



SOCIAL IMPLICATIONS OF CORPORATE RETAILING: A CASE STUDY OF KERALA

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Abstract

It examines the circumstances in which Kerala's traditional retail sector suffers decline and its implications for the society. The liberalization, privatization and globalization era has brought about many changes in the social life of the people of the world. A market controlled world system creates a market driven society, in which everything is under the strong influence of the market forces. A market determined society operates according to the nature of that market; which also brought structural changes in the society. This structural change transformed the closed society in to an open society. With the emergence of an open society individuals can freely use their discretionary power, which has distorted the entire consumption pattern and social relations. The market, being the cynosure of globalization has significantly influenced the life of Kerala society. Since the market is closely related to the social life, the changes occurred in the market also influence the social life of the people. Here attempt has been made to highlight the social dimensions of new retail phenomena.

Introduction

The growing role and importance of trade has generated increasing interest among policy-makers, academics, scholars, and the general public because of its impact on social, economic and political system across the world. Trade is not merely an economic activity seeking profit alone, but has many important social and political implications. Trade enables mutual exchange of goods and services and is also the foundation of markets. The market functions as one of the basic pillars of the society as it plays a significant role in molding the nature and character of a society. Retail trade has undergone rapid changes during the last two decades. All pervading retail impacts the daily lives of thousands of people.

Objectives

1. To understand the relationship between market and society
2. To analyse the social impact of corporate retailing in Kerala

Methodology

The methodology used for this study is predominantly empirical. The respondents are classified in to two, urban retailers and rural retailers. A detailed questionnaire was prepared for collecting information from the respondents. Separate questionnaires were also prepared for consumers of urban areas of Kerala. 360 small scale retailers were identified on random basis from six different districts of Kerala for the purpose of collecting primary data.

Retail Trade in India

In India, retail sector is considered as the second largest employment guarantor after agriculture. 40 million people are engaged in this sector. But now it is facing the onslaught of national and Multinational Corporations. Both domestic and foreign retailers have opened their outlets throughout India, threatening the livelihood of lakhs of hawkers and small retailers who make a subsistence income on this work. Our retail sector is being hijacked by the heavy weight corporates. The retail sector has acquired a corporate character in many parts of the world. Huge investment, its multinational presence and the centralized procurement system are the major characteristics of these retailers; these are the giant business firms, hence it is generally called corporate retailers.

Traditional retailing in India is dominated by small privately owned shops and hawkers. India has the highest shop density in the world, with 11 outlets per 1000 people. This is largely due to the excellent retailing system that was established by the *kirana* stores that continues to meet with all the requirements of the people. The hawkers/ *lari galla* vendors and local *kiranas* are the two main forms of retail in the country, which almost account for 97% the total retail trade.

Likewise, in Kerala also, large number of people seeks their livelihood from this retail sector. The traditional Kerala retail sector includes small scale retailers, hawkers, street vendors etc. The history of retail trade in Kerala begins with the weekly market system that existed in the state, where all the traders gather at one particular place to sell their products every week. The people come to these weekly markets to buy the household items for the next one week. During the course of time, the weekly market could not satisfy the increasing demand of the people, the weekly market system was gradually transformed to daily market system.



Entry of Corporate Retailers in Kerala

As per the WTO's report India is the country having largest number of retail shops in the world. It is considered as the biggest private employment sector in India. In Kerala it is estimated that with the low capital investment (even with Rs 1000) any one can enter the retail trading in its rural area. But now, this sector is facing the onslaught of domestic and foreign corporate retailers. KVVES's reports show that corpetailers have already opened their retail outlets all over Kerala, although foreign retailers have not yet opened their outlets so far. A number of domestic corporate retailers have opened their outlets in fourteen districts of the state.

The domestic corporates try to expand their business year by year in Kerala. Wal-Mart, the world's biggest retail giant entered into an agreement with Bharati Enterprises to establish a joint venture for whole sale business in India on August 15, 2007. Its decision to open its first store on 61st anniversary of India's independent day evoked criticism from small scale retailers. In mean time the domestic corporate retailers had opened their outlets in different parts of Kerala. In 2005 itself they began construction work in Kerala and opened the first store in 2007. Most of the domestic corporate retailers are focusing on urban market as they can make use of increasing purchasing power and consumer culture of the urban consumers. *Big Bazaar* (Future Group Pantaloon- India), *Reliance* (Reliance Retail), *More* (Aditya Birla Retail Private Limited), *Spencer* (Spencer's Retail Local RPG Group), *Nilgiris* (Nilgiri's Group), Lulu International Shopping mall etc are the major domestic corporate retailers that are operating in Kerala. The average size of these multi storied shopping malls is estimated to be five thousand square feet. In Kerala most of the urban markets have been under the strong influence of domestic corporate retailers, whereas in rural areas they have not been able to open its outlets because of low purchasing power of the rural consumers.

