Corporate Characteristics of Retail Industry among 11 Asian and American Countries

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Abstract

We use financial ratios of eleven countries such as Malaysia, Japan, USA, Canada, Brazil, Thailand, Indonesia, China, India, Australia, and Cayman Islands in retail industry over the period of 2008 to 2012 to examine corporate characteristics. Hypothesis one is that there are statistically significant differences of financial ratios in retail industry of 11 Asian and American countries. This statement is supported by results of Kruskal Wallis Test. By ANOVA, ROE between Brazil and Thailand, and solvency ratio among Japan, Canada, Thailand and Australia are statistically significantly different from each other.Hypothesis two: Profitability ratios of Japanese Companies are the lowest among 11 countries. This hypothesis is supported partially by ROA except India, both ROE and ROCE except India and Brazil among eleven countries. Not supported by profit margin.   Hypothesis 3: Relationship between sales growth ratio and profitability ratios is positive. The positive

relationship can be seen in correlations analysis with statistically significant value of sales growth ratio with ROE, ROCE and ROA except profit margin.

Keywords: profitability ratios, Asian countries, American countries, country dummy variables, retail industry

1. Introduction

According to Kalish (2015), retail industry becomes important industry which contributes much for industrial improvement. She also stated that, the most important of retail categories for 2015 which are shaped by the disruptive changes currently impacting the marketplace. The categories are;1) Mobile retailing; rapidly growing business that is expected to approach US$640 billion in annual global sales within just a few years. 2) Faster retailing; speed to market, speed to response, and speed to deliver. 3) Experience retailing; shopping and adds entertainment, emotion, deeper engagement, and sometimes even an entire environment.

The key financial ratios for retailers focus on aspects of income, liquidity and profitability performance of their company. Retail managers turn to the gross margin as an indication of the sales dollars remaining after subtracting the costs of purchasing merchandise. It provides managers with an indication of their ability to convert existing inventory into future cash.Generating income and having cash on hand are not the only objectives for smart business owners, so they use profitability ratios to track the growth of the business's net worth. ROA, or return on assets allows retail managers to identify how productively and effectively of the firms using the business' assets to grow, and it enables them to make necessary decisions about under-performing assets. Identifying key financial ratios, however, is just the starting point. Once calculated, smart retail managers compare these ratios to industry standards as benchmarks to gauge their own performance over time. Through comparison and trend analysis, managers can further identify key areas of weaknesses that may need immediate attention. Most importantly same comparisons can also help business owners identify key competitive strengths that may be overlooked.

2. Literature Review

2.1 Theoretical Background

Report by Pattitoniet al. (2014), economics, management, accounting and financeare the factors to determine the performance of the companies in this recent industry. Most of these studies are based, more or less explicitly, on the structural conduct performance of industrial organization economics. However, while the economic research tradition tends to focus on the industry as the unit of analysis and explains profitability primary as an indirect effect of structural factors, the managerial research is more added oriented towards the firm as a unit of analysis and places greater emphasis on the direct effect of firm's strategic conduct and decisions.

China represents the highest total listed companies in this study. According to Ramanathan and Yu (2009), during a transforming process from a centrally planned of economy to a market economy, China's retail industry has been experiencing unprecedented development. They have been proven their retail total sales of consumer goods have been growing.

A large body of academic research provides evidence on the usefulness of profitability components as variables for predicting future profitability. Petria etal. (2004) reported there has a positive relationship between firms' profitability and risk, whereas performance of financial ratio has insignificant impact on profitability by analyzing the profitability of

European banks from 6 countries during the period from 1992 to 1998. They also found that concentration is positively correlated with firms' profitability and that inflation has a strong effect on profitability, while firms' profits are not significantly affected by the real GDP per capita fluctuations on their study on South Eastern European region over the period from 1998 to 2002.

Researchers frequently face difficulties in their attempts to obtain accurate measures of financial performance (Reynolds et al., 2005). The most common problems are the sensitivity of information and its non-availability to the public. In order to tackle the underlying problems of obtaining accurate measures of financial performance, a number of alternative performance measurement models have been applied. Thus, indirect measures of financial indicators to measure firm performance are developed such as by asking the perception of managers on financial performance to compare with their direct competitors. Financial indicators, which have been heavily used in empirical research (Dawson, 2005; Reynolds et al., 2005) represent the success of the economic targets of the organization. In this category one could find mostly indicators of profitability, such ratios as, return on investment, return on equity, return on sales and others. Other variables indicators specify the indirect effect that leads to financial performance. Measures like market share, product or service quality, customer loyalty and customer satisfaction could be treated as other variables indicators (Venkatraman and Ramanujam, 1986).

Most retail studies are conceptual or only based on case studies. There is no studies have empirically shown which strategy is the most successful or in particular whether strategy preferences differ across retail sectors. According to Nizam and Hoshino (2015) study, they focused on retailing industry of three countries (Malaysia, Japan and USA) which emphasize on profitability ratios and safety variables using a few analyses contributed to their hypotheses conclusion. While, Goldman (2001) composes dummy variables of 27 firms from different retail sectors into one index to categories six types of strategies used by retailers in China. In this study, we evaluate our data using regression analysis with dummy variables. It is one of the methods for studying relationship between a quantitative dependent variable and one or more qualitative explanatory variables.

In sum, this study designs to analyze the financial ratios of eleven countries in retail industry by using data five year period of 2008 to 2012. By looking at the comparisons of means value among 11 Asian and American countriesin Table 1, we could include the hypotheses as follows:

Hypothesis 1: There are statistically significant differences of financial ratios in retail industry of 11 Asian and American countries.

Hypothesis 2: Profitability ratios of Japanese Companies are the lowest among 11 countries.

