



A STUDY ON SHRM IN RETAIL INDUSTRY WITH REFERENCE TO BANGALORE

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Abstract

Many retail organizations have now realized that their success, to a great extent, is dependent upon the performance of their HR department. Human resource management (HRM) generates competitive advantage for a company and also the subsequent performance of a company is influenced by a set of effective human resource management activities. This has given place to the ideology that Human Resource Management (HRM) needs to be aligned to the Strategic Management (SM) process of the organization. This integration of the above two fields is termed as Strategic Human Resource Management (SHRM). In this study, we intend to assess the Strategic human resource practices in retail companies in the city of Bangalore. Primary data based on 150 respondents were analyzed to assess human resource activities being practiced by retail companies. This paper focuses on the necessity and importance of SHRM for competitive advantage in the organized retail sector of India

Key Words: Strategic Human Resource Management, Retail Industry.

Introduction

Strategic human resource management (strategic HRM, or SHRM) is an approach to managing human resources that supports long-term business goals and outcomes with strategic framework. Debates in the mid 1980s suggested the need to explore the relationship between HRM and strategic management more extensively (Guest, 1991). The need to integrate HRM with the SM process led to the emergence of SHRM. Starting roughly from the late 1980s, the literature shows an increasing emphasis on SHRM (Budhwar & Sparrow, 1997; Hendry & Pettigrew, 1992; Lengnick-Hall & Lengnick-Hall, 1988; Schuler & Jackson).

Strategic HRM gives direction on how to build the foundation for strategic advantage by creating an effective organizational structure and design, culture, employee value proposition, systems thinking, an appropriate communication strategy and preparing an organization for a changing landscape, which includes downturns and mergers & acquisitions. Sustainability and corporate social responsibility come within the ambit of this discipline, especially with reference to organizational values and their expression in business decision making. Strategic HRM emphasizes organizational codes of ethics, managing the societal impact of business decisions, philanthropy and the role of the human resource professional in improving the quality of life of employees, their families and the community at large. Forty years ago people joined a company for life, now organizations compete to keep employees for just two years. Business leaders recognize that managing their human resources is a vital component of an organizations success.

Human resources are regarded as one of the most important sources of today's firms. Human resources management is more important than other competitive sources because these people use other assets in organization, create competitiveness and realize objectives. Some of the showing the capabilities of employees; motivation, commitment and satisfaction; attitude and presence; employee behaviors are influenced by SHRM. The purpose of strategic human resource management is to improve business performance through people management. The organizations need to manage their human resources effectively and efficiently to achieve the desired goals and objectives. The achievement the goals and objectives translate also in better performance.

Objective of the Study

The main objectives of the study are

- To observe closely how applicable is in practice of strategic human resource management in the organization
- To observe the importance of these strategies in the organization and in their performance.

Review of Literature

The changes in the business environment with increasing globalisation, changing demographics of the workforce, increased focus on profitability through growth, technological changes, intellectual capital and the never-ending changes that organisations are undergoing have led to increased importance of managing human resources (Devanna, Fombrum, & Tichy, 1981; Wright, 1998). Huselid and Becker (1997) found that there were noticeable financial returns for the organisations whose human resource management (HRM) systems have achieved operational excellence and are aligned with business strategic goals. According to Ulrich (1998), one of the four roles of HR personnel is to become strategic business partner.



Youndt and Snell (1996) find that firms employing HR practices according to the stated strategy are regarded to have better perceptual performance.

The importance of strategic human resource management to the services sector is being increasingly recognized by scholars and practitioners (Bowen, Gilliland, & Folger, 1999; Schneider & Bowen, 1993; Chand, 2010). Further, the notion that building an organized retail network on a nationwide scale from the ground up would automatically heighten the role of such human capital assets has not been lost on key global players in the retail sector (see Dziaboka-Spitzhorn, 2006; Raj Nambisan & Nandini Lakshman, 2006). More generally however, the role of strategic human resource management and its impact on organizational change initiatives and competitive advantage have not been traditionally recognized by either academics or practitioners in emerging markets such as India, as much as they have been in the developed West (Bhatnagar, Puri, & Jha, 2004; Budhwar & Sparrow, 1997; Klie, 2006; Som, 2006). Additionally, the role of such strategic human resource management has not been investigated in emerging sectors such as organized retail in India, although some attention has been paid to the services sector (e.g., hospitality) in general (see Chand, 2010; Bhatnagar et al., 2004). Given that strategic human resource management has a crucial role to play in the services sector in general (e.g., Bowen et al., 1999) and the organized retail sector in specific, it is imperative that SHRM research in India focuses on this rapidly growing sector.

The concept of SHRM became popular in the 1980s with the development of two models viz. the Matching model and the Harvard model that proposed integrating strategy and HRM. Fombrun, Tichy & Devanna (1984) through their Michigan model emphasized the importance of designing HR strategies to suit organizational strategy. Beer, Spector, Lawrence, Mills & Walton (1984) in their Harvard model, advocated the need for a more comprehensive and strategic perspective regarding HR. SHRM is basically concerned with the integration of HRM with corporate strategy (Bennett, Ketchen & Schultz, 1998; Cook & Ferris, 1986; Storey, 1992). However, there is divergence of view on the nature of integration.