The giant retailers cannot improve their business without weakening the traditional retail sector. It is natural that when the powerful retailers open their stores, the small scale retailers and hawkers will lose their business, as happened in different parts of the world. There is fear among the small scale traders and the hawkers that their business may be gradually swallowed by the heavy weight retailers. This fear is not based on their imagination, but on the basis of experiences of various countries. It is found that the street vendors, vegetable retailers and food grain retailers are the victims of new retail phenomena. The nervousness and apprehensions of small retailers and other traders led to the emergence of various protest movements in Kerala. It is to be noted that Kerala is the first state to conduct an organized protest against the corporate retailers in India.

Traditional retail trade sector in Kerala is in the midst of severe crises. The empirical evidence shows that the entry of corporate retailers in to the retail sector of Kerala has brought about many changes not only in market but in the socio-political life of this small state. The socio economic profile of Kerala shows that it enjoys the first position in the literacy rate (93.91%)¹ in India. This highly literate state is however, not free from the influence of market dominance. Kerala's traditional retail sector considered to be one of the important employment providers in Kerala, and has been badly hit by the entry of corporate retailers in to the field of retail sector, which in turn has negatively affected business of Lakhs of traders and related workers all over Kerala.

Social Implications of Corporate Retailing

In today's world, the central influencing character of market is its capacity to mould and reorganize the society in order to make the market work properly. Market is a juggernaut force that brings out changes in a society. It is probable that the nature of the market is visible in the nature of social structure of a society.

In the perception of Goldthorpe, markets have a profound and destabilizing impact on a society because they dissolve traditional structures and social relations.² It also shows a tendency to incorporate every aspect of society into the nexus of market relations. Through such "commercialization", the market generally brings all facts of traditional society into the orbit of the price mechanism. As a result of market forces, the social relations and the traditional structure of a society will be dissolved.³

Since market works effectively within the social system, any changes occurring in the market will have its own impact on society also. The entry of corporate companies makes a tremendous change in the trading system of the third world countries. They brought about a class based division in the market that led to the creation of an atmosphere equal to *market exclusion*.

Market is considered as one of the basic pillars of a society as it creates and moulds the character and nature of a society in different dimensions. Market is not just a geographical area for buying and selling goods, but it also provides a place and opportunity for social interaction where people from different areas join together and interact with each other. In other words, Markets are very useful institutions, providing the mechanism by which people interact with one another to fulfill



their material needs. Market, as a meeting place of people, provides a wider opportunity for social mingling, which functions as one of the bases of social life. It has become a fact that no one can stay away from market as men have to depend on market for everything. This dependency compels the people to move on to market and developing mental affinity between buyers and sellers and among buyers. These kinds of relationship could be seen in traditional market system. In fact, the trade is not merely a process of selling and buying, but can act as the linchpin of molding and determining the social fabric of a state.

1. Customer flow towards mall and changing attitude of the people

The decline in the number of customers and its resultant sale decline lead the traditional retailers to a pathetic social condition generating unemployment and social distress in the society. In order to understand the customer loss suffered by the traditional retailers, they were asked about whether they face customer loss or not. The survey data reveals the loss of customers suffered by small scale retailers (including street vendors and hawkers) in their business for the period 2007-2014 because of the onslaught of domestic corporaters. This period is crucial as far as small scale retailers of Kerala are concerned as the first corporate retail store was opened in 2007. Since then Kerala's retail sector has been facing the onslaught of domestic corporate retailers. The study shows that 72.2% of retailers were facing customer loss and 27.8% do not face any customer loss. It is evident from table No. 1

Table No: 1- Customer loss in Kerala during 2007-2014

Location of shop	Responses				Total
	Suffer customer loss	Do not suffer customer loss	Suffer customer loss	Do not suffer customer loss	
Urban	131	49	72.78%	27.22%	180
	(50.38%)	(49%)			(100%)
Rural	129	51	71.67%	28.33%	180
	(49.62%)	(51%)			(100%)
Total	260	100			360
	(72.2%)	(27.8%)			(100%)

Source: Survey data

The cross tabulation analysis of rural and urban retailers who suffer customer loss gives detailed information regarding quitting of the customers from the traditional form of retail shops during 2007-2014. During this period, both rural and urban areas faced high level of customer loss. It is the clear indication of changing attitude and aptitude of people towards new shopping culture introduced by the corporates.

