A study on hr issues in retail outlets in coimbatore

M.G.Saravanaraj[1], S.Arulsenthilkumar[2] and N.Punitha[3]

[1]Professor & Head /MBA, Muthayammal Engineering College- Rasipuram.

[2]Research scholar, Manonmaniam Sundaranar University, Tirunelveli.

[3]Executive Development, FEDUNI, Coimbatore.

ABSTRACT: Although retailing is a one of the very emerging fast growing sector in our country, Now massive retail stores has been functioning in the nook and corner of the all across the areas for fulfilling the customer needs under one roof Now, various well reputed organizations are very clear to setting up shop in India; they have a passion to be closer to the customer. At this time when the country's retail business is going through a transformation, there is a Compelling need for those involved in retailing and those who wish to be involved to understand this phenomenon systematically so that they can practice it perfectly.

However one of the most problematic parts in the retail industry is that of acquiring, developing and retaining the personnel involved in the business of retail. This article has been undertaken to identify the pertinent HR issues faced in the retail sector, with a focus on retail outlets in Coimbatore. In this Study, a foundation to the aspect of retailing has been given, which includes Retailing in the global and Indian scenario, retail formats, etc. Then primary data has been collected with the help of a questionnaire, with the help of which the HR issues involved in retail have been identified. In the end suggestions and recommendations have been provided.

Key words: Retail Transformation, Global Retail scenario, Employee Retention

Introduction to Retailing

The word _retail' is derived from the French word _retaillier', meaning _to cut a piece Off' or _to break bulk'. In simple words, it implies a first hand transaction with the Customer. Retailing involves a direct contact with the customer and the co-ordination of business activities from end to end right from the concept and design stage of a product to its delivery or after delivery service to the customer. The industry has contributed to the financial growth of more countries and is clearly one of the very fastest growing, dynamic and wide scope industries in the world today.

Retail stores serve as communication hubs for customers and sellers commonly known as the Point of Sale (POS) or the Point of Purchase (POP), retail stores transmit information to the Customers through advertisements and displays. Hence the role of retailing in the Marketing mix can play a significant role to promote the retail strategy much better to the market. Retailing that has made a significant contribution to

the economic prosperity that we so much enjoy. Retailing is also responsible for matching individual demands of the consumer with supplies of all manufacturers. The nations that have enjoyed the greatest economic and social progress have been those with a strong retail sector.

.

Retailing Scenario Global

Retailing in more developed countries is big business and better organized than what it is in India. According to a report published by McKinsey & Co. along with the Confederation of the Indian Industry the global retail business is worth a staggering US$ 6.6 trillion.In the developed world, most of it is accounted for by the organized retail sector. For Instance, the organized retail sector has gone upto 80% share of retail sales in the United States. The corresponding figure for Western Europe is 70% whilst it is 50% in Malaysia and Thailand, 40% in Brazil and Argentina, 35% in Philippines, 25% in Indonesia and 15% in South Korea. In China it remains a paltry 10%.

On the Global Retail Stage, little has remained the same over the last decade. The global Economy has changed, consumer demand has shifted, and retailers' operating systems today are infused with far more technology than was the case six years ago. Saturated home markets, fierce competition and restrictive legislation have relentlessly pushed major food retailers into the globalization mode. Since the mid-1990s, numerous governments have opened up their economies as well, to the free markets and foreign investment that has been a plus for many a retailer. However, a more near-term concern has been the global economic slowdown that has resulted from dramatic cutback in Corporate IT and other types of capital spending. Consumers themselves have become much more price sensitive and conservative in their buying, particularly in the more advanced economies.

The growth of multiple chain retailers has been ruthless for many years in the west and this has been accompanied by the development of retail names as brands in their own right. Discount retailer Walmart has catapulted to the top of the Fortune 500 rankings in the U.S. ahead even of oil major Exxon Mobil and the mammoth manufacturing giant General Electric. A relentless policy, of, _Always Low prices. Always.' has brought Walmart to the top.

Walmart and Nordstrom in the U.S. and Sainsbury's and Marks & Spencer in the U.K. Have grown by rapid geographic expansion in their own countries. Specialists like Benetton of Italy and IKEA of Sweden and The Body Shop of the UK are international and the fast food chains like McDonald's and Pizza Hut are everywhere. The same Products are increasingly available from the same names on every continent. Retailers Worldwide have immensely benefited from the sustained growth of the disposable income of their global consumers.

