

Challenges Affecting the Organized Retail Sector in India- A Case Study of Vishal Mega Mart

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Abstract: No industry faces the same unique recruiting challenges as the retail market. Between the large volume of hires, almost constant turnover, seasonal work, etc., the retail industry, perhaps more than any other industry, is in need of a more efficient hiring process. Today, it's more important than ever for employers to have strategies to counter with such challenges within their organizations. Most employers are aware that talent is no longer available on demand, and that talent acquisition strategies require a forward-thinking approach. It's also important to have talent strategies that prepare your company for future hiring requirements. While hiring needs change, companies and industries can generally determine the ebbs and flows of talent needs within their organizations to build a sustainable competitive workforce. This paper examines the challenges faced by an Indian Retail chain in Talent acquisition and also the strategies it has developed to counter those challenges. All the retail chains far or less face the same problems and hence the findings might be utilized as a map to develop their strategies accordingly.

Keywords: Recruitment, Retail, Strategies, Talent Acquisition.

I. Introduction

The Indian retail industry has presently emerged as one of the most dynamic and fast paced industries as several players have started to enter the market. It accounts for over 10 per cent of the country's gross domestic product (GDP) and around 8 per cent of the employment in India. The country is today the fifth largest global destination in the world for retail. India's retail market is expected to double to US\$ 1 trillion by 2020 from US\$ 600 billion in 2015 driven by income growth, urbanization and attitudinal shifts, highlighted by the Boston Consulting Group and Retailers Association of India's report titled, 'Retail 2020: Retrospect, Reinvent, Rewrite'. India is expected to become the world's fastest growing e-commerce market on the back of robust investment activity in the sector and the rapid increase in internet users.

Hence it is critical for the existing retail chains to manage their talent properly and because of the several limitations and challenges the sector faces it is very important for the retailers to pay great attention to talent acquisition.

Objectives And Methodology: The study was conducted in one of leading retail chains in India. For the purpose of anonymity the retail chain would be referred as VISHAL MEGA MART throughout the paper. A detail of the company is provided in the paper. The data for the study is mostly secondary in nature.

The major objective of the study is:

- To find out the major challenges faced by the company when it comes to talent acquisition.
- To study the probable areas of improvement to make recruitment and selection procedure more effective.

About the organization:

Vishal Mega Mart is one of the fastest growing lifestyle apparel retail destinations in India constantly innovating designs, concepts and products by infusing the latest trends in fashion and clothing styles. A chain of stores for every Indian, VISHAL MEGA MART has a repertoire of lifestyle brands to cater to every consumer needs across multiple occasions. The warm and personalized service offered by every store truly brings out the unique value proposition of the format.

VISHAL MEGA MART retails over 200 brands which comprises a mix of exclusive brands, licensed brands, international brands and more in apparel as well as accessories leaving the consumer spoilt for choices. The greatest asset of VISHAL MEGA MART is their exclusive brands that keep customers coming back to their stores. What sets these brands apart is that each of the designs is crafted keeping the consumer's fashion sensibilities and fashion needs in mind.

Characteristics of the population working in Indian Retail Industry: The retail industry has the highest proportion of part-time employees of any industry— 49.3 per cent of the workforce is employed part-time, compared with the all-industries average of 30.2 %. In relation to industry subdivisions, 75 per cent or 66,300 employees in Department Stores work part-time, followed by 60.9 percent or 171,200 in Supermarket and Grocery Stores.(Nielsen, 2015)

Casual employees are paid a loading on their hourly rate in lieu of leave entitlements. Around 38 per cent of employees in retail are employed on a casual basis compared to 26 per cent for all industries. In retail, females account for a majority of casual workers. Almost all of them work part-time hours.

The prevalence of part-time and casual employment in the industry enables businesses to have flexible and adaptable staff rostering, while also providing employees with opportunities to balance work with their other responsibilities, such as caring or study.

The retail industry also has higher labor turnover compared with other industries. The report (Nielsen, 2015) shows 21.7 per cent of employees have worked with their current employer for less than 12 months compared to the all-industries average of 18.2 per cent. Of those employed for 10 years or more with the same employer, the retail industry has 17 per cent compared to 25 per cent for all industries.

A wide range of occupations are employed within the retail industry. Some are specific to retail, such as sales assistants, retail supervisors, retail managers and merchandisers, but there are also supporting interdisciplinary roles in human resources, finance and technology.

