



## HUMAN RESOURCE PRACTICES IN ORGANIZED RETAILING - A STUDY OF SELECTED RETAILERS

<sup>1</sup>Karuppasamy R., <sup>2</sup>N. Ramesh Kumar

<sup>1</sup>Director, Department of Management Studies, Nehru Institute of Technology, Coimbatore, Tamil Nadu, India

<sup>2</sup>Nehru College of Management, Coimbatore, Tamil Nadu, India

### ABSTRACT

Retailing displayed its significance in India's market with tremendous contribution to the Indian economy. The development in the organized retail sector has showed the perfect platform to the Indian companies to enter into this sector. After the entry of global players in India, Indian retailing business has faced huge challenges. Indian organized retailers to realize the need for efficient man power for to face the foreign player competition. The primary concern for organized retail is HR practices and the employee satisfaction. The present study will provide a clear picture on the issues related to the HR practices and its impact on employees.

**KEYWORDS:** Organized Retail, Best HR practice, Institutional Theory, Man Power.

### INTRODUCTION

Human resource management (HRM) practices are most effective when matched with strategic goals of organizations. HRM's role in the company's success is growing rapidly with the growth in many sectors in the present globalized era. HRM is a vital function in organizations and becoming more important than ever. The HRM practices are crucial in designing the structure for man power, staffing, performance appraisal, compensation, and training and development. HRM practices are a primary means for defining, communicating and rewarding desired role behaviours and desired role behaviours are a function of organizational characteristics. Innovative HRM practices can play a crucial role in changing the attitude of the companies and its employees in order to facilitate the entry and growth in the markets. The HRM practices in 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 resources is highly expected.

Retailing is an important element of business around the globe. Retailing consists of all activities that result in the offering for sale of merchandise to consumers for their own use. Retailing is the final step in bringing goods to consumer. They sell both goods and services. Retailing is the process of "Sale of goods or merchandise, from a fixed location such as a departmental store or kiosk, in small or individual lots for direct consumption by the purchaser.

Retailing may include services, such as product delivery. Buyers may be individuals' or businesses a retailer buys goods or products in large quantities from manufacturers or importers, either directly or through a wholesaler, and then sells in smaller quantities or lots to the end -users or consumers. Retailers are the end links of the supply chain as an important part of manufacturing/marketer overall distribution strategy.

### OVERVIEW OF INDIAN RETAIL INDUSTRY

Retailing is one of the pillars of economy because of its 16% contribution to GDP. Though the Indian retail sector is dominated by unorganized sector with 95% 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, hyper markets, supermarkets and specialty stores which are replacing the traditional formats dramatically altering the retailing landscape in India.

India is the third most attractive retail market for global retailers among the 30 largest emerging markets, according to US consulting group AT Kearney's report published in June, 2010. The total retail sales in India will grow from US \$ 395.96 billion in 2011 to US \$ 786.12 billion by 2015, according to the BMI India Retail report from the third quarter of 2011. Robust economic growth, high disposable income with the expansion in middle and upper class consumer because, the report identifies potential in India's tier-II and tier-III cities as well. The greater availability of personal credit and a growing vehicle population providing improved mobility also contribute to a trend towards annual retail sales growth of 12.2 percent. An increasing number of people in India are turning to the services sector for employment due to the relative low compensation offered by the traditional agriculture and manufacturing sectors. The organized retail market is growing at 35 percent annually while growth of unorganized retail sector is pegged at 6 percent. Though the retailing sector is growing rapidly, some of the constrains are restricting its growth. Apart from the regulations and approval for Foreign Direct Investments (FDIs), the sector is strongly lacking the effective human resource practices. The problems of lack of trained work force, low skill level for retailing management, lack of development programmes to the

existing human resources and problems in retaining qualitative manpower are some of the obstacles creating huge challenges to the Indian retail sector. At present, to overcome some of the challenges faced by retail, the companies are investing heavily in training and recruitment of qualitative work force.

### Organized Retailing

Organized Retailing can be defined as a form of retailing whereby customers can buy goods in a similar purchase environment across more than one physical location for verticals from food, grocery, apparel, consumer durables, jewellery, footwear, beauty care, home décor, and books to music. In organized retailing a proper record is maintained by the government and retailers need to pay the tax to the government.

