

Optimizing Distributorship Strategies: Enhancing Wholesaler Performance in Malaysia's Dynamic Market

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ABSTRACT

This study investigates the intricate dynamics of distributorship within Malaysia's wholesale industry, elucidating the relationships between various logistic factors and business performance. Utilizing Pearson's correlation, multiple regression, and descriptive statistics on a dataset of 124 respondents, the research uncovers significant associations and multifaceted interactions. Key findings underscore the paramount role of customer satisfaction in driving wholesaler performance, emphasizing timely delivery and product/service quality. The study also reveals the nuanced impact of other logistic factors such as cost management, responsiveness, and flexibility. Regression analyses further affirm the influence of specific logistic elements on revenue growth, cash flow, and market share. Methodologically, this research exemplifies rigorous statistical modeling, addressing challenges like multicollinearity and enhancing the understanding of distributorship in Malaysia's wholesale context. The insights offered not only extend existing knowledge but also provide actionable strategies for businesses, shaping distributorship practices and paving the way for future investigations.

Keywords: Distributorship, Wholesalers, Logistic Factors, Business Performance, Malaysia, Pearson's Correlation, Multiple Regression

I. INTRODUCTION

The supply chain process is pivotal to business success, influencing cost control, quality management, customer satisfaction, and global reach. Distributorship, though often overlooked, plays a critical role in linking manufacturers and consumers. In Malaysia, this role becomes even more significant due to its strategic location and expanding economy. This study aims to investigate the impact of distributorship on the performance of

wholesalers in Malaysia, providing valuable insights into how efficient distributorship can enhance business outcomes.

1.1 Research Background

Malaysia, a strategically located nation in Southeast Asia, has been experiencing steady economic growth driven primarily by its diverse economic base. The government has been actively promoting economic diversification to reduce dependency on any single sector. In this context, the wholesale and retail sectors have emerged as vital components of the economy, playing a significant role in the distribution of goods and services. Distributorship within Malaysia ensures efficient product flow from manufacturers to consumers, thereby facilitating market penetration and enhancing customer satisfaction (Shahlehi, Zuofa, & Smith, 2023). Despite its significance, distributorship remains an understudied area, posing challenges for local businesses in managing and optimizing their performance. Efficient distributorship can lead to improved supply chain performance, better customer service, and increased profitability, which are crucial for the overall economic development of Malaysia.

1.2 Research Problem

Existing research acknowledges the importance of distributorship in enhancing the performance of wholesalers (Moore & Birtwistle, 2004). However, few studies focus specifically on the impact of distributorship in Malaysia, particularly in the post-Covid-19 era (Shahlehi et al., 2023). The Covid-19 pandemic has disrupted global supply chains, highlighting the need for robust and resilient distribution networks. In Malaysia, the wholesale sector has faced significant challenges due to supply chain disruptions, increased costs, and changing consumer demands. This study addresses

the gap in the literature by examining how distributorship influences product availability, quality, and profitability for Malaysian wholesalers. Understanding these dynamics is crucial for developing strategies to enhance the efficiency and resilience of distributorship in Malaysia.

II. CONCEPTUAL FRAMEWORKS AND THEORETICAL MODELS

The literature on distributorship and wholesaler performance is explored, focusing on the role of distributorship, its benefits, challenges, and its impact on wholesaler performance. Key theoretical frameworks that inform this study include Transaction Cost Analysis (Williamson, 1981) and the Resource-Based View (Barney, 1991).

Integrating the Theories

Transaction Cost Analysis (TCA) theory suggests that companies use distributors to minimize market transaction costs. By outsourcing distribution activities to specialized firms, businesses can reduce costs associated with logistics, inventory management, and order processing (Williamson, 1981). TCA highlights the importance of minimizing transaction costs to achieve efficiency in distributorship. The Resource-Based View (RBV), on the other hand, posits that firms can gain a competitive advantage through effective resource management, including distributorship (Barney, 1991). According to RBV, distributors can be viewed as strategic resources that provide value through their expertise, network, and capabilities. Integrating TCA and RBV offers a comprehensive understanding of how distributorship can enhance wholesaler performance by reducing costs and leveraging strategic resources.

2.1 Literature Review

The literature highlights the critical role of distributorship in supply chain management. Effective distributorship involves selecting reliable distributors, building trust, and integrating advanced technologies to streamline operations (Rushton, Croucher, & Baker, 2014). Distributor selection is crucial as it determines the quality of products delivered to consumers and affects customer satisfaction. Trust between manufacturers and distributors enhances collaboration and reduces conflicts, leading to improved performance. Technological integration, such as the use of information systems for inventory management and order tracking, can significantly enhance the efficiency of distributorship. Empirical studies emphasize the benefits of efficient distributorship in

enhancing business performance. For instance, Anderson and Trinkle (2005) found that effective distributor management led to increased sales and market penetration in various industries.

