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According to censers of 2012 in Sri Lanka, North central province is consider as rural area of this study. From this study we were found the seven factors that can be affect to fail the rural retails and taken probability of fail the retail as dependent variable. As objective of find the factors and determine the relationship we did Descriptive statistics and Correlation analysis to achieve objectives.

Keywords: *rural retail, Rural area, failure factors, impact.*

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Study to Investigate the Failures of Retail Business in Rural Area

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Used judgmental sampling method to selected fifty (50) retails established before two years and face to losers or wind up equally representing Anuradhapura and Polonnaruwa districts. And distribute the survey type question to cover the variables.

As findings we document that there are five variables have significant impact for fail the retail business in rural area those are Financial issue, Entrepreneur Knowledge, Geographical Location, Owner's perception and Government Support. This factors entrepreneur should consider before starting retail business in rural areas.

Keywords: rural retail, Rural area, failure factors, impact.

I. Introduction

Rural Retailing deals directly with consumers and encompasses business functions such as selling goods and services to the consumers for their usage or their families. It is becoming an emerging trend in most urban areas; however, when it comes to rural areas, it does not happen like the same. We have limited our research to the north-central province in Sri Lanka, which is considered a rural area compared to other regions. The north-central province has two main districts, the Anuradhapura and Polonnaruwa districts. The total population in the Anuradhapura district is 860,575 (67.9%), and that of the Polonnaruwa district is 406,088 (32.1%). According to the 2012 census, the Anuradhapura district has the highest population.

The population solidity of Polonnaruwa district (132) is higher than the Anuradhapura district (129), while the majority of the population in the north-central province (96%) lives in the rural sector. According to the definition of the rural area, as mentioned in the earlier paragraph, there are no urban areas in the Polonnaruwa district and no Estate areas in the Anuradhapura district. The urban sector of the Anuradhapura district is the Nuwaragam Palatha Central, Mihintale, and Nuwaragam Palatha West. According to the census, the entire population in Polonnaruwa district is in the rural sector. Table 1.1 presents the percentage distribution of the population by sector.

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Table 1.1: Percentage distribution of the population by sector

Economically active population aged 15 years and above in Sri Lanka according to the census 2012	
Total	7,857,370
Urban	1,416,955
Rural	6,048,955
Estate	392,320
North-Central	
Total	509,797
Urban	20,708
Rural	489,073
Estate	16
Anuradhapura	
Total	353,004
Urban	20,708
Rural	332,296
Estate	-
Polonnaruwa	
Total	156,793
Urban	-
Rural	156,777
Estate	16

Source: Highlights Census of Population and Housing - (2012) North-Central Province

In the north-central province, the economic activities people do for their living are critical characteristics in the population. Census 2012 gathered information on the economic status of the community aged 15 years and above, considering 52 weeks before the census, as mentioned in the table 1.1 Therefore, the indicators reflect the usual economic status of the population rather than the current financial status.

The economically active population or the labour force consists of the employed and unemployed persons. According to the data, 54.8 per cent of aged 15 years and above population is economically active in the north-central province. Polonnaruwa district (52.3%) reported a lower economically active percentage than the Anuradhapura district (56.1%).

Retail break down from the French word 'retailer' refers to 'cutting off or divide'. Retail is the sale of goods and services to consumers, not for resale purposes but for use and consumption by the purchaser. Manufacturers sell a large number of products to retailers. Retailers attempt to sell those same quantities of products to the consumers. Also, the retail sector is probably the most vital sector of the economy because it deals with consumers directly without any third party involvement.

Different researchers have different opinions about rural retailing and the definition of the word 'rural'. Rural areas are the settlement size with less than 10,000, which incorporates villages, hamlets, and isolated dwellings (Countryside Agancy, 2004). According to this researcher, they have defined the rural area as a' size limit less than 10,000', which is far away from other people, buildings, and other places and also its define the parameters and differing levels of remoteness from large population concentrations which are not accounted.