### Statement of the Problem

In the present competitive scenario, the role of retailing is increasing rapidly with the entry of global players. Many Indian companies strongly keeping their aim on entering in retail industry. With increasing globalization, firms are entering a dynamic world of international business that is marked by liberalization of economic policies in a large number of emerging economies like India. To face the challenge of increasing competition that has resulted from liberalization, Indian organizations have initiated adoption of innovative human resource management practices both critically and constructively to foster creativity and innovation among employees. The huge opportunities in organized retailing encouraging the companies to enter in retail industry. The last 2 decades has witnessed the tremendous potential for organized retailing. The growing needs of retail industry can be matched up with the aggressive human resource practices. The present

retail organizations which are performing organized retailing are facing huge challenges in procuring and retaining and maintaining qualitative human resources. Hence, an attempt was made to analyze the various human resource practices followed in select retailers in organized retailing.

### RESEARCH OBJECTIVES

The main objective of this study is to analyze the human resource practices followed in the selected organized retailing. This study covers the employee satisfaction level on the various HR practices employed in the organized retailing. The study is also aimed at studying the various problems and challenges ahead for HR managers in the implementation of HR practices in selected organized retail outlets.

### RESEARCH METHODOLOGY

The present research paper is an empirical one. The survey for the present research is conducted through primary data with the help of a questionnaire surveyed to employees of select organized retailers. The sample taken for the study consisted of 165 which include daily wage workers and employees from the select retail outlets situated in Coimbatore District.

### ANALYSIS AND DISCUSSION

The research survey is conducted in order to analyze the various Human Resource (HR) practices adopted in the select organized retailers. For the purpose of studying the HR practices implemented and to evaluate, the following organized retailers are selected.

**Table 1-** Organized Retailers Selected For the Study

S. No	Name of the organized retail sector	Company Name	Places	District	Sample size
1	More.	Aditya Birla Group	Kovai Pudhur,	Coimbatore	20
2	Nelgrish	Nelgrish Group	Kovai Pudhur, RS Puram	Coimbatore	35
3	Kannan Departmental store	Kannan Departmental Store (P) ltd	Kuniamuthur, Curs cut Road, Ramanathapuram and Singanallur	Coimbatore	55
4	Reliance Super	Reliance Industries Ltd.	RS puram	Coimbatore	30
5	Big Bazaar	Future Group	Town Hall	Coimbatore	25
<b>Total</b>					<b>165</b>

Source: Field Survey

From the above table indicate the various sample size of retail outlets. Overall, 5 organized retailing units are selected for the study. Kannan Departmental store are being more in number; hence, 4 Kannan departmental stores are selected for the study. And the 4 other retailing

units were selected for the study include More, Nelgrish, Big Bazaar and Reliance Super. The samples selected from the retail outlets include the sales persons, supporting staff, teller employees and the executive and managerial level employees.

**Table 2- Emphasis on Employees Share on Different Aspects**

Name of the Retailer	Share of part timers	Specialty Tellers	Typical New hire	Extra Selection Test	Incentive based pay	Hours for orientation period	% in Employee involvement
More.	12%	18%	UG	No	Yes	15 hrs	50 to 74%
Nelgrish	25%	22%	UG	No	Yes	12 hrs	61 to 80%
Kannan	30%	24%	UG	No	Yes	10 hrs	40 to 60%
Departmental store							
Reliance Super	NA	10%	PG & UG	Yes	Yes	10 hrs	40 to 60%
Big Bazaar	22%	10%	UG & PG	Yes	Yes	18 hrs	61 to 85 %

Source: Field Survey

### Interpretation

From the above table, it is evident that Kannan Departmental Store is on top in terms of share of part timers, i.e., 30 percentages of employee's works fewer

than 5 hours a week. Again Kannan Departmental store is leading in terms of specialty tellers, i.e., 24 percentages of tellers that perform only a subset of teller tasks during a typical shift.

**Table 3-Human Resource Practices in Selected Organized Retailers**

S.No	HR Practices	Name of the organized retail outlet				
		More.	Nelgris	Kannan Dept. Store	Reliance super	Big Bazaar
1	Skills & abilities are fully utilized	71.26%	58.2%	71.26%	58.2%	38%
2	Jobs help them acquire skills needed for other jobs in the company	65.12%	62.34%	65.12%	62.34%	45%
3	Have more than one position available to them for promotion	42%	36%	42%	58%	59%
4	Jobs are highly enriched	56%	76%	79%	38%	55%
5	Performance appraisals are formalized	72%	45%	65%	56%	72%
6	Performance appraisal results are used to determine compensation	44%	56%	62%	56%	68%
7	Performance appraisals focus on how job is done, not how well	56%	72%	56%	45%	56%
8	Criteria used in their performance appraisal	48%	66%	72%	44%	60%
9	Performance appraisals are based on objective quantifiable results	68%	67%	72%	72%	44%
10	Performance appraisals are used to identify their training needs	52%	55%	67%	71%	38%

Source: Field Survey

From the above table reveal opinions of the employees regarding different HR practices employed in the retail organizations, the following observations were made.

