

SOS POLITICAL SCIENCE AND PUBLIC ADMINISTRATION

MBA FA 406 (B)

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UNIT-IV

TOPIC NAME- HUMAN RESOURCES ISSUES CONCERN IN RETAILING

What to Know About HR in a Retail Store

Employees lie at the heart of retail: a great location, enticing merchandise and attractive prices mean little without employees to serve customers. The need for workers creates a need for human resources to recruit, hire, train, schedule and pay them. The administrative aspects of employing staff pose legal risks when not handled correctly, giving the HR function an important role in any store's financial success. Small or large, retailers deal with common challenges that lead them to consider human resources expertise a worthwhile investment.

Hiring

The recruitment-hiring-on boarding process becomes a way of life for HR-entrusted managers in retail thanks to the industry's high turnover. Finding reliable, customer-oriented people who accept flexible working hours tests HR tenacity; training and mentoring them consumes time. A store's workforce demographics create a diversified group that HR must mold into a cohesive team to ensure rewarding shopping experiences for customers.

Staffing

Retail stores need employees on the floor from open to close. The person responsible for scheduling, either the HR manager or store manager, must anticipate traffic to schedule enough people for sales and peak shopping hours. Minimizing floor coverage during off-peak times, or when local events monopolize customer attention, has equal importance. Those schedules must include adequate breaks and meal times, provide the guaranteed weekly hour minimum for full- and part-time employees and respect restrictions related to minors. Calling in extra help as needed for recovery, deliveries and display changes puts pressure on the payroll budget. Call-offs and no-shows also affect the staffing schedule and customer service.

Payroll

Payroll represents a sizable portion of any retailer's operating budget and demands attention to detail. Sales associates who punch in a few minutes early for meal breaks could bloat payroll cost over time, while not tracking vacation and personal days taken could lead to overpayment. Because many retail stores are open on holidays, HR deals with premium pay policies and must budget accordingly. Small stores compete with larger retailers for help during the peak fall and summer hiring periods, which puts stress on the hourly wage they must offer to attract talent.

Payroll attention to detail includes keeping records for three years and having each employee complete a W-4 withholding authorization form.

Administration

HR must keep track of who works and when. Failure to monitor the number of hours an on-call or floater employee works in a year could trigger the need to change his status to part time and incur related benefit costs. Properly documenting absences to support disciplinary actions helps to protect a retail store from legal problems and reduce unemployment compensation expense. The high turnover commonly experienced in retail creates a mountain of paperwork for its HR professionals; however, familiarity with programs such as the Work Opportunity Tax Credit, or WOTC, can bring welcome tax credits. A retail store, like any employer, has an obligation to maintain a separate I-9 file as proof that those hired are eligible to work in the U.S., and to observe confidentiality of employee files and medical information. Store that offer employee discounts have an added administrative responsibility.

Integrity

Although a retail HR manager may use a background check and references to select new hires, these tools do not always predict employee behavior. Internal theft haunts many retail establishments: industry employees stole \$34.5 billion in 2011, according to the National Retail Federation. Handling related terminations falls on HR's shoulders. Some retailers have the luxury of a loss-prevention department to assist HR; in stores without such a department, HR must have a protocol in place for legal considerations.

HR Challenges in the Retail Sector

Human Resources manages a retailer's largest controllable expense and oversees its most critical success factor: its workforce. With the industry's renewed emphasis on customer service, HR professionals play a critical role in a retailer's ability to compete. In an atmosphere where just 2.3 negative shopping experiences will send a customer elsewhere forever, HR's responsibility has added significance. It must adapt training, workforce management, recruitment and retention practices to a sustain customer-pleasing, loyalty-instilling team. Many of these issues are resolved by the human resources department. Each type of business may have different issues and challenges to face. For a business in the retail industry, there are some common problems your HR department will face.

