

40.HUMAN RESOURCE PRACTICES IN THE ORGANISED RETAIL SECTORS

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ABSTRACT

Indian organized retail market is growing at a fast pace due to the boom in the India retail industry. In 2005, the retail industry in India amounted to Rs 10,000 billion accounting for about 10% to the country's GDP. The organized retail market in India out of this total market accounted for Rs 350 billion which is about 3.5% of the total revenues. Traditionally the retail industry in India was largely unorganized, comprising of drug stores, medium, and small grocery stores. Most of the organized retailing in India have started recently and is concentrating mainly in metropolitan cities.

The growth in the Indian organized retail market is mainly due to the change in the consumer's behavior. This change has come in the consumer due to increased income, changing lifestyles, and patterns of demography which are favorable. Now the consumer wants to shop at a place where he can get food, entertainment, and shopping all under one roof. This has given Indian organized retail market a major boost. Retail market in the organized sector in India is growing can be seen from the fact that 1500 supermarkets, 325 departmental stores, and 300 new malls are being built. Many Indian companies are entering the Indian retail market which is giving Indian organized retail market a boost. One such company is the Reliance

Industries Limited. It plans to invest US\$ 6 billion in the Indian retail market by opening 1000 hypermarkets and 1500 supermarkets. Pantaloons are another Indian company which plans to increase its retail space to 30 million square feet with an investment of US\$ 1 billion. Bharti Telecoms an Indian company is in talks with Tesco a global giant for a £ 750 million joint venture. A number of global retail giants such as Walmart, Carrefour, and Metro AG are also planning to set up shop in India. Indian organized retail market will definitely grow as a result of all this investments.

Indian organized retail market is increasing and for this growth to continue the Indian retailers as well as government must make a combined effort. The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. Total consumption expenditure is expected to reach nearly US\$ 3,600 billion by 2020 from US\$ 1,824 billion in 2017. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space. India's retail market is expected to increase by 60 per cent to reach US\$ 1.1 trillion by 2020, on the back of factors like rising incomes and lifestyle changes by middle class and increased digital connectivity. Online

retail sales are forecasted to grow at the rate of 31 per cent year-on-year to reach US\$ 32.70 billion in 2018. Indian market has high complexities in terms of a wide geographic spread and distinct consumer preferences varying by each region necessitating a need for localization even within the geographic zones. India has highest number of outlets per person (7 per thousand) Indian retail space per capita at 2 sq ft (0.19 m²)/ person is lowest in the world Indian retail density of 6 percent is highest in the world. 1.8 million Households in India have an annual income of over 4.5 million (US\$62,615.70). While India presents a large market opportunity given the number and increasing purchasing power of consumers, there are significant challenges as well given that over 90% of trade is conducted through independent local stores. Challenges include: Geographically dispersed population, small ticket sizes, complex distribution network, and little use of IT systems, limitations of mass media and existence of counterfeit goods.

India is expected to become the world's fastest growing e-commerce market, driven by robust investment in the sector and rapid increase in the number of internet users. Various agencies have high expectations about growth of Indian e-commerce markets. Luxury market of India is expected to grow to US\$ 30 billion by the end of 2018 from US\$ 23.8 billion 2017 supported by growing exposure of international brands amongst Indian youth and higher purchasing power of the upper class in tier 2 and 3 cities, according to Assoc ham. The Indian retail trading has received Foreign Direct Investment (FDI) equity inflows totaling US\$ 1.42 billion during April 2000–June 2018, according to the Department of Industrial Policies and Promotion (DIPP).

With the rising need for consumer goods in different sectors including consumer

electronics and home appliances, many companies have invested in the Indian retail space in the past few months. Beckons, a South Korean designer brand is set to enter the Indian market with an investment of about Rs 1.00 billion (US\$ 14.25 million) and open 50 stores by June 2019. Wal-Mart Investments Cooperative U.A has invested Rs 2.75 billion (US\$ 37.68 million) in Wal-Mart India Pvt Ltd.

