



HUMAN CAPITAL MANAGEMENT PRACTICES AND THEIR IMPACT ON EMPLOYEE PERFORMANCE IN SELECT RETAIL OUTLETS IN SELECT CITIES

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Abstract

The Paper deals with analyzing the significance of Human Capital Management in the modern business organizations. The Human Capital is regarded as most valuable resource for the organizational productivity and growth. The effective Human Capital Management practices help the company to grow well in the organization in terms of better management of human resources, increasing its market share and revenue in the market. In view of the significance of Human Capital Management for organizational growth, the present paper focuses on the practices adopted by the 6 select retail organizations in the management of Human Capital. The paper is based on secondary data sources. The paper deals with how the Human Capital Management practices are affecting the employee performance.

Key words: *Capability Maturity , Competencies.*

1. Introduction

The workforce is changing in its demographics, diversity, motivations, and goals. At the same time, organizations face a radically shifting context for their employees as a result of digital, analytics, the cloud and a host of new technologies and business capabilities. Although the wheel of progress always turns, today it is spinning at an unprecedented rate. This accelerated pace of change is rewriting the rules for business and HR. The new rules put employees at the center, which has profound implications for HR organizations. As a result, the HR function is undergoing a significant identify change—all while it scrambles to keep up with technological advances. During this transformation, HR leaders have a tremendous opportunity to reorient themselves and to take the lead in developing practices, platforms, and tools that will create and sustain value over time. Even more, they can help people adapt to new models of work and careers, even as they assist the enterprise in defining what these new models should look like.

2. Conceptual Overview of Human Capital Management

In general terms, Human capital refers to the company's assets in a form of its employees and the collective skills, knowledge, experience and competencies they carry and add to the company. Human capital management (HCM) refers to a systemized set of actions taken by a company in service of optimizing the value of its human resources. HCM strategy considers a company's human resources-or employees-to be assets, and that the value of these assets can be effectively increased through strategic management. These management tactics are deployed through the use of HCM software.

The HCM definition is nearly synonymous with that of human resources management (HRM) in modern business practice. HCM functions include any processes designed for employee recruitment, monitoring, management and development, providing users with access to employee data and providing valuable workforce reporting and analytics. The employees spend a maximum number of hours in the organization, hence, human capital management plays a vital role. The significance of Human Capital Management is explained below.

1. **Recruitment and Hiring** – Human Capital Management plays a crucial role as the management must hire those individuals who really deserve the organization. Hiring the unfit candidate can bring loss to the organization.
2. **Training and development** – As the company are blessed with new technologies starting from smart phones to artificial intelligence, human capital management plays a major role in any organization. To



make the employees ready to adapt for new technologies, employees must be trained and developed time to time.

3. **Employee retention** – Employee retention means providing the facilities to the employees so that they can remain in the organization. Human capital management helps the employee to find the potential of the employees, take work from them and then justify their work through appropriate payment.
4. **Employee Orientation program** – Employees go through a number of confusions before joining the organization. So, the orientation program should be in such a way so that the employee can be motivated to join the organization and can see a good career in that organization. Human Capital Management has helped the organizations to come more close to their employees.

The benefits of Human Capital Management

1. It helps in extracting the best out of its employees.
2. It helps in selecting the right candidate for right job, at right place.
3. It promotes float of information freely between the management and the subordinates so that the goals of the organization can be easily made clear as well as the management can know the problems of the employees.
4. It promotes time to time training and development activities within the organization so that the organization can help their employees in enhancing their professional skills.

Thus, Human Capital Management in overall helps the organization in achieving its goals and objectives by enhancing the skills of human resource as well as by motivating them to perform well.

Human Capital Management must take various steps in order to properly execute their jobs in building a productive workforce for their retail business. A new employee would witness HR from the outset recruiting new employees and then hiring them. As a new employee goes through the processes of their particular job within their retail company they would expect to be properly trained, supervised and then compensated for their work. Some of the more modern methods of recruitment for HR teams consist of using social media to get the word out about vacancies within a retail company. Websites like LinkedIn and Facebook are excellent tools for the creation and circulation of job postings. Other methods include online postings with websites such as Indeed and Monster.

Online recruitment is not necessarily inclusive for finding new hires. Another approach would be to conduct a hiring seminar or job fair which provides the potential new recruits face-to-face interaction and a more personal experience. Once a new employee has been recruited, the HR team will interview and then hire the prospective employees they believe would be the best fit within their retail team. During the interviewing and hiring process it is important for the HR manager to accommodate the qualified candidates and provide them with a positive hiring experience. This will make for a cohesive transition into the company and can reduce possible turnover in the future.

