3.1 Research Objectives

To solve the research problem of this study, the researcher framed a set of objectives furnished here under;

1. To study the objectives behind the liberalization of FDI in multi-brand retail
2. To analyse the profile of retailers and customers
3. To assess the awareness level among retailers and customers with respect to important features of FDI in multi-brand retail policy
4. To examine the opinion among retailers and customers with regard to impact of FDI in multi-brand retail.
5. To categorize and evaluate the shopping preferences of customers and their expectations from retailers
6. To distinguish the relationship between retailers and traders/retailers associations
7. To examine the responses of various stakeholders who responded to the discussion paper floated by Department of Industrial Policy and Promotions(DIPP)
8. To provide suitable suggestions for the advantage of various stakeholders of retail sector including the government.

3.2 Operational definitions of the terms/words used in the context of this research study

Impact - The effect or impression of one thing on another
Retailer - In this research study retailer is referred to organised retail stores such as Specialty stores, Convenience Stores, Super markets and Department Stores and unorganised retail shops such as Kiranas and other small formats with popular merchandise categories
c) **Customer** - a person who buys goods or services from a shop or business (Consumer- a person who purchases goods and services for personal use)

d) **Organised retailing** - The Organised retailing refers to the retailing activities undertaken by licensed retailers that is those who registered themselves for sales tax, income tax, etc.

e) **Unorganised retailing** - is defined as an outlet run locally by the owner or caretaker of a shop that lacks technical and accounting standardization. It refers to the traditional formats of low-cost retailing, for example, the local Kiranashops, owner manned general stores, paan/beedi shops, hand cart and pavement vendors, etc.

f) **Retail Stores** - a place of business usually owned and operated by a retailer but sometimes owned and operated by a manufacturer or by someone other than a retailer in which merchandise is sold primarily to ultimate consumers.

g) **Retail Format** - The retail format is the store 'package' that the retailer presents to the shopper. A format is defined as a type of retail.

h) **Kiranas or Mom-and-pop shops** - A common term for neighbourhood shops selling daily needs such as rice, sugar, chilies, cereals, jaggery and hundred other items used for daily life (These stores are businesses that are owned and operated in a single location rather than being part of a national chain.)

i) **Retail Sector** - the part of a country's economy that is made up of businesses that sell goods through stores, on the internet, etc. to the public: Share prices in the retail sector have been driven up by takeover activity

j) **Foreign Direct Investment (FDI)** - is an investment in a business/company by an investor from another country for which the foreign investor has control over the business/company invested in and the control varies with the level of investment.
k) **Back-end Retail Infrastructure** - Back-end infrastructure’ means processing, manufacturing, distribution, design improvement, quality control, packaging, logistics, storage, warehouse, agriculture market produce infrastructure etc.

l) **Multi-brand retail** generally refers to selling multiple brands under one roof

m) **FDI in multi-brand retail** - FDI in Multi Brand retail implies that a retail store with a foreign investment can sell multiple brands under one roof. This includes all firms in organized retail that seek to stock and sell multiple brands, such as large international retailers like Wal-Mart and Carrefour. This is the sector that is most under dispute.

Note: 2 - The term ‘FDI in retail’ or ‘FDI in MBR’ mentioned wherever in this report refers to Foreign Direct Investment in Multi-brand retail

### 3.3 Research questions

Research questions are broad based inquiries which are framed from the theoretical and research knowledge of the researcher in the chosen field of study. Based on the literature review and theoretical insights drawn on the research theme (Impact of FDI in multi-brand retail on various stakeholders) the following research questions are framed:

1) Will the liberalization of FDI in retail facilitate the growth of Indian retail sector?

2) Whether the primary stakeholders of retail sector are aware of the major features of FDI in retail policy notified recently by the Union Government?

3) Does the opinion among small retailers and organized domestic retailers differ with regard to the implications of FDI in retail?

4) Would the small retailers benefit out from the saying that ‘foreign retailers will bring in efficient supply chain’?