The Government of India has taken various initiatives to improve the retail industry in India. The Government of India may change the Foreign Direct Investment (FDI) rules in food processing, in a bid to permit e-commerce companies and foreign retailers to sell Made in India consumer products. Government of India has allowed 100 per cent Foreign Direct Investment (FDI) in online retail of goods and services through the automatic route, thereby providing clarity on the existing businesses of e-commerce companies operating in India.

E-commerce is expanding steadily in the country. Customers have the ever increasing choice of products at the lowest rates. E-commerce is probably creating the biggest revolution in the retail industry, and this trend would continue in the years to come. India's e-commerce industry is forecasted to reach US\$ 53 billion by 2018. Retailers should leverage the digital retail channels (e-commerce), which would enable them to spend less money on real estate while reaching out to more customers in tier-2 and tier-3 cities. It is projected that by 2021 traditional retail will hold a major share of 75 per cent, organized retail share will reach 18 per cent and e-commerce retail share will reach 7 per cent of the total retail market. Nevertheless, the long-term outlook for the industry is positive, supported by rising incomes, favorable demographics, entry of foreign players, and increasing urbanization.

INTRODUCTION

Human Resource Managements role in the company's success increases each day. Human Resource Management is a vital function in organizations. It is becoming more important than ever. Line managers are getting involved in HRM, and human resource managers are becoming members of the management team. Also, everyone in the organization can make a contribution to the management of people and the success of the organization at the same. The Human resource Management functions play a very important role in providing a competitive advantage to the organization.. The organized retail sector has grown tremendously due to its improved HR practices. Due to the direct link between the human resource practices and the organizational productivity, many organizations have started giving attention to the HR practices that they follow. Organised retailing is bracing itself to measure for adoption of better HR practices in organizations. The companies dealing in organized retail in India are increasingly acknowledging the fact that their core strength lies in the efficiency of their man power and they need to continuously cement their work force in order to compete their position in the market and for this their focal point should be in the HR practices they follow in their organization. In this paper, the researcher has tried to study the various human resource practices followed in the organized retail outlets and to also identify the various problems and challenges faced by these sectors.

HUMAN RESOURCE ENVIRONMENT OF RETAIL SECTOR

Staffs are a major resource in any business. This is particularly true in retail industry, which has a very large amount of employees and which provides a range of services to its customers. The retail human resource

environment has its special features: a large number of inexperienced workers, long hours, highly visible employees, many part-time workers, and variations in customer demand. Those features also create difficulties to retailers.

First of all, a large number of inexperienced workers and part-time staffs in a retail business may lead high employee turnover, poor performance, lateness and absenteeism. This is due to several reasons. One is that inexperienced workers can apply retail positions, such as checkout clerks, wrappers, stock clerks and some types of sales personnel, which doesn't require high education, training and skill. The other one is that employees who work in retailing companies likely live near the retailing stores. In addition, part-time staffs are very easy to quit their jobs.

Secondly, long working hours may result that retailers need to two shifts of employees. As the trend of longer store hours (evening and weekend), retailers need to consider employ staff for evening and weekend use. Thirdly, high visible employees mean that retailers have to monitor employees very closely. As consumers nowadays play a very important role in retail industry and employees are highly visible to the consumers, retailers must select and train employees carefully, especially care about their manners and appearance.

Finally, variations in customer demand may create difficulty to retailers to predict exactly how many employees are required. Retailers need to have the knowledge about what season, what number of employees is needed; and what day, what number of employees is needed; and which period of a day, what number of employees is needed.

THE PROCESS OF HUMAN RESOURCE MANAGEMENT IN RETAILING

The four main activities of the process

of Human Resource Management are Planning, Recruitment and Selection, Training and Performance. When retailers are applying the Human Resource Management process, the labor laws, diversity and employee privacy has to be considered.

PLANNING

By analyzing the current workforce will allow the company to evaluate the department performance and helps to realize what kind of staff are required in order to form the skills which they needed. Retailers need to employ the right number of staff in order to make the workforce more efficiency. Too many employees will increase costs, and too few will not able to carry out of its work. Therefore, retailers have to analyze both current human resources within the retailing organizations, and future plans or strategies of the organization and the effect on human resource.

