

Global Economic Shifts and Their Impact on India's Salon Sector: Challenges and Transitions

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Abstract:

The emergence of multinational corporate (MNC) salons has revolutionized India's salon market by rendering traditional barbers unemployed. The study explores the change in the livelihood of barbers from being individual entrepreneurs to employees of MNCs, what prompted them towards this transition, and its socio-economic effects. With a mixed-method design, data was obtained from 50 salons within Ballari district through questionnaires and interviews.

Keywords: Economic Globalization, Informal Sector, Beauty Industry, Livelihood Transitions, Global Economic Shifts, Salon, Savitha Samaja, Barbers, Hairdressers,

1. INTRODUCTION

Due to the economic shifts, technological advancements, and changing consumer preferences the global beauty and grooming industry have undergone significant changes. Especially in India, rapidly growing middle class and increasing disposable incomes, has emerged as a key player in this sector. The salon industry, has witnessed a huge surge in its demand, fueled by urbanization, the influence of social media, and a growing emphasis on personal grooming. However, this growth has also brought about profound changes in the market dynamics, with the rise of multinational corporate salons (MNCs) challenging the traditional, independent salon ecosystem.

The entry of corporate MNC salons into India has introduced new standards of service, branding, and customer experience, reshaping the competitive landscape. While these salons offer modern amenities and professionalized services, they have also created challenges for traditional Indian salons, which often struggle to compete with the resources and scale of MNCs. Additionally, the transition of barbers and stylists from independent entrepreneurs to employees in corporate salons has raised questions about job security, working conditions, and the preservation of traditional skills.

2. Literature Review

The current literature identifies key aspects of India's salon industry in the informal economy. Suresh and Manjunatha (2025) illustrate that the Savitha (Barber) community in Ballari District mainly changes occupations for social status reasons (61.5%), even though they experience financial dissatisfaction (78.8%) and restricted career advancement (82.7%), highlighting the long-standing low societal image of barbering (98.1%). This is consistent with Gururaja and Ranjitha's (2021) report of how COVID-19 disproportionately affected India's informal economy, where 119 million job losses contributed to poverty and food insecurity, bringing to light systemic weaknesses resulting from the lack of social protection.

Additionally, Gururaja and Parida (2020) point out the informal sector's contradictory function—of having employed 85% of India's labor force, especially rural and less-educated labor, yet keeping them outside formal inclusion and GDP accounting. Govindappa and Gururaja's (2017) micro-level analysis of Davangere salons confirms these challenges, with evidence of hindrances such as financial exclusion and labor shortages, even as the sector contributes significantly to employment. Overall, these studies promote policy interventions, including skill development, financial inclusion, and formalization. But a research lacuna of major concern exists on how globalization-led corporate salon expansion engages with these prevailing informal sector dynamics, more specifically livelihood displacement, occupational shift by caste, and the effectiveness of prevailing policy responses in curbing these challenges. In particular, there is scant empirical research on how conventional barbers cope with the twin pressures of MNC competition and social stigma, or how regional differences (e.g., North Indian vs. South Indian labor preferences in corporate salons) intensify inequalities. This research fills these gaps by exploring the localized effects of corporate salon expansion in Ballari District, combining caste, labor, and globalization insights.

Statement of the Problem

The emergence of multinational corporate salons (MNCs) in India has transformed the salon industry by introducing contemporary facilities and professionalized services. But, traditional Indian salons find it difficult to keep pace with competition, and their resource availability as well as brand image suffer. Moreover, the shift of barbers and stylists from small entrepreneurs to corporate workers poses job insecurity and work environment concerns. Though the industry has expanded, there is less research available regarding the effects of global economic change on India's salon industry

Objectives of the Study

1. To study the growth and influence of corporate MNC salons in India.
2. To analyze the challenges faced by traditional salons in the evolving market.
3. To explore the transition of barbers from independent entrepreneurs to employees.
4. To examine the difficulties faced by employees working in MNC salons after their transition.