Retailing is a socio-economic system, which brings people together to exchange goods and services for a small deliberation, which matches the needs of people, the consumers, with those of manufactures and agriculturists. This not only satisfies the essential daily necessities of life but also promotes a new lifestyle, ensuring peace, happiness, and prosperity in the community (Rudrabasvaraj, 2010). According to this statement, to perform retail, they should be consumers and manufacturers, and agriculturists. Retailing thus is seen as the ultimate gate in delivering products for consumption by the final consumers. People or businesses that deal with retailing are called retailers. Brokers who participate in retail functions of the marketing channel are persons or businesses who have retailing as a profession (Aydin, 2013).

Many entities, i.e., procedures, wholesalers, and retailers, perform retailing; but the biggest part of retailing is performed by retailers, as business wholesales come mainly from retailing (Kotler & Armstrong, 2012). This statement proves that all businesses are based on retail. Even if almost all the businesses, manufactures, wholesalers, and retailers sell goods to their customers, retailers mostly perform retailing because that is their job (Mucuk, 2009).

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There are some identifiable features such as independent ownership as sole trader, relatively distinct and discrete catchment, reasonably short period of current ownership, dependence on part-time staff, long opening hours, low usage of training but the potential willingness to take part in future, a wide range of general grocery items, a mixture of food and non-food items, additional shopping, reliance on local wholesalers, and ageing shop infrastructure and a relatively static or marginally improving shop environment (Grampian Regional Council, 1989). This definition has some limitations. Firstly, competition is a function of the outlets relative to population density, and this premised upon customers residing within specific boundaries. Secondly, rural retail consists of foods and non-food outlets. Council's definition was oriented towards the grocery. Thirdly, shopping is as distinct as grocery spend is not incorporated as a result, it does not account for leisure instead of only functional shopping. Fourth and finally, the different scale of rural setting is not considered when it comes to retail; it can be large, small, or medium scale. The scale does not matter at all.

Accordingly, the scale of retail does not affect consumers if that retail has the products most consumers looking for a reasonable price. (Smith & Sparks, 1997) Defined a small shop as an outlet with an annual sales figure of less than £175,000 and fewer than ten full-time or equivalent employees. However, rural retailers may have created past these parameters in our country. When it comes to accessibility of retail, location plays a vital role. Some research gives priority only to the location not to retailing.

Rural retailers are disadvantaged due to geographical isolation, as unfavourable cost structures, limited populations. Consequently, trading conditions may be inefficient and pressured since rural retailers can be social hubs fostering the community, the contraction of the sector, and has impacted negatively (NEF, 2003). Diversity and heterogeneity characteristics of the rural area, while associated with economic decline, low income, and inadequate service provision, any analysis should avoid generalisations (Hodge & Monk, 2004). As this statement, diversity of rural areas can affect the purchasing patterns of consumers, and different attitudes and opinions can affect decline situations of an economy because some significant factors can lead to this disadvantage as well. Low income of rural area consumers can affect the retailing by purchasing less quantity of products, but with a good income, they can buy the desired amount of products without any problem. Poor service can also be a disadvantage. If a consumer is looking for something they need to purchase, and when the retailers are not helping them towards the products that are they looking for, there is a risk of consumers move away from one retailer and going for another—after all, they want instant service, not a delay in providing products and services.

We can assume most financial issues can affect to wind up this retail business in Sri Lanka. Because this is a developing country, and people face high-income inequality, and thus, retail owners fail to collect initial capital to run the business. When it comes to entrepreneurial knowledge, retailers should not want comprehensive knowledge but should be aware of some basic facts to have a long run of retail business.

Another matter is the labour availability of retail. Generally, small-scale retail does not require more labour or staff; 1 or 2, 3 members are sufficient to perform the daily tasks. Large retail, however, needs more labourers to perform the functions. If the labours are not adequate to complete the daily works, it can be a huge loss and disadvantage, and result in low income or profits. Also, these locations are situated far from the capital city and urban areas; then, sometimes, suppliers cannot deliver consumer goods to such retail areas. This low supplier availability also troubles retail owners.

Government support towards the retailers, and rules and regulations, can motivate or not motivate them. Typically, we can see most retail owners face some problematic situations because they do not have proper government support. In rural areas, most retailers have small shops; hence, they need government support to the existence of their retails and contribute to the country. Owners' perceptions and attitudes are also affecting the retail because the owners' perceptions can vary from one retailer to another because everyone does not have the same knowledge, attitudes, and opinions towards retailing. According to some, retailing is not suitable as a business, but for some, it is manageable.