5) Will the neighbourhood shops in urban area be affected by the lucrative pricing and promotions of large format retailers?
6) How shall the new challenges arising out due to the entry of FDI in multi-brand retail be addressed to solve the pertinent problems of small retailers?

7) Do the organized domestic retailers have the system in place to improve their level of retail service to customers compared to foreign retailers?

8) Will the organized retailers benefit from the increased competition from foreign retailers?

9) How will the FDI in multi-brand retail create difference in providing quality goods and services and enhance benefits to customers?

10) Will the FDI in multi-brand retail have a significant impact on the employment potential in retail sector?

11) Will the entry of FDI in retail affect the existence of present retail ecology in India?

12) Will the exclusive regulatory framework to monitor and control retail sector protect the concerns of retailers and customers and help the sector’s development?

13) Whether the responses of various stakeholders to the discussion paper floated by DIPP have differences in their views and do they reflect the expectations of the retail sector?

14) Whether the existing traders or retailers associations play a vital role in voicing the concerns of small retailers to the society and government?

3.4 Hypotheses

To support the objectives 3 and 4 of the research study, the following hypotheses statements are framed by the researcher which is tested using appropriate tools.

_Hypotheses related to retailers with regard to awareness and opinion about FDI in multi-brand retail_
Un-organised Retailers

H1₀ : There is no significant difference between different age groups of respondents with respect to awareness of FDI in MBR and safeguard measures

H1a : There is significant difference between different age groups of respondents with respect to awareness of FDI in MBR and safeguard measures

H2₀ : There is no significant difference between marital status of respondents with respect to awareness of FDI in MBR and safeguard measures

H2a : There is significant difference between marital status of respondents with respect to awareness of FDI in MBR and safeguard measures

H3₀ : There is no significant difference between average monthly shop income of respondents with respect to awareness of FDI in MBR and safeguard measures

H3a : There is significant difference between average monthly shop income of respondents with respect to awareness of FDI in MBR and safeguard measures

H4₀ : There is significant difference between experience in retailing of respondents with respect to awareness of FDI in MBR and safeguard measures

H4a : There is no significant difference between experience in retailing of respondents with respect to awareness of FDI in MBR and safeguard measures

H5₀ : There is significant difference between location status of the shop with respect to awareness of FDI in MBR and safeguard measures

H5a : There is no significant difference between location status of the shop with respect to awareness of FDI in MBR and safeguard measures

H9₀ : There is no significant difference between mean ranks of statements considered towards support of permitting FDI in retail in Tamil Nadu

H9a : There is significant difference between mean ranks of statements considered
towards supporting FDI in retail in Tamil Nadu

H10_0: There is no significant difference between mean ranks of statements considered towards opposing FDI in retail in Tamil Nadu

H10_a: There is significant difference between mean ranks of statements considered towards opposing FDI in retail in Tamil Nadu

H11_0: There is no significant difference between mean ranks of back-infrastructure facilities which requires FDI.

H11_a: There is significant difference between mean ranks of back-end infrastructure facilities which requires FDI.

Organised Retailers

H13_0: There is no significant difference between gender of respondents with respect to awareness and opinion about the impact of FDI in MBR, and safeguard measures

H13_a: There is significant difference between gender of respondents with respect to awareness and opinion about the impact of FDI in MBR, and safeguard measures

H14_0: There is no significant difference between different age groups with respect to awareness and opinion about the impact of FDI in MBR, and safeguard measures

H14_a: There is significant difference between different age groups with respect to awareness and opinion about the impact of FDI in MBR, and safeguard measures

H15_0: There is no significant difference between educational qualification with respect to awareness and opinion about the impact of FDI in MBR, and safeguard measures

H15_a: There is significant difference between educational qualification with respect to awareness and opinion about the impact of FDI in MBR, and safeguard measures

H16_0: There is no significant difference between job position of respondents with respect to awareness and opinion about the impact of FDI in MBR, and safeguard measures
H16a: There is significant difference between job position of respondents with respect to awareness and opinion about the impact of FDI in MBR, and safeguard measures