Research Design

The study conducted in Ballari District, Karnataka, India, a region with a mix of urban and semi-urban areas, making it suitable for examining the impact of global economic shifts on the salon sector. A sample size of 50 salon shops will be selected, including both traditional salons and corporate MNC salons, using purposive sampling to ensure diverse representation.

The research will adopt a mixed-method approach, combining quantitative and qualitative methods. Surveys will be conducted among the 50 salon stores to gather quantitative information on market trends, competition, and operational challenges. In addition, semi-structured interviews will be conducted with salon owners, barbers, and hairstylists to obtain qualitative information on their experience, challenges, and understanding of the industry's changes. Secondary data in the form of industry reports, government reports, and scholarly studies will be utilized to obtain context and substantiate the primary data.

Indian grooming sector

India's beauty and personal care market is growing fast, drawing international salon chains because of increased disposable incomes and growing demand for high-end services. MNC salons offer standardized service, international product offerings, and luxury experience, especially in cities and semi-cities. India's salon market, worth ₹80,000 crore (USD 10 billion) in 2023, is expected to reach ₹1.5–2 lakh crore (USD 20–25 billion) by 2028 with a growth rate of 15-18% CAGR with increased disposable income, urbanization, and the impact of social media. The industry has different segments like unisex salons,

women's salons (contributing 60% of revenue), men's grooming centers (growing at 20% CAGR), luxury salons (highly preferred in metro cities), and franchise-based chains. Luxury salons are becoming popular with cutting-edge hair and skincare services. Even with rapid growth, 70% of the market is still unorganized, controlled by independent salons, whereas the organized sector is expanding with franchise models in tier-II and tier-III cities through brands such as Lakmé Salon, Naturals Salon & Spa, Jawed Habib, and Green Trends. The sector has more than 10 million professionals, including stylists and beauticians. MNC salons like L'Oréal Professionnel, Toni & Guy, and Jean Claude Biguine are growing in India via franchises and company-owned outlets, backed by FDI policies, growing demand for premium products among consumers, and penetration into smaller cities. These global brands are revolutionizing the Indian salon market by introducing global beauty standards, offering international job opportunities and training, elevating competition that compels local brands to step up the quality of their services, and raising customers' awareness of sophisticated beauty therapies.

Leading MNC Salons in India

Brand	Company	Origin
L'Oréal Professionnel	L'Oréal Group	France
Toni & Guy	Toni & Guy	UK
Jean Claude Biguine	Jean Claude Biguine	France
Streax Professional	Henkel AG	Germany
BBlunt	Godrej (Intl. collab)	India
Lakmé Salon	Unilever	UK/Netherlands
Naturals Salon	VKV Health & Beauty	India (Intl. tie-ups)
Regis Salons	Regis Corporation	USA
Hair Masters	Hair Masters Intl.	France
Shahnaz Husain	Shahnaz Husain Group	India (Intl. collab)

(Sources: Company reports (2021-2023) and IBEF (2023). Full references in bibliography.)

SALON INDUSTRY IN BALLARI DISTRICT

Ballari district in the northern tip of Karnataka, is an area of around 8,450 square kilometers. Based on the 2011 Census, the population of the district stands at 2,452,595 with 1,232,191 being male and 1,220,404 female and having a sex ratio of 991 women to 1,000 men. The district includes various taluks that range from Ballari to Kampli, Sanduru, Siruguppa, and Kurugodu.

Ballari is of historical importance since it is home to the UNESCO World Heritage Site of Hampi, the old capital of the Vijayanagara Empire. The district is also economically well-endowed with mineral resources, specifically iron ore, and hence nicknamed "Steel City of South India." Agriculture is also important, with paddy, maize, and cotton being the dominant crops. Kannada is the predominant language, though there is a sizeable Telugu-speaking population.

Background of the Salon Sector In Ballari, more than 700 small salons are owned and run by local barbers, who are the backbone of the grooming sector for the masses. Savitha community people, the majority of whom belong to the Telugu language-speaking community, run most of the urban salons, while rural barbering is primarily done by the Hadapada community, who speak Kannada.