Hypothesis 3: Relationship between sales growth ratio and profitability ratios is positive.

3. Methodology

3.1 Data set Description

For our data set description, our sample comprises all private firms from retail industry of 11 Asian and American countries over the periodof2008 to 2012. Data was gathered through annual reports of the listed companies from OSIRIS database and has been analyse by Statistical Package for Social Sciences (SPSS) software version 22. The final sample is composed of312firms. The analysis covers profitability ratios (ROE, ROCE, ROA and profit margin), safety variables (current ratio and solvency ratio), and sales growth ratio.

The selection of the companies based on availability of the data within 2008 to 2012. Particularly, OSIRIS database has several countries in this retail industry, due to a number of sample is low 80% of missing data and outlier's data, so we have to eliminate from the sample(for example; Korea which only has 8 companies).

3.2 Variable Definitions

Profitability Ratios

1. Return on Shareholders' Funds = Profit Before Tax/Shareholders Funds) * 100

    (ROE)
2. Return on Capital Employed   = Profit Before Tax – Interest Expenses)/

    (ROCE)   (Shareholder   Funds + Non-Current
                                Liabilities) * 100
3. Return on Total Assets   = Profit Before Tax / Total Assets) * 100

    (ROA)
4. Profit Margin   = Profit Before Tax/Operating Revenue* 100

Safety Ratios

1. Current Ratio   = Current Assets / Current Liabilities

2. Solvency Ratio   = (Shareholders Fund / Total Assets) * 100

Sales growth ratio   = (Current year's sales - Last year's sales) / (Last year's sales) * 100

Source: Profitability and Safety ratios obtained from OSIRIS Database Manual (2013)

4. Empirical Results

Table 1. Comparisons of means value among 11 Asian and American countries

Country	ROE	ROCE	ROA	Profit Margin	Current ratio	Solvency ratio	Sales growth ratio
Malaysia	16.68	15.45	9.96	10.75	2.59	59.74	1.64
Japan	7.91	6.15	3.51	4.30	1.15	43.49	6.73
USA	18.64	11.36	7.22	6.04	1.99	46.54	3.03
Canada	20.43	13.11	7.69	6.06	1.58	42.40	3.12
Brazil	12.45	9.62	6.32	6.40	2.39	51.88	1.96
Thailand	18.63	17.98	9.94	6.85	1.68	53.22	5.06
Indonesia	19.87	17.86	9.37	5.62	2.23	45.57	18.74
China	15.68	15.87	5.68	6.57	1.14	39.82	13.28
India	9.19	9.96	3.55	3.18	4.06	50.70	9.10
Australia	20.15	17.61	7.07	6.58	1.26	39.87	4.60
Cayman Islands	16.59	12.23	7.91	6.26	3.37	49.83	5.16

Notes: results are based on sample size of Malaysia = 16, Japan = 64, USA=53, Canada=28, Brazil=12, Cayman Islands=10, Thailand=13, Indonesia=13, China=63, India=17, Australia=23

From Table 1 we can see the comparisons of means value among eleven countries which record Canada has highest mean value of ROE = 20.43, Thailand has highest of mean value for ROCE = 17.98, while Malaysia states the highest of means value for ROA (9.96), profit margin (10.75), and solvency ratio (59.74). Besides, India shows the highest of means value for current ratio (4.06), while Indonesia reports 18.74 for sales growth ratio.

Reported by Warschun*et al*. (2014) in the AT Kearney's Annual Global Retail Development Index for 2014, Asia's fast-growing economies offer fertile ground for retailers, as expanding populations, rising incomes, and increasing affinity for modern formats help retail sales grow, often quite rapidly. Modern retail is spreading beyond the largest urban to smaller, untapped cities and regions. China: Continued retail growth. Even with less-bullish economic growth, China remains impossible for retailers to ignore. Retail sales in the world's most populous country increased 13% in 2013 (to $2.6 trillion), and consumer confidence rose.

While, Malaysia is a strong and stable market and moves up four spots to 9th, its highest ranking since 2007. Malaysia has a small population (almost 30 million) and economic growth softened in 2013, but its high income per capita of $10,600 and young population (nearly half of Malaysians are younger than 25 ages) make it a strong and stable market. According to Kassack et al. (2015), India is a hope for a rebound with growth of economic has lagged the rates of the past decade's boom times, but at 4.7 percent last year, it was an improvement from 2012. Retail is still hindered by high consumer price inflation, currency fluctuations, high current account deficits, government debts, and strict foreign direct investment policies that have long been an impediment to growth. India drops six spots to 20th place, its lowest-ever ranking in the GRDI (Global Retail Development Index).

Different story goes to Indonesia where expanded their retail sales in January with 10.4% over the same month of last year, according to Bank Indonesia's Retail Sales Survey (RSS). The expansion was well above the 3.3% rise observed in December. According to the Bank, January's expansion was driven by strong growth of sales of information and communication equipment as well as of food, beverages and tobacco. Annual average growth in retail sales decreased from 14.4% in December to 13.4% in January. According to the survey, retailers expect sales to pick up in February to an 11.4% annual growth rate. Focus Economics Consensus Forecast participants observe private consumption rising 5.1% in 2015, which is unchanged from last month's forecast. For 2016, panellists observe growth in private consumption at 5.4%.

