

Human Resource Management in Retailing

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Abstract: *The retail industry is fast-paced, relentless, and competitive, which is why human resource practices focus on solving the problems this sector brings with it. Economic uncertainty, staffing issues, and high turnover costs pose some of the biggest challenges for HR. teams within the retail sector. Without HR management practices, the brick-and-mortar retail industry would not be able to overcome the strategic hurdles the 21st century presents. HR management in the retail sector has its own unique set of challenges. With this blog, we'll uncover the nuances and explore how to navigate them for a successful outcome. Working in retail can prove to be more difficult than anticipated. HR professionals in the retail industry have to be incredibly flexible and fast thinkers because they have so much to manage and oversee. Modern technology can turn out to be the ideal tool for the strategic challenges retail entails. Nowadays, retail businesses are constantly developing; therefore, evaluating productivity is essential for HR professionals in determining their companies' needs. Retail HR involves recruiting, selecting, training, compensating, and supervising personnel consistent with the retailer organization's structure and strategy.*

Keywords: Retail HR

I. INTRODUCTION

Retailing is a set of activities that adds value to the products and services sold to consumers for their personal and family use. The retail scenario in India is very unique as compared to the world scenario.

Retailing in the post LPG era

During the post independence period, the Indian economy underwent significant changes. In the post liberalization, privatization and globalization (LPG) era, there is a major shift in the Indian retail industry. Retailing has changed from the traditional grocery shops to modern formats such as franchise stores, departmental stores, hyper markets, specialty stores, super markets etc. These shops are found not only in the metros but also in Tier-II cities of India. The whole concept of shopping has undergone a sea change in terms of format and consumer buying behavior and shopping habits. Greater affluence and rapid urbanization has shaped the consumption pattern of buyers in India. The entry of foreign giant retail firms has led to fierce competition in the retail industry. Such highly competitive and rapidly changing environment has made retailing business challenging and exciting.

The demand for manpower in the retail industry is huge due to the emergence of multiple formats of retailing. At the same time, the retail industry also faces the problem of high attrition. Front-end employees, who directly deal with customers, act as a retailer's face. A retailer delivers customer service, revenue and brand differentiation only through its employees. With the fluctuating demand, the retailer needs to adjust its staff accordingly to improve the customer service. Under such circumstances the role of HRM becomes very significant.

Problems and Challenges of the Retail Trade

The retail business has to face several challenges such as a) need to use large percentage of part time employees b) need to emphasize on expense control c) presence of large number of inexperienced workers for variety of tasks such as, check-out clerks, wrappers, stock clerks and similar other jobs which does not require high education, training or skill e) turnover of employees f) long working hours of employees g) variations in customer demand making it difficult for the retailer to predict the demand for employees exactly h) as employees are highly visible to customers, retailers need to be extra careful while selecting and training employees i) need for close monitoring of employees to ensure that they exhibit a proper attitude, manners and appearance.

The paper discusses the role and responsibilities of HRM in Retailing to face the above mentioned challenges.

Challenges in the Retail Sector

A retailer is an individual or a company that buys goods in large quantities and then breaks them down into smaller portions to sell to individual customers. India has over a million retail outlets, but the retail industry here still lacks modernization. To thrive in the Indian market, companies need to think smarter.

The following are the five major challenges experienced by the retail sector in the country:

1. High Real Estate Costs

The major hurdle for organized retail is the extremely expensive real estate prices. This makes up a significant portion of their overall expenses. This can significantly impact profitability, as even rental costs can be prohibitively high, making survival for the organization challenging.

2. Huge Operational Expenses Besides real estate, there are other operational costs to consider. Retail has a wide range of operations such as staff, basic infrastructure, electricity, taxes, and various incidental expenses. These costs add further to the financial burden.

3. Financial Constraints Organized retail needs both long-term and short-term funds to sustain itself. This causes extensive financial challenges. Long-term funds are necessary for building infrastructure and acquiring equipment. Meanwhile, short-term funds are required for inventory, hiring staff, and maintenance.

4. Skilled Workforce Shortage Retailers often struggle to find and retain skilled manpower in sufficient numbers and quality. Finding educated candidates in the retail sector can be a challenge. Sourcing the right quantity and quality of skilled human resources is an ongoing challenge for the retail sector.