Based on this definition we have adopted Delery and Doty's scale of SHRM for this study. In a literature review, Delery and Doty (1996) identified Six such practices that have been consistently considered strategic HRM practices. They defined strategic HRM practices as those that are "theoretically or empirically related to overall organizational performance" (p. 805). These practices include internal career opportunities, formal training systems, results-oriented appraisals, employment security, participation, and job descriptions. This approach has come to be known as the "best practices" or universalistic approach. Within the best practices approach to strategic HRM, the first practice, internal career opportunities, refers to the organizational Preference for hiring primarily from within (Delery & Doty, 1996). Second, training systems refers to whether organizations provide extensive training opportunities for their employees or whether they depend on selection and socialization processes to obtain required skills. Third, appraisals are conceptualized in terms of outcome-based performance ratings and the extent to which subordinate views are taken into account in these ratings. Fourth, employment security reflects the degree to which employees feel secure about continued employment in their jobs. Although formalized employment security is generally on the decline, organizations may have either an implicit or an explicit policy. Fifth, employee participation, both in terms of taking part in decision making and having opportunities to communicate suggestions for improvement, has emerged as a strategic HRM practice. Sixth, job description refers to the extent jobs are tightly and clearly defined so that employees know what is expected of them.

The present study adopts the best practices approach to examining strategic HRM practices and their influence on company. There is now empirical support to indicate that strategic HRM practices have positive and additive effects on company performance across different organizational settings in Anglo-American samples (Arthur, 1994; Delaney, 1997; Delery & Doty, 1996; Guest, Michie, Conway, & Sheehan, 2003; Guthrie, 2001; Huselid, 1995; Ichniowski & Shaw, 1999; MacDuffie, 1995).

Method: Sample: To investigate strategic HRM practices and, a large-scale questionnaire survey was conducted in Bangalore City. We collected data from multiple sources in each enterprise. We adopted Delery and Doty's (1996) survey instrument to measure these practices. The instrument contains multi-item scales on seven strategic HRM practices.

Analysis

1. Item-Total Statistics (formal training systems)

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
T1. Employees will normally go through training programs every few years	4.73	.246	.482	
T2. Extensive training programs are provided for employees	4.85	.185	.482	



2. Item-Total Statistics (participation)

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
P1.Employees are often asked by their supervisor to participate in decisions.	14.07	2.176	.868	.852
P2.Superiors keep open communications with employees	14.17	1.757	.713	.919
P3.Employees are allowed to make many decisions	14.11	1.907	.859	.840
P4.Employees are provided the opportunity to suggest improvements in the way things are done.	14.12	2.210	.767	.878

3. Item-Total Statistics (job descriptions)

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
J1.Job descriptions contain all of the duties performed by individual employees.	9.88	.586	.404	.640
J3.Job descriptions are normally up-to-date	9.90	.410	.996	.152
J4.The duties of jobs are clearly defined	9.97	.035	.952	.443

4. Item-Total Statistics(carrier opportunities)

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I2.Employees have clear career paths within the company	9.57	.926	.938	.762
I3.Employees have clear career paths within the company they could be promoted	9.24	1.521	.650	1.000
I4.Employees' career aspirations within the company are known by their immediate supervisors	9.57	.926	.938	.762

5. Item-Total Statistics (employment security)

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
E1.Employees can expect to stay in the company for as long as they wish	9.25	1.419	.518	.876
E3.Job security is almost guaranteed to employees in the company	9.57	.718	.816	.480
E4.If the company were facing economic problems, employees would be the last to get downsized	9.63	.586	.759	.598

6. Item-Total Statistics (results-oriented appraisals)

	N	Minimum	Maximum	Mean	Std. Deviation
R1.Performance appraisals are based on objective, quantifiable results	251	5	5	5.00	0.000
R2.Each employee has performance objectives.	251	5	5	5.00	0.000
Valid N (listwise)	251				



Findings and Discussions

The study has emphasized the importance of human resource management in the organization. Human resources play a key role in order to be competitive in the market. They have developed and follow an assigned strategy for human resource management. From the study of 15 organizations emerged that 10 of them were familiar with the concepts and implementation in their organization. In other words these organizations have a specific strategy for managing human resources. While 2 of other organizations were not very familiar with the implementation of organizational concepts. The mean scores of job descriptions and Participation and results-oriented performance appraisals ranked first. Job security is not guaranteed and training, and internal career opportunities were in the middle range of the six strategic HRM practices.

Conclusions

The current economic environment has provided the opportunity for the retail industry to learn and experiment with HR structures, adding to what had already been in progress before the recession, which in turn presents an opportunity to make the business stronger. However, this is a “silent reformation” which retailers aren’t keen to shout about because it forms an important part of their competitive advantage. At the same time the lack of standard qualifications across retail is also detrimental. Government policy in this area is ineffectual and needs to be improved. Despite these issues, the current environment provides the opportunity for businesses whose people strategy was “not fit for purpose” to raise their game. As the slowdown in retail has been less pronounced than in some sectors, such as construction and the automotive industry, it has the benefit of having the flexibility to be able to do this. According to the results, human resource strategies due to boosting effectiveness of human resource through increasing competence, commitment and flexibility of employees lead to improving organizational performance.

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