In contrast, reported by the U.S. Census Bureau (2015), retail sales in the United States decreased 0.60 percent in February of 2015 over the previous month. Sales in U.S. retail and food stores unexpectedly decreased 0.6 percent from the previous month, following a 0.8 percent drop in January as cold weather kept consumers from shopping malls and car dealers. It was the first time since 2012 that sales had dropped for three consecutive months. In February, retail sales excluding automobiles, gasoline, building materials and food services were unchanged after a 0.1 percent decline in the previous month. Eight of 13 major categories showed declines in February while one remained flat. Car sales dropped 2.5 percent after rising 0.5 percent in January. Receipts at building material and garden equipment stores fell 2.3 percent and sales at restaurants and bars slipped 0.6 percent. There were also declines in furniture and electronic and appliances sales. Sales at clothing stores were flat. In contrast, sales at gasoline stations rose 1.5 percent compared to 9.8 percent drop in January lifted by a recent rise in gasoline prices. Receipts at online stores climbed 2.2 percent and sales at sporting goods and hobby shops increased 2.3 percent.

Table 2. Correlations of all variables of 11 Asian and American countries

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) ROE	1						
(2) ROCE	.533**	1					
(3) ROA	.477**	.617**	1				
(4) Profit margin	.299**	.415**	.627**	1			
(5) Current ratio	-.010	-.058*	.082**	.060*	1		
(6) Solvency ratio	-.070**	-.033	.295**	.272**	.436**	1	
(7) Sales growth ratio	.066**	.101**	.067**	.034	-.004	-.044	1

Notes: results are based on sample size of Malaysia = 16, Japan = 64, USA=53, Canada=28,

Brazil=12, Cayman Islands=10, Thailand=13, Indonesia=13, China=63, India=17, Australia=23

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

As we can see from Table 2illustrates significance values are less than 0.01 and 0.05 which tell us that the probability of getting a correlation coefficient this big in a sample of 312 of the total listed companies among 11 Asian and American countries. Referring the significance

value, which below the standard criterion of .05, indicating a 'statistically significant' relationship. Correlation refers to a technique used to measure the relationship between two or more variables. Thus we could conclude that there has a positive correlation among profitability ratios, safety ratios and sales growth ratio. The correlations are ROCE and current ratio with $r = -.058$, ROA and current ratio with $r = .082$, profit margin and current ratio ($r = .060$), ROE and solvency ratio $r = -.070$, ROA and solvency ratio ($r = .295$), profit margin and solvency ratio ($r = .272$).This means, by looking at the correlation of ROCE and solvency ratio as an example (evaluates how efficiently a company's available capital is utilized)(measures profitability and financial efficiency), a higher ROCE indicates more efficient use of capital. ROCE should be higher than the company's capital cost, otherwise it indicates that the company is not employing its capital effectively and not generating shareholder value.

While for sales growth ratio, we could conclude that there is statistically significance difference between sales growth ratio and profitability ratios. The correlations are sales growth ratio and ROE (.066), sales growth ratio and ROCE (.101), and sales growth ratio and ROA (.067).

Table 3. Tests of normality among 11 Asian and American countries of profitability ratios, safety ratios and sales growth ratio

	Country	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
ROE	Malaysia	.107	80	.025	.962	80	.017
	Japan	.110	320	.000	.939	320	.000
	Canada	.338	140	.000	.182	140	.000
	Brazil	.091	60	.200[*]	.941	60	.006
	Thailand	.056	65	.200[*]	.985	65	.642
	Indonesia	.130	65	.008	.924	65	.001
	China	.154	325	.000	.774	325	.000
	India	.138	85	.000	.925	85	.000
	Australia	.219	115	.000	.727	115	.000
	USA	.158	261	.000	.888	261	.000
	Cayman Islands	.235	50	.000	.656	50	.000
ROCE	Malaysia	.088	80	.193	.967	80	.036
	Japan	.125	320	.000	.892	320	.000
	Canada	.142	140	.000	.896	140	.000
	Brazil	.110	60	.070	.949	60	.014
	Thailand	.043	65	.200[*]	.993	65	.979
	Indonesia	.127	65	.011	.833	65	.000
	China	.174	325	.000	.628	325	.000
	India	.104	85	.025	.935	85	.000
	Australia	.212	115	.000	.529	115	.000

	USA	.154	261	.000	.822	261	.000
	Cayman Islands	.138	50	.019	.915	50	.002
ROA	Malaysia	.141	80	.000	.916	80	.000
	Japan	.129	320	.000	.847	320	.000
	Canada	.102	140	.001	.941	140	.000
	Brazil	.118	60	.036	.928	60	.002
	Thailand	.089	65	.200*	.982	65	.443
	Indonesia	.120	65	.022	.872	65	.000
	China	.083	325	.000	.959	325	.000
	India	.142	85	.000	.912	85	.000
	Australia	.128	115	.000	.866	115	.000
	USA	.109	261	.000	.923	261	.000
	Cayman Islands	.110	50	.178	.928	50	.005
Profit Margin	Malaysia	.103	80	.037	.963	80	.021
	Japan	.147	320	.000	.840	320	.000
	Canada	.073	140	.067	.967	140	.002
	Brazil	.213	60	.000	.845	60	.000
	Thailand	.114	65	.037	.974	65	.190
	Indonesia	.113	65	.039	.959	65	.030
	China	.189	325	.000	.704	325	.000
	India	.171	85	.000	.878	85	.000
	Australia	.193	115	.000	.812	115	.000
	USA	.081	261	.000	.977	261	.000
	Cayman Islands	.133	50	.026	.858	50	.000
Current ratio	Malaysia	.187	80	.000	.820	80	.000
	Japan	.151	320	.000	.841	320	.000
	Canada	.087	140	.011	.949	140	.000
	Brazil	.093	60	.200*	.940	60	.005
	Thailand	.224	65	.000	.850	65	.000
	Indonesia	.323	65	.000	.632	65	.000
	China	.147	325	.000	.704	325	.000
	India	.295	85	.000	.652	85	.000
	Australia	.162	115	.000	.895	115	.000
	USA	.154	261	.000	.795	261	.000
	Cayman Islands	.278	50	.000	.675	50	.000
Solvency ratio	Malaysia	.093	80	.082	.967	80	.037
	Japan	.038	320	.200*	.990	320	.034