The next step for HR management once new-hires have been established and begin their experience within the retail market, would be to ensure their employees are properly trained so that they may perform their jobs capably. New-hires and newly promoted candidates will need some form of training to perform their jobs and in some instances to develop their performance and productivity. The first step for HR would be to establish what type of training each individual employee might need. Orientation, on-the-job training and programmed instruction are types of training which might be conducted in a retail setting. HR oversees what needs there are for training by ensuring each individual employee receives that particular training (whether it is in the form of on-the-job training, attending sessions or classes or ascertaining certifications for their particular job). Once a candidate is hired or newly-promoted, they would expect some form of supervision while working so that there is some element of critical learning. HR should establish an appropriate balance of supervision at the outset so as to ensure proper performance but also to have a positive effect on job satisfaction.



Once an employee is hired and trained HR's job is not over. They must continually constitute determining factors for employees. One such factor HR deals with is compensation. In most cases in retail organizations, part time employees are paid hourly and are typically not offered the same benefits that full time employees are eligible. "Compensation and benefits comprise the total rewards package that an employee receives for performing a job. Compensation is considered direct pay, since it is the amount of money the employee receives. Benefits are indirect pay, since they are monetary equivalents that can be converted later into cash or used to pay for selected expenses.

3. Brief Overview of Organized Retail Sector in India

An organized retail market is growing at a fast pace due to the boom in the India retail industry. In 2005, the retail industry in India amounted to Rs 10,000 billion accounting for about 10% to the country's GDP. The organized retail market in India out of this total market accounted for Rs 350 billion which is about 3.5% of the total revenues. Retail market in the Indian organized sector is expected to cross Rs 1000 billion by 2010. Traditionally the retail industry in India was largely unorganized, comprising of drug stores, medium, and small grocery stores. Most of the organized retailing in India have started recently and is concentrating mainly in metropolitan cities.

The growth in the Indian organized retail market is mainly due to the change in the consumers behavior. This change has come in the consumer due to increased income, changing lifestyles, and patterns of demography which are favorable. Now the consumer wants to shop at a place where he can get food, entertainment, and shopping all under one roof. This has given Indian organized retail market a major boost. Retail market in the organized sector in India is growing can be seen from the fact that 1500 supermarkets, 325 departmental stores, and 300 new malls are being built. Many Indian companies are entering the Indian retail market which is giving Indian organized retail market a boost. One such company is the Reliance Industries Limited. It plans to invest US\$ 6 billion in the Indian retail market by opening 1000 hypermarkets and 1500 supermarkets. Pantaloons is another Indian company which plans to increase its retail space to 30 million square feet with an investment of US\$ 1 billion. Bharti Telecoms an Indian company is in talks with Tesco a global giant for a £ 750 million joint venture. A number of global retail giants such as Wal-Mart, Carrefour, and Metro AG are also planning to set up shop in India. Indian organized retail market will definitely grow as a result of all this investments. Indian organized retail market is increasing and for this growth to continue the Indian retailers as well as government must make a combined effort.

4. Objectives and Methodology

The primary objective of the study is to make detailed analysis on the Human Capital Management practices adopted by the select retail companies. More specifically, the study focuses on analyzing the various measures adopted and its influence on Employee performance.

The study is based on secondary data sources drawn from the Annual Reports of the select retail companies. The studies made by existing authors were also been used for further improvement of analysis.

5. Analysis of Survey Results

Based on the extensive analysis on the Human Capital Management practices adopted by the 6 select retail companies namely DMart, Big Bazaar, Spencers, Reliance Fresh, More Retail and Vishal Mart, select observations specially impacting the employee performance is presented here.

a. Issues of Human Capital in Dmart

The Dmart is been revolving around the evolving aspirations of consumers. The company experienced management team, along with motivated and well-trained employees has enabled us to successfully establish a customer oriented corporate culture. The company culture drives the company strategy and provides a strong foundation to retain and enhance the company long-term competitiveness. The company believes that the company emphasis on training the company employees improves the company operational efficiency as well as the company customer service standards. These training programmers focus on: (i) Responsibility to customers to



provide them quality products at affordable prices (ii) Constantly improving the company operations at stores to enhance the company customer service standards the company objective is to improve their skills and service standards, enhance loyalty, reduce attrition rates and increase their productivity. the company also believe that the company employees have been an important factor in the company success, as they drive the quality and efficiency of the company services. the company have followed transparent management policies over the years, encouraging employees to take up challenging roles and responsibilities to drive organisational growth. The Company had a total of 7,713 permanent employees and 33,597 employees hired on contractual basis as of 31st March, 2019.

b. Human Capital Management issues in Big Bazaar

Human Resource is one of the key interfaces the Company has with its customers and hence it is very critical to ensure continuous learning and development of its people resources. FRL employs 45,949 employees located at Head Office, Zonal Offices, Retail Stores, Design houses and Data-Centers across the Country. The Company imparts continuous training to its employees in various fields and at the same time also ensures individual development by imparting training for improvement of skills, knowledge and leadership abilities. The Company has attracted best talents from the industry as well as successful in retaining its