II. Problem Statement and Objectives

Retail business failure has been a severe problem faced by our rural community. Hence, many studies have contributed with new empirical evidence and their findings to the literature. However, researchers found many reasons for retail business failure; for example, lack of proper capital, poor management, economic conditions, entrepreneur knowledge fraud, and customer problems. These reasons affect retail business failure.

Within this context, we expect to find the factors that mostly affect retail business failure in the rural area of the north-central province in Sri Lanka. Many research groups have searched to find the reasons for retail business failure, while several methods have been proposed to decrease such failures in the retail business. There for we can identify our study objectives as follows,

The following main objective and sub-objectives were developed for the present study, to identify factors that cause the rural retail failure of the North-Central province of Sri Lanka.

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a) *Main objective*

- To discover the factors that lead to failures of the retail business in rural areas of the north-central province of Sri Lanka.

b) *Sub Objectives*

- To find out the motives which compel the entrepreneurs to windup their business.
- To find out the relationship between the factors and identify the relationship type of those factors (positive/negative).
- To find out which factors entrepreneurs should consider when they start a new retail business in rural Sri Lanka.

This is the conceptual framework we have developed for our research. Mainly we have identified depend and independent variables for our problem of rural retail failure. To accomplish the objective of the study we used seven independent variables from past research that can be affect to fail the rural retail business (Dependent variable). We have named our dependent variable as Rural Retail Barriers and number of barriers are we have mention as seven (7) variables in below. We have selected this factors because, most researchers mentioned those kind of similar factors are the mostly effect to fail rural retail industry. So that we going to do our study in Sri Lankan retail context with these variables. Dependent variable, which will be used in the current study, is probability of failing the retail business measured by sampled data.

III. Data and Methodology

We were find out some variables as our independent variable to measure with dependent variable of Probability of fail the business from past studies. This independent variables (Financial issues, Entrepreneurial knowledge, Labour availability, Supplier availability, Government support, Owners attitude and perception) are affect to determine the risk of fail rural retail business risk can measure the probability and impact by on a scale of 1 to 10. We planned to conduct a Likert scale questioner based survey to address the mentioned objectives and make question for cover the seven variables. And find the correlation between depend and independent variables. We are going to find out which factor/s mostly impact to dependent variable and what kind of relationship have within this variables. And which factors entrepreneur should consider to start new business. SPSS will be used for analysis purpose by descriptive statistics, Frequency table (Cross tab, Frequency distribution) and Correlation also use for measure hypothesis part.

To find the factors of failure rural retail industry in North Central province in Sri Lanka. Fifty (50) sample will select from Judgemental sampling method representing those who have established for five years from the main two districts of Anuradhapura and Polonnaruwa of north central province. The proportion for 50% from Anuradhapura and 50% venture from Polonnaruwa district. All of this retails are failed or failing retails. Because our main objective is to discover the factors that lead to failures of the retail business in rural area. This study is limited to retail business are established in rural area of North Central province.

Mainly our research related to collecting data related to finding factors that lead to failure of retail business in the north central province of Sri Lanka. All our objectives are based on quantitative analysis. Questions were collected from online source. In order to find out reasons which force to close retail business. Therefore questionnaire were adapted to this type and same factors were used and questions are formatted in a way to suit in Sri Lankan context. In our research have seven independent variables and one dependent variable it's measure on scale of 1-10 and independent variables address by three different questions.

When conducting analysis we already had variables, first we performing Descriptive statistics and we going to identify factors which were mostly affecting to the Sri Lankan entrepreneurs engaged in retail business and we perform a Correlation test to identify the relationship among the independent variables and as well as relationship between independent and dependent variable. From that analysis we would identify relationship between seven independent variables and our main dependent variable which is risk of failure. Through that analysis we will be able to identify which factors the Srilankan entrepreneurs should consider when starting new retail business.