H17o: There is no significant difference between retailer’s location status with respect to awareness and opinion about the impact of FDI in MBR, and safeguard measures

H17a: There is significant difference between retailer’s location status with respect to awareness and opinion about the impact of FDI in MBR, and safeguard measures

H18o: There is no association between retailer location status and permitting FDI in retail to develop back-end retail infrastructure

H18a: There is no association between retailer location status and permitting FDI in retail to develop back-end retail infrastructure

H19o: There is no association between opinion about allowing FDI in retail in Tamil Nadu and permitting FDI in retail to develop back-end retail infrastructure

H19a: There is association between opinion about allowing FDI in retail in Tamil Nadu and permitting FDI in retail to develop back-end retail infrastructure

H20o: There is no significant difference between mean ranks of statements considered towards support of permitting FDI in retail in Tamil Nadu

H20a: There is significant difference between mean ranks of statements considered towards support of permitting FDI in retail in Tamil Nadu

H21o: There is no significant difference between mean ranks of statements considered towards opposing FDI in retail in Tamil Nadu

H21a: There is significant difference between mean ranks of statements considered towards opposing FDI in retail in Tamil Nadu

H22o: There is no significant difference between mean ranks of back-end infrastructure facilities which requires FDI.
H22a : There is significant difference between mean ranks of back-end infrastructure facilities which requires FDI.

H23a : There is no significant difference between mean ranks of suggestions to sustain domestic retailers’ business.

H23a : There is significant difference between mean ranks of suggestions to sustain domestic retailers’ business.

Customers

H310 : There is no association between Gender of customers and Opinion about permitting FDI in retail in Tamil Nadu

H31a : There is association between Gender of customers and Opinion of about permitting FDI in retail in Tamil Nadu

H320 : There is no association between various age groups of customers and Opinion about permitting FDI in retail in Tamil Nadu

H32a : There is association between various age groups of customers and Opinion about permitting FDI in retail in Tamil Nadu

H330 : There is no association between Occupation of customers and Opinion about permitting FDI in retail in Tamil Nadu

H33a : There is association between Occupation of customers and Opinion about permitting FDI in retail in Tamil Nadu

H340 : There is no association between Location Status of living place of customers and Opinion about permitting FDI in retail in Tamil Nadu

H34a : There is association between Location status of living place of customers and Opinion about permitting FDI in retail in Tamil Nadu

H350 : There is no significant difference between mean ranks of statements
considered towards support of permitting FDI in retail in Tamil Nadu

**H35**$_a$ : There is significant difference between mean ranks of statements considered towards support of permitting FDI in retail in Tamil Nadu

**H36**$_0$ : There is no significant difference between mean ranks of statements towards opposing FDI in retail in Tamil Nadu

**H36**$_a$ : There is significant difference between mean ranks of statements towards opposing FDI in retail in Tamil Nadu

To support the objectives 5 of the research study, the following hypotheses statements are framed by the researcher which is tested using appropriate tools.

*Hypotheses related to customers with regard to their shopping preferences and expectations*

**Customers**

**H24**$_0$ : There is no significant difference between male and female customers with respect to their awareness towards FDI in MBR policy, shopping preferences and expectations

**H24**$_a$ : There is a significant difference between male and female customers with respect to their awareness towards FDI in MBR policy, shopping preferences and expectations

**H25**$_0$ : There is no significant difference between marital statuses of customers with respect to their awareness towards FDI in MBR policy, shopping preferences and expectations

**H25**$_a$ : There is a significant difference between marital statuses of customers with respect to their awareness towards FDI in MBR policy, shopping preferences and expectations

**H26**$_0$ : There is no significant difference between different age groups of customers with respect to their awareness towards FDI in MBR policy, shopping preferences and expectations
H26a: There is a significant difference between different age groups of customers with respect to their awareness towards FDI in MBR policy, shopping preferences and expectations