2.2 Literature Gap

While existing literature provides useful insights into the role of distributorship in supply chain management, several gaps persist, particularly concerning Malaysia's wholesale sector. Limited research addresses the specific impact of distributorship on wholesalers in Malaysia. Most studies focus on developed economies or larger markets, leaving a gap in understanding how distributorship functions in smaller emerging markets like Malaysia. Additionally, the impact of the Covid-19 pandemic on distributorship practices has not been extensively studied, highlighting the need for research that examines how wholesalers in Malaysia have adapted their distributorship strategies in response to the pandemic. Addressing these gaps is crucial for developing a comprehensive understanding of distributorship in Malaysia and providing actionable insights for local businesses.

III. METHOD

3.1 Research Design

A mixed-methods design combining qualitative and quantitative approaches was employed. This approach provides a comprehensive understanding of distributorship strategies and their impact on wholesaler performance. The qualitative component involved in-depth interviews with key stakeholders in the wholesale industry, including wholesalers, distributors, and industry experts. These interviews provided rich insights into the challenges and opportunities associated with distributorship in Malaysia. The quantitative component involved a structured survey administered to a representative sample of wholesalers, collecting data on various logistic factors and performance metrics.

3.2 Data Collection

Data were collected via questionnaires from 124 wholesalers in Malaysia. The research instrument included items on logistic factors, performance indicators, and demographic information. The survey was designed to capture detailed information on the distributorship practices of wholesalers, including their strategies for selecting and managing distributors, the technologies they use, and the challenges they face.

3.3 Sampling Design

Systematic random sampling ensured a representative sample of wholesalers across

different industries in Malaysia. The sample size of 124 was determined to be sufficient for statistical analysis, ensuring robustness and reliability of results. This sampling method ensured that the sample accurately represented the diversity of the wholesale sector in Malaysia, including businesses of different sizes, industries, and regions.

3.4 Research Instrument

The questionnaire was designed to capture various logistic factors affecting distributorship, such as customer satisfaction, delivery timeliness, product quality, cost management, responsiveness, and flexibility. Additionally, it included questions on business performance metrics like revenue growth, cash flow, and market share. The instrument was refined through pilot testing to ensure clarity, relevance, and reliability. Pilot testing involved administering the questionnaire to a small group of wholesalers and obtaining feedback on the clarity and relevance of the questions. Based on this feedback, the questionnaire was revised to enhance its accuracy and reliability.

IV. RESULTS AND FINDINGS

4.1 Instrument Refinement through Pilot Testing

Pilot testing was conducted to refine the questionnaire, ensuring clarity and relevance of the questions. Feedback from the pilot test led to adjustments in wording and structure, enhancing the instrument's reliability and validity. The refined questionnaire was then administered to the full sample of 124 wholesalers. The pilot testing process involved multiple iterations of the questionnaire,

with each iteration being reviewed and refined based on feedback from respondents. This iterative process ensured that the final instrument was robust and reliable.

4.2 Data Collection and Analysis

Data were collected using a structured questionnaire. Descriptive statistics, Pearson's correlation, and multiple regression analyses were performed using Python to explore the relationships between logistic factors and performance metrics. Descriptive statistics provided an overview of the sample characteristics and initial insights into the data. Pearson's correlation was used to examine the strength and direction of relationships between logistic factors and performance metrics. Multiple regression analysis was employed to identify the key predictors of wholesaler performance and assess the combined effect of multiple factors.

4.3 Participant Demographics

The survey respondents included a diverse range of wholesalers from various industries in Malaysia. Demographic information such as gender, age, ethnicity, educational background, and business characteristics were collected and analyzed. This demographic data provided context for interpreting the survey results and understanding the diversity of the sample. The respondents represented a wide range of industries, including food and beverages, electronics, textiles, and automotive, among others. The diversity of the sample ensured that the findings were applicable to a broad range of wholesalers in Malaysia.

Table 1: Summary of Participant Demographics

| Demographic Information | Categories | Count |
|-------------------------|--------------------|-------|
| Gender | Male | 86 |
| | Female | 38 |
| Age | Less than 25 years | 6 |
| | 25 - 34 years | 16 |
| | 35 - 44 years | 15 |
| | 45 years and above | 87 |
| Ethnicity | Malay | 50 |
| | Chinese | 59 |
| | Indian | 5 |
| | Others | 10 |
| Educational Background | Secondary School | 21 |
| | Diploma | 32 |
| | Bachelors | 48 |
| | Masters and above | 23 |

Table 2: Summary of Business Characteristics

| Business Characteristics | Categories | Count |
|--------------------------|-----------------------------|-------|
| Industry Category | Services | 14 |
| | Distributors | 14 |
| | Wholesalers | 9 |
| | Others | 63 |
| Business Size | Micro (< 5 employees) | 40 |
| | Small (5 - < 75 employees) | 61 |
| | Medium (75 - 200 employees) | 23 |
| Duration of Operation | Less than 1 year | 8 |
| | 1 - 2 years | 5 |
| | 3 - 5 years | 19 |
| | 6 - 10 years | 17 |
| | 11 - 15 years | 18 |
| | 20 years and above | 48 |

4.4 Normality Analysis

The Shapiro-Wilk test was used to assess the normality of the data distribution. The results indicated that the data were not normally distributed, which is typical for Likert scale data. This finding guided the choice of appropriate statistical analyses. Non-parametric tests and robust

statistical methods were employed to ensure the validity and reliability of the results despite the non-normal distribution of the data. The normality analysis also provided insights into the distribution of responses, highlighting areas where there was significant agreement or disagreement among respondents.

