

HUMAN RESOURCE PRACTICES IN INDIAN RETAIL SECTOR: A STUDY

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ABSTRACT

Human Resource Management is concerned with managing the people resources of an organization. In fact, managing human resources is the most crucial and challenging task that management has to perform, crucial because it is the key to sustainability in the present competitive world and challenging because no two individuals are same. They have different set of needs, ambitions, aspirations, mental make-up and backgrounds. The task of the human resource manager who has to satisfy not only the different set of needs of its people but also meet the overall organizational objective is a challenging task.

Key Words: GRDI, Human Resource Management, Ambitions.

INTRODUCTION

Management has been defined by Mary Parker Follett as, art of getting things done through people. Management has been further defined the field of human behaviour in which managers plan, organize, staff, direct and control human, physical and financial resources in an organized effort, in order to achieve desired individual and group activities with optimum efficiency and effectiveness. The important resources that have to be managed by the organization include: human, finance, operations and information. Out of these, human resource management is the only resource that is living part of the organization. It is this living part which vibrates positive energy and leads to the planning, organizing, controlling, coordinating and directing of the rest of the resources within the organization. It is this sub-system which will ultimately lead to the overall growth of the organization. Thus, human resource is a crucial sub-system in the process of management.

Human Resource Management is important for all the managers because failing to manage human resource leads to following problems:

- Hire the wrong person for the job
- Experience high turnover
- Have job misfits
- Waste time with useless interviews
- Lead to grievances amongst employees and even employees unrest
- Allow a lack of training to undermine department's effectiveness
- Commit any unfair labour practices
- Get into legal issues related to labour laws

Remember, one can do everything else right as manager - lay brilliant plans, draw clear organization charts, set up modern assembly lines, and use sophisticated accounting controls - but still fail as a manager by hiring the wrong people or by not motivating subordinates, for instance. On the other hand, many managers - presidents, generals, governors, supervisors - have been successful even with inadequate plans, organizations, or controls. They were successful because they had the quality of developing their people.

Human Resource Management is a process of bringing people and organization together so that the goals of each are met. It is that part of the management process which is concerned with the management of human resource in an organization. It tries to secure the best from people by winning their whole hearted co-operation. It may be defined as the art of processing, developing and maintaining competent workforce to achieve the goals of an organization in an effective and efficient manner. It is concerned the most effective use of people to achieve organizational and individual goals.

INDIAN RETAIL SECTOR: A LARGE EMPLOYER

India is one of the largest retail destinations globally with a size of US\$ 450 billion. It has been growing at 7% per annum with a contribution of 14% to the national GDR Global Retail Development Index (GRDI) 2011 has ranked India as the fourth most attractive nation for retail investment, among 30 emerging markets. India has emerged as a favorable destination for international retailers, outpacing UAE, Russia, Indonesia and Saudi Arabia. The sector employs 7% of the total workforce; this is the second largest employer after agriculture and continues to increasingly provide employment opportunities within the country. 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.

Growth potential of Indian Retail Sector is very much promising. India's retail sector expected to grow to about US\$ 600 billion by 2015 and projected to US\$ 850 billion by 2020. The industry has experienced high growth over the last decade with a noticeable shift towards organized retailing formats. Traditional retail is expected to grow at 7% and reach a size of US\$ 650 billion (about 76%), while organized retail is expected to grow at 22% and reach a size of US\$ 200 billion by 2020.

FDI in Retail has made sea level changes. It is a fact that the retail industry in India is the second largest employer with an estimated 35 million people engaged by the industry. There has been opening of Indian economy to foreign organization for foreign direct investment through organized retail. The union government has sanctioned 51% foreign direct investment in multi-brand like Wal-Mart, Carrefour, and Tesco. The new policy will allow multi-brand foreign retailers to set up shop only in cities with a population of more than 10 lakhs as per the 2011 census. There are 53 such cities at present. This means that big retailers can move beyond the metropolises to smaller cities. The final decision will however lies with the state governments.

The size of the domestic market, particularly the burgeoning middle class of over 350 million people, is providing the desired growth impetus to the retail industry. Young consumer market with over 65% of the population under the age of 35 years which is relatively well educated and economically active is fuelling the Indian retail Sector growth.

Recent emergence of organized retailing and its huge customer attraction and retention marketing strategies, the adoption of technology and patronizing retailing shops and value-added services have created a market space for them in India. The existing unorganized retailers have also started to add more number of product mix/product lines to their existing selling assortments in order to create a feeling of one time and comprehensive shopping in the minds of the consumers, so that the consumers prefer their stores for the next purchase. The consumer's tentative buying patterns become a riddle for the organized and unorganized retailers (Burlakanti and srinivas, 2013).