H27o: There is no significant difference between Occupation of customers and their awareness towards FDI in MBR policy, shopping preferences and expectations

H27a: There is a significant difference Occupation of customers and their awareness towards FDI in MBR policy, shopping preferences and expectations

H28o: There is no significant difference between Location Status of living place of customers with respect to their awareness towards FDI in MBR policy, shopping preferences and expectations

H28a: There is a significant difference Location Status of living place of customers with respect to their awareness towards FDI in MBR policy, shopping preferences and expectations

H29o: There is no significant difference between average monthly family income of customers with respect to their awareness towards FDI in MBR policy, shopping preferences and expectations

H29a: There is a significant difference between average monthly family income of customers with respect to their awareness towards FDI in MBR policy, shopping preferences and expectations

H30o: There is no significant difference between average monthly family expenditure of customers with respect to awareness towards FDI in MBR policy, shopping preferences and expectations

H30a: There is significant difference between average monthly family expenditure of customers with respect to their awareness towards FDI in MBR policy, shopping preferences and expectations
To support the objectives of the research study, the following hypotheses statements are framed by the researcher which is tested using appropriate tools.

**Hypotheses related to assessment of the relationship between unorganised retailers and the retailer/trader associations**

**Un-organised Retailers**

**H6a**: There is no association between age group and membership status in a traders/retailers association

**H6a**: There is association between age group and membership status in a traders/retailers association

**H7a**: There is no association between marital status and membership status in a traders/retailers association

**H7a**: There is association between marital status and membership status in a traders/retailers association

**H8a**: There is no association between location status of shop and membership status in a traders/retailers association

**H8a**: There is association between location status of shop and membership status in a traders/retailers association

**H12a**: There is no significant difference between mean ranks of support/benefit factors for being a member in a traders/retailers association

**H12a**: There is significant difference between mean ranks of support/benefit factors for being a member in a traders/retailers association
3.5 **Scope of the study**

This study provides information about unorganised and organised retail sectors contribution to Indian retail sector alongside brings to light the hard and soft sides of FDI in multi-brand retail and its impact on various stakeholders in the fast growing retail scenario of the country. Retailers and customers’ divergent views with regard to the impact of FDI in multi brand retail, the opinion among retailers with regard to safeguarding their retail business, the shopping preferences of customers and their expectations from domestic retailers brought out through this study. FDI in multi-brand retail policy features, the discussion paper floated by Department of Industrial Policy and Promotion (DIPP) and the stand point of government and others versus the perception and opinion about FDI in multi-brand retail among the unorganised and organised retailers and customers have vast differencesin reality is something that this study has significantly brought out too.

Though FDI in retail may bring some benefits, the bone of contention against FDI in multi-brand retail is that it would displace millions of small retailers business and thereby make them jobless is a serious concern among unorganised retailers in the country. This study from the perspective of retailers and customers explores how they view the impact of FDI in multi-brand retail and what their opinions are in this regard? To investigate these issues, this study explores various factors concerning the opinion of retailers and customers with regard to permitting FDI in multi-brand retail, awareness of FDI in retail policy and need for FDI in back-end retail infrastructure, unorganised, impact of FDI in retail on front end retail operations, sustainability of domestic retailers business, customers’ shopping preferences, store choice including choice of store formats, expectations and perceptions. The gaps in previous research works are also discussed following which the research problem for analysis was developed.
This study significantly contributes to the existing literature of impact of FDI in multi-brand retail on retailers and customers, as it is done in the state of Tamil Nadu. Keeping in mind the study of various literatures on diverse aspects related to retailing, the dynamics of organised retail segment in the sector’s rapid growth, and the consumers’ fast changing pattern of lifestyle and consumption, this study emerges as a significant one since this study covers across the state of Tamil Nadu to explore and analyse the impact of FDI in multi-brand retail on unorganised retailers alongside drawing the views of organised domestic retailers and also from the consumer who is the pivot of retail sector around whom it revolves and evolves. Being a multi-dimensional study carried out with various stakeholders of the retail sector, the researcher is highly confident of contributing significant and pragmatic directions to the unorganised retailers in particular and retail sector in general which certainly would enhance their business opportunities beyond the challenges posed by FDI in multi-brand retail, hence would not only enhance opportunities to improve their business revenues but also identify future business avenues.

