

# Significance of effective HRM practices in organized retail sector - A literature review

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## ABSTRACT

With the Indian economy opening-up its doors wide open to organized retail, we have seen a big growth in the sector. Both national and international players with big names have made big headway into the organized retail market in India. And the sector has been projected for a lucrative growth in the years to come, thanks to the rapid increase in digital commerce. An area of concern for the sector has been human resource management. Attracting talented people and retaining them has been a challenge. High attrition rates have posed problems for the sector. An attrition rate in the range of 30-35% has been reported in the Indian organized retail sector. This article carries a literature review of research that has gone into this area given its significance. The review has been structured into 2 parts – a. review of recent literature on HRM Practices, b. review of recent literature on HRM related to the retail sector. An agenda for further research has been set based on the outcome of the review.

**Keywords:** HRM, HRM practices, organized retail sector, Literature review.

## 1. INTRODUCTION

With the Indian economy opening-up its doors wide open to organized retail, we have seen a big growth in the sector. Both national and international players with big names have made big headway into the organized retail market in India. And the sector has been projected for a lucrative growth in the years to come, thanks to the rapid increase in digital commerce. An area of concern for the sector has been human resource management. Attracting talented people and retaining them has been a challenge. High attrition rates have posed problems for the sector. An attrition rate in the range of 30-35% has been reported in the Indian organized retail sector.

The HR manager needs to adjust the person's goals to the business strategy of the organization. There is a positive and critical impact of vocation development on representative maintenance, professional development was seen as one of the key factors that assumes a significant job in holding employees in the association. Further, HRM ought to be aware of the floor level representative's inclinations as well. HRM assumes a key job inconsistent upskilling by guaranteeing steady retraining happens to address ever-developing difficulties. HRM pros need to guarantee the drawn outperformance of "their" retail associations. It is a major test for HRM to meet future needs, and the undertaking is wide running. How well HR directors play out their function will decide if a retailer enrolls a manageable achievement later on.

In like manner, the examination frameworks in Indian retail associations don't recognize employees' commitment and confining social, specialized, and natural imperatives on performance. Retail will keep on being an expanding field of business with new domains like online, multi-channel being included customary premise. The retail sector essentially works with human employees, merchants, customers with the front line employees being in focus in this manner HR supervisors have the chance to give individuals satisfying and fulfilling the working condition. At the same time, being a strategic business accomplice for picking up the advantage over the contenders.

## 2. REVIEW OF LITERATURE

### 2.1 Review of literature on HRM practices

Human Resource Management is an organizational function that focuses on the recruitment, management, and foundation of heading for an organization's most important resources: its employees. What's more, this functional region gives the important information, apparatuses, training, authoritative administrations, instructing, legitimate and management counsel, and ability management oversight that an organization uses in amplifying execution quality

(Heathfield, 2017). These resources, thus, give employees a lot of objectives that they are relied upon to achieve utilizing their skills and expertise. Be that as it may, management must look past what sort of occupation best matches a worker's skill set; human resources supervisors should likewise have the option to recognize and address the requirements of employees through powerful recruitment and selection, training and development, remuneration administration, and employee-manager relations. This is to guarantee that employees work in a domain that truly thinks about their development, welfare, and growth (Kumar *et al.*, 2019; Cletet *al.*, 2015).

The recruitment and selection practices are basic in the achievement of a firm since picking the correct employee from a pool of confirmed candidates can help the firm in accomplishing its short-and long haul objectives (Richardson, 2012). Organizations have additionally given basic significance to training and development since this action hones a worker's level of skill and in this way expands their capability to make progress and execute the organization's strategic plans (Australian HR Institute, 2018). Likewise, pay administration is said to have the most effective in an organization. Be that as it may, it is one of the challenging functions to plan in human resources management since it is known to impact firm productivity and generally execution (Kumar and Brar, 2012; Cletet *al.*, 2015). Finally, actualizing best practices in employee-employer relations can enable the organization to have a solid and gainful working environment. Dependability and assurance are helped by putting resources into employees' constant learning and welfare which thusly leads to the fortifying of their inclination to accomplish organizational objectives (Craig, 2017).

Ostroff and Bowen (2000) portray HRM as an intricate arrangement of practices intended to impact employees' aggregate satisfaction, responsibility, inspiration, conduct, and skills; these traits interface HRM practices and firm performance. Organizations that have more prominent consistency between their HRM practices and their systems are relied upon to have an unrivaled performance (Delery and Doty, 1996). This makes a contention between the two methodologies human-centered and organization centered. Researchers have been in strife about a definitive objective of HRM inside an organization that ought to be the development of an individual or organizational development on entirety (Swanson and Arnold, 1996; Clarke, 2004).

Gilley *et al.* (2002) attempted to settle this issue by conceptualizing that HRM comprises of four significant zones: singular development, vocation development, performance management, and organizational development. Yet at the same time, the contention among the researchers is about the point of reference request among the significant zones as specified previously. One way of thinking needs that HRM ought to contribute straightforwardly to the accomplishment of an organization's objectives and assume an instrumental job in the accomplishment of the organization (Garavan *et al.*, 2012). This way of thinking holds that the primary motivation behind the position of HRM in the organizational pantheon is to encourage individual organizational achievement. To meet this goal the arrangements ought to be in a state of harmony with the organization's business objectives; any HRM projects or change intercessions should be arranged and intended to upgrade the organizational proficiency (Osman-Gani and Zidan, 2001).

The customary job of human resources division (HRM) has been the development of individual workers with concurrent organizational development (Kuchinke, 2013; Sambrook, 2012). HRM offices – initially called finance offices, at that point relabeled-staff management, trailed by another transformation to personnel and then to human resources management – have been in the vanguard of progress management in retailing. Numerous organizations have perceived that HRM is a basic part of making long haul progress and not only a method for selecting laborers.

