

EMERGING ROLE OF HR IN TODAY'S **RETAIL WORLD**

Many retail organisations have now realised that their success, to a great extent, is dependent upon the performance of their HR department. Such companies will succeed provided they employ and retain talent by following best HR practices. The article delves into the significance of HR department and the challenges it faces in the retail world

By Barkat Charania

Gone are the days when human resource (HR) department was considered just as a non-profitable department of an organisation. With changing times, additional responsibilities and innovative practices, HR departments have now become an integral profit making part of any company.

I was being asked during an interview as to “What is more important – strategy or execution?” And the answer is very obvious – a well-designed strategy will go waste if not executed properly, and on the other side, if a strategy is not right, it is not going to work however well it is executed. Thus, strategising and execution go hand in hand especially when the market is open with a tremendous potential.

Let's rewind our memories just a few years back and think about the words such as employee retention, talent matrix, succession planning,

manpower budgeting and resource optimisation from a retail organisation's point of view. Many would agree that these were good to hear in the annual meetings or during HR planning meetings in many companies. But now the time has changed. Retail industry itself has changed so drastically within these few years that managing it requires a lot of attention from every department.



Within a very short span of time, India has emerged as a favourable destination for international retailers, outpacing UAE, Russia, Indonesia and Saudi Arabia. The sector employs 7 percent of the total workforce; this is the second largest employer after agriculture and continues to increasingly provide employment opportunities within the country. Retail formats in India have evolved without any past blueprint or precedent to refer back to. Therefore, India's retail industry has been defined by experimentation, risk-taking and trial and error methods. Its manpower-intensive nature and

of increasing competition that has resulted from liberalisation, Indian organisations have initiated adoption of innovative HR management practices to foster creativity and innovation among employees. The growing needs of retail industry can only be matched up with the aggressive HR practices.

Though having the right product at the right time and the right place is what retail calls for, still it is highly supported by the right people at various levels. Proper planning, organising, strategising along with excellent execution is the key to the success for any retailer. And

execution is purely dependent on the teams and their capabilities. The success of any player in this sector depends not only on understanding target market and implementing marketing mix strategies but also on how effectively a retailer develops systems of high performance work practices including comprehensive recruitment and selection procedures, reward policies and performance management systems, and extensive employee involvement and training. HR people are the backbone of any company, and the success of retail business depends a lot upon the kind of HR strategies it is following and how people are managed. Because of increasing competition among organised retailers, the retail industry is facing challenges and hurdles from different areas.

Fast-changing retail trends are heavily impacting the HR in retail, which started off as operational function and is soon expected to become a strategic partner in the business. The changing face of India's retail has also seen changes in the way HR department functions. Initially HR was seen as a support function and used to majorly concentrate on hiring and managing the exit of an employee. HR's key performance indicators were based purely on hiring numbers. Now, with the changing business environment and more exposure to HR functions via education, the role has emerged to be a business partner. With the opening up of FDI and entry of large retailers, there are lot of tasks in front of the HR teams such as retention, innovative hiring, increase productivity and reducing attrition created due to competition. Training at all levels, which was earlier ignored by many organisations, has also become very important in many organisations. Companies have their own internal training centres, which can induce best retail practices in all their employees. Few of the most common challenges faced by HR team along with their contributions would be as follows:



unique requirements have resulted in HR considerations taking on paramount importance for the sustainable growth of the sector.

Over these years, the prime focus of every retailer was on sales and brand building along with expansion strategies. But this poses huge challenges with respect to dealing with the short supply of qualified, future-ready talent, sustaining high performance and retaining key talent. Therefore, the key question for the retail industry in India is how organisations can sustain high performance whilst battling both economic challenges and talent shortages. To face the challenge

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Building Capability

Any retail organisation's 70 percent staff would consist of frontline sales staff who are either freshers or less experienced. A major challenge is to make them understand that they are not a mom and pop store but of a national or international retail brand. The store manager at store level has the task of motivating employees but he is more focussed upon targets. Also these are not highly experienced people with an understanding of various motivational tactics. Thus, HR intervention at store levels has changed the way that a retail staff feels about their organisation. Also the scarcity of an experienced talent pool in India's retail industry means that HR needs to focus on building in-house talent capability since there are just a few professional courses for retail in India

Matching Individual and Organisational Expectations

Retail being an unorganised sector experience so many changes to progress towards being an organised industry in a large manner. It is very difficult for HR to offer a concrete succession plan to the employees. This often impacts the employer brand equity of retail organisations when they scout for talent. Thus, it is again the responsibility of the HR team to match the expectations of retail employees and show them their career succession plan.