From the above table 71.26% of the More. Employees favored to the factor "percentage of employees whose skills & abilities are fully utilized". For the second factor, 65.12% of the More. and Kannan Departmental store employees favored to the factor "percentage of employees whose jobs help them acquire skills needed for other jobs in the company". For the third factor, 59% of the employees of Big Bazaar employees favored to the factor "percentage of employees who have more than one position available to them for promotion". For the fourth factor, 79% of the employees of Kannan Departmental Store favored to the factor "percentage of employees whose jobs are highly enriched". For the fifth factor, 72% of the employees of more. and Big Bazaar favored to the

factor "percentage employees whose performance appraisals are formalized". For the sixth factor, 68% of the employees of Big Bazaar favored to the factor "percentage of employees whose performance appraisal results are used to determine compensation".

For the seventh factor, 72% of the employees of Nelgris favored to the factor "percentage of employees whose performance appraisals focus on how job is done, not how well". For the eighth factor, 72% of the employees of Kannan Departmental Store favored to the factor "percentage of employees who have a say in the criteria used in their performance appraisal". For the ninth factor, 72% of the employees of the Kannan Departmental and Reliance super favored to the factor "percentage of employees whose performance appraisals are based on objective quantifiable results".

**Table 4-The Employees Regarding the Performance Appraisal that has Come From**

S. No.	Evaluator	More.	Nelgris	Kannan Dept. Store	Reliance super	Big Bazaar
1	Supervisor	40%	20%	32%	72%	55%
2	Supervisor's boss	25%	35%	30%	8%	37%
3	Subordinates	15%	20%	22%	12%	6%
4	Clients	20%	25%	16%	8%	2%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Field Survey

**Note:** Values indicate the means percentage of employees who were covered by the practice. Respondents divided 100 points among the categories listed.

From the above table, it is evident that the role of supervisor is vital for the organized retailers in implementation of performance appraisal. 72% of the employees of Reliance Super favored that "Supervisor is the initiator for the Performance appraisal. 55% of Big Bazaar employees, 40% of the more employees and 32%

of the Kannan Departmental Store employees favored that supervisor is the initiator for the Performance appraisal system in their respective retail organizations. Apart from that the next decider plays key role in the performance appraisal are Supervisor's boss. The role of subordinates, clients are less in making decisions about the performance appraisal system in the selective retail organizations selected for the study.

**Table 5-The Motivational aspects encouraged their Performance**

S.No	Name of factor	Name of the organized retail outlet				
		More.	Nelgris	Kannan Dept. Store	Reliance super	Big Bazaar
1	Appraisal process	10%	15%	12%	10%	20%
2	Positive work environment	8.5%	17%	16%	25%	19%
3	Good team commitment	20%	22%	10%	10.45%	16%
4	Healthy environment in the work flow	15%	15%	18%	10.25%	10%
5	Incentive	25%	20%	28%	13.80%	16%
6	Qualitative training and better scope for promotion	21.5	11%	16%	30.80%	19%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Survey Data

From the above table, it indicates that, the employees of the Reliance Super favoring more to the factor "positive work environment" which is encouraging for better performance. The employees of more have opinioned that 'incentive factor encouraged for better performance. The employees of Reliance Super have favored more to the fact "qualitative training and better scope for promotion encouraged for better performance". The Nelgris employees have opinioned that the healthy working environment to encourage for better performance. The employees of Big Bazaar have favored more to Appraisal process to encourage the employees do the better performance.

### FINDINGS & SUGGESTIONS

The human resource management practices are playing vital role for the development of any business or sector. The HR practices have anticipated dependence on the organized retailers. From the study it was found that, right from new hire to orientation period, there are many differences in the implementation of HR practices in the selected organized retailers. The satisfaction levels of various performance appraisal measures adopted in the selected retail outlets showed that the employees are not only favored to the incentive plan but also the healthy environment are playing vital role for their performance. Further, the supervisor has playing major role in taking initiative in the implementation of performance appraisal

at the select organized retail outlets. The employee facilities in the select organized retail outlets found to be not satisfactory to the employees of the retail outlets.

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