

ANALYZE THE HUMAN RESOURCE MANAGEMENT PRACTICES IMPLEMENTED IN THE ORGANIZED RETAIL INDUSTRY IN INDIA

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ABSTRACT

Organized retail, which is about 17% of the market, is expanding rapidly at 20% per year. This is driven by the emergence of large retail outlets and shopping malls. Research shows that another reason for the boom in organized retail is the emergence of middle class, which as of today is close to 300 million people – showing a growth of nearly 2% a year. Human Resource Management (HRM) is steadily moving up the value chain and becoming a critical stakeholder for the Industry. The dynamic nature of this market has made availability of talent indispensable for survival. The need for focused talent attraction, development and retention strategies has made it imperative for Human Resource (HR), traditionally seen as a support function in retail, to step up and take on a more strategic role. For HR to integrate with the Business as a strategic function we need to be clear on the Strengths and Opportunities that HR can build upon and simultaneously be aware of Weaknesses and Threats that can pose new challenges to HR in the retail industry. The present study will provide a clear picture on the issues related to the HR practices and its impact on employees. The study will also focus on the various problems and challenges faced by the HR department in procuring and retaining the employees of organized retailing companies.

Keywords: Human Resource Management Strengths and Opportunities

INTRODUCTION

Human Resource Management (HRM) is the organizational function that deals with issues relating to people such as compensation, hiring, performance management, safety, benefits, employees motivation, communication, administration and training. HRM is a strategic and comprehensive approach of managing people at workplace. Its role in the company's success is growing rapidly with the growth in many sectors in the present globalized era. The HRM practices are crucial in designing the structure for manpower staffing, performance appraisal, compensation and training and development. Innovative HRM practices can play a crucial role in changing the attitude of the employees. The HRM practices in the service sector especially in the area of retailing have found significant importance in the present scenario. The retailing is one of the service sectors where the need of qualitative human resource is highly expected.

INDIAN RETAIL INDUSTRY: AN OVERVIEW

Retailing is one of the pillars of economy. It consists of all activities that result in the offering for sale of merchandise to consumers for their own use and is the final step in bringing goods to the end-users. According to US consulting group AT Kearney's report published in June, 2010, India is the third most attractive retail market for global retailers among the thirty largest emerging markets. The Indian retail industry has expended by 10.6

percent between 2010 and 2012 and is expected to increase to US\$ 750-850 billion by 2020. The greater availability of personal credit and a growing vehicle population providing improved mobility contributed towards annual retail sales growth of 12.2 percent. Though the Indian retail sector is dominated by unorganized sector with 90 percent share, it is providing immense opportunities for large scale retailers to set up their operations. The organized retailing sector is steadily increasing with the entry and operations of departmental stores, hypermarkets, supermarkets and specialty stores which are replacing traditional formats dramatically altering the retailing landscape in India.

Organized Retailing in India

Retailing in India has been achieving a noticeable growth in the organized sector since the liberalization of our country's economy that began in the early nineties. The retail market in India is said to be fragmented with only around 8% of the sector organized, which means that only 8% of the retailers are registered under the regulations and licenses. The remaining part of the sector is unorganized. It is hence viewed as a big opportunity for the future for the organized retail firms to evolve and grow in India.

REVIEW OF LITERATURE

Research from Global Hunt India shows sector-wise analysis that is BPO, ITeS and aviation sectors will witness attrition level of as much as 40-45 per cent this year, followed by retail and telecom (35-40 per cent), IT (30 per cent), pharma and infrastructure (20-25 per cent), while research and development will see 15-20 per cent of attrition. The Indian retail market, which is the fifth largest retail destination globally, has been ranked as the most attractive emerging market for investment in the retail sector (AT Kearney's 2019). In 2007, the retail trade in India had a share of 8-10% in the GDP (Gross Domestic Product) of the country. In 2019, it rose to 12%. It is also expected to reach 22% by 2030. Among the 500 top retailers in Asia-Pacific 17 Indian retailers mark their position, as against 87 from China, 72 from Japan, 48 each from Korea and Taiwan, 40 from Australia, 38 from Hong Kong and 31 from Singapore (Retail Asia July 2008). According to the Compare Info base Limited, 2007, almost all the sectors in India are facing attrition, but the reasons and effects are unique to each sector like 50% in retail sector, 50% BPO sector, aviation 46%, telecom 30%, financial 40%, FMCG 17%, manufacturing, biotechnology 35%, pharmaceuticals 32% (Niketh S 2008).

