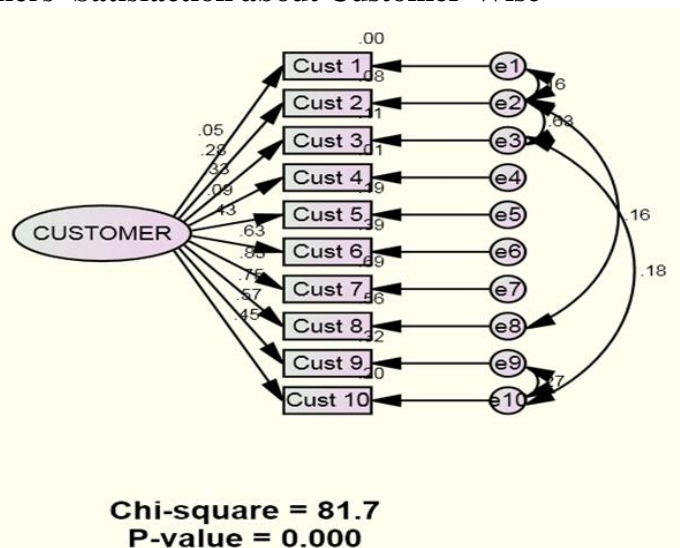
Parameters	CMIN/DF	GFI	AGFI	CFI	RMSEA
<b>RV</b>	<b>2.5-4.5</b>	<b>&gt; = 0.90</b>	<b>0.937</b>	<b>&gt; 0.90</b>	<b>&lt; 0.08</b>
OV	2.72	0.95	0.923	0.948	0.068

RV: Recommended Value; OV: Observed Value

Table 11 depicts the model fit indices for the retailers' satisfaction about FDI in retail customer-wise. The table reveals that CMIN value of 2.72, the Root Mean Square Error of Approximation (RMSEA) value of 0.068 which is less than equal to .08, the Goodness of fit index (GFI) value of 0.95, Adjusted Goodness of fit index (AGFI) value of .923 and Comparative Fit Index (CFI) value of .948 have been attained and these have satisfied the fixed criteria. It is concluded that the "*Retailers' Satisfaction about FDI in Retail sector with regard to Customer*" reveals that CFA model is acceptable and fit. Hence, the hypothesis is rejected. That means that there is a significant relationship between impact of FDI and retailers' satisfaction about customer-wise.

## Exhibit - 6

### Model Fit for Retailers' Satisfaction about Customer-Wise



**H<sub>01(e)</sub>:** There is no significant relationship between impact of FDI in retail sector and retailers' perception about ambience-wise.

**Table- 12 Confirmatory Factor Analysis of Retailers' Satisfaction about Ambience-Wise**

**Standardized Regression Weights: (Group number 1 - Default model)**

			Estimate
FDI has influenced OMM	<---	AMBIANCE	.364
Large scale exit	<---	AMBIANCE	.347
Extreme modernism	<---	AMBIANCE	.286
Prestige	<---	AMBIANCE	.703
Easy to locate	<---	AMBIANCE	.785
Interior	<---	AMBIANCE	.905
Display boards	<---	AMBIANCE	.946
Modernized	<---	AMBIANCE	.829
Display of the product	<---	AMBIANCE	.823
Physical appearance	<---	AMBIANCE	.538

Source: Compiled and Calculated from the Primary Data

Table 12 shows the confirmatory factor analysis during the study period. From the analysis it is understood that the loading regression variables estimate the Retailers' Satisfaction about FDI in Retail sector with regard to Ambience. The result reveals that the variables "*Prestige* (.703), *Easy to locate* (.785), *Interior* (.905), *Display boards* (.946), *Modernized* (.829), *Display of the product* (.823), *Physical appearance* (.538) are represented product-wise. The other variables *FDI have influenced OMM* (.364), *Large scale exit* (.347) and *Extreme modernism* (.286)" represent the loading values that are less than the acceptable region. So these three items are eliminated from the model.