Challenges Faced in Rural and Urban Areas

Rural Regions: Barbering is involved in caste-based disputes. Upper-castes tend to pressurize barbers not

to serve Dalits, which results in legal and social challenges. If the barbers oblige, Dalits register cases against them; if they do not, they are boycotted by dominant castes. Therefore, most villages in Ballari do not have decent salon facilities.

Urban Areas: Although caste discrimination is not as common, barbers face high shop rents. Most landlords do not want to rent out spaces because of social stigma attached to the occupation. Even if they do, they charge very high rents, which makes it hard for barbers to start or maintain their businesses.

3. SWOT Analysis of Traditional Salons in Ballari

Strengths	Weaknesses
Local Language Proficiency – Fluent in Kannada & Telugu, ensuring customer comfort.	Lack of Marketing – Minimal promotion reduces visibility.
Established Presence – Generations-old salons earn community trust.	Limited Technology Adoption – No digital tools for booking or management.
Personal Customer Bonding – Loyal customers ensure steady business.	Low Education Levels – Limits financial management and expansion.
Affordable Pricing – Lower costs attract a larger clientele.	Poor Infrastructure – Outdated equipment and inadequate facilities.
Cultural Significance – Essential for weddings, festivals, and rituals.	Social Stigma – Profession faces societal discrimination.
Opportunities	Threats
Government Support – Financial aid & skill programs can modernize businesses.	Competition from Corporate Salons – MNCs attract customers with premium services.
Growing Urbanization – Expanding population increases customer base.	High Rent in Urban Areas – Rising costs affect sustainability.
Digital Management Adoption – Online booking & records can boost customer retention.	Caste-Based Challenges – Social discrimination limits business in rural areas.
Business Collaborations – Partnerships with beauty brands & wedding planners can increase revenue.	Hygiene Concerns – Poor sanitation affects trust & compliance.
Training & Upskilling – Learning modern techniques can improve service quality.	Economic Instability – Irregular incomes hinder expansion.

Emergence of Corporate Salons in Ballari Ballari has witnessed an emergent growth of corporate salon chains like Naturals, L'Oréal, Lakmé, and Toni & Guy. These salons provide high-end infrastructure, latest technology, and premium ambiance. They render services like spa treatment, facials, body massage, and fashionable haircuts, frequently employing online booking facilities and aggressive social media marketing.

Key strategies are:

- **Seasonal Discounts & Membership Plans** – Yearly and half-yearly membership offers draw a dedicated customer base.
- **Digital Marketing & Influencer Collaborations** – Social media campaigns promote visibility.
- **Hiring Skilled Professionals** – Corporate salons hire trained professionals from Bihar, Uttar Pradesh, and West Bengal to ensure service quality.

IMPACT OF CORPORATE MNC SALONS ON TRADITIONAL LOCAL SALONS

The ascension of corporate multinational (MNC) salon chains has profoundly affected classic local salons. Such new-age salons introduce high technology, high-quality services, and robust marketing, making it tough for small barbershops to survive. The effect can be examined on a number of prime areas:

1. **Customer Loss:** Corporate salons entice customers with upscale grooming facilities, professional equipment, and branded products. Young and urban customers largely opt for such salons because of hygiene, atmosphere, and contemporary hairstyling options. Old-fashioned salons, with simple infrastructure, fail to hold customers, particularly the younger generation.
2. **Growing Competition and Price Competition:** MNC salons provide discounts, membership schemes, and reward points, which small salons cannot do. People are ready to pay more for branded services, thereby decreasing the bargaining power of small salons. Local barbers have to maintain low prices, which impacts their revenue and viability.
3. **Skill Gap and Service Expectations:** Corporate salons equip their employees with updated techniques, trend styles, and customer service. Consumers have similar professional expectations from local barbers, but few of them receive formal training. In the absence of upskilling, local barbers struggle to respond to shifting market needs.
4. **Brand Reputation and Trust:** MNC salons spend money on branding, establishing trust and reliability among customers. Local salons are usually informal and disorganized and do not have brand identity and customer loyalty schemes. Customers equate branded salons with quality, even though local barbers offer the same services.
5. **Digitalization and Online Presence:** MNC salons use online booking platforms, electronic payments, and social media promotions. Conventional salons depend primarily on walk-ins and word-of-mouth, which is restrictive. Being offline restricts the ability of small salons to gain new clients.
6. **Increasing Operational Costs:** The increased dominance of company salons pushes rent and shop prices up in business districts. Small barbershops find it hard to pay for desirable locations, leaving them to locate in less convenient areas. Most barbers rent premises, finding it hard to maintain their enterprise.
7. **Shifting Customer Preferences:** Customers these days want salons that provide additional services such as spa treatments, hair coloring, and skincare. Old barbershops primarily offer basic haircuts and shaving, restricting their clientele. Without modernization, local salons may lose ground in the business.
8. **Social Status and Perception Shift:** The salon industry is becoming more professionalized due to corporate chains. The traditional barbers, who tend to come from lower socio-economic classes, find it difficult to be socially respected. Younger barbers are not willing to carry on with the profession because of its diminishing prestige.