The service sector accounts for a large share of GDP in most developed economies. The retail sector forms a very strong component of the service sector. Hence, the Employment opportunity offered by the industry is immense. According to the US Department of Labor, about 22 million Americans are employed in the retailing industry in more than 2 million retail stores. As long as people need to buy, retail will generate employment. Globally, retailing is customer centric with an emphasis on innovation in products, processes and services. In short, the customer is King!

Retailing Scenario India:

The Indian retail industry is the fifth largest in the world. Comprising of organized and unorganized sectors, India retail industry is one of the fastest growing industries in India, especially over the last few years. Though initially, the retail industry in India was mostly unstructured, however with the change of expectations and preferences of the consumers, the industry is getting more utilizing these days and getting organized very well. With emerging market demand, the industry is expected to grow at a pace of 25-30% annually.

In the Indian retailing industry, food is the most important sector and is growing at a rate of 9% annually. The well reputed food industry is trying to enter the India retail market and transform Indian consumers to well equipped branded food. Since at present 60% of the Indian grocery basket consists of non- branded items. India has the largest population in the world. Most of them are independent and contribute as much as 96% in total retail sales. Because of the decreasing number of nuclear families, working women, greater work pressure, Migrating to cities, increased commuting time and convenience has become a priority for Indian consumers. They want everything under one roof for easy accessibility and induce to know better of every things their choice. This offers an excellent opportunity for organized retailers in the country who amount for just 2% of the estimated US $180 billion worth of goods that are retailed in India every year. This figure is equivalent to the turnover of one single US based retail chain, Wal-Mart.

Growth of Indian Retail

It is expected that by 2016 modern retail industry in India will be worth US$ 175- 200 billion. India retail industry is one of the fastest growing industries with revenue expected in 2007 to amount US$ 320 billion and is increasing at a rate of 5% yearly. A further increase of 7-8% is expected in the industry of retail in India by growth in consumerism in urban areas, rising incomes, and a steep rise in rural consumption. It has further been predicted that the retailing industry in India will amount to US$ 21.5 billion by 2010 from the current size of US$ 7.5 billion.

The growth and development of organized retailing in India is driven by two main factors Lower prices and benefits the consumers can't resist. At the US – India Business Summit in collaboration with Price water house Coopers the following details were Released India is rapidly evolving into a competitive market with

potential target consumers in the niche and middle class segments. The market trends indicate fabulous growth opportunities. Global majors too are showing keen interest in the Indian retail market.

Over the years, international brands like Marks & Spencer, Samsonite, Lacoste, McDonald's, Swarovski, and Domino's among a host of others have come into India through the franchise route following the relaxation of FDI. Large Indian companies like the Tata, Goenka, Aditya birla, reliance, pantaloon, RPG Group and Piramal groups – are investing heavily in this industry.

Today retailing provides jobs to roughly 15% of employable Indian adults, and is the largest contributor to India's GDP after agriculture. The growth potential of the industry is such that in the next ten years nearly one million new jobs will be created in the organized retail sector alone. (Source: Business Executive (Dec-Jan 2001)).

Considering such opportunities, one needs to take a look at the organizations and Institutes offering retail education and training in India. At present there are but a few like Institutions offering Retailing courses for their students this trend has to change, while the first few steps towards sophisticated retailing are being taken, the biggest task for organized retail organizations is to locate and recruit Qualified, knowledgeable, skilled and Trained staff to handle their operations.

According to the 8th Annual Global Retail Development Index (GRDI) of AT Kearney, India retail industry is the most promising emerging market for investment. In 2007, the retail trade in India had a share of 8-10% in the GDP (Gross Domestic Product) of the country. In 2009, it rose to 12%. It is also expected to reach 22% by 2010.According to a report by North bride Capita; the India retail industry is expected to grow to US$ 700 billion by 2010. By the same time, the organized sector will be 20% of the total market share. It can be mentioned here that, the share of organized sector in 2007 was 7.5% of the total retail market.

The Future of Retail Industry in India

The retail industry in India is currently mounting at a great pace and is expected to go up to US$ 833 billion by the year 2013. It is further predictable to reach US$ 1.3 trillion by the year 2018 at a CAGR of 10%. As the country has got a high growth rates, the consumer expenditure has also gone up and is also expected to go up further in the future. In the last four year, the consumer spending in India climbed up to 75%. As a result, the India retail industry is expected to grow further in the future days. By the year 2013, the organized sector is also expected to grow at a CAGR of 40%. India retail industry is progressing well and for this to continue retailers as well as the Indian government will have to make a combined effort.

Review of literature

A review of various literatures available would help in providing me with a better Understanding of the various information involved in the retail function and their relation to the people oriented nature of the business.