	Canada	.056	140	.200[*]	.988	140	.247
	Brazil	.149	60	.002	.921	60	.001
	Thailand	.094	65	.200[*]	.970	65	.116
	Indonesia	.173	65	.000	.924	65	.001
	China	.062	325	.004	.978	325	.000
	India	.099	85	.040	.945	85	.001
	Australia	.058	115	.200[*]	.992	115	.742
	USA	.102	261	.000	.945	261	.000
	Cayman Islands	.150	50	.006	.924	50	.003
Sales growth ratio	Malaysia	.173	80	.000	.834	80	.000
	Japan	.219	320	.000	.645	320	.000
	Canada	.137	140	.000	.896	140	.000
	Brazil	.151	60	.002	.960	60	.048
	Thailand	.430	65	.000	.289	65	.000
	Indonesia	.303	65	.000	.603	65	.000
	China	.237	325	.000	.517	325	.000
	India	.256	85	.000	.592	85	.000
	Australia	.168	115	.000	.778	115	.000
	USA	.116	261	.000	.913	261	.000
	Cayman Islands	.163	50	.002	.910	50	.001

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Table 4. Comparisons of profitability ratios, safety ratios and sales growth ratio among 11 Asian and American countries using Kruskal-Wallis Test

Test Statistics[a,b]

	ROE	ROCE	ROA	Profit Margin	Current ratio	Solvency ratio	Sales growth rate
Chi-Square	262.099	378.652	260.217	121.130	455.765	126.969	189.622
df	10	10	10	10	10	10	10
Asymp. Sig.	.000	.000	.000	.000	.000	.000	.000

a. Kruskal Wallis Test

b. Grouping Variable: country

Table 5. Pairwise comparisons results for the Tukey post hoc test

Country	Variables	Mean Square	df	F	Sig.
Brazil Thailand	ROE	3806.521	10	7.306	.000
Japan Canada Thailand Australia	Solvency ratio	4259.408		15.543	.000

The normality assumption also needs to be considering for validation of data present in the literature as it shows whether correct statistical tests have been used. From Table 3, we can see the symbol of asterisk, a value of .200 includes of ROE (Brazil and Thailand), ROCE (Thailand), ROA (Thailand), current ratio (Brazil), solvency ratio (Canada, Thailand and Australia), current ratio (Brazil), and solvency ratio (Japan, Canada, Thailand and Australia). The purpose of this report is to overview the procedures for checking normality in statistical analysis using SPSS.

Table 4 shows a Kruskal-Wallis test of all variables (profitability ratios, safety ratios and sales growth ratio) among those eleven countries, where there is a statistically significant difference with the value of $p = 0.000$. It is important to realize that the Kruskal-Wallis test is a general test statistic and cannot tell us which specific groups of the independent variable are statistically significantly different from each other. It only tells us that at least two groups were different.

Since we have seven variables in this study, determining which of these groups differ from each other is important. Then, we have to apply a post hoc test. The pair wise comparisons function is to determine which group differed from each other. The variables in this analysis have been taken by referring the normality test from Table 3 (looking at the asterisk (*) which indicates a lower bound of the true significant). While the results of Tukey post-hoc test show that for ROE (Brazil and Thailand) with the means value of 12.45 and 18.63 respectively, and solvency ratio (Japan, Canada, Thailand and Australia) with means value of 43.49, 42.40, 53.22 and 39.87 of each are statistically significantly different from each other as showing in Table 5.

3.3 Dummy variables in Regression Analysis

According to Modupe (2012), to represent subgroups of the sample in any study, the best way to run a regression analysis is using a dummy variable. In research design, a dummy variable is often used to distinguish different treatment groups. In the simplest case, there is a 0, 1 dummy variable where a subject is given a value of 0 if they are in the reference group or a 1 if they are in the group of interest. Dummy variables are useful because they enable us to use a single regression equation to represent multiple groups. This means that we do not need to write out separate equation models for each subgroup. The dummy variables act like 'switches' that turn various parameters on and off in an equation.

In this study, we chose the stepwise method where is a combination method of forward entry and backward removal. Predictors are entered in the regression model one at a time based on how much they will improve model fit. A new model will be added each time, the predictors already in the model are evaluated and may be removed if they are no longer significantly improve the fit of the model.

Table 6. Regression results including country dummy variables (Japan as reference country).

Dependent variable	Independent variable	Standardized Coefficients Beta	t	Sig.
ROE	Solvency ratio	-.065	-2.514	.012
	Sales growth ratio	.068	2.691	.007
	Malaysia	.087	3.281	.001
	USA	.154	5.524	.000
	Canada	.173	6.440	.000
	Thailand	.080	3.059	.002
	Indonesia	.087	3.366	.001
	China	.099	3.460	.001
	Australia	.120	4.513	.000
	Cayman Islands	.050	1.969	.049
ROCE	Sales growth ratio	.080	3.271	.001
	Malaysia	.140	5.534	.000
	USA	.109	3.992	.000
	Canada	.127	4.868	.000
	Thailand	.155	7.027	.000
	Indonesia	.156	6.184	.000
	China	.258	9.295	.000
	Australia	.209	8.092	.000
	Cayman Islands	.052	2.093	.037
ROA	Current ratio	-.068	-2.573	.010
	Solvency ratio	.310	11.741	.000
	Sales growth ratio	.076	3.213	.001
	Malaysia	.167	6.724	.000
	USA	.197	7.363	.000
	Brazil	.050	2.063	.039
	Canada	.192	7.549	.000
	Thailand	.157	6.392	.000
	Indonesia	.173	7.121	.000
	China	.147	5.306	.000
	Australia	.159	6.308	.000
	Cayman Islands	.096	3.963	.000