5. Competition from Foreign Multinational Corporations (MNCs) Both organized and unorganized retail sectors in India face stiff competition from large MNCs. These multinational corporations possess substantial financial and other resources, giving them a competitive edge over local retailers. Examples are ITC, Sony, Amazon, Nestle, Accenture, etc.

Top 10 HR Challenges in The Retail Sector

Top 10 challenges in the retail sector

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Attracting & retaining Employees



Employee safety



Lack of formal education



Scheduling & workforce planning during seasonal demand



Bad loans



Threat of poaching



Access to earned income



Enabling digital employee experience



Building a diverse & inclusive workspace



Career advancement

HR professionals in the retail sector face some unique challenges when it comes to attracting and keeping talented, motivated employees. Let's discuss some of these common issues in retail HR and explore ways to overcome them.

1. Attracting and retaining Employees:-

The growth of digital life has caused a reduction in physical retail stores. The digital world is definitely cheaper than the physical world which requires human labor in the real world. This has caused turnover costs in the retail sector to skyrocket.

High turnover in the retail sector is linked to various expenses like recruitment, training, lost sales, service quality, and many other factors. Hence, it becomes very important to retain good talent once identified.

Some challenges in attracting and retaining employees in retail are:

Finding candidates that are in for the long-term

Frontline retail jobs are minimum-wage jobs

There is no clear career path for employees

Immense competition in the job market

The talent problem in retail is real. There's a significant disconnect between what executives think their employees need and what employees believe their companies should do to help them. In the following sections, we'll discover how HR can help bridge this gap.

2. Employee safety:-

It is crucial for retail store owners and HR to make sure the store is safe for both customers and employees. Sales associates are expected to recognize and adhere to health and safety requirements set by HR and the law. These rules are in place to prevent any health or safety risks. Here are key factors for HR to consider for ensuring employee safety in a retail store:

Compliance with Laws: HR must demonstrate adherence to safety regulations. **Risk Assessment:** Evaluate workplace hazards and take measures to prevent or reduce them. **Safety Preparedness:** Follow health and safety rules mandated by legislation.

Ergonomics: Match store tasks with employee capabilities to prevent injuries, like not assigning heavy lifting to weaker individuals.

Air Quality: Ensure proper ventilation to prevent mold, bacteria, and odors from accumulating.

Visual Inspections: Regularly check for hazards like uneven floors, spills, or misplaced items.

Security Measures: Install surveillance cameras and consider hiring security personnel to enhance store safety.

Employee Training: Train staff to handle dangerous situations effectively.

Insurance: Obtain insurance coverage for the retail store to mitigate risks.

3. Lack of formal education:-

You need skilled and talented staff to manage daily operations and meet diverse customer needs. In India, formal vocational institutes for employee training are scarce. Hence, most retail employers have to rely on in-house training or smaller external institutes to meet their training requirements.

Considering the expansion of the retail sector, some business schools are now offering innovative retail management courses. You can find various short-term retail management programs at institutions like the Indian Retail School.

Examples of formal retail education partnerships with retail brands:

4. Scheduling and workforce planning during seasonal demand:-

Even in the best of times, managing your workforce effectively during seasonal demand can be quite challenging. HR has to create and tailor employee models for different regions, stores, and departments, and adjust them based on seasonal demand. They also need to align labour budgets, forecasts, and schedules to boost revenue and avoid unnecessary expenses.

But in today's retail landscape, apart from the above, there are newer challenges making workforce planning even more complex. Employees are now seeking more flexibility in their schedules. Additionally, the growing customer demand for services like Omni channel delivery means you have to account for new types of work. Retail managers are already spending hours each week creating schedules and planning out their workforce. HR needs to avoid using outdated and error-prone systems to deal with this complex problem.

5. Bad loans:-

In the retail sector, a major issue is the presence of bad loans because many workers in this industry borrow money from both their companies and banks. It's crucial for HR to keep a close eye on these loans to ensure everything stays in balance.

In retail HR, there are two key risks to consider with employee loans:

Default Risk: Employees who borrow money may struggle to repay if they face job loss or financial difficulties. To address this, include loan loss provisions and default terms in the loan agreement.

Conflict Risk: Providing loans to some employees but not others can create a sense of unfairness and conflict within the workforce. To prevent this, establish a clear employee loan program with consistent policies.

6. Threat of poaching:-

In retail HR, employee poaching is a significant issue, especially in both organized and unorganized retail. Skilled workers are in short supply, making it tempting for competitors to lure employees with higher salaries.

