CHAPTER 6

RECOMMENDATIONS AND CONCLUSION

In line with the strong economic growth in year 2004, wholesalers and retailers will face great challenges with ruling of AFTA. Thus in order to enhance long term productivity and increased competitiveness some recommendations are suggested along the lines of the government strategies.

Recommendation 1: Benchmarking

Nowadays, business environment is uncertain and therefore entrepreneurs need to be focusing on the steps they need to run their businesses operating efficiently and profitably. It is essential that organizations know the skills and competencies that they need in order to succeed. Knowledge on best practices is a key competitive advantage for organizations in the knowledge-based economy.

By benchmarking the performance of their business against the industry, they will be able to identify the best practices areas that requiring attention. This suggestion analyse their business and compare their results to others in the industry to see how they are performing. This later will help them to plan strategies for success.
**Recommendation 2: Formulate Customer satisfaction and loyalty**

Success depends on building customer satisfaction and loyalty. Ensure the operations and customer’s satisfaction are consistent to market conditions and customer needs. Such as customer satisfaction is through reduced waiting, basic knowledge in quality assurance and information, delivery and efficacy. Strong emphasis on the performance standards, must be maintained.

**Recommendation 3: Upgrade the quality System**

Taking cognizance of the important role of distributive trade in the economy, increase the development and efficiency of the delivery system in distributive trade should be emphasized.

In order to enable them to grow and add increased value in the market share, distributive trade should develop a network-based solutions for information and knowledge needs of customers.

- Grading and labelling system operated for health and quality assurance purposes.
- Implementing ISO 9001 Quality System Certification. Beside supporting the products and services conforms to the relevant standards, it helps to promote the competitiveness and marketability of its product.
- Systems from representatives within the quality industry, for instance, an audited HACCP system. It ensures the customers that they pay for value.
Recommendation 4: Upgrade the basic education of the workforce.

The perception of the labour force towards these sectors must be changed. Distributive sectors are no more salespersons sector which education is not concerned. As consumers are more knowledgeable and educated, they need a well-informed member of staff. In addition, the emphasis on becoming the world class shopping centers, the basic factor is to provide world class workforce. The higher education group should be encouraged to enter into this sector in concurrence with the wage system.

Recommendation 5: Upgrade human resources development

Developments in e-commerce together with the expected raise in online shopping presented opportunities to be tapped in order to enhance the growth of the wholesales and retail trades, human resource development should be emphasized. In this regard, relevant training and retraining such as e-business has to constantly reassess and upgraded to keep pace with the latest developments.

Recommendation 6: Strengthening Linkages with Tourisms Sector

Efforts must be carried out to strengthen the higher linkages between the distributive trades and the tourism industry, particularly efforts to promote Malaysia as a shopping paradise. For example, the transports system and
pedestrian system, which provide easy and convenient access to shopping complexes, will also further contribute to the growth of distributive trades.

**Recommendation 7: Established a comprehensive database**

In order to initiate effective policy plan and implementation, a comprehensive database on distributive trades have got to be established. There should be an enforcement whereby every organization are required to provide their data to particular government bodies annually. Besides, it will also help to monitoring of the performance of the industry.

**Recommendation 8: Availability and assessability of Information Technology**

In the era of information and technology, it is essential to be supported by the knowledge of IT. The positive developments in e-commerce fastened with the expected increase in online shopping presented opportunities to the wholesales and retail trades. Retailers must be encouraged to make use of the availability and assessability of Information Technology to increase identity and sales as well as developing the delivery system and after-sales service.

**Recommendation 9: Increase Small Medium Enterprises participation**

Almost 80 percent of establishment in distributive trades are Small Medium Enterprises(SMEs) where the contributions to the GDP is low undeniably.
Approximately, part of the title-holder is bumiputera. In order to increased their participation, government should provide credit facilities, business premises, technical and advisory services as well as training. Particular government bodies should ensure that SMEs entrepreneurs are able to secure business premises at strategic locations. This can increase SMEs participation in the retail and wholesale trades as well as the contribution to the GDP.

Sales and marketing strategy and execution are the foundation for improvements in market share, margin performance, and comparable account revenue gains; one of the most important factor in an organization's long-term profitability. For the independent wholesales and retailers that make up almost 80 percent of the total wholesalers and retailers, Government need to provide assistance to help them emphasizing their own product lines, without the involvement of middleman.

**Recommendation 10: Successful organization strategy and business development plans.**

Most companies have their business strategy and vision but to be enlivened by every employee, few element should be focused to, that are:

- motivational leadership
- performance management
- turning strategy into action.
To survive and prosper in today business environment, companies can no longer manage on using financial measures but they have to track non-financial measures such as speed of response and product quality; externally focused measures, such as customer’s satisfaction and brand preference; and forward looking measures, such as idea management and employee satisfaction. One of the tools that can be used is a balanced scorecard. It can be used for:

- deciding what the key drivers of performance are
- refocusing and stimulating activity on these key business drivers
- drawing attention to goals and targets
- creating a culture of achievement
- noticing in advance any trends affecting the business.

**Recommendation 11: Government should formulate trade policy and law.**

The trade policy and law will prevent anti-competitive behaviour such as collusion, cartel price fixing, market allocation and the abuse of market power. The fair trade will, among others, prevent firms from protecting or expanding their market shares by means other than greater efficiency in producing what consumers want.
Recommendation 12: established closer linkages with other support services

Distributive trade must establish closer linkages with other support services such as agriculture, manufacturing the logistics support services, which included forwarding agents, freight forwarders, inland haulage companies as well as shipping and air cargo companies. The increase in efficiency through shorter delivery time and productivity gained by the logistics services, in turn contributed to the improvements in efficiency of the supply chain and distribution system for the domestic and export markets. To enhance competitiveness and achieve sustainable growth in distributive trade, the collaborative efforts of both the public and private sectors in implementing the strategies are critical to achieve the growth target and increase consumer welfare.

6.2 CONCLUSION

High productivity performance in the distributive trade will contribute a higher added value to the region’s economy; and at the same time to its business support systems such as courier/transport and financial services and its supporting sector-network. In order for Malaysian to become an international trading hub and shopping paradise, significant improvement and promotion efforts to enhance productivity and quality as well as competitiveness are pertinent.
Two key factors that can affect productivity are advances in technology and improvements in education and training. Differences in Labor Productivity are a key determinant of wage differences between industrialized and developing countries. In order for an economy to make further gains in material standard of living, workers must continue to invest in education and training, and firms must continue to invest in new technology.

The sectors are anticipated to perform a prominent role in the growth of the economy as consequences of the sustained economic growth and rapid expansion in the tourism industry. Encouraged by sustained economic growth, rapid expansion of the tourism industry, a shopping paradise with the world-class shopping centers plus international retail chains and strategic location in the heart of South East Asia, the distributive trade sector will assume a greater role in the growth of the economy. Therefore, with this respect, the wholesale and retail trade sector are expected to grow at an average annual rate of more than 8 percent during the next Malaysian Plan period.