Profit Margin	Solvency ratio	.279	11.282	.000
	Sales growth ratio	.057	2.381	.017
	Malaysia	.124	5.058	.000
	India	-.103	-4.216	.000
	China	.097	3.919	.000
	Australia	.068	2.786	.005

Particularly, we put profitability ratios as dependent variables, while safety ratio, sales growth ratio and country dummy variables as independent variables. We choose Japan as our reference country due to the lowest profitability ratios among others; choosing the country with lowest profitability ratios will give positive coefficients for the other variables, which might be easier to explain in the results. The table only show the significant value of all variables. Thus, it is telling these findings imply that there are different financial ratios in retail industry of 11 Asian and American countries. From Table 6, dummy variables of nine countries have positive effect on ROA, namely those nine countries have higher ROA comparing with Japan except India. As far as ROE and ROCE are concerned, dummy variables of eight countries have positive effects on those ratios, that is, except Brazil and India, those ratios are higher comparing with Japan. So far, we could support hypothesis two partially. However, profit margin does not support this hypothesis.

Test of Hypotheses and Discussion

Hypothesis 1; There are statistically significant differences of financial ratios in retail industry of 11 Asian and American countries. This statement is supported by tests of normality, Kruskal-Wallis test and Tukey post hoc test as shown in Table 3, 4 and 5 respectively. The results report that ROE (Brazil and Thailand) with the means value of 12.45% and 18.63% respectively, and solvency ratio (Japan, Canada, Thailand and Australia) with means value of 43.49%, 42.40%, 53.22% and 39.87% respectively, which are statistically significantly different from each other as shown in Table 5.

Hypothesis 2;Profitability ratios of Japanese Companies are the lowest among 11 countries. This hypothesis is supported partially by ROA except India, and ROE and ROCE except India and Brazil among eleven countries. Not supported by profit margin.

Hypothesis 3; Relationship between sales growth ratio and profitability ratios is positive. By referring to Table 2, the positive relationship can be seen in correlations analysis with statistically significance value of sales growth ratio with ROE, ROCE and ROA except for profit margin. According to Yucheng*et al* (2015) in their study of China's mid-range and high-end liquor industry, the higher market share with lower ratio of sales is not significant and it deviates from the normal track of companies' growth. Therefore, if the industry wants to maintain their availability in the marketplace, they should increase ratio of sales with significant market share or enlarge market share supported by sustained high ratio of sales. This is a powerful success discipline to sustain long in the industry itself.

4. Conclusion and Future Research

Retail industry is becoming more international and there is overall a new need for firms to expand abroad to generate new growth. Firms in each country must grapple with fundamental branding and technology decisions when they pursue such channels. These decisions have important, potentially long lasting effects on the fates of their company, but few researchers have examined the patterns and consequences of these decisions as well.

As discussed, the result of this study show that the differences of financial ratios in retail industry of 11 Asian and American countries. Reported by Kawazu (2013), the total GDP for the ASEAN (Association of Southeast Asian Nations) countries has grown to the same level as the GDP of each of three significant emerging economies like Brazil, Russia and India. Her study also discussed that in the world's population of 7 billion, 60 per cent (4.2 billion) live in Asia. United Nations predicts that population of Asia will continue to grow steadily with the majority of growth occurring in China and India. This means, there is no prospect of any significant future population growth in developed countries like North America and Europe. Definitely, Asia will be the most importance to focus for the world's customer markets. This statement show the reason of the differences occurred and population becoming the greatest issues affecting the retail industry of each countries.

While profitability ratios of Japanese Companies are the lowest among 11 countries revealed in the results perhaps due to Japan's domestic market is lower than global standards. According to Mizuho Corporate Bank (2012), there are several reasons contribute to production activities declining. The reasons are due to the Great East Japan Earthquake and tsunami, the massive flooding in Thailand, followed by a global decline in demand (caused mainly by the European financial crisis) and monetary policy tightening in China. But, the greatest risk factor for the Japanese economy in 2012 is the overseas economic environment which highlights the European financial crisis spilling over into the emerging countries, mainly Asia through the reduction of the assets.

On the other hand, referring to Ito (2014) in his review of ROE of Japanese Companies, stated a few reasons why ROE of Japanese companies is low than other countries. One of the reasons is a company's earning power and competitiveness is constrained by excessive price competition due to insufficient differentiation, product positioning, business portfolio optimization, innovation, and responses to changes in business environments. Ito also mentioned that excessive cash and deposits on the balance sheet have also contributed to low ROE. A high ratio of cash, deposits and marketable securities to total assets will result in lowering ROA given that the yield of government bonds is below 1 per cent. Although some USA companies have large cash and deposits, it was noted that the majority of such companies exhibit above average ROE due to very high profit margins. Other reasons mentioned include the mindset of management towards ROE and governance model centred on bank financing.

Meanwhile, sales growth ratio itself tells us how fast a company is growing. Indirectly, the changes in profitability ratios affected the growth of the company. From this study we can see the positive correlations of sales growth ratio with ROE, ROCE, and ROA except for profit

margin. Besides that, retail revenue figures in this study reflect only the retail portion of the company's consolidated profitability ratios, safety variables, and sales growth ratio. As a result, the reports figures excluded non-retail operation of the listed companies. This study includes foodservice sales, sales of services related to the company's retail activities, such as alterations, repair, maintenance, installation and membership fees. It should also be noted that the financial information used for each company in a given year is accurate of the data the financial report was originally issued.