Source: Vedamani Gibson (2006). Retail Management – Functional Principles and Practices. Jaico Publishing House, Mumbai.

Title: Manpower planning in a department store

Following rapid growth in business volumes, a department store recruited 150 permanent Employees to cover its working hours from 10:00 a.m. to 8:30 p.m. The store which had an area of 50,000 sq. ft. works seven days a week. Manpower planning in a free access department store is done according to factors like sales volumes and value planned per salesperson, floor area covered by a salesperson, number of customers attended per day, or a combination of these. The idea is to optimize business operating results. The store has a rush of customers on weekends from Friday to Sunday. Further the store experiences heave sales during the weekend. In retail, manpower planning takes into account the number of staff needed at different times of the day. It looks at the possibility of range of shift lengths not exceeding the statutory 8 hours rather than rigid fixed shifts which would mean employing more people. The store however feels that with its growing business there are less staff to serve customers, especially during weekends and busy hours. Efficient manpower planning takes into account the impact of part timers and overtime to meet short term peaks in demand. It uses weekenders in times of dire necessity. This store has not been following this practice. The organization also fears that the commitment of such weekenders and part timers would be very low.

Source: www.rediff.com

Title: HR factor in retail, largely ignored by Rajendra K Aneja, CEO, Switz Group and former MD, Unilever, Tanzania

The mood in India these days is "Goodbye, Socialism. Welcome, Sonyism". But the Sudden explosion of retailing emphasis the principal challenge confronting Indian retailers in the coming decade: staffing operations and motivating teams. The lacks of formal retailing education further embitter the problem of recruiting. How should retailers build human relations in retail management? The first ingredient is infusing a passion for success in employees. If the staff are the

Employees of the company, rather than outsourced from agencies, there will be greater Commitment. Further, retailers should make every employee a partner through a stock options scheme. A watchman who knows that he has a stake in the final profits, in the form of a bonus or

a stock option, will ensure zero levels of shrinkage. Remember, businessmen must share their wealth with those who generate it.

Get the basics right

Retailing is a hard business. It is rigorous. The floor staff stands on its feet for up to nine Hours every day. The job of the salesperson on the floor is physically exacting and emotionally draining. This is why changing existing mindsets and motivating personnel will also require Ensuring basic hygiene factors. It is crucial to provide toilets, restrooms, canteens and Dining areas, as well as recreation rooms to the staff. Also, in a competent retail organization, each employee should spend at least 10 working days a year in the classroom. Training of the staff is the best investment in the retail business. Training has to be constant, in the classroom and on the floors, on a daily basis. Business schools should come together to pioneer a new curriculum for master's degree in retail management. Next to training is the vital policy of building careers and promoting people from within the company. Internal progression systems augment loyalty and boosts morale.

Respect the floors

In a customer service-oriented retail outlet, the supervisory staff, managers, directors or the chairman of the company will walk the floors. They will also seek advice and customer responses from the staff. As Sam Walton, the best retailer of our times, once said, "Our best ideas come from the shop floors.

Looks do matter

Retailing is about the staff wearing clean, ironed uniforms. It is about shaving daily, using the right type and the right amount of deodorant; it is about bright eyes and warm Smiles, about polished shoes, no straps showing through the uniform and no hairy Armpits. These are fundamental hygiene factors, but they can make or break a sale. It is a smart Move to recruit the grooming and communications staff from top five-star hotels to train Retail staff.

Family ties

Working in any company should be fun and rejuvenating. The staff should look forward to coming to work daily. This is possible when the team spends informal times together. Winning is great fun, becoming rich is glorious, and it is vital to celebrate success together. If the employees of a retail company dance, sing, eat, rejoice together, the company stays together.

Opinion – the article lays emphasis on the importance of imparting retail education in a bid to groom individuals and making them more receptive to the idea of pursuing a career in retail. Further it outlines the need to motivate employees constantly and providing them with adequate facilities. It also states the need to honor viewpoints and suggestions of the frontline sales staff.

Objectives of the study

- To understand the role and importance of HR in the retail business.
- The focus would be to identify the recent HR issues faced by retail organizations.
- The objective would also be to develop suitable HR strategies for the prevalent HR Issues in retail business.
- To analyze the employees opinions about the policies of Retail Industry

Research Methodology

Type of research – A combination of both exploratory and descriptive research would be Used. Exploratory research often relies on secondary research such as reviewing available literature and/or data, or qualitative approaches such as informal discussions with consumers, employees, management or competitors, and more formal approaches through in-depth interviews, focus groups, etc. Descriptive research, describes data and characteristics about the population or Phenomenon being studied. Descriptive research answers the questions who, what, Where, when and how.

