Socialization of Frugality: Lessons from Practices of the Marwari business community

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The ecosystem for startups is evolving rapidly in India. An increasing number of young ventures are raising institutional money, yet it is commonly known that young ventures are constrained in terms of funds availability on an ongoing basis. Indeed, it has been long established that serial entrepreneurs are essentially experts at managing with low levels of resources. This calls for entrepreneurs not to lose sight of prudent and parsimonious deployment of resources even when afforded with external investors’ funds. Scholars have begun examining the relationship between frugality and small firms failure [1], as also its relationship with bootstrapping behaviours. Towards this sensibility, new age entrepreneurs do not have to look far, for the indigenous community of Marwaris studied by social scientists [2] have been known to exhibit frugality as one of the key traits. That gets passed on through generations. In popular culture, at times this community has faced loathing for being frugal, what in reality is one of the key dimensions of their long-standing business success for centuries. However, frugality as a trait is something not explicitly exhibited or acceded to by people as it is not associated with positive aspects and often becomes the point of ridicule in daily conversations. Additionally, practicing it is generally not seen as a choice, but outcome of circumstances of lowering income levels, losses in business, job loss etc. This makes practicing frugality as an indicator of failure. On the contrary, in case of Marwari business community, our ethnographic research showed that practicing frugality is natural to its subjects and a way of life as it transcends multiple spheres beyond commercial ones. In this article, we explore the practice of frugality in the Marwari business community, in families which are not burdened by any explicit or immediate scarcity of funds.

So far, scholars have largely looked at commercial spheres while studying indigenous business communities [3] and have understudied the role other spheres such as family, community, and religion play in shaping mercantile commerce (for exception see [4]). Our research, investigates wider social practices underlying commonly cited drivers of commercial success of family businesses whose owners belong to certain prominent business communities. This article deconstructs frugality based on our study of business practices of this community. We conducted an ethnographic investigation, accessing actors in their own cultures wherein the second author shifted from his university town to an industrial town of Marwar region and stayed there with his family (wife and son) for a year. He engaged in participant observation by working in a five-decade old textile business house and through his gatekeepers accessed multiple and diverse sites beyond commerce and observed various important family and community events.

Marwaris operate across India and overseas, originally hailing from an arid region spanning eight districts located in western part of Rajasthan, a province in India. While closely observing and analyzing this community, we noted the importance of ‘practices’ constituting daily doings and activities that spans multitude of spaces, commerce being one only of them. In social sciences as well, underscoring importance of ‘practices’, scholars have gone beyond merely viewing it as phenomenon and moving beyond to theorize it as perspective and a philosophy. Practice theorists in breaking away from methodological individualism, appreciate the role of practices as enabling or constraining activities within a particular field of inquiry, thereby recognizing agents to be at the intersection of routinely performed activities. It is with this spirit that Schatzki defines practices as “embodied, materially mediated arrays of human activity centrally organized around shared practical understandings” [5]. Frugality as a practice can be viewed as constituting activities that are performed based on shared practical understandings within Marwari business community. When viewed at the level of a community, it cannot be treated as an individual trait, but a shared phenomena emerging through certain rearing patterns, labor of multiple actors, enabling institutional configurations and concurrent religious philosophies which we briefly illustrate here.

Parsimonious use of resources: From a very early age, Marwari children are taught to recognize the value of resources and using them carefully.

"my mother will scold me if I sharpen my pencil again and again, making it very small today itself... will not be given new pencil tomorrow and then I have to manage with tiny one " (a kid telling his non-business community friend at English medium public school)

While accessing religious carnivals (melas), we saw tableaus that had banners persuading not to waste water, food etc. At local temples, where business families would gather, monks preached about conserving resources and the benefits of practicing minimalism. When families went out to eat, homemakers were careful about prices of dishes in the menu and ordered only those which were reasonably priced and difficult to cook at home. This ensured balancing between entertainment and excessive spending.

Bargaining and search for the best price: When adolescents were ridiculed if they purchased anything at MRP and not asking for discounts from shopkeeper, wards complained to which parents replied –

Son: Won’t it look bad and disrespectful to keep arguing with the shopkeeper?

Mother: Who asked you to argue... you could have left that shop after asking once for discount and moved to another one.

Often, many things that adolescents were told by family members were at conflict from what they were taught at westernized convent schools that they attended. They were told not to reveal the price of their belongings (say clothes, toys etc.) to their classmates. Ingraining community’s ways of doings was a very slow and gradual process marked by appropriate socializations at various stages of growth and their participation in different kinds of tasks, ensuring learning by doing. Community members ranging from relatives, seniors, office bearers of community associations such as youth wings also played key role in shaping next generation’s attitude towards money and its collectively shared system of meanings.

Tackling volatility and inventory management: Hailing from an arid region, few practices that were developed historically to tackle famines and shortages continue in these times despite year-round availability through better storage and supply chains and increased purchasing power of the capitalist classes. Marwari homemakers routinely gather in small groups and process vegetables and lentils to convert them into food items such as pickles, papad and vadiya that would last for more than a year. While such items today are readily available off the shelf in the marketplace and business families have
enough purchasing power to buy them, we found such practices to be omnipresent among homemakers of business families while it was waning among service-class families belonging to the same geographies. Doing it in-house at the time of harvest of respective key ingredients was based on the belief that not only it reduces cost, but also aids in providing immunity from the volatility of commodity prices round the year.

Discussion and Implications

We noted elements of frugality and associated practices among actors ranging from kids, adolescents to homemakers at multitude of spheres such as household, schools and temples (Refer Figure 1). Practices which drive parsimony, help tackle volatility and valorize bargaining even in activities considered mundane by others was crucial, as at an aggregate level, it made a difference to the community’s fortunes. Strategies of preservation through value-addition practiced at commercial spheres were not restricted to commodities but also included money (or capital) whose cost (interest rates) fluctuated in the market like any other commodity and therefore Marwaris relied more on internal accruals or intra-community capital, making them self-sufficient. Frugal living ensured that despite affordability as well as availability of resources, conservation prepared them to be resource-rich even during periods of slowdown. Frugality did not carry negative connotations among Marwari business community. On the contrary, spending excessively raised eyebrows wherein intra-community credit lines and it’s terms and conditions were affected, turning them into more of arm’s length’s nature than relational dealings based on kinship ties.

The idea of efficiency is a long-standing concept in management that constitutes multiple dimensions and predates industrial revolution. This article delves into one key dimension of efficiency and shows how notions of efficiency can be found beyond commercial spheres. This study extends the idea of frugality by showing how a community practices it despite being resource-rich, affluent, and dominant in commerce. It holds implications for new age entrepreneurs operating in a VUCA world. Many startups do get funded but how are they utilized could impact survival. Startup founders emerging from elite institutions can learn from this community to be parsimonious in operating their new venture even when they are afforded with funds. Their probability of survival and stability would increase if they were to practice parsimony, extensive bargaining, deploying tactics that makes them immune from market volatility, not only at the enterprise level but as a way of daily living of the family which has been practiced by Marwaris, the indigenous successful entrepreneur. Incubation centers can also play an important role in highlighting such naturalized (yet acquirable) tactics and strategies of prominent business communities.

References


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