The retail industry is characterized by a lack of formal qualification holding. The qualification profile of the retail workforce derived from census data shows that in 2011, only 37 per cent of the retail workforce held a post-school qualification compared to 60 per cent for all industries

II. Findings And Analysis

Challenge 1: Recruitment of Visual Merchandiser

A visual merchandiser in a retail store is concerned with the overall display of the store, which serves as the main source of customer attraction. The display of a retail store is dynamic keeps changing from time to time. For example- Suppose, before the occasion of Durga Puja (which is a major celebration & festivity in Rajasthan), the display & look of the retail store has to be changed. In such a situation, the Visual Merchandiser along with his/her team members has to work overnight to change the entire outlook of the retail store.

Generally, the desired candidates for the position of 'visual merchandiser' are the ones with a fashion designing background, wherein, the minimum qualification required is a 'diploma in fashion designing'. Now, here the challenge in the recruitment of 'visual merchandiser' is:

- The salary bracket offered by VISHAL MEGA MART is just 18,000 – 25,000 INR (per month), which doesn't seem to attract candidates with a technical background.
- Nowadays, a huge number of candidates go for higher degrees (graduation & post-graduation) in fashion designing as compared to the meagre pool of candidates going for the diploma courses. So, candidates with a higher degree, demand more salary & higher designations.
- Candidates passing out from Tier-I & Tier-II fashion designing institutions, such as, NIFT & FDDI, belong to the intellectual category of talented personnel, who have got lot of exposure with them. As such, they demand huge salary & higher designations. But, as far as VISHAL MEGA MART is concerned, it has to maintain a balance between cost & quality.

For the position 'Visual Merchandiser', VISHAL MEGA MART generally prefers male candidates, because a female worker may find it hectic to work overnight. Like I said, suppose, before the occasion of Durga Puja (which is a major celebration & festivity in Rajasthan), the display & look of the retail store has to be changed. In such a situation, the Visual Merchandiser along with his/her team members has to work overnight to change the entire outlook of the retail store. In addition to this, there's a hassle of employing a female security with a female worker.

Counter Strategy:

So, in order to tackle this challenge, what VISHAL MEGA MART is doing is that, it is planning to look for the untapped sources of manpower, which in this case are the Tier III & Tier IV fashion designing institutions, as the number of such institutions in eastern India, particularly in Rajasthan is very high. The recruitment strategy is such that, 3-4 institutions from Tier III & Tier IV would be shortlisted.

Then, the zonal talent acquisition team would call up those institutions & ask them to send their students for internships. Meanwhile, internship letters will also be mailed to those institutions. This will leave VISHAL MEGA MART with a pool of candidates for the vacant positions. So, after monitoring their performance in the internships, VISHAL MEGA MART can go for their recruitment.

This whole idea revolves around the fact that, candidates from Tier III & Tier IV institutions do not have much of an exposure. In addition to this, the brand name of VISHAL MEGA MART will instill an added sense of work related motivation amongst the candidates.

Positions that VISHAL MEGA MART offers:

- Junior Level (Band 2) - Executive Visual Merchandiser (for small stores) to the Diploma holders
- Senior Level (Band 3) - Senior Executive Visual Merchandiser (for large stores) to the degree holders.

Challenge 2: Recruitment of Safety Engineer

Every retail store, requires safety engineers, who are responsible for looking after the electrical facilities of the store, such as the electrical wiring, maintenance of lifts, fire safety etc. It's a very crucial position, as the responsibility of safety & maintenance lies on the shoulders of the safety personnel.

Generally, the desired candidates for the position of 'store safety executive' are the ones with an electrical engineering background, wherein, the minimum qualification required is a 'diploma in electrical engineering'.

Now, here the challenge in the recruitment of store safety executive is:

- The salary bracket offered by VISHAL MEGA MART is just 10,000 – 12,000 INR (per month), which doesn't seem to attract candidates with a technical background.
- Engineers do not prefer sitting in a store, looking after the safety operations, instead they prefer working on projects, where the task is much more technology oriented as well as career defining.
- Nowadays, a huge number of candidates go for higher degrees (graduation & post-graduation) in engineering as compared to the meagre pool of candidates going for the diploma courses. So, candidates with a higher degree, demand more salary & higher designations.
- Candidates passing out from Tier-I & Tier-II engineering institutions belong to the intellectual category of talented personnel, who have got lot of exposure with them. As such, they do not prefer working for retail organizations as they consider it to be a low profile job. But, as far as VISHAL MEGA MART is concerned, it has to maintain a balance between cost & quality.