They consider HRM to be helping firms increase a competitive advantage over others in the commercial center. A huge constructive float that merits affirmation is that HRM is currently moving from a simply regulatory personnel function to a progressively strategic one with numerous organizations adjusting it to the business objectives of the organization. The desire from HRM is to give quantifiable returns on the ventures selective to the HRM office. HRM professionals are progressively being approached to demonstrate their significance to substantial business outcomes (Garavan, 2007). HRM needs to adjust its whole program to the organization's general vision and strategy.

## 2.2 Review of literature on HRM practices

Nidan (2016) in their one of the investigation says that the organizations are going comprehensively then they must have a competitive edge by supporting and holding the new gifts at the high level, which will help the organization in great and terrible occasions and which will likewise influence the organization in its prosperity and endurance. The investigation additionally centered on the effect of worker engagement on employee efficiency and the persuasive level of employees. The investigation additionally stressed that retail sector giving more chances to work improvement however holding worker is one of the most challenging issues; the study suggests that if the organizations have great methodologies to connect with its employees it will assist them with performing better and prepared to assume greater liability, vigorous and moving.

Kazimoto (2016) in their article, they have examined worker engagement in the city of Uganda. The study concentrated on estimating employee engagement about organizational performance concentrating on non - monetary elements. The discoveries show that the degree of retail employee engagement and the level of employeesatisfaction were high in retailing organizations in Wabulenzi - Luwero city. In any case, it was seen that in retailing organizations, employees were thought that it was hard to make the harmony of work understanding and house existence with their business. This study shows that despite the relationship between worker engagement and occupation satisfaction, there is no connection between employee engagement and employment tasks, which is a significant key factor for organizational performance. The outcomes uncover that activity task is basic for connecting with employees to guarantee organizations' life span and productivity.

Swarnalatha and Prasanna (2013) in one of the articles says that retailers are confronting the issue of the monetary downturn because of certain reasons like mass cutbacks, across the board work uncertainty, and so on and that after bringing down employee engagement. The record scores of worker engagement of the retail business are similarly low in client confronting positions. The study, at last, infers that industry is at a high danger of least employee engagement when contrasted with different enterprises. Along these lines, certain measures ought to be taken to improve worker engagement. Jagadeeshwari and Singh (2012) in their study, have estimated the level of employee engagement in the organized retail sector at Hyderabad and likewise, the investigation concentrated on varieties of worker engagement with the adjustment in key measurements, for example, work and individual life, stress, and training. And the study recognized that the employees can adjust work and individual life at the most extreme level. And additionally, the investigation says that the organization is likewise training the employees for required skill sets to play out their activity, and additionally, it is recognized that the male employees are more drawn in than female employees in the sector. The retail business has consistently been labor-oriented (Kumar and Brar, 2016; Merkel *et al.*, 2006).

The way to its competitive performance is the consistent accessibility of skilled employees and their constant motivation to play out their jobs in a productive way. Subsequently, organizations are consistently tested to re-sort out and adjust their structures to turn out to be increasingly effective. Moreover, the workforce needs direction and vision in evolving times. The affirmation of the significance of HRM function in retail organizations is of a relatively late vintage (Miller, 2006). In retail administration conditions, human resources assume a noteworthy job in organizational adequacy and profitability. They are a critical pillar of the organization and on account of this reality, overseeing them prudently is of intense significance. The connections among customers and front-line employees in a retail firm is probably going to influence customer view of the shopping experience and may leave an enduring impression that influences satisfaction, continue purchasing and firm performance (Magi, 2003; Schneider and Bowen 1995; Grewal and Sharma, 1991).

Evans (2015) in their study found that these front-line employees held a serious extent of duty regarding deals worker management, yet encountered an absence of institutional help, observing or motivating forces to execute the corporate approach in total. This makes the quandary for the HRM of the organization should they give the constrained monetary resources to upskill these front-line employees or should operational autonomy conceded to these administrators permitting them to disregard corporate HRMpractices. The retail business, with the new FDI and e-tail standards, is relied upon to advance its human resources arrangements and practices. However, the retail sector is referred to as paying lower pay rates as contrasted and different enterprises (Nalla and Varalaxmi, 2018). An elevated level of work pressure and long working hours make it all the less alluring (Whysall *et al.*, 2009). Administrators face various imposing difficulties in concocting available resources by which they can imaginatively manage these issues without yielding employee interests (Miller, 2006).

### 3. SETTING THE AGENDA FOR FURTHER RESEARCH

Based on the review following areas should be looked into by researchers in-depth:

- a. Compensation structures of employees in the organized retail sector,
- b. Employee retention strategies
- c. Achieving goal congruence
- d. Performance evaluation and appraisal systems
- e. Special factors affecting employee performance in the organized retail sector,
- f. Training of front-line employees
- g. Factors causing high attrition in the organized retail sector

### 4. CONCLUSION

While there has been reasonable research in HRM related to organized retail structure, yet there is a dire need to look into some more areas to address the issue of high attrition in the organized retail sector. An attrition rate of 30-

35% is highly unreasonable and demands better HRM practices. Costs of labor turnover are high. It would be therefore any time better to spend more on better HRM practices rather than incurring high costs associated with attrition. The skillset at each level of employees in the retail organizations should be understood well by HR managers and training and development should be aligned accordingly. Generalization works only up to certain levels. Retail is a specialized sector and has special requirements of knowledge, skills, and attitudes. Hence, HRM practices will have to be customized and well-aligned with these specialized requirements.

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