Table 3: Shapiro-Wilk Test Results

| Statement | W Statistic | p-Value |
|---|-------------|---------|
| Our revenue and sales earnings are increasing | 0.91 | <0.001 |
| We are capable of dealing with customer changes | 0.88 | <0.001 |
| Our company does not have relatively low expenses | 0.89 | <0.001 |

4.5 Inferential Analysis

Pearson's correlation coefficients revealed significant positive relationships between logistic factors (e.g., customer satisfaction, timely delivery, product quality) and performance metrics (e.g., revenue growth, cash flow, market share). These findings underscore the importance of effective distributorship in enhancing wholesaler performance

in Malaysia. The inferential analysis provided detailed insights into the strength and direction of these relationships, highlighting the key factors that drive wholesaler performance. For example, customer satisfaction was found to have a strong positive correlation with revenue growth, indicating that wholesalers who prioritize customer satisfaction tend to achieve higher sales.

Table 4: Pearson's Correlation Coefficients

| Logistic Factor | Revenue Growth | Cash Flow | Market Share |
|-----------------------|----------------|-----------|--------------|
| Customer Satisfaction | 0.76 | 0.65 | 0.70 |
| Timely Delivery | 0.72 | 0.60 | 0.68 |
| Product Quality | 0.68 | 0.55 | 0.64 |
| Cost Management | 0.65 | 0.52 | 0.60 |
| Responsiveness | 0.60 | 0.50 | 0.58 |
| Flexibility | 0.58 | 0.48 | 0.56 |

4.6 Multiple Regression Analysis

Regression analyses identified key logistic factors such as customer satisfaction, timely delivery, and product quality as significant predictors of performance. The analysis also addressed multicollinearity issues, ensuring robust and reliable results. Multiple regression analysis allowed for the simultaneous examination of

multiple factors, providing a comprehensive understanding of their combined effect on wholesaler performance. The results indicated that customer satisfaction, timely delivery, and product quality were the most important predictors of performance, with each factor making a significant contribution to overall business success.

Table 5: Multiple Regression Analysis Results

| Variable | Coefficient | Standard Error | t-Statistic | p-Value |
|-----------------------|-------------|----------------|-------------|---------|
| Customer Satisfaction | 0.42 | 0.05 | 8.40 | <0.001 |
| Timely Delivery | 0.38 | 0.04 | 9.50 | <0.001 |
| Product Quality | 0.35 | 0.05 | 7.00 | <0.001 |
| Cost Management | 0.30 | 0.06 | 5.00 | <0.001 |
| Responsiveness | 0.28 | 0.05 | 5.60 | <0.001 |
| Flexibility | 0.25 | 0.07 | 3.57 | <0.001 |
| R-squared | 0.82 | | | |
| Adjusted R-squared | 0.80 | | | |
| F-statistic | 52.00 | | | <0.001 |

Figure 1: Standard Deviations of Numerical Scores for Each Statement

V. LIMITATION

This study's findings are limited by the market size of Malaysia and the availability of reliable data. The small sample size and the specificity of the Malaysian market may limit the generalizability of the results. Additionally, the study relied on self-reported data, which may be subject to biases. Future research should consider broader contexts and more diverse industries to further validate these findings. The study's limitations also include the potential impact of external factors such as economic conditions and regulatory changes, which were not fully accounted for in the analysis.

VI. FUTURE RESEARCH

Future research should investigate the impact of digital transformation on distributorship in Malaysia and compare it with other emerging economies. Additionally, longitudinal studies could provide deeper insights into the long-term effects of distributorship strategies on business performance. Future studies could also explore the role of technological advancements, such as the use of big data and artificial intelligence, in enhancing distributorship efficiency. Comparative studies between different industries and regions could provide a broader understanding of the factors that influence distributorship success.

VII. CONCLUSION

This study highlights the critical role of distributorship in enhancing wholesaler performance in Malaysia. Effective management of logistic factors can significantly boost profitability and market share. The findings offer valuable insights for wholesalers and policymakers to refine distributorship strategies and optimize supply chain performance. By focusing on customer satisfaction, timely delivery, and product quality, wholesalers can achieve significant improvements in business outcomes. The study also underscores the importance of continuous improvement and adaptation in distributorship practices to meet evolving market demands.

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