Counter Strategy:

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Challenge 3: Recruitment for Customer Service Executive

Every VISHAL MEGA MART retail store, has a requirement of Customer Service Executives, who would be responsible for handling customer grievances and also conducting the marketing activities.

The Customer Service Desk is the most important customer touch point in the layout of a VISHAL MEGA MART Retail store as it is responsible for executing the marketing strategies.

Generally, the desired candidates for the position of 'customer service executive' are the ones with sound communication & negotiation skills, wherein, the minimum qualification required is 'graduation' and preference is given to MBA degree holders or Post Graduates in Business Management.

Now, here the challenge in the recruitment of a Customer Service Executive is:

- The salary bracket offered by VISHAL MEGA MART is just 12,000 – 15,000 INR (per month), for a fresher, recruited in Band 1.
- Candidates with post-graduate degrees are highly ambitious & move on for better opportunities, instead of preferring to work towards providing better customer service.
- Candidates passing out from Tier-I & Tier-II management institutions belong to the intellectual category of talented personnel, who have got lot of exposure with them. As such, they do not prefer working as customer service as they consider it to be a low profile job

Counter Strategy:

So, in order to tackle this challenge, what VISHAL MEGA MART is doing is that, it is planning to look for the untapped sources of manpower, which in this case are the Tier III & Tier IV management institutions, as the number of such institutions in eastern India, particularly in Rajasthan is very high.

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Challenge 4: Manpower Count

Keeping track of the attrition and number of manpower in all the stores, is a major challenge which the People Office of VISHAL MEGA MART is facing. To further complicate the problem is the varied employee bands under the various positions.

Now, it is almost impossible to visit each & every store and track the attrition.

Counter Strategy-

Maintaining a weekly manning sheet in MS-Excel

- Done per week (most probably on the last day of the week)
- Store HR's in all the 18 stores in the entire East Zone are called up over the phone and are asked to mail an account of the manpower available with them.
- The manpower count is done both position wise as well as band wise.
- In large stores, which generate a huge amount of business for the company, it is advisable to keep extra manpower, so that in case of 'rush hour sales', the company doesn't lose business.
- For example- VISHAL MEGA MART store, South City Mall, Kolkata- generates the largest volume of business in the entire East Zone. So, if 10 sales personnel are required on the floor, then it is advisable to keep 11 (1 extra). Not only sales, this SOP applies to the number of Department
- Manager's, Assistant Department Managers and all the other positions.
- This weekly manning sheet also helps in keeping a track of the attrition rate per week, which is of utmost importance in case of a retail organization.

Challenge 5: Documentation of Temporary Staff

Temporary staff are an integral part of a retail store. They are generally designated as 'team members' & the key responsibility of looking after the sales in a retailing floor lies on their shoulders. These temporary staff are generally recruited for a period of either one month or on special occasions to counter rush hour sale or end of season sale, through an outsourced vendor. Now, the challenge here, lies in the fact that these temporary staff follow a 'free entry & exit system' & they do not furnish proper documents, related to their identity, qualification, PF status etc. Non-furnishing of documents leads to non-processing of attendance from the end of the zonal people office, which further leads to non-payment of remuneration.

As such, it is very essential to maintain proper documents of temporary staff.

Counter Strategy-

In order to tackle this challenge, the SPO's slack off those temporary staff, who are unable to provide the requisite documents. In addition to this, time to time reminder is also issued to the temporary staff, whose documentation status remains pending, stating that a staff who fails to provide the requisite documents, would not be granted attendance & remuneration henceforth. The SOP's have also been intimated not to hire temporary staff in their respective stores, without the consent of the Senior Manager, People Office- Zone.

We know that, human resources involves strategic planning and management of employees to create a productive and motivated workforce. As an integral part of the Indian retail industry, VISHAL MEGA MART also poses particular HR challenges because employees deal directly with customers. So, it becomes quite essential to consider both short-term and long-term HR objectives when addressing these challenges.

Challenge 6: High Turnover

VISHAL MEGA MART stores are notorious for having a high rate of employee turnover. This means employees routinely come and go, which poses several challenges. Training and development is difficult, time

consuming and constant if you constantly have to recruit and hire new people. It's also more difficult to build customer loyalty if customers keep seeing a new face every time they enter your store.