Response	No. of Respondents	Percentage (%)
Total Respondents	50	100%
Gender		
Male	50	100%
Female	0	0%
Age Group		
18-25 years	3	6%

25-35 years	10	20%
35-45 years	21	42%
45-55 years	16	32%
Marital Status		
Married	36	72%
Unmarried	14	28%
Educational Qualification		
No Formal Education	5	9%
Primary Education	30	60%
Secondary School (High School)	15	30%
Pre-University Course (PUC)	1	1%
Salon Ownership		
Own Salon	3	6%
Rented Salon	45	90%
Commission-Based Work	2	4%
Monthly Profit		
Below ₹10,000	16	31%
₹10,000 - ₹20,000	23	46%
₹20,000 - ₹30,000	10	20%
Above ₹30,000	1	3%

(Source: primary data)

The study of 50 salon employees indicates a male-dominated occupation with 100% male and an aging labor force, as 74% are aged 35-55 and only 6% are between 18-25, pointing to low youth involvement. A high 72% are married, indicating high family financial obligations. Education levels are notably low, with 60% having only primary education and 9% having no formal education, which may limit business expansion and financial management skills. Salon ownership is low, as 90% operate in rented spaces, reducing profitability, while only 6% own their salons and 4% work on commission. Economically, 31% earn less than ₹10,000 per month, and 46% earn ₹10,000 - ₹20,000, indicating moderate income with financial instability. Only 3% earn more than ₹30,000, indicating low high-income opportunities.

Transition of Barbers from Entrepreneurs to Employees

The transition from independent entrepreneurship to salaried employment for barbers is motivated by various socio-economic reasons. Barbering, an age-old, caste-based vocation, is under pressure today due to increased competition from branded salons, evolving customer needs, and the increased role of technology in the beauty and grooming sector. Independent barbers face financial instability as a result of inconsistent incomes, increased operational expenses, and few opportunities for business growth. Inaccessibility to formal training and up-to-date hairstyling methods also erodes their competitive advantage. Moreover, digital payment systems, as they raise transactions, tend to leave barbers unable to properly handle earnings due to limited financial literacy.

Working in traditional salons or other sectors provides financial stability, social mobility, and career progression on a predictable pattern, hence, an attractive option. A lot of barbers also switch to salaried employment in order to get away from caste-based occupational identity and pursue greater career

prospects. The change causes anxiety about decreasing entrepreneurship in the community. In order to harmonize stability and independence, specialized interventions, such as skill improvement, business skills, and financial inclusion initiatives, are necessary in order to equip barbers to maintain independent establishments while evolving to industry developments (Suresh N 2025). Despite looking for employment opportunities in corporate MNC salons in Ballari, a majority of conventional barbers get rejected because companies favor employees from North India, leaving them jobless. Consequently, they are caught between two stools—cannot run viable businesses because of competition from salons owned by corporate entities and cannot find work in them either. This makes it necessary for most barbers to seek alternative employment. Since they lack formal education, unfortunately, they find it difficult to get good jobs, and added social stigma reduces their chances of employment even more compared to the rest of job applicants.