Finally, this paper opens up a fruitful avenue for future empirical research. It would be interesting to explore decisions from the top management of each company in retail industry instead of depending on performance of profitability ratios (availability database). The real process and situations could be acknowledged on giving an idea for some other discussions on performance decisions. In addition, although the statistics literature explicitly argues the use of standardized dummy regression analysis as measures of effect, there appears to be lack of awareness about this issue in performance of financial in future particularly for overall corporate variable factors that apply the technique. So, for future research might use and added a crucial variables which really effect the performance of financial in retail industry and more countries to be explored.

Acknowledgement

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Appendix - Listed Companies

Malaysia

1. PARKSON HOLDINGS BERHAD	2. MBM RESOURCES BHD	3. THE STORE CORPORATION BERHAD
4. ATLAN HOLDINGS BHD	5. PADINI HOLDINGS BERHAD	6. CYCLE & CARRIAGE BINTANG BERHAD
7. TOMEI CONSOLIDATED	8. BONIA CORPORATION BHD	9. SUIWAH CORPORATION BHD

BERHAD		
10. HAI-O ENTERPRISE BERHAD	11. FIAMMA HOLDINGS BHD	12. KAMDAR GROUP (M) BERHAD
13. CNI HOLDINGS BERHAD	14. MARCO HOLDINGS BERHAD	15. TEO GUAN LEE CORPORATION BHD
16. FCW HOLDINGS BHD		

Japan

1. SEVEN & I HOLDINGS CO., LTD.	2. KIRIN HOLDINGS CO., LTD.	3. JAPAN TOBACCO INC
4. ASAHI GROUP HOLDINGS LTD.	5. YAMADA DENKI CO LTD	6. J. FRONT RETAILING CO. LTD.
7. FAST RETAILING CO LTD	8. YAMAZAKI BAKING CO LTD	9. NIPPON MEAT PACKERS INC
10. TAKASHIMAYA COMPANY LIMITED	11. KATO SANGYO CO LTD	12. PALTAC CORPORATION
13. BIC CAMERA INC.	14. SHISEIDO COMPANY LIMITED	15. K'S HOLDINGS CORP.
16. ITOCHU-SHOKUHIN CO LTD	17. MORINAGA MILK INDUSTRY CO LTD	18. KEWPIE CORPORATION
19. DON QUIJOTE CO. LTD.	20. IZUMI CO LTD	21. SAPPORO HOLDINGS LIMITED
22. H2O RETAILING CORP.	23. SHIMAMURA CO LTD	24. LAWSON INC
25. UNICHARM CORPORATION	26. NICHIREI CORPORATION	27. MATSUMOTOKIYOSHI HOLDINGS CO LTD
28. NISSHIN SEIFUN GROUP INC	29. DCM HOLDINGS CO., LTD.	30. ARCS CO., LTD.
31. VALOR CO LTD	32. HEIWADO CO LTD	33. ITO EN LTD
34. NISSIN FOOD HOLDINGS CO., LTD.	35. AT-GROUP CO., LTD.	36. JOSHIN DENKI CO LTD
37. LION CORPORATION	38. NITORI HOLDINGS CO., LTD.	39. SUGI HOLDINGS CO., LTD.
40. TOYO SUISAN KAISHA LTD	41. FAMILY MART CO LTD	42. THE MARUETSU INC
43. TSURUHA HOLDINGS INC	44. KOMERI CO LTD	45. YAKULT HONSHA CO LTD
46. YAMAE HISANO CO., LTD.	47. NISSHIN OILLIO GROUP LTD.	48. COSMOS PHARMACEUTICAL CORPORATION
49. OKUWA CO LTD	50. KIKKOMAN CORPORATION	51. KOHNAN SHOJI CO LTD

52. PRIMA MEAT PACKERS LTD	53. PARCO CO LTD	54. NIPPON FLOUR MILLS CO LTD
55. MAXVALU NISHINIHON CO., LTD.	56. GEO HOLDINGS CORPORATION	57. AEON KYUSHU CO., LTD.
58. STARZEN COMPANY LIMITED	59. YAOKO CO LTD	60. KASUMI CO LTD
61. CAWACHI LIMITED	62. SHOWA SANGYO CO LTD	63. NAFCO CO LTD.
64. AUTOBACS SEVEN CO LTD		

USA

1. SEARS HOLDINGS CORPORATION	2. TUESDAY MORNING CORP	3. VOXX INTERNATIONAL CORPORATION
4. ZALE CORP	5. COLDWATER CREEK INC	6. VALUEVISION MEDIA, INC.
7. PEP BOYS MANNY MOE & JACK	8. HAVERTY FURNITURE COMPANIES INC	9. MARINEMAX INC
10. CHILDREN'S PLACE RETAIL STORES, INC. (THE)	11. CITI TRENDS, INC.	12. DESTINATION MATERNITY CORPORATION
13. PIER 1 IMPORTS INC	14. PERFUMANIA HOLDINGS, INC.	15. CACHE INC
16. STAGE STORES INC	17. AUTONATION INC	18. OFFICE DEPOT INC
19. NEW YORK & COMPANY, INC.	20. SALLUSTRO Y CIA SRL	21. GARCIA REGUERA S.A.
22. VITAMIN SHOPPE, INC.	23. POWERWELL PACIFIC HOLDINGS LIMITED	24. EASYKNIT ENTERPRISES HOLDINGS LIMITED
25. CONN'S, INC.	26. JOS. A. BANK CLOTHIERS, INC	27. BIG 5 SPORTING GOODS CORPORATION
28. SHOE CARNIVAL INC	29. MONRO MUFFLER BRAKE INC	30. CHINA AUTO LOGISTICS INC
31. WET SEAL INC	32. AMERICA'S CAR-MART, INC	33. CHINA HELI RESOURCE RENEWABLE INC
34. FOREFRONT GROUP LIMITED	35. LOJAS HERING S.A.	36. SHOPPING CENTERS PARAGUAY S.A.E.
37. IMPLEMENTOS Y MAQUINARIAS AGRICOLAS S.R.L. - IMAG	38. CAVE SHEPHERD & CO. LTD.	39. STYLAND HOLDINGS LIMITED