**Table- 13 Model Fit for Retailers’ Satisfaction about Ambiance-Wise**

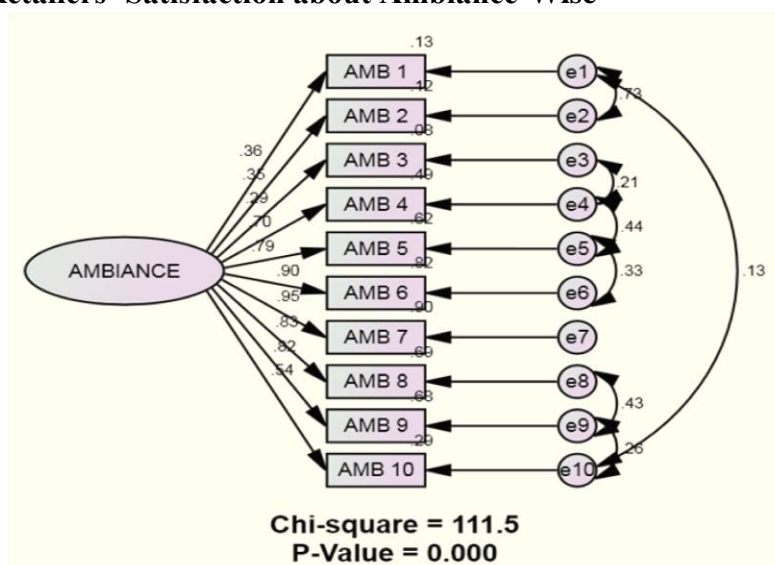
Parameters	CMIN/DF	GFI	AGFI	CFI	RMSEA
RV	2.5-4.5	$\geq 0.90$	0.937	$> 0.90$	$< 0.08$
OV	3.981	0.944	0.890	0.970	0.089

RV: Recommended Value; OV: Observed Value

The table 13 depicts the model fit indices for the retailers’ satisfaction about FDI in retail ambiance-wise. The table reveals that CMIN value of 3.981, the Root Mean Square Error of Approximation (RMSEA) value of 0.089 which is less than equal to .08, the Goodness of fit index (GFI) value of .944, Adjusted Goodness of fit index (AGFI) value of .890 and Comparative Fit Index (CFI) value of .970 have been attained and these have satisfied the fixed criteria. It is concluded that the “Retailers’ Satisfaction about FDI in Retail sector with regard to Ambiance” reveals that CFA model is acceptable and fit. Hence, the hypothesis is rejected. That means that there is a significant relationship between impact of FDI and retailers’ satisfaction about ambiance-wise.

#### Exhibit - 7

##### Model Fit for Retailers’ Satisfaction about Ambiance-Wise



**H<sub>06(f)</sub>:** There is no significant relationship between impact of FDI in retail sector and retailers’ satisfaction about delivery-wise.

**Table- 14 Confirmatory Factor Analysis of Retailers’ Satisfaction about Delivery-Wise Standardized Regression Weights: (Group number 1 - Default model)**

			Estimate
I chain of packing	<---	DELIVERY	.773
Reduce the waiting for billing	<---	DELIVERY	.810
Sophisticated	<---	DELIVERY	1.006
Home delivery	<---	DELIVERY	.777
Dispatched properly to the delivery section	<---	DELIVERY	.784
Packed attractively	<---	DELIVERY	.956
Economical package	<---	DELIVERY	.859
Controls the damage	<---	DELIVERY	.803

Bill entry is displayed	<---	DELIVERY	.626
Customer friendly	<---	DELIVERY	.357

Source: Compiled and Calculated from the Primary Data

Table 14 shows the confirmatory factor analysis during the study period. From the analysis it is understood that the loading regression variables estimate the Retailers' Satisfaction about FDI in Retail sector with regard to Products. The result reveals that the variables “*Chain of packing* (.773), *Reduce the waiting for billing* (.810), *Sophisticated* (1.006), *Home delivery* (.777), *Dispatched properly to the delivery section* (.784), *Packed attractively* (.956), *Economical package* (.859), *Controls the damage* (.803) and *Bill entry is displayed* (.626)” are represented product-wise. The other variable “*customer friendly* (.357)” represent the loading values that are less than the acceptable region. So these four items are eliminated from the model.