2. Indebtedness and Social Stigma

The new retail experience is widely accused for aggravating the indebtedness among traditional retailers. The empirical study shows that majority of small scale retailers in Kerala are in debt. The entry of corporate retailers and its resultant customer loss have debilitated the financial backup of traditional retailers. The small scale retailers were asked about whether they experience debt, and their responses are given in the table No: 2

Table No: 2 - Debt Faced by the Small Scale Retailers

Location	Responses		
	Indebted	Not indebted	Total
Urban	165	15	180
	91.7%	8.3%	100.0%
Rural	141	39	180
	78.3%	21.7%	100.0%
Total	306	54	360
	85%	15%	100.0%

Source: Survey data

The table shows that 85% of small scale retailers in Kerala are in debt. The location wise analysis shows that the vast majority (91%) of urban retailers are in debt. Only 8% of retailers are free from the debt. Majority of rural retailers (78%) are also in debt, and 21% of them are not indebted. Adding fuel to the fire, these financial obligations disturb the social relations and structure of the society. They also opined that they were under the threat of private money lenders.



3. Unemployment and Social Distress

The study shows that the unemployment caused by the new retail phenomena is going to be a serious social problem in Kerala. Retailers, who are affected by the customer loss, also face sale decline and which leads to the closure of the shops. As per the report of KVVES, 80 cases of shut downs of various types had occurred soon after 'Reliance Fresh' opened its first store in Kerala.⁴ As a matter of fact majority of the respondents are not familiar with other jobs. In order to understand their proficiency/skill to undertake other vocations, the small scale retailers were asked about it, and their responses are recorded here.

Table No: 3- Proficiency in Other Jobs

Responses	Urban	Rural	Total
Proficient	2 (1.1%)	3 (1.7%)	5 (1.4%)
Not proficient	178 (98.9%)	177 (98.3%)	355 (98.6%)
Total	180 (100.0%)	180 (100.0%)	360 (100.0%)

Source: Survey data

Majority of retailers are not inclined to leave their business, although a minority among them show flexibility in changing to other areas. The effects of corporate retail have a wider impact on the existing small scale retailers in Kerala. 99% of the urban and 98% of the rural retailers expressed their lack of proficiency/skill to undertake other vocations. Since there is no alternative job option for the retailers, the rate of unemployment will be unpredictably increased. The respondents were sought to express their perception about the availability of other jobs if they leave their traditional field, and their readiness to engage in any other field. Their views are recorded here.

Table No: 4 Location wise Distribution of the Responses of Retailers Regarding their willingness to choose other Alternative Jobs

Responses	Urban	Rural	Total
Willing to leave retailing	33 (18.3%)	13 (7.2%)	46 (12.8%)
Not willing to leave retailing	147 (81.7%)	167 (92.8%)	314 (87.2%)
Total	180 (100.0%)	180 (100.0%)	360 (100.0%)

Source: Survey data

The study shows that majority of respondents (87%) are not willing to leave retailing, only 12.8% of retailers showed their willingness to seek other job. In urban market 18% of retailers are planning to leave retailing while 81% want to remain in this sector. In rural market also, only 7.2% of respondents want to leave retailing while 93% want to continue in their business. The study again searches the reasons for retailers leaving retailing in Kerala.

It is found that the loss suffered in retailing is the major reason for small retailers leaving this field. In the survey, 67% of urban retailers found suffering significant loss in business and 62% of rural retailers also face the same problem. 33.3% of urban and 38.5% of rural retailers were found expressing in favor of opting for other choices. It is a fact that retailers are forced to seek other jobs for their livelihood, due to the loss they are suffering because of corporate intrusion in to their traditional business.⁵

The empirical study further shows that majority of traditional retailers (87.2%) have not decided to leave retailing (See table no: 4) as immediate shut down of shops would cause heavy loss. A small portion of retailers maintained that they could meet the loss of profit through various ways. By the fear of huge loss that may be caused by immediate close down of retail shops, they wanted to be in their business. It is clear that the retailing in urban market is facing the threat of loss of business, yet some of them are managing it despite the loss. In rural retailing also, majority of them can continue in their business as they could manage the loss in profit. It is clear that the retail sector in urban area is facing the onslaught of corporate retailing. In rural retailing the direct impact of corprtailing is not too much visible as there is no corporate retail out let in rural market. In fact, the fear of unemployment creates distress in the traders' community.



4. Growth of Consumerism and Changes in Social Relations

The socio-economic, political and cultural environment of Kerala sets the basic conditions for consumerism. Due to the impact of globalization the changes that occurred in the life style and consumption pattern have led Kerala to a consumer state. Its early contacts with the outside world might have contributed in shaping its consumption behavior as well as its cultural and socio-economic settings. The state is supposed to have inherited many of the consumption patterns and tastes from the affluent societies. Initially consumerism might have originated as a craze for goods, and then transformed to an accepted fashion of social life.

