

# Managing Human Resources in Retail Sector - An Upcoming Challenge



## Management

KEYWORDS :

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### ABSTRACT

*In the era of consumerism, unprecedented awareness and a youth-hefty customer base, India is perceived as 'Most Promising Land' for the global and domestic retailers. As per Global Retail Development Index (GRDI), India has placed among the one of the top most destinations for retail investment with a huge potential for consumer goods marketing. As per the report of McKinsey Global Institute (2007), India is becoming the world's 12th Trillion dollar economy, and further it predicts that India is well on its way to become the world's fifth largest consumer market by 2025. The Indian Retail market is professed as potential goldmine and is attracting a large number of giant International and domestic players in anticipation of explosive growth. In India, sudden and unprecedented growth in organized retailing poses a challenge to human resources development. Therefore, it would be helpful to look at the usefulness of HRM in retailing emerging requirements and challenges and measures to improve work culture in Indian scenario.*

### Introduction

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in India can be seen through the rapidly growing middle class consumers and increase in per capita spending by consumers. Organized retail sector accounts for close to only three percent of the retailing industry in India. The organized retailers are trying innovative models and formats to woo the customers. These retail formats are Convenience stores, Chain stores, Franchise, Specialty stores, Departmental stores, Super markets, Hyper markets, Shopping malls, Shopping plaza, Discount stores, Factory outlets, Second outlets, Kiosk etc. Customers look for variety, convenience, quality and price at these retail outlets. The retailers have come out with creative and innovative retail outlets to meet customer's needs and demands. Unorganized retailing sector refers to the Low-cost retailing for example the small Kiriyana shops, General stores, Paan-bidi shops, Handcarts, Pavement vendors etc.

### PERSONNEL MANAGEMENT IN RETAILING

#### Aim & Objective of the Study

The study is conducted to evaluate the following purposes.

- 1) To simplify the concept of retailing.
- 2) To clarify scope of HRM in retailing
- 3) To study the challenges of HRM in retailing
- 4) To know significance of HRM in retailing.

#### Hypothesis

HRM plays a significant role in the progress of retailing.

#### Research Methodology

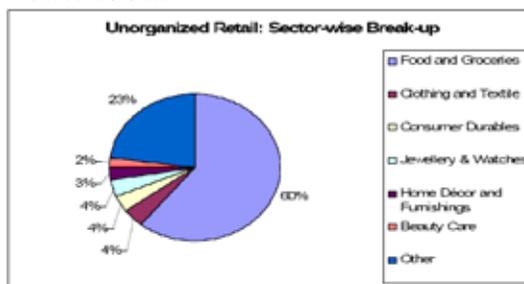
Coverage of the study: Research based study covers both unorganized and organized sectors of retailing. It also covers the current and future perspective of HRM in retailing.

#### Data collection:

- a) Primary Data : The employees and the retailers were personally contacted for collecting information.
- b) Secondary Data: It is collected through a number of books, journals, monthly magazines and newspapers. Information has been properly interpreted and analyzed.

#### Findings of the Study

India has been operating its own unique concept of retailing like Weekly heats, Weekly bazaars, Month long duration jatras, Trade fair, Exhibition, Business Carnivals and Festivals etc. This practice is still popular in many parts of India. The organized retailing in India can be seen in the functioning of stores such as Akabarallys in Mumbai, Nilgiris and Spencer's in Chennai. These stores locked the infrastructure support and proper human resource management. The emergence of retailing trends



#### HRM in Retailing

Employment market in India is facing deficiency for skilled man power. The retail industry is generating huge employment opportunities. Need of man power is in the all functional areas. The industry is looking for human resources to see the customers at retail outlets and to inspire them indirectly for more buying. The requirements are also for proper category wise display and layout at products to attract customers. Research personnel are required to know, understand & assess for what customers are seeking for in the outlets and out of the store.



### Scope of HRM in Retailing

Today, 21 million peoples are employed in the retail sector in India, which is 7% of the total national workforce. Employee workforce requires proper training, motivation and guidance through Human Resource Management. The HRM policy enhances the performance of the organization. Retail enterprises would want to structure and assign task, policies and resources in order to meet their goals. Now day's retail organizations have required a skilled work force. There are a few steps that form the core of HRM in retail.

- Outline the specific tasks among channel members and customers.
- Grouping the tasks into jobs.
- Classifying the jobs.
- Finally integrating the position in the organization charts.