DIFFICULTIES FACED BY BARBERS WORKING IN MNC SALONS AFTER THEIR TRANSITION

A considerable number of barbers have joined corporate salons' employment, mostly youth who have moved to Bengaluru from Ballari. But all those who have shifted are facing numerous challenges:

1. **Low Income:** Their wages are low and unable to maintain their households, rendering financial security a topmost issue.
2. **Long Working Hours:** They are asked to work long shifts, even without incentives.
3. **Lack of Professional Training:** They are not given proper training compared to those from other places, which holds back their professional growth.
4. **Low-Level Tasks Assignment:** Rather than hairstyling, they are frequently used for cleaning and supporting jobs, lowering the level of satisfaction.
5. **Job Security Threat:** They face the danger of losing jobs when professionally qualified staff members come on board.
6. **No Social Security:** These barbers do not have access to employee benefits such as PF, ESI, or health cover.
7. **Language Barrier:** Difficulty in communication with clients as many are not proficient in English.
8. **Technology Challenges:** Trouble working with online resources to manage salons and engage with clients.
9. **Work Culture Adjustment Issues:** Corporate salon work culture adaptation is tough owing to various expectations and company rules.

Findings of the study:

1. **Pricing Disparity:** Locals' barbershops pay around ₹100 for a haircut, while corporate chains take ₹350.
2. **Shifting Customer Preferences:** 70% of young clients prefer upscale corporate salons rather than conventional barbershops.
3. **Employment Obstacles:** Local barbers are frequently rejected when seeking jobs at corporate salons, which prefer the recruitment of North Indian workers as opposed to local Karnataka barbers.
4. **Harsh Working Conditions in MNC Salons:** Workers labor for long 14-hour workdays (7 AM - 9 PM) without receiving overtime wages. They receive a paltry ₹15,000 a month—half of what they earned as independent barbers. They also have no health coverage or employment perks.
5. **Financial Challenges Faced by Traditional Barbers:** 90% of barbers are not shop owners but pay

exorbitant rents. Nearly half of them earn only ₹10,000-20,000 per month, making it difficult to support their families.

6. **Caste-Based Discrimination:** In villages, upper-caste groups still pressure barbers not to serve Dalit customers. In cities, barbers face discrimination, paying 40% higher rents due to societal biases against their profession.
7. **Technology Gap:** Only 10% of small salons use online booking systems or digital payment methods, making it difficult for them to compete with corporate salons.

Recommendations of the study:

1. **Economic Relief** – The government can offer low-interest loans, rental incentives, and economic subsidies to enable traditional barbers to run their establishments.
2. **Upgrading Skills & Modernization** – Skill development centers must train barbers in latest haircutting techniques, computer hardware, and people management skills.
3. **Embracing Technology** – Online appointment, online payment, and social media advertising must be made compulsory for local barbers in order to fetch them customers.
4. **Caste-Based Discrimination** – Social prejudices should be eradicated through awareness campaigns to treat people equally in rural and urban regions.
5. **Diversification of Services** – Salons should expand their services by adding skincare, hair coloring, and high-end grooming to match corporate salons.

Employment in Corporate Salons

6. **Fair Recruitment Practices** – Corporate salons must recruit local barbers rather than recruiting employees from other states.
7. **Enhancing Working Conditions** – Laws must provide corporate salon workers with decent wages, overtime compensation, medical insurance, and normal working hours.
8. **Government Supervision** – The government must implement labor laws to avoid exploitation of workers in corporate salons.
9. **Promoting Entrepreneurship** – Talented barbers employed in MNC salons must be provided with financial and training assistance to establish their own shops.

Conclusion:

The rapid growth of corporate salons in India has given rise to both challenges and opportunities for traditional barbers. Although MNC salons provide trendy services and appeal to young clients, local barbers face financial insecurity, old methods, and restricted entry to technology. Moreover, working in corporate salons provides harsh working conditions, low pay, and no benefits.

For achieving a balanced industry growth, conventionally trained barbers require money, skill development, and exposure to technology. Corporate salons also need to enhance labor standards and local hiring. Elimination of caste-based discrimination and support for entrepreneurship can further empower barbers and result in a competitive, inclusive, and equitable salon industry.

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