Besides being a process of selling and buying of goods, retailing has been a part of the culture of the society. The traditional markets were the rendezvous for the social gathering, where people used to come and interact with each other; they also knowingly and unknowingly touch each other. This *touch* is, psychologically, an important factor that brings a strong relation between two individuals. Corporate retailing has totally changed the shopping pattern of customers especially in urban area. Unlike the traditional retail market, the corporate retailing does not make any kind of healthy social and psychological relationship between the buyer and the seller, their relation is based only on money. The new trend in the retail sector has brought about new shopping pattern and culture among the consumers. Since the market is the epicenter of the new world order, the changes that take place in the market also reflect in the social sphere.

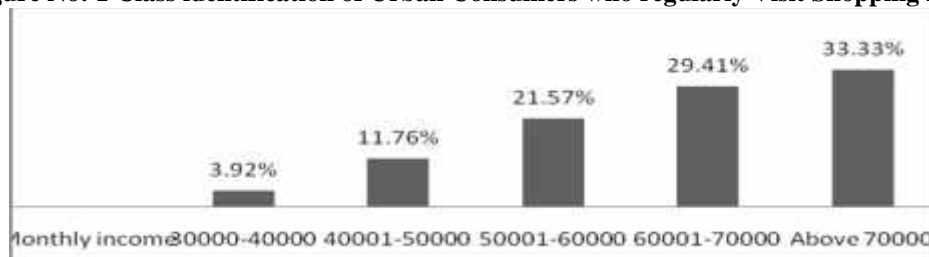
In today's world order, consumerism is a sign of exhibition and expression which determines the social status of people. The new retail experiences reveal that Kerala is a most trusted market for goods produced anywhere in the world. The empirical study finds that small sized shops are replaced by super markets as well as shopping malls. The shopping practices followed by the society are indicative of the consumerist culture prevailing in the state. The entry of corporate retailers in Kerala's retail sector has changed the old form of consumption pattern and it acquired a new shape. The new retail phenomena have totally misled the production sector of the state. It led to the collapse of traditional retailing, small scale industries, deterioration of agricultural sector, declining of land for food grains production and total lack of control over manufacture sector. It is observed that, due to the decline of agricultural sector and traditional retailing a situation like monopsony has been created in the economy. This situation stimulates the burgeoning nature of corporates and changing people to be an 'infinite consumer'. The new 'consumer culture' it has brought about is supposed to have far-reaching effects on the social fabrics of Kerala. The changes in the pattern of consumption also influence the mind, thoughts and behavior of the individual. It is from this market environment the idea of 'use and throw' originated. The 'infinite consumerism' has stimulated the 'use and throw' concept and it influenced the behavior and character of an individual. One of the reasons for the deteriorating human values and social relation among the people is the influence of 'use and throw culture'. The alarming situation that prevailed in the state invited the concern of administrators, policy makers and social scientists.

5. Consumption Pattern and Market Exclusion /Social Division

The relationship between consumption pattern and social class is self-reflexive. In other words, as social class influences consumption patterns, so consumption reflects one's social status. The changes that occurred in the consumption pattern of the people due to the influence of corporate retailers have given an upper hand to the economically rich people of the state. Shopping from such malls compels the people to shape or even reshape their identities, positions, and status in society. The shopping has become a new experience for the customers.

Some of the respondents held the view that shopping brought them pleasure and enjoyment. The empirical study shows that the entry of corporate retailers in to the traditional retail sector has divided the society mainly into two, those who have purchasing power and those who have not, aggravating the existing social division on the basis of wealth and social status. In order to find out the class category of consumers who used to visit shopping mall, the respondents were asked about their monthly income and their sequence of visit. A separate questionnaire was administered for interviewing customers who come out from the shopping mall. The details are recorded in the figure given below.

Figure No: 1 Class identification of Urban Consumers who regularly Visit Shopping Mall



Source: Survey data



Exclusion is basically of two types, forced exclusion and voluntary exclusion. This *market exclusion* is solely based on the purchasing power of the people. In today's market dominated world, the economically poor sections voluntarily keep away from such markets with a belief that it is preordained for economically rich sections of that society. Such market exclusion is detrimental to a healthy social life. In every society the division based on the class is visible. The new changes of market are powerful enough to exacerbate the existing class division in a society. Social division disturbs social relation, which is an important element of a healthy society. The changed social structure changes the social mind (social thinking) of the society, which also makes significant changes in the political thinking of people.

Conclusion

The foregoing discussion reveals that the new retailing is a powerful tool to influence and change the culture of the society. When it destroys the small scale trades, traditional works, agriculture, it indirectly takes away the whole independence of the society, and forced them to depend on others for everything. Here, it is the capitalist forces that indirectly compel the other to be in dependence. This 'dependence' is made possible through market usurpation. The 'dependence', in today's world order, promotes 'consumerism'. This consumerism is a powerful tool that can change the nature of person and finally the nature of a society. Since the shopping became an enjoyment, people encourage it, and this encouragement gradually leads the state to the stage of a full dependency.

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