Meanwhile, because of the special human resource environment in the retail industry, the effects of the labor market factors have to be considered for their human resources planning. Due to the development of Information Technology, companies may not be able to find the employees who have the skills they required. In addition, internal staffing factors such as labor turnover, sickness or accident rates also have to be considered. However, planning has to be thought out carefully, and updated when other factors have changed. Take boots as an example, they evaluate the local market trend and qualification of local population, etc and seek to the staff that need to form the skills they lack. This process takes time to operate. However, it is less expensive than the recruitment and selection process. Meanwhile, it will be helpful to find the employees who already have the skills that the retailers require.

RECRUITMENT AND SELECTION

Recruitment is the process of identifying the need for a new employee, defining the job and the appropriate person for it, attracting a number of suitable candidates, and then selecting the one best suited to the job. When a company is looking for new employees, they tend to use different channels in order to find the most suitable personnel. The channels could be educational institution, TV/magazine advertising, agency or any other channels which is the best way to find the right personnel. For example, in a retail company, when they are looking for an entry level sales personnel, they tend to reply on educational institutions, advertisements and employee recommendations. Moreover, when a retail company is looking for middle-management positions, they are likely to use employment agencies, competitors, advertisements and current employees. The recruitment process can be very costly. It takes a great deal of time to set up an effective recruitment process. Therefore, the company has to carry this job out in a systematic way.

The next job is to select new employees from among those the company has recruited. The main objective in the selection process is to match the character of potential employees with the requirements of the jobs to be filled. The process of selection includes job analysis and description, the application blank, interviewing, testing, references and a physical examination. Human Resource Management is a function within an organization concentrated on recruiting, managing and directing people who work in it. Human Resource Management deals with issues related to compensation, performance management, organization development, safety, wellness, benefits, employee motivation, training and others. HRM plays a strategic role in managing people and the workplace

culture and environment. If effective, it can contribute greatly to the overall company direction and the accomplishment of its goals and objectives. More and more companies seek the outsourcing services of HR recruitment companies. The focus on HRM is now moved to the strategic utilisation of employees and the measurable impact of employee programs over business. Nowadays successful companies need to be adaptive, resilient, customer-centered and quick to change direction. Within such an environment the effectiveness of HRM is crucial to business success. HR professionals establish systems for performance development, career succession planning and employee development. This keeps people motivated, happy, personally engaged and contributing to company success. Furthermore the HR professional helps the development of organizational culture and climate in which employees have the competency, concern and commitment to serve customers well. Human resource practices which have had a significant impact on the retail sector and have shaped the present industry outlook as well as defined the growth projections for the sector.

COMPETENCY MAPPING

An effective and scientific talent assessing practice wherein a person's skills, aptitude, strengths and weaknesses etc. are mapped against the pre-set requirements of the role. This practice is intended for increasing the talent hire hit rate.

BUILDING CAPABILITY

It takes a set of capable people to write the success story of any company. Retail organizations nearly comprise 70 percent of their staff as frontline sales people who are either freshers or less experienced. It becomes very important to make them realize that they are the brand ambassadors in ways more than

one. Hence, their proper training and overall grooming becomes of supreme importance. Customised and well-researched learning and development plans are created for making the workforce suited for the specific profile. At times, this capacity building also helps in locating/developing in-house talent, which in turn saves them the time and investment which would have otherwise been incurred for a new hire.

TALENT RETENTION

Owing to the competitive industry scenario, talent acquisition has not remained any much less than a war for talent. Though it is challenging enough to find the right people with the desired skill set, however, more challenge lies in retaining a competent workforce. High attrition rate in retail is accredited as a recognized, but inept practice. Best performance work practices are developed to make people plan their future with the organisation and thus avoid their outward movement. Career progression discussions, mentor allocation, internal movement provisions etc. are couple of best practices which are aimed at retaining the talent.

TRAINING AND DEVELOPMENT

Seeming a subset practice of talent retention, training and development is instead an all-encompassing function of HR practices, which is aimed at a holistic growth of each and every employee. Many HR practices have been built around this core task. These practices in a way pave the way for future progression of any organisation, as well as for the entire workforce. Such focused practices also help in aligning the employees with the mission and vision of the organization.