Counter Strategy:

The HR team at VISHAL MEGA MART, addresses this problem by recruiting the right people and building a rapport with the employees. When you interview people, the talent acquisition team makes sure that one asks specific questions that relate to the type of work the employees do. Informal social outings and fun games at work enable the team to develop a rapport with the team members.

Challenge 7: Diversity

A diverse workforce is typically regarded as a good thing. It helps a retailer better connect with its marketplace and usually leads to more and better ideas and results. However, a staff of people from widely varying demographic backgrounds might have trouble developing cohesiveness. From an HR vantage point, the challenge for VISHAL MEGA MART is to manage diversity to avoid major conflicts and promote a spirit of tolerance, teamwork and collaboration.

Counter Strategy:

For addressing these challenges, the management team has decided to include diversity discussions in store meetings and encourage employees to discuss their differences, with the hope that these techniques can go a long way toward building a more cohesive team.

Challenge 8: Misconceptions

To build a staff of competent, committed and motivated employees, the SPO's (Store People Officer's) at VISHAL MEGA MART must overcome a number of common challenges and misconceptions about the work environment. Common concerns of the employees include long hours, no full-time jobs or benefits, low pay and limited growth opportunities.

Counter strategy:

In order to address these challenges, VISHAL MEGA MART has decided to go against the industry grain, which is, offering regular eight-hour work shifts, competitive pay and benefits (ESIC, Mediclaim, weekly & monthly benefits) to the part-time employees. The key idea behind this is "Even if your starting pay is modest, do your best to offer fast tracks to higher salaries and management positions when an employee has established a good track record with your business". For this, VISHAL MEGA MART has introduced the i-pearl programme 2015, for promoting TM's to FA's, FA's to senior FA's, FA's to ADM's & FA's to Head Cashiers.

Challenge 9: Seasonal Demand

VISHAL MEGA MART quite often experiences seasonal demand fluctuations. The holiday buying season, from "Dussehra to Diwali", is well-known as the busiest shopping season of the year. As such, the SPO's try to add temporary staff during these times. They often wind up with fewer skilled and trained workers who might not have the tools to best serve your customers. These workers can also alienate regular staff that must pick up the slack.

Counter Strategy:

So, in order to tackle this challenge, VISHAL MEGA MART comes up with TA plans to assimilate temporary workers during these seasonal periods. A store meeting at the start of the busy season provides a good way to help temporary workers learn the system and get to know the regular staff.

**Key principles advocated by the talent acquisition team to overcome the above mentioned challenges-
Time Management**

Tight budgets, Lean staff, Information overload. It's never been harder for an SPO.

- Know when to solve a problem immediately, when to put something off and when to delegate.
- Eliminate time wasters.
- Handle interruptions.
- Say "no" to unreasonable demands.

Leading

SPO's in VISHAL MEGA MART encourage and facilitate self-management among their personnel. They do this by:

- Communicating and evaluating performance standards by focusing on specific behaviors and outcomes.
- Using appropriate reinforcement techniques.
- Gaining commitment to performance goals.
- Maintaining an atmosphere that values sharing information in downward, upward and peer-to-peer directions.
- Coaching for results.
- Setting realistic goals and follow-up dates.

Promoting Teamwork

For SPO's to have any personal life, they must be able to trust staff to work and solve problems on their own. Skilled managers continually work at:

- Delegating responsibility.
- Establishing group goals.
- Aligning staff people and their roles so that cross-training and cooperation can thrive.
- Identifying and securing resources so people can do their jobs well.
- Motivating the team to work together and support each other even in stressful times.
- Leveraging individual differences and valuing diversity.

Change Management-

- Anticipating change.
- Leading group problem solving.
- Managing transition.
- Championing innovation.
- Reducing resistance to change.

III. Conclusion And Discussion

It can be clearly concluded that for a company to succeed all it takes is the proper recruitment and selection strategies which also shapes the overall manpower management of the company. It is also a fact that the recruitment and selection process faces a number of challenges. The study has reflected that the challenges in recruitment & selection can be overcome by formulating appropriate strategies for countering each of those challenges. Furthermore, the process of recruitment has to be made smooth enough, so that there's a smooth flow of manpower within the organization. This can be done by streamlining the process, which in a broader sense refers to strict adherence to the standard operating procedures.

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