40. MERCOTEC SOCIEDAD DE RESPONSABILIDAD LIMITADA	41. VICTORY GROUP LIMITED	42. BIG 5 SPORTING GOODS CORPORATION
43. HKC INTERNATIONAL HOLDINGS LIMITED	44. COURTS (BARBADOS) LTD.	45. GRUPO COMERCIAL GOMO, S.A. DE C.V.
46. SILVER BASE GROUP HOLDINGS LTD	47. UKF (HOLDINGS) LIMITED	48. G.A. HOLDINGS LIMITED
49. TAPE RUVICHA S.A.E.C.A.	50. HARDWARE & LUMBER LIMITED	51. LUXEY INTERNATIONAL (HOLDINGS) LIMITED
52. MILAN STATION HOLDINGS LIMITED	53. AMERICA'S CAR-MART, INC.	

Canada

1.ROSS STORES INC	2. COSTCO WHOLESALE CORP	3. KROGER CO
4. HOME DEPOT INC	5. TARGET CORP	6. AMAZON.COM, INC
7. LOWE'S COMPANIES, INC	8. SYSCO CORP	9. TJX COMPANIES INC
10. STAPLES INC	11. KOHLS CORPORATION	12. GENUINE PARTS CO
13. NORDSTROM INC	14. CARMAX INC	15.L BRANDS, INC
16. FAMILY DOLLAR STORES, INC	17. LIBERTY INTERACTIVE CORPORATION	18 WAL-MART STORES, INC.
19. CORE-MARK HOLDING COMPANY, INC	20. GAMESTOP CORP	21. CASEYS GENERAL STORES INC
22. REILLY AUTOMOTIVE INC	23. UNITED NATURAL FOODS INC	24. SUSSER HOLDINGS CORPORATION
25. BIG LOTS, INC	26. ANDERSONS INC	27. ASCENA RETAIL GROUP, INC
28. HARRIS TEETER SUPER MARKETS INC		

Brazil

1. ABERCROMBIE & FITCH CO	2. LKQ CORPORATION	3. CABELA'S INCORPORATED
4. TIFFANY & CO	5. INGLES MARKETS INC	6. MENS WEARHOUSE INC
7. SPARTAN STORES INC	8. GENESCO INC	9. COSMETICS & FRAGRANCE, INC
10. HHGREGG, INC	11. ULTA SALON	12. FREDS INC

Cayman Islands

1. CHOW TAI FOOK JEWELLERY GROUP LIMITED	2. BELLE INTERNATIONAL HOLDINGS LIMITED	3. CHINA ZHENGTONG AUTO SERVICES HOLDINGS LIMITED

4. BAOXIN AUTO GROUP LIMITED	5. HENGDELI HOLDINGS LIMITED	6. SA SA INTERNATIONAL HOLDINGS LIMITED
7. GRAND OCEAN RETAIL GROUP LIMITED	8. CHINA HARMONY AUTO HOLDING LIMITED	9. LIFESTYLE INTERNATIONAL HOLDINGS LIMITED
10. MAOYE INTERNATIONAL HOLDINGS LIMITED		

Thailand

1. PTG ENERGY PUBLIC COMPANY LIMITED	2.PTG ENERGY PUBLIC COMPANY LIMITED	5. PTG ENERGY PUBLIC COMPANY LIMITED
6. HOME PRODUCT CENTER PCL	7. HOME PRODUCT CENTER PCL	8. HOME PRODUCT CENTER PCL
9. SAHA PATHANAPIBUL PCL	10. SAHA PATHANAPIBUL PCL	11. SAHA PATHANAPIBUL PCL
12. SIAM GLOBAL HOUSE PCL	13. SIAM GLOBAL HOUSE PCL	14. SIAM GLOBAL HOUSE PCL
15. OFFICEMATE PUBLIC COMPANY LIMITED		

Indonesia

1. INDOMOBIL SUKSES INTERNASIONAL TBK	2. INDOMOBIL SUKSES INTERNASIONAL TBK	3. INDOMOBIL SUKSES INTERNASIONAL TBK
4. MULTIPOLAR TBK	5. MULTIPOLAR TBK	6. MULTIPOLAR TBK
7. MATAHARI PUTRA PRIMA TBK	8. MATAHARI PUTRA PRIMA TBK	9. MATAHARI PUTRA PRIMA TBK
10. PT TUNAS RIDEAN TBK	11. PT TUNAS RIDEAN TBK	12. PT TUNAS RIDEAN TBK
13. PERDANA BANGUN PUSAKA TBK		

China

1. SUNING COMMERCE GROUP CO., LTD.	2. HUNAN FRIENDSHIP & APOLLO COMMERCIAL CO., LTD.	3. BEIJING WANGFUJING DEPARTMENT STORE (GROUP) CO., LTD.
4. PANGDA AUTOMOBILE TRADE COMPANY LIMITED	5. SHANGHAI JAHWA UNITED CO., LTD.	6. RAINBOW DEPARTMENT STORE COMPANY LIMITED
7. ZHEJIANG MATERIAL INDUSTRIAL ZHONGDA YUANTONG GROUP CO., LTD.	8. NANJING TEXTILES IMPORT & EXPORT CORP., LTD.	9. JIANGSU HONGTU HIGH TECHNOLOGY CO., LTD.
10. DASHANG CO., LTD.	11. GUANGZHOU FRIENDSHIP	12. SILVER PLAZA GROUP CO.,