**Table- 15 Model Fit for Retailers' Satisfaction about Delivery-Wise**

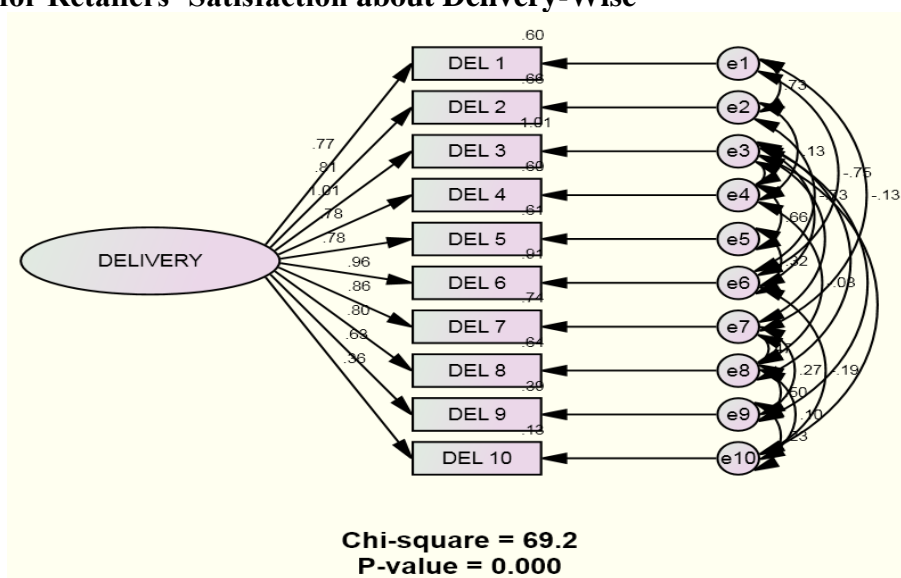
Parameters	CMIN/DF	GFI	AGFI	CFI	RMSEA
RV	2.5-4.5	> = 0.90	0.937	> 0.90	< 0.08
OV	4.51	0.961	0.879	0.986	0.089

RV: Recommended Value; OV: Observed Value

Table 15 depicts the model fit indices for the retailers' satisfaction about FDI in retail delivery-wise. The table reveals that CMIN value of 4.51, the Root Mean Square Error of Approximation (RMSEA) value of 0.089 which is less than equal to 0.08, the Goodness of fit index (GFI) value of .961, Adjusted Goodness of fit index (AGFI) value of .937 and Comparative Fit Index (CFI) value of .986 have been attained and these have satisfied the fixed criteria. It is concluded that the “*Retailers' Satisfaction about FDI in Retail sector with regard to Delivery*” reveals that CFA model is acceptable and fit. Hence, the hypothesis is rejected. That means that there is a significant relationship between impact of FDI and retailers' satisfaction about delivery-wise.

## Exhibit - 8

### Model Fit for Retailers' Satisfaction about Delivery-Wise



## **POLICY FOR IMPLICATION AND CONCLUSION**

The retailer satisfaction is very low after the inflow of FDI in retail sector. Due to the FDI is highly impacted especially on price, place, promotion, customer and ambiance of the stores in their reigns. So, in order to compete with the shopping malls and foreign products they have to maintain unique and trendy products with reliable customer satisfaction and increasing capital. It will create the trademark on small and traditional retailers' in their reigns. In order to promote the small and traditional retailers the Government should identify the current weakness of the marketing segments in present retailers' trade. It will help to contribute retail market growth and increase more participation on small and traditional retailers' in their reigns. In India supports the investment of the FDI from other countries, it will improve and increase the profitability of the hypermarkets to a great extent and the traditional shops will gradually upgrade themselves in to modern shopping malls. The above-said suggestions may be followed in order to help India to stabilize malls as well as safeguard the small and traditional retailing markets.

## **STUDY LIMITATIONS**

- The study is not confined to any branded retail hypermarket in Indian context.
- This study carried out primary data mainly in Coimbatore district and the surrounding areas; therefore, the results obtained may not be generalized to the country as a whole.

## **SCOPE FOR FURTHER RESEARCH**

- Impact of FDI in Retail Sector - A Comparative Study in India and Developing Countries.
- Impact of FDI in Retail Sector and Select Macro-Economic Variables - A study with OECD countries.
- Financial Performance of Select Retail companies in India.

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### About the College:

PSGR Krishnammal College for Women (KCW) was established in 1963 under the auspices of the GRG Trust. With the motto 'Empowering Women through Education', KCW has established itself as a leader in women's education over a span of six decades. KCW is an autonomous institution, affiliated to Bharathiar University, Coimbatore. It is ranked #9 among colleges in the country in 2025 by the National Institutional Ranking Framework (NIRF) of the Ministry of Education, Government of India. The college is accredited by the National Assessment and Accreditation Council (NAAC) with A++ grade (score of 3.71 out of 4). KCW is also a certified 'College of Excellence' by the University Grants Commission (UGC) of the Government of India. KCW is home to 8,500+ students and 425+ faculty members. The college offers 38 Undergraduate, 19 Postgraduate, and 13 Doctoral programmes in arts & humanities, natural & physical sciences, computational sciences, commerce & business, management, and vocational studies.