Research Method – The qualitative and survey method would be used in this study.

Types of data – Primary as well as secondary data would be used in the project.

Data gathering procedure – The various techniques adopted for gathering data would be:

- Questionnaires
- Interviews
- With store employees
- With the managerial level personnel in organizations

Research techniques – The various techniques used in the research process would be:

- Questionnaires
- Direct interview
- Observational study

Sampling details

Sample size – A sample size of 120 would be taken for the survey.

Sample description – The sample chosen for the purpose of the research would be the Frontline sales personnel, managerial personnel and persons associated with apex Industrial bodies.

Sampling techniques - The sampling technique used in the study would be **Simple Random Sampling.**

Scope of the study:

- The study covers all aspects of identifying the HR issues faced in the retail sector with special reference to select outlets.
- The study covers to know about the retail industry in the aspect Manpower planning.

Limitations of the study:

• Time constraint is a limitation in the project as only limited organizations can be contacted.

• The credibility of the information shared by the respondents.

Data analysis and Interpretation:

Table 1: Showing opinions about Gender and Job satisfaction

Gender	Level of Job Satisfaction			Total	percentage
	Low	Medium	High		
Male	25	35	15	75	63
Female	15	22	8	45	37
Total	40	57	23	120	100

Null Hypothesis (H_0) : There is no significant relationship between gender and level of job satisfaction.

Alternative Hypothesis (H_1) : There is close significant relationship between gender and job satisfaction

CHI - SQUARE TEST

Calculated χ^2 value	=	0.102
Degree of Freedom	=	2
Table value	=	5.991
Result	=	Significant at 5% level

INFERENCE

It is found from the above table that calculated value is less than the table value at 2 degree of freedom. So, Null hypothesis (H_0) accepted hence it is concluded that there is no significant relationship between gender and level of job satisfaction.

Table 2: Showing opinions about Age and working Environment

Sl. No.	Particulars	18 -25	25-35	>35	Total	Percentage
1	Highly satisfied	11	10	6	27	23
2	Satisfied	17	15	4	36	30
3	Average	11	8	5	24	20
4	Dissatisfied	9	7	3	19	16
5	Highly Dissatisfied	7	5	2	14	11
6	Total	55	45	20	120	100

Null Hypothesis (H_0) : There is no significant relationship between Age and Working Environment.

Alternative Hypothesis (H_1): There is close significant relationship between Age and Working Environment.

Calculated Chi- Square ($\chi 2$) Value = 1.997

Level Of Significance   = 0.05

Degrees Of Freedom   = 8

Table Value   = 15.507

Inference: It is found from the above table that calculated value is less than the table value So, Null hypothesis (H_0) accepted hence it is concluded that there is no significant relationship between age and Working Environment.

Table 3: Showing opinions about Age and welfare Facilities

Sl. No.	Particulars	18-25	25-35	>35	Total	Percentage
1	Highly satisfied	8	7	3	18	15
2	Satisfied	13	11	7	31	23
3	Average	19	17	5	41	38
4	Dissatisfied	5	3	2	10	8
5	Highly Dissatisfied	10	7	3	20	16
6	Total	55	45	20	120	100

Null Hypothesis (H_0) : There is no significant relationship between Age and Welfare Facilities

Alternative Hypothesis (H_1): There is close significant relationship between Age and Welfare Facilities

Calculated Chi- Square ($\chi 2$) Value = 1.867

Level Of Significance   = 0.05

Degrees Of Freedom   = 8

Table Value   = 15.507

Inference: It is found from the above table that calculated value is less than the table value at 2 degree of freedom. So, Null hypothesis (H_0) accepted hence it is concluded that there is no significant relationship between age and Welfare Facilities.

Table 4: Showing opinions about Age and Remuneration Facilities

Sl. No.	Particulars	AGE WISE			Total	Percentage
		18-25	25-35	>35		
1	Highly satisfied	18	13	5	38	30%
2	Satisfied	17	15	8	40	33
3	Average	13	12	5	30	24%
4	Dissatisfied	5	4	2	11	10%
5	Highly Dissatisfied	2	1	0	3	3%
6	Total	55	45	20	120	100

Null Hypothesis (H_0) : There is no significant relationship between Age and Remuneration Facilities

Alternative Hypothesis (H_1): There is close significant relationship between Age and Remuneration Facilities

Calculated Chi- Square ($\chi 2$) Value   = 1.593

Level Of Significance   = 0.05

Degrees Of Freedom   = 8

Table Value   = 15.507

Inference: It is found from the above table that calculated value is less than the table value So, Null hypothesis (H_0) accepted hence it is concluded that there is no significant relationship between age and Remuneration Facilities.