Increasing Employee Productivity

Though employee productivity is not a direct role of HR department, the department has to focus on building manpower efficiencies and on ways to enhance employee productivity on an ongoing basis.

Job Insecurity

There is a high level of job insecurity amongst the retail staff, especially at the entry level, since retail is a target-driven job. HR department plays a very significant role of a catalyst and as an internal training



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department by which employees can meet their desired productivity level. Coming up with various incentive plans, motivating employees at

various levels and building a sense of belongingness is a vital part of the HR agenda.

Managing Compensation Expectations

The retail industry operates with wafer-thin margins and, therefore, managing compensation expectations in a situation of scarce talent is a key challenge. People at entry level are keen about their pay package than about the organisation. They change jobs even for a hike of ₹500 to ₹1,000. So building a compensation mix, which is unique and motivating, is a key challenge. Also there are lots of variable components that are performance based and thus not taken positively by entry-level employees.

Talent Management

Retaining staff in an industry, which calls for long working hours, working on weekends, and without a concrete career path, is a big challenge for the HR department of retail companies. Retail industry is one of the largest employers of staff in its sales team and the demand continues to increase with the expansion of modern retailing. However, the industry is also coping with high attrition rates and this will continue as more players enter the market and the workforce has a greater choice of employers. The HR departments are going out of the way to adopt new ways of recruiting and retaining the talent including social media such as Facebook where fresh talent can easily be attracted. HR departments across retail organisations are trying to adopt innovative practices to attract and engage employees. Various motivators are being experimented at various levels such as celebrations at store levels, incentives, flexible working hours, internal and external trainings, sponsoring further education, discounts and celebrating the retail employee day.

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considered as an industry. People still do not consider retail as a professional career option compared to other industries. Getting the best productivity from the least-motivated staff is really a big task till the time people feel enthusiastic to start their career as a retailer. The HR is not just a department but also an internal business partner who can learn from the past, see the current trends, and analyse the future trends and requirements to create a future-ready team for its organisation along with contributing to the industry practices. For HR to integrate with the business as a strategic function we need to be clear on the strengths and opportunities that HR can build upon and simultaneously be aware of weaknesses and threats that can pose new challenges to HR in the retail industry.

With the tremendous expansion of the retail market in India and with the entry of foreign players in the domestic market, there is a surety of talent crunch in the near future. Here to attract right talent, grooming them as per your company demands and then retaining them is the biggest and ongoing task in front of any retail HR today. We have seen a shift in the focus of HR practices from just recruitment to nurturing the talent. Various organisations come up with different policies to motivate their staff. Though money is very

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important for entry-level staff, there are various factors that affect the person's intent to be associated with a particular company.

The HR department has now started understanding not only the human values but also the business proposition. Planning and strategising are done keeping in mind the organisation's goal as a long-term prospective. They need help in moving the function towards a clearer set of priorities, making it more insight-driven and more aligned to the enterprise strategy. A well-designed and well-executed functional agenda can make the challenges easier and the rewards greater. It can help the entire HR team become true partners with your colleagues in line management and better contributors to the overall success of the business.

The key task for HR is to help shape a highly skilled, engaged and productive workforce and discover new sources of attracting talent. Till

date, they have been successful in reaching their goals. There cannot exist a no attrition situation especially in larger organisations, but controlling and reducing it is the task in hand. Future of retail is very certain with major retail expansion, shortage of talented staff, and competition between organisations to attract the best of the available talent, creating new talent to meet their demands and retaining them. HR's role has changed with times and it will adapt and improvise itself in the coming future as well. 

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