Mobley et al concluded that a number of studies offered moderate support for a negative relationship between satisfaction with supervision and turnover (i.e. the higher the satisfaction with supervision, the lower the turnover). Lee & Corey stated that SCM consists of the integration activities taking place among a network of facilities that procure raw material, transform them into intermediate goods and then final products, & deliver products to customers through a distribution system. Giunipero et.al. in a recent literature review of a decade of SCM literature note that the literature, in reality, is still very fragmented and although several studies purport to discuss supply chain issues, most of the existing research only examines one link of the chain, or more importantly only focuses on one ingredient in the supply chain performance mix. The impact of human resource management (HRM) policies and practices on firms performance is an important topic in the field of human resource management, industrial relations, and industrial and organisational psychology. High Performance Work Practices, which can improve the knowledge, skills, and abilities of a firm's current and potential employees, increase their motivation, reduce shirking, and enhance retention of quality employees (Jones & Wright 1992). Retailers achieve their financial objectives by effectively managing their five crucial resources: their location, merchandise inventory, stores, employees and customers. Human Resource Management (HRM) is particularly

vital in retail sector as they are labour intensive like service sector. HRM can be the basis of a sustainable competitive advantage for the following three reasons. First, labour cost accounts for a significant percentage of retailer's total expenses. Thus, effective management of employees can result in cost advantage. Second, the experience that most customers have with a retailer is determined by the activities of employees who select merchandise; provide information and assistance and stock display and shelves. Thus, organisation's talent plays a major role in differentiating a retailer's offering from its competitors offering. Finally, the potential advantages are difficult to duplicate.

OBJECTIVES OF THE STUDY

To study the current status of Indian retail industry.

- To study the HR challenges faced by the organized retailers while implementing such practices.
- And finally to come out with the conclusion and suggestions.

RESEARCH METHODOLOGY

This is an empirical study based on primary & secondary data. Primary data has been collected by observation and interview method. The secondary data has been collected from Books, Periodicals, News papers, Journals, Internet.

HUMAN RESOURCE MANAGEMENT IN ORGANIZED RETAIL

Recruitment: Depending on the size of the number of vacancies or if it's a new store then campus recruitment is done or recruitment is done through recruiters and consultants. For shop floor sales requirement advertisement is put up in the local news papers.

Selection: Selections are based on group discussions & interviews. Some retailers take an entrance test followed by group discussion and personal interview.

Performance Appraisal: It is one of the most controversial systems within human resource. No one in any organization is ever happy with the system because it explores the bitter truth of an employee. It is inherently conflict based because it is subjective and differs from person to person.

Training and development: Retail industry has finally taken shape in India, and is experiencing a rapid growth. Since organized retail is growing tremendously procuring trained human resource for retail is a big challenge. The talent base is limited and with the entry of big retailers in the market there is a huge demand of trained and skilled professionals in this sector. This has led many retailers to introduce Learning and Development department within the organization.

Compensation: Compensation is payment for services rendered to an organization by an employee. Compensation may be direct or indirect compensation & is a motivator for employees at all levels.

Rewards, Incentives and Recognition: Every retailer is looking at various ways to motivate their employees and reduce attrition rate. Introduction of rewards, incentives and recognition of employee is increasingly becoming popular within the industry. Retailers like PRIL have launched PERK Performance Enhancement Reward Kit and star performer of the month in their stores. They are used to reward performance at the individual, team and organizational level.

Employee Discipline: It is a management tool to correct employee behavior.

HUMAN RESOURCE CHALLENGES IN ORGANIZED RETAIL

Lack of skilled manpower: The organized retailing is a massive man power oriented industry that recruits a large pool of employees. However, there is a huge scarcity of skilled retail professionals. This can be attributed

to the fact that retail has never been considered as a prominent profession in India as there were very few retail professional courses still few years back.

Stress in Working Culture: The working pattern of retail industry requires employee to put in long hours of work which generally cause fatigue and result in lower motivation among employees. Besides this, in part-time and casual jobs there is less job security, flexible shifts, unlimited working hours, lower salary and benefits & poor working conditions resulting into stress and working problems.

Lack of Formal Education in Retail Management: There is requirement of qualified and talented manpower to look after day to day operations and cater to the wide spectrum of customer desires. As there is lack of formal vocational institutes where students can be trained, most of retailers in India depend on in house training or fulfilling their training needs with small institutes.

Workforce Attrition: There seems to be high level of attrition in the retail sector which is almost 40% according to a recent study.

Threat of Poaching: Employee poaching is also very high both in organized as well as unorganized retail industry. Skilled manpower is scarce in this industry and as such attracting the employees of competitors by offering them better salaries is a rather easy option.

THE RESPONSIBILITY AND SCOPE OF HR:

From the following Diagram we can understand the role of HR in Retail Sector-

- Till a few years back human resources in any retail organization in India used to treat employees within the organization as just one employee number and there used to be no emotional bonding. Here the responsibility of human resource means nothing but administration work such as preparing salaries on month ends and recruiting staffs. Slowly this notion is dying out and most companies have started utilizing this department in a more productive manner. Now the administration part is either outsourced or a separate department is created for the same so that the human resources team can concentrate and develop their responsibility in the corporate. They have now started understanding the importance of employees and started developing various methods to retain them.
- The challenges that face the retail industry in India today as it whizzes along on the fast lane. Companies are being challenged to reorganize and adapt their employees to become more efficient. The key concerns for HR as hiring skilled talent, retaining critical talent and engaging and motivating employees. Also, retail is a thin margin business compared with other service industries where the rewards and dividends are far higher. So, the task of retaining key people becomes all the more difficult. The task of attracting the best people and keeping them happy is big enough to keep every HR head awake at night. The responsibility of HR in addressing challenges in the retail sector, he needs to pre-empt and plan for the workforce skills that will be required in the future given the changing industry scenario. It also needs to develop the capability of in-house talent while also working with employees to chart out tangible career paths.