	GROUP CO., LTD.	LTD.
13. CHONGQING DEPARTMENT STORE CO., LTD.	14. WUHAN ZHONGNAN COMMERCIAL GROUP CO., LTD.	15. BEIJING CAPITAL RETAILING GROUP CO., LTD.
16. SHANGHAI YUYUAN TOURIST MART CO., LTD.	17. CHANGSHA TONGCHENG HOLDINGS CO., LTD	18. LIAONING CHENG DA CO., LTD.
19. CHANGCHUN EURASIA GROUP CO., LTD.	20. ANHUI XINHUA MEDIA COMPANY LIMITED	21. HEFEI DEPARTMENT STORE GROUP CO., LTD.
22. ZHEJIANG ORIENT HOLDINGS CO., LTD	23. YINCHUAN XINHUA COMMERCIAL (GROUP) CO., LTD.	24. SHANGHAI NEW WORLD CO., LTD. (SNW)
25. XINJIANG YOUHAO (GROUP) CO., LTD.	26. NANJING CENTRAL EMPORIUM (GROUP) STOCKS CO., LTD.	27. XI`AN KAIYUAN INVESTMENT GROUP CO., LTD.
28. WUXI COMMERCIAL MANSION GRAND ORIENT CO., LTD.	29. GIFORE AGRICULTURAL MACHINERY CHAIN COMPANY LIMITED	30. ZHONGXING SHENYANG COMMERCIAL BUILDING GROUP CO., LTD.
31. JIANGSU HIGH HOPE CORPORATION	32. SHANGHAI SHENDA CO., LTD.	33. XI'AN MINSHENG GROUP CO., LTD.
34. JIANGSU HOLLY CORPORATION	35. HANGZHOU JIEBAI GROUP CO., LIMITED.	36. HIT SHOUCHUANG TECHNOLOGY CO., LTD.
37. DALIAN FRIENDSHIP (GROUP) CO., LTD.	38. CHENGSHANG GROUP CO., LTD.	39. WUHAN HANSHANG GROUP CO., LTD.
40. NANJING XINJIEKOU DEPARTMENT STORE CO., LTD.	41. FUJIAN DONGBAI (GROUP) CO., LTD	42. HAINAN ISLAND CONSTRUCTION CO., LTD.
43. FUJIAN ZHANGZHOU DEVELOPMENT CO., LTD.	44. HAINING CHINA LEATHER MARKET COMPANY LIMITED	45. TIANJIN QUANYE BAZAAR (GROUP) CO., LTD.
46. KUNMING SINOBRIGHT (GROUP) CO., LTD.	47. MAOYE LOGISTICS CORPORATION LIMITED	48. SANLIAN COMMERCE CO., LTD.
49. NANNING DEPARTMENT STORE CO., LTD.	50. SHENYANG COMMERCIAL CITY CO., LTD.	51. MINSHENG INVESTMENT MANAGEMENT COMPANY LIMITED
52. SHANGHAI YIMIN COMMERCIAL GROUP CO., LTD.	53. LIAONING SHIDAI WANHENG CO., LTD.	54. SICHUAN DATONG GAS DEVELOPMENT CO., LTD.
55. BEIJING URBAN-RURAL	56. SUNNY LOAN TOP CO., LTD.	57. HARBIN CHURIN GROUP

TRADE CENTRE CO., LTD.		
58. LANZHOU MINBAI SHAREHOLDING (GROUP) CO., LTD.	59. SHENZHEN TELLUS HOLDING CO., LTD.	60. JOINTSTOCK CO., LTD.
61. BAIDA GROUP CO., LTD	62. CHANGCHUN DEPARTMENT JITUAN STORE COMPANY LIMITED	63. SHANGHAI JOIN BUY CO., LTD

India

1. FUTURE RETAIL LIMITED	2. LAHOTI OVERSEAS LTD.	3. YARN SYNDICATE LTD.
4. SHOPPER'S STOP LIMITED	5. CRAVATEX LTD.	6. KEMP & COMPANY LTD
7. TRENT LIMITED	8. ARCHIES LTD.	9. ATHARV ENTERPRISES LIMITED
10. ASIAN STAR CO. LTD.	11. J.L. MORISON (INDIA) LTD.	12. COMPETENT AUTOMOBILES CO. LTD
13. BRANDHOUSE RETAILS LTD.	14. BOMBAY SWADESHI STORES LTD.	15. V-MART RETAIL LIMITED
16. DEVINE IMPEX	17. RAMA VISION LTD	

Australia

1. AUTOMOTIVE HOLDINGS GROUP LIMITED	2. JB HI-FI LIMITED	3. AP EAGERS LIMITED
4. MYER HOLDINGS LIMITED	5. HARVEY NORMAN HOLDINGS LIMITED	6. PACIFIC BRANDS LIMITED
7. FUNTASTIC LIMITED	8. SUPER RETAIL GROUP LIMITED	9. RURALCO HOLDINGS LIMITED
10. WOTIF.COM HOLDINGS LIMITED	11. DAVID JONES LIMITED	12. REJECT SHOP LIMITED (THE)
13. NICK SCALI LIMITED	14. THORN GROUP LIMITED	15. SPECIALTY FASHION GROUP LIMITED
16. NONI B LIMITED	17. BREVILLE GROUP LIMITED	18. VITA GROUP LIMITED
19. WEBJET LIMITED	20. FANTASTIC HOLDINGS LIMITED	21. CASH CONVERTERS INTERNATIONAL LIMITED
22. OROTONGROUP LIMITED	23. ULTRA SALON INC	

Abbreviation:

INC – Incorporation

PLC – Public Company Limited

CO LTD – Company Limited

CORP – Corporation

LTD – Limited