The specific tasks mentioned above deals with a number of activities which a retail enterprise undertakes such as price fixation, shipping merchandise, supply chain management, marketing research, customer interaction, sales, after sales services. According to the needs these tasks may be outsourced or divided among the retailer. After the retailer determines the tasks which it would perform, they are grouped into jobs such as sales development manager, cash manager, merchandisers, display executives, store managers and marketing executives. In the Retail sector there could be some difference in HRM practice due to lengthy working hours, pool of inexperienced workers, up and downs in customer demand, and geographic location of the store. A good decor and environment, services, are also important to make a mark in the customer mind. Hence quality of the services and how these services are provided to the customers becomes significant in our present times.

### HR CHALLENGES IN RETAIL SECTOR

Today, the main challenges faced by the HR departments mainly relate to resolving the following problems faced by the retail industry in India.

#### Unskilled and Semi skilled Workforce

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

According to a survey carried out by Associated Chambers of Commerce and Industry of India (ASSOCHAM), retail sector is among stress and mental fatigue had intensified during the recent times. 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 in retail sector, there is less job security, flexible shifts, unlimited working hours, lower salary and benefits, poor working facilities, and need to juggle multiple jobs to earn a livelihood contribute to stress and working problems.

#### Lack of Skills and Talent

Present scenario predicts that there will be a very high demand for manpower to match the scope of rollout plans of various players in the near future. It is estimated that 10 million people will be required in organized retail by the current year 2013 (Pant 2007).

This gives a clear indication of extent of human resources required to support the growth of retailing in India. The sector is facing talent. Crunch because neither the skill required on such a large scale is available nor there is training infrastructure facility for them.

#### Lack of Formal Education in Retail Management

KPMG report (2006) point out that there are also competency gaps in various key areas like supply chain logistics, vendor

development and customer relations 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. For from end staff attrition rate is believed to be 25% to 50% which may be due to large number of inexperienced and part-time staff. At lower levels some perennial issues for high employment turnover with sector are: seasonal employment during peak trading period and the perceived lack of career opportunities.

#### Threat of Poaching

"The biggest poachers are the BPOs. Every second youngster levelling us joins a BPO". At the same time, upcoming retail chains are poaching from multinationals and the established retail players like Future Group's Pantaloon, Aditya Birla's More, Shoppers Stop, Kishore Biyani's Big Bazar and Bharti Retail's Easy Day for back end operations. But for front-end operations like HR and merchandise management, the target is FMCG.

#### Dynamic and Complex HR Environment

The retail human resources environment in India is very complicated with lack of experience and trained people, Lack of sources of employment and little focus on HR planning, compensation measurement and working condition. In addition to this, the perception of working within retail is poor with entrenched beliefs that all rolls involve long and unsocial hours, which limit the ability of employees to manage the balance between work and life. It may be business requirement to open the stores on holidays and festivals but from employees' perspective that deprives them of community activities.

#### HRM - Beneficial Tool in Retailing

Today Retailing places a growing emphasis on speed and urgency. The ability to increase customer service, the development of new products or service for the market, and the training and education of technicians, managers, and astute decision makers are required in retaining business. When new persons join in enterprises, as induction programme is conducted by HR manager. The purpose of such programme is to familiarize the new employee about the enterprises policy and method of doing business. In retail, special importance is given to the training of sales staff as they are commonly termed as the face of the enterprises.

#### Critical Success Factors

Critical success factors for an HR professional in the retail industry are given below.

- Strong customer service orientation
- Effective communication skills
- Fast decision making capabilities
- Ability to collaborate and operate within a team, interpersonal skills
- Strong result orientation
- Analytical and problem-solving abilities
- Flexibility and ability to deal with ambiguity
- Creativity and innovation

#### Conclusion and Summary

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 role, then, is to pre-empt industry trends, identify future business needs and create a pool of future-ready talent. HR's role in this scenario can be summarized in this anecdote that "Every morn-

*ing in Africa, a gazelle wakes up. It knows it must run faster than the fastest lion or it will be killed. Every morning a lion wakes up. It knows it must outrun the slowest gazelle or it will starve to death. It doesn't matter whether you are a lion or a gazelle... when the sun comes up, you'd better be running."*

#### Glossary

- 1) ASSOCHAM – Associated Chambers of Commerce and Industry of India.
- 2) FICCI – Federation of Indian Chambers of Commerce & Industry.
- 3) GRDI – Global Retail Development Index.
- 4) HRM – Human Resource Management.

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