Training

Online competition has raised the customer service bar for stores as consumers research purchases, comparison shop and seek convenience. HR must nurture an organizational culture that embraces a positive shopping experience for each customer. Training must address an employee's role in the store's relationship with its customers. The trend of empowering associates to handle issues on the sales floor, rather than seek manager approval, requires a change in employee mindset. Skills such as promptly greeting, acknowledging and thanking customers

must be revisited. Management sets the example, but HR training builds the foundation. Product knowledge also has become a component of the customer-service equation, necessitating feature-benefit instruction that enables those in contact with customers to answer questions and offer suggestions.

Workforce Management

Staffing the sales floor traditionally has been a balancing act for retail HR. The long business hours, frequent promotional events and seasonal nature of the industry put staffing pressure on stores to meet customer service expectations yet respect payroll budgets. HR's scheduling expertise must align associate attributes to tasks, as well as to shopper profiles, according to a 2010 "Retail Information Systems News," study. For instance, ensure that intimate apparel sales include associates who are certified bra fitters. An added challenge, notes Massachusetts-based research firm Aberdeen Group, is sales trends that grow less predictable as consumers change their buying habits.

Recruitment

RIS News cites Cavallino Capital's research in which 60 percent of consumers surveyed named hiring helpful staff as key for retailers to earn their loyalty. Retail HR managers struggle to attract customer-oriented candidates who are comfortable with technology and willing to accept irregular hours, holiday assignments and relatively low pay. A bad hire can damage the organization's reputation and waste resources. Retail HR also faces demographic challenges as competition increases the need to present an ethnically diverse workforce with whom customers can identify.

Retention

According to the Hay Group, U.S. retail turnover reached a median rate of 67 percent in the first quarter of 2012. The continuous cycle of hiring, training and replacing associates, coupled with exposure to lost sales and sub-par customer service from inexperience, consumes HR attention. Although attributable mainly to part-time employee departures, turnover hinders a store's ability to grow talent and recruit management from within. The challenge for HR centers around teaming with managers to engage employees while championing them as critical links to customer loyalty objectives. Frank discussions about expectations on both sides result in a better fit; however, that may increase the time needed to fill vacancies.

Motivation

A lack of motivation amongst the workforce can affect the productivity and success of a business. It is an important part of the HR department's role to keep staff motivated. Using rewards schemes and offering bonuses can be one way of keeping staff motivated.

These are just some of the potential problems and challenges faced by the HR department in retail businesses up and down the country. The solutions to many of these problems can be found

by using a good HR software package, working towards better communication and making sure that the HR department are trained to handle each of these challenges appropriately.

Seasonal demand

One of the things that makes retail companies different from other businesses is that the day-to-day running of their businesses is affected by seasonal demand. This affects the HR department because, at busier times of the year, it may be necessary to hire seasonal staff to meet the demands of the business.

Diversity

Diversity in the workplace is a good thing. However, it can also pose the issue of cohesiveness between colleagues. The HR department must work towards building good relationships that are conducive with running a successful retail business. Another good pointer is to raise awareness of differences in the workplace to promote acceptance.

Lack of skilled manpower

The organized retailing is a massive man power oriented industry that recruits a large pool of employees. However, there is a huge scarcity of skilled retail professionals. This can be attributed to the fact that retail has never been considered as a prominent profession in India as there were very few retail professional courses still few years back.

Suggestions to Rectify HR Problems In Organised Retail Sector In India

1. Indian retailers need creative HR practices to manage a huge workforce in a competitive environment enhance the competency and retention of their employees.
2. There are too many companies chasing too little talent. The retailers should maintain their goodwill in the overall employment market by communicating its attributes in a way that distinguishes the company from the competitors.
3. Find the right talent that is willing to commit over the long-term.
4. Attractive compensation package should be provided to the employees which includes both direct (salaries, commission and bonuses) as well as indirect payments (paid vacations, health and life insurance and retirement plans).
5. The problem of attrition is very common nowadays. Retaining is more challenging than hiring. Hence, retailers must examine different strategies which they can use to reduce turnover and boost the morale of their employees.