Table 5: Showing opinions about Age and Work time

Sl. No.	Particulars	AGE WISE			Total	Percentage
		18-25	25-35	>35		
1	Highly satisfied	12	9	4	25	21%
2	Satisfied	29	26	11	66	55%
3	Average	11	7	3	21	18%
4	Dissatisfied	2	2	1	5	4%
5	Highly Dissatisfied	1	1	1	3	2%
6	Total	55	45	20	120	100

Null Hypothesis (H_0) : There is no significant relationship between Age and Work Time

Alternative Hypothesis (H_1): There is close significant relationship between Age and Work Time

Calculated Chi- Square ($\chi 2$) Value   = 1.222

Level Of Significance   = 0.05

Degrees Of Freedom   = 8

Table Value   = 15.507s

Inference: It is found from the above table that calculated value is less than the table value So, Null hypothesis (H_0) accepted hence it is concluded that there is no significant relationship between age and Work time

Findings

➢   Male workers are working more in Retail Sector

➢   18 to 25 Age group peoples working more in Retail Sector

➢   Level of Job satisfaction is Average.

➢   23% peoples highly satisfied their working Environment.

➢   15% peoples are highly satisfied their Welfare facilities

➢   38% peoples are averagely satisfied their Welfare facilities

➢   30% peoples are highly satisfied their salary.

➢   Level of salaries at par with other industry.

➢   57 % peoples satisfied their Work time.

Suggestions

➢   Working in a retail sector more so at the frontline level. The job must be given the Due prominence it deserves and people must be made to understand that they are not merely selling but servicing customers.

➢   With regards to Working Environment and Welfare facilities, which are probably the first of the HR functions, it must be borne in mind that business forecast and performance standards are foremost. They are the key areas because without the business forecast you will not be able to recognize the need for manpower in future and if Performance standards are set then it would be easy for the employees to work efficiently.

➢   Compensation must be reviewed regularly and employees must be paid at Competitive rates. Further a certain component of their remuneration must be Merit based so as to motivate them to perform better.

➢ Attrition is a concern in the retail industry. However, by ensuring competitive Pay, well motivated staff, facilities and benefits, career paths and growth charts, Etc the same could be controlled to a large extent.

➢ With the advent of several players in the retail sector – both Indian and International, the HR personnel must ensure that employees are motivated, trained to handle their jobs better, paid at competitive rates, given adequate rest hours to Prevent exhaustion, etc.

Conclusion

Given the nature of business, the frontline sales staff in a retail enterprise are truly the brand ambassadors of the company i.e. their employer. It is this frontline staffs who is in direct contact with the customer and it is they who can make or lose a customer. However the role of the middle and top management people are equally important as it is they who make the frontline staff prepared to handle their job. Recruiting the right person with the right attitude will determine the success of retailing. Integrity is of paramount importance. It is also important to reward employees for Achieving better results. Managing personnel in a retail environment demands unique, specialized skills. Soft skills are required in addition to academic qualifications. Retail is a dynamic industry and makes a lot of demands on the personnel involved in the business. Therefore they need intensive training and motivation. The focus should move to being more meticulous – **'Retail is Detail'**. Each customer haste be delivered a Moment of Magic and the HR department has to ensure that retail employees are trained to deliver those **'Moments of Magic'.**

Bibliography

[1] Edwin. B. Flippo – Principles of Personnel Management, McGraw Hill Kogusha Company Limited, Tokyo, sixth edition – 1998.

[2] Kothari. C.R. – Research Methodology Methods and Techniques, Wishwa Prakashan, second edition – 1990.

[3] Mamoria C. B. – Personnal Management, Himalaya Publishing House, Bombay,4 – 1992.

[4] Pradhan Swapna (2nd edition). Retailing Management Text and Cases.

[5] Stephen. P. Robbins – Organizational Behavior, ninth edition by prentice hall.

[6] Tripathi - Personnal Management and Industrial Relations, Sultan Chand and Sons, New Delhi, Twelfth Edition – 1996

[7] Vedamani Gibson (2006). Retail Management – Functional Principles and Practices. Jaico Publishing House, Mumbai.

[8] http://www.jstor.org

[9] http://www.workthing.com