IV. Results and Discussion

The main findings of the study to investigate the failures of the retail business in the rural area are,

1. From the 7 independent variables, which is include in the conceptual frame work only 5 variables affect the failure of the rural retail business and those variables are Financial issue, Entrepreneur Knowledge, Geographical Location, Owner's perception and Government Support.
2. The most affecting variable is the Financial issues but that is affecting only the Anuradhapura district
3. Supplier availability is very low in the Polonnaruwa district comparing to Anuradhapura district.
4. Owners perception is negatively affecting the Anuradhapura district,
5. Supplier availability and the labors availability' are not affecting the rural retailing failure and there is no relationship among those two variables.
6. Financial issues and the supplier availability and government support and owners perception affecting both District in a two different manner.

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7. When comparing the two district Polonnaruwa district is facing less financial issues than Anuradhapura district.
8. Labors availability is not affecting the failure of both district rural area.
9. Polonnaruwa district highly influence by the deficiency of suppliers compare to Anuradhapura district.
10. Polonnaruwa district reserve more government support and subsides than Anuradhapura district.
11. Geographical location some far affecting the rural retailing failure of both district.

V. Conclusion

The results of the study revealed that out of seven factors, only five variables affecting the rural retailing failure such as, Financial issue, Entrepreneur Knowledge, Geographical Location, Owner's perception and Government Support Anuradhapura district and Polonnaruwa district affected by those variables are in a different manner but the Entrepreneur knowledge, the labor availability and geographical location factors are affecting in a same way for both district. There are two factors which are not affecting the rural retail business failure those two factors are supplier availability and labor availability in here we can come for a conclusion which is whether there enough labors or the suppliers are have or not they can keep their business going on, when it comes to government support Polonnaruwa district gets the more subsides that Anuradhapura district government should provide their support equal to both district otherwise people trust of government will be shattered. Financial issues play a crucial role in the Anuradhapura district retails and in Polonnaruwa district it is not like that. And supplier availability is very low in Polonnaruwa district when it compares to Anuradhapura and that district is facing less financial issues than Polonnaruwa district and government or the local authority should take necessary steps to provide more financial support such as small loan schemes with a minimal interest rate to keep this district run their business in a stable way also geographical location is some far affecting the failure of rural retiling in an indirect way. If a new entrepreneur going to enter the rural retailing that person have to pay attention to those five failing factors which causing the wind up of rural retailing for have a better business or the long run in the market. Also when comparing the two variable which is not affecting the failure of rural retailing there are no positive or negative relationship between those two factors and owners perception has negative relationship towards the failure of rural retailing.

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Appendices

As appendices we have provide the SPSS output of Descriptive statistics table and Correlation table

Descriptive Statistics						
	N	Minimum	Maximum	Mean		Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
Financial Issue	50	1	5	2.58	.181	1.279
Risk of fail the Business	50	1	5	3.34	.166	1.171
Entrepreneur Knowledge	50	1	5	2.46	.143	1.014
Labor Availability	50	1	5	3.32	.170	1.203
Suppliers Availability	50	1	5	2.90	.141	.995
Government Support	50	1	5	2.86	.187	1.325
Owner's Perception	50	1	5	2.94	.170	1.202
Geographical Location	50	1	4	2.26	.148	1.046
Valid N (listwise)	50					

Corretion Matrices								
	Risk of fail the business	Financial Issues	Entrepreneur knowledge	Labour Availability	Suppliers Availability	Government Support	Owner's Perception	Geographical Location
Risk of fail the business	1							
Financial Issues Sig. (2-tailed)	.216 *.51*	1						
Entrepreneur knowledge Sig. (2-tailed)	.237 *.071*	0.89	1					
Labour Availability Sig. (2-tailed)	.224 *.019*	0.57	0.78	1				
Suppliers Availability Sig. (2-tailed)	.012 *.933*	.111	-.115	.096	1			
Government Support Sig. (2-tailed)	.305* *.002*	-.264	.110	.067	-.197	1		
Owner's Perception Sig. (2-tailed)	.419* *.000*	-.269	.274	.141	.131	.264	1	
Geographical Location Sig. (2-tailed)	.190 *.008*	.038	.058	.30	-.115	.115	.013	1
* Correlation is significant at the 0.05 level (2-tailed)								

End…!

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