Piyush and Arindson (2004) found influential factors on consumer& buying patterns at retailers like store location, store design and physical facilities, merchandise assortment, advertising and sales promotions, store personnel, customer services and clientele (social-class membership). The report prepared by Images (2005) retail

on career opportunities in retail provided insights into different career opportunities available in retail trade in India. Different institutions offer specialized courses and also provide training to acquire skill sets required for different positions, provide information on the existing gap for such skill sets, and also offer solutions to fill up the gaps thus identified. Jinfeng and Zhilong (2009) indicated the positive effects of store image dimensions such as Convenience, Perceived price, Physical facilities, Employee service, and Institutional factors on retailer equity dimensions as antecedents of retailer equity. An article published about the Retail industry in India in Economic Times (2010) stated that the retail businesses in India also need to focus on nurturing the customer base to enhance the profitability of the retail firms and contribute to their superior performance. Kalia and Kalia (2011) opined that the share of the unorganized Kiranas will come down in the future, and the share of the organized sector will go up because of its efficiency in buying and distributing, but retailers must find the USP of these sectors, because this is an extremely low margin business, and ultimately, everybody has to sell within the cost. Malik (2012) found that the organized retailers need to enhance customer satisfaction in terms of ensuring product quality, store convenience, after-sales services and availability of new products and lure buyers with attractive promotional schemes.

HUMAN RESOURCE PRACTICES IN RETAIL SECTOR

The field of human resource (HR) has been rapidly developing in order to assist companies adapt to a quickly changing environment and competitive labour market. A new perspective in this field has started to dominate - Strategic Human Resource Management (SHRM), seeing human resources as 'a business partner'. It is a logical offshoot of organizational development. The main objective of SHRM is to rescue HRM from its mundane existence in routine recruitment process and training programmes that constitute the low end of value chain.

The sustainable competitive advantage of any company can be maintained under the condition that the organisation's design, culture and people are aligned with its strategy and values (Jamieson, 2000). SHRM views people as its greatest asset and the source of ongoing competitive advantage (Colliander, 2003).

The impact of SHRM policies and practices on firm's performance is an important topic in the field of HRM, industrial relations and industrial and organizational psychology (Boudreau, 1991).

Adjustments made in the related research are that a firm's current and potential human resources are important considerations in the development and execution of its strategic business plan. This concept concludes

that human resource practices can help create a source of sustained competitive advantage, especially when aligned a firm's competitive strategy (Begin, 1991).

In both, theoretical literature and emerging conventional wisdom among human resource professionals there is a growing consensus that organizational human resource policies can, if properly configured, provide a direct and economically significant contribution to firm performance.

Unfortunately, very little empirical evidence supports such a belief. What empirical work does exist has largely focused on individual human resource management practice to the exclusion of overall human resource management systems.

The findings of various studies on HR practices depict the employees view training programmes as the most important for their career development, followed by formalized career plan initiated by the company. There exists high correlation between awards and reward and performance. This is also true that money is still a great motivating factor for the employees followed by performance based promotions. Since the survey was carried out on HR and HRD managers, they ranked performance linked incentives fairly low, as their performance is not linked with incentives. There exists no correlation between organization culture and performance, leading to the conclusion that in the organization culture of innovation, change was not readily accepted by the employees. If we analyse the correlation between HR practices, it shows that career management system and awards and rewards are highly correlated with one another, meaning thereby, if both of them exist in the organization, the performance can increase manifold. These two HR practices can also be termed as high performing work practices in an organization. Overall, HR practices are positively correlated with organizational performance.

Further, We may opine that the more the HR practices are in place, the more the HR and HRD managers are competent, satisfied with the existing HR practices, have sufficient role clarity in their job and have no intention to leave the organization. As it is evident from the study, the two HR practices that most affect the performance are career management system and awards and rewards, whereas performance is not affected by organizational culture. The reason for higher contribution by awards and rewards is that there exists proper implementation of the awards in the organization. Result-oriented appraisal contributes less to the performance due to the fact that in the appraisal system, there is lack of communication in common understanding of organizational goals between the employee and management. It is also evident that organizational commitment and loyalty is lacking in the employees.

THE WAY FORWARD

HR 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 HR, traditionally seen as a support function in retail, to step up and take on a more strategic role. People with customer centric approach are the key skill that HR people in retail are seeking for in their workforce. The various issues which the sector is facing are high attrition rate, lack of skilled manpower, skill development initiatives by organizations, effective performance management systems, rewarding pay systems etc.

Key HR needs in Retail Sector include:

- Talent Acquisition and Retention
- Engaging and Motivating Employees
- Compensation Structure
- Performance Management System

Human Resource Departments across retail organizations will need to adopt innovative practices to attract and engage employees. The need of the day is the ability to attract talent and retain them by progressively responding to the growing need of the industry. To meet the ongoing challenge of retention HR needs to deploy effective training programmes, career growth opportunities, variable pay systems based on performance, creating progressive organization culture, strong communication & feedback mechanism. It is also important to measure effectiveness of existing programs and improvise according to need ensure goals are consistently being met. A focused approach will thus be required by this sector in future to develop talent, also to unearth and utilize their full potential.

CONCLUSION

Until recently, the employment policies implemented in Asian Countries throughout the 1990s were mainly focused on fulfilling the economic objective of the firm, rather than developing organization fit for individuals. Employees since the era of liberalization have been struggling hard to come up with the technological changes. There is evidence that employees seem dissatisfied with the management's performance which seems to be directed more at improving bottom line performance and satisfying the shareholder's desire for improvement of

profits. Current developments in the labour market indicate that economic values are more important than the social values.

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