3.6 Challenges of the study

There were few stumbling blocks experienced in the conduct of the research. They are

a) Questionnaire and Interview Schedule(IS) Preparation

b) Language barrier

c) Reluctance among retailers

d) Sample Size

e) Distance coverage

a) Questionnaire and Interview Schedule(IS) preparation

The researcher had to develop separate research instruments for two different retailers i.e. a questionnaire for organised retailers and an interview schedule for unorganised retailers
as there are several fundamental differences with both of them though they belong to the same family ‘Retailers’. Any research undertaken with regard to the impact of FDI in multi-brand retail on retail sector, should inculcate the opinion and views of customers without him the research would never be complete since the customer is the pivot on whom the whole sector revolves and evolves. Hence there was a necessity to develop another questionnaire exclusively for collecting the data from customers.

b) Language Barrier

Though the research instruments were developed in English, considering the limitations of unorganised retailers in understanding the English questionnaire since most of them were illiterate or school educated the researcher realised the need for translating the interview schedule into Tamil language. Also during the pilot study the researcher found that a considerate number of organised retailers and even customers had difficulties in understanding the questions in English. Thus there was a necessity to translate the respective instruments into Tamil to enable ease of understanding among respondents. It took lot of time and effort for completing the task successfully.

c) Reluctance among Unorganised retailers

Illiteracy or low literacy and lack of interest in participating in such studies among most of the unorganised retailers invoked hurdles in the pathway of researcher to convince the respondents to participate in the study. Especially the respondents in rural areas were more hesitant to participate and most of them wanted to avoid meeting for this purpose either in the garb of illiteracy or lack of time though most of them after being convinced responded to the questions with interest. The researcher had to spend more time in convincing these respondents, and considering the sample size chosen for study, collecting data from these respondents took lot of effort, time and energy.
d) Sample Size

The sample size considered for the study is 1160 which is huge in total as summed up total of unorganised retailers-384, organised retailers-196 and 580 customers. Since the overall sample size considered for the study is large, the time period consumed for collecting data was long and the work concerned to data collection was tedious since the researcher had to visit all the respondents in person as the samples chosen for study are physical store retailers and customers who were spread across the state. Also the resources consumed for such extensive work was enormous.

e) Distance Coverage

The samples considered for study was distributed to several districts spread across all the four directions of the geography of Tamil Nadu. The researcher travelled across the length and breadth of many districts of the state to meet the respondents. This task was time consuming and resource consuming too. Otherwise the whole experience was pleasant for the researcher.

3.7 Limitations of the study

➢ Outcome of the research is limited to retail sector of the state of Tamil Nadu and same can be generalised to other states or whole of India if the objectives and requirements of the study are similar.

➢ Retail sector in a broad sense involves different stake holders like organised retailers with multiple modern formats, unorganised retailer with traditional formats, and most importantly the customers, farmers, suppliers, manufacturers, distributors, various retailers/traders associations and so on. This study is limited to “Retailers and Customers” with regard to the impact of FDI in multi-brand retail, which the researcher considers as the core of the retail sector in the present scenario.
Research on the impact of FDI in retail sector with specific reference to multi-brand retail itself is still at nascent stage alike the organised retail sector is yet to go a long way to grow to be recognised as an industry and secondly there are no research studies from/on Tamil Nadu in this aspect. Hence only a few related studies were reviewed during the research.

3.8 Research Plan

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*Note: I.S (U.O.R) refers to Interview schedule (Unorganised Retailers), Quest (U.R) refers to Questionnaire (Organised Retailers) and Quest (Cust) refers to Questionnaire (Customers)*