The mismatch between the number of available workers and the industry's needs is causing a high employee turnover rate and driving up operational costs. On top of this, emerging retail chains are hiring employees from established players like Shopper's Stop, BigBazaar, and Spencer's for their backend operations.

Furthermore, the growing attrition rate among key retail players in the Indian market is a rising concern for the poaching problem.

7. Access to earned income:-

In the retail sector, a key HR challenge is motivating employees to contribute effectively to business outcomes through the right compensation strategy. This includes fair monetary and indirect benefits. To encourage active engagement, some firms adopt profit-sharing.

In India, front-line employee compensation is often conservative, while store managers receive competitive plans. To ensure stability and foster employee ownership, HR can design a program that offers lower guaranteed pay but includes robust bonuses tied to store profitability.

This approach can also extend to support functions like merchandising, distribution, and accounting. Such an approach can be done with rewards depending on store performance.

8. Enabling digital employee experience:-

The digital workplace plays a crucial role in enhancing the digital employee experience (DEX). It serves as a framework to understand what employees receive and how it's delivered. The advantage of the digital workplace is that it's firmly rooted in the everyday digital tools and processes employees use.

In the retail sector, enabling DEX is a challenge because employee experience has not been a priority in this sector until recently. So, how can HR try to transform the digital employee experience? Here 5 ways:

Cultivate a supportive and uplifting workplace atmosphere.

Give top priority to employee growth, education, and training.

Equip your staff with appropriate technology and tools.

Pay attention to the desires and needs of your workforce.

Establish and sustain a vibrant organizational culture.

9. Building a diverse and inclusive workspace

Diversity and inclusion pose significant challenges for HR in the retail sector. On-going training to foster inclusion is essential but resource-intensive. Here are five reasons why building a diverse and inclusive workspace in retail is crucial but poses as a challenge.

High Turnover: Frequent turnover makes it challenging to sustain diverse and inclusive cultures.

Varied Workforce: Retail employs a diverse workforce with differing needs and backgrounds.

Customer-Centric: Balancing diversity and customer-centric approaches can be complex.

Training: Ongoing training to promote inclusion is necessary but can be resource-intensive.

Competition: Attracting diverse talent amid competition for retail positions is a challenge.

10. Career advancement:-

In the retail sector, most employees do not have a clear path to career advancement. Fostering both personal and organizational growth makes it essential for HR to implement effective goal management and training programs.

Offering training opportunities such as communication skills, personality development, packing techniques, and technical skills can further facilitate their career development. These measures not only benefit individuals but also contribute to the overall growth of the company.

Furthermore, providing career growth chances can solve the problem of attracting top talent. It helps brand your company positively in a competitive job market with a scarcity of experienced and skilled individuals. Demonstrating a promising future for employees gives you a competitive edge in recruitment.

Retail companies can promise career advancement by:

Establishing clear career paths.

Recognizing and communicating growth prospects.

Demonstrating a commitment to internal promotions.

Identifying critical roles.

Developing talent and succession plans.

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Implementing effective management practices.

Solutions to the challenges

- ✓ Aligning the culture with organizational values
- ✓ Managing ethical dilemmas
- ✓ Building capability
- ✓ Matching employee and organization's expectations
- ✓ Increasing employee productivity
- ✓ Engaging employees and communicating



II. CONCLUSION

- HR in retail can often seem very complex and overwhelming, but if companies are able to draw critical insights from the workforce, with guidance provided by feedback platforms, retailers can use this data to their advantage and overcome the challenges within their sector.
- Be it high turnover costs or employee theft; HR managers are forced to be very flexible and multitask, which is why it's so important to implement solutions that help to reduce the workload significantly.
- Flair allows employers to create a clear overview of HR processes, from shift planning to a structured employee database, enabling them to focus on the more noteworthy problems at hand. These types of software can come in handy in the dynamic and rapid world of retail.
- HRM plays a key role in the success of any retail business. HRM can be the basis of sustainable competitive advantage for three reasons as stated below.
- Labor costs account for a significant percentage of retailer's total expenses. Thus, the effective management of employees can produce a cost advantage
- The experience that most customers have with a retailer is determined by the activities of employees who select merchandize, provide information and assistance. Thus, employees can play a major role in differentiating a retailer's offering from its competitors
- These potential advantages are difficult for competitors to duplicate. Building a sustainable competitive advantage has become imperative for the survival of the retailer in today's global economy.