DIVERSITY AND INNOVATION

Diversity reflects innovation, especially in the retail employee base. Diversity in the workforce ensures a comprehensive

and an integrated organisational approach in any situation. Therefore HRs has to take a risk and hire a percentage of workforces from outside the inner sanctum, in order to have the chance to gain insights and knowledge from someone with a different perspective and thought process. This risk and aberration in the regular process is something which brings variation and newness into the system. Several HR programs and policies are developed to ensure a constant identification and nurturing of a diverse workforce.

Apart from these, there are several more HR functions which play an extremely crucial role in defining the present-day organized retail sector. These virtuous practices not only enhance the competencies, but also address the current and anticipated talent shortfall. Retail is characterised by enormous flux in terms of workforce, especially at the ground-level. With the help of well researched policies and interventions, HRs are able to anticipate the industry trends in advance, timely identify imminent business needs and steadily populate a pool of future-ready talent. Other challenges such as high attrition rate, maintenance of compensation equilibrium etc. are also dealt with the help of these best practices. Retail is no-doubt a sunrise industry and is presumed to have immense growth potential, not only for employees, but for employers as well.

HUMAN RESOURCE CHALLENGES FOR RETAIL INDUSTRY

The following are the major challenges of the retail industry in the managing the human resources.

1. Employee Tracking

Most of the retailers have their store pan-India and have a lot of different store in a same geographical area so tracking of employee productivity is a tedious task.

2. Manpower Planning

Each retail store has different sections

for fulfilling the demand of the consumer base, a study had shown that if a retail customer specialist is trained well it will automatically increase the profit of the store and also it creates a good customer experience. Constant monitoring will help management to know where they are lacking manpower planning and can help to train the employees to achieve the organizational objective.

3. Seasonal Demand

During the festival, there are always rush on retail stores. So employee demands are more and workforce needed to be more organised during this time to handle this volume of customers.

4. Lack of Formal Education

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

5. Bad Loans

Bad loans are the big problem in the retail sector as workers in this industry take a lot of loans from the company and as well as from bank so proper tracking is required for maintaining the balance.

6. Women in Retailing

There are a lot of women in retailing and it's also scientifically proven that women increase the productivity of retail store if they are working properly as they have the ability to pursue people and they have genetical ability to work with perfection and multitasking. They can be easily trained and they can maintain a store more properly than men. Some policies need to be made by the organisation for giving women some extra privilege like maternity leave, sharing working hours est.

7. Threat of Poaching

Employee poaching is also very high both in organized as well as an 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. A lot of capital is invested in each individual for his training and development, so if any employee leaves it's a loss of organization. So you have to always retain good employee because they are assets of your organization.

8. Career Advancement

A lot of employees in the retail industry even don't know the path for growth in their careers. Proper goal management and training are required so that they will grow and their growth will also help the organisation to grow, Goal completion rewards are one of the initiatives that can be done by the organisation. Some training like proper communication classes, personality development classes, Packing Techniques, Technical training are few of the things organisation may adopt for growth.

9. Stressful Environment

The working pattern of the 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.

10. Analytics Overview

As there are the vast number of employees working in a single organisation Management level people rely only on data that is shown in their data book or screen to address the problems some common problems may be employee attendance, individual store productivity, retention of employees analyzing this data can figure out problem area so that they

can act on that before it's too late.

CONCLUSION

Organised retailing is still in its early stage. The education level of the employees in organized of retailing is very less. Most of the employees are below graduates. The income level is below Rs.10,000 for majority of them. The HR practices in the industry are at the rudimentary level. Recruitment is very simple i.e. walk in interviews. The selection criteria are limited to personal interview only. The training programs are mostly through on the job methods, Training programs are meant for improving the productivity on the job. The wage level of the industry is at the minimum because only low skills are required on the job and simplicity in the nature of work. . Future days will see the implementation of more technology in the industry. To cope up with the changes, it will lead to increased skill level of the employees and also better HR practices.

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