CHALLENGES OF HUMAN RESOURCE :

As retailers in India weather the economic challenges and prepare for competition from new players, it is evident that sharpening their talent portfolio will be critical to succeed. The key task for HR is to help shape a highly skilled, engaged and productive workforce and to discover newer sources of effective talent. In an industry that is characterized by enormous flux, change seems to be the only constant. HR's challenging responsibility, then, is to pre-empt industry trends, identify future business needs and create a pool of future-ready talent.

Evidently, the challenges are many and there is no one-size-fits-all formula for success. A lot depends on how proactively firms pick up the warning signals. As globalization and shifting consumerism continues to affect the retail environment, a number of critical HR pressure points directly support profitability, including:

- Recruiting employees
- Retaining the customer
- Retaining the employee
- Organizational reputation and branding

HR objectives when addressing these challenges.

High Turnover : Retail is notorious for having a high rate of employee turnover. This means employees routinely come and go, which poses several challenges. Training and developing are difficult, time consuming and constant if you constantly have to recruit and hire new people.

Diversity : A diverse workforce is typically regarded as a good thing. It helps a retailer better connect with its marketplace and usually leads to more and better ideas and results. However, from an HR challenge is to manage diversity to avoid major conflicts and promote a spirit of tolerance, teamwork and collaboration

Misconceptions : To build a staff of competent, committed and motivated employees, retailers must overcome a number of common challenges and misconceptions about the work environment. Common concerns include long hours, no full-time jobs or benefits, low pay and no growth opportunities. Overcome these challenges by going against the industry grain is the biggest challenge of the HR.

Seasonal Demand : Retailers often experience seasonal demand fluctuations. Retailers often try to add temporary staff during these times. They often wind up with fewer skilled and trained workers who might not have the tools to best serve customers. These workers can also alienate regular staff that must pick up the slack..

Building Capability : The store supervisor or manager is often young and inexperienced and has several young store executives reporting into him. HR holds the responsibility for building the capability of these young supervisors to lead and motivate their teams.

Increasing employee productivity : In an era of cost-cutting and wafer thin margins, HR has to focus on building manpower efficiencies and on ways to enhance employee productivity on an ongoing basis.

Employee engagement and communication : The retail organizational structure brings in unique challenges in terms of keeping employees in distant, diverse locations engaged and excited about organizational goals this is done at multiple touch points by involving senior management across the organization.

RECOMANDATION:

The HR needs to come up with new initiatives for the welfare of the staffs. They should provide recreational facilities to them, at-least once in a month the HR needs to interact with every individual employee and address to their personal issues, and need to highlight the same to the management. The HR also needs to be involved with the team, understand the effort they are putting in while working for extra hours, around fifteen to eighteen hours. The HR's job is a tough job as he has to cater to employees coming from different background, with different grievances or queries, need to be able to reply or solve them very positively without creating any imbalance, thus creating harmony. At times it becomes very difficult for an HR to handle such situations. Experience and everyday learning makes one perfect in this field. One needs to be personally very strong as an individual to handle this role otherwise tend to lose very early. HR's who have joined as executives and then get

promoted as managers in the Corporate office after getting exposed to tremendous knowledge and experience in handling employees. They have then started training; mentoring and guiding the sales team on the shop floor.

CONCLUSION

The importance of human resources in the organizational point of view is need of the hour especially in the era of globalization. The effectiveness of human resources are directly influencing the organizational productivity. From the study on HRM activities in organized retailing, it is observed that all the three select retail companies have been actively engaged them selves in terms of man power planning and taking responsibilities over estimating manpower gaps. Retail organizations have significant business challenges ahead. In order to continue to survive and thrive, executives must align employee performance with customer satisfaction and loyalty as a part of a successful retail strategy. The human resource management practices are vital for the development of any business or sector. The HRM practices have inevitable dependence on the organized retailers. In retail organization Human Resources is the backbone of the business. Each employee has a big role in a small retail environment. Hence the HR team needs to really take care of them and take care of their daily requirements. HR needs to take care of their health, need to create vibrancy, develop eloquently motivational factors like incentives or perks to continuously motivate them and also impart knowledge to them and train them periodically so as they become more efficient in their work. If the employees are taken care of they will in turn automatically take care of the organization and thus build a fiduciary relationship. The HR department is facing the challenges which include high attrition rate, absenteeism, and implementation of innovative practices in the retail outlets. Hence, from the study, it was found that the HR management practices in the retail outlets are still in the initial stages of development. The employee facilities and proper performance appraisal measures will always encourage the employees to achieve the best. Hence, the retail outlets should decide and implement proper HR practices in order to retain and develop the work force who are the assets for the development. Therefore, the retail sector in India has been defined by experimentation, risk-taking, trial-and-error methods. Its manpower intensive nature and unique requirements have resulted in human resource considerations taking on paramount importance for the sustainable growth of the sector.

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