

ABSTRACT

Retail markets in Malaysia were protected from foreign direct investment and competition until the latter part of the 1980s when the Government began a deliberate policy of liberalisation. This change is exemplified by French hypermarket chain Carrefour opening the first hypermarket in Malaysia, in 1994. Carrefour was the hypermarket leader in France and experienced in developing economies, e.g. Thailand; Brazil. The large scale and technologies of the hypermarket selling space and organisation were new to Malaysia, and visibly attracted large numbers of customers.

Hypermarkets increased their presence in Malaysia in a short period of time. The 1999 Review of Progress of the Seventh Malaysia Plan surfaced impending change to the traditional retail trade. These small, family owned and operated businesses began to experience decline and disruption. Was the hypermarket perpetrating a negative development trend for tens of thousands of small businesses - or was the hypermarket a symptom or catalyst, or both, of the structural change that was now visibly occurring among shopping venues in large towns in Peninsular Malaysia? By 2002, although fewer than 25 hypermarkets were in operation at the time, such perceptions became a growing source of concern to stakeholders in the traditional retail trade and to politicians.

On April 10th, 2002 the Minister for Domestic Trade and Consumer Affairs, Tan Sri Muhyiddin Yassin, suggested a change in government policy: Hypermarkets should be curtailed in order to preserve small retailers. The Ministry followed up on November 1st, 2003, declaring a five year ban on construction of new hypermarkets in Klang Valley¹, Johor Bahru and Penang. Nevertheless, on May 4th, 2009 the Government news agency, Bernama, informed that 78 hypermarkets were in operation in Peninsular Malaysia between hypermarket chains Carrefour, Tesco and Giant, and 107 hypermarket licenses in all had been issued between these three non-Malaysian chains. Hypermarkets by Malaysians could be counted on two hands. Hypermarket growth in Peninsular Malaysia had been spectacular since the first hypermarket opened its doors. Ten years on, the scene was opaque for lack of synthesis and a shortage of studies on the structural development in the provisions retailing, a gap this study contributes to bridging.

¹ An urban conurbation, 4.8 million people in 2000, in the state of Selangor, incorporating Kuala Lumpur (Kuala Lumpur City Hall)

The Study has sought by qualitative methods to analyse and thereby better understand and articulate current and historical conditions and context impacting traditional provisions retailing in Peninsular Malaysia.

Contemporary retail change has historical antecedents. Secondary data was collected and evaluated and informed the Study of retailing history and phenomena unique to Malaysia. In what may be viewed as a contrarian outcome, historical antecedents for Malaysia suggest that the ethnic composition of the retail businesses, traditionally dominated by ethnic Chinese traders, is influenced by secular forces without connection to broadly perceived notions about superior trading ability among ethnic Chinese traders in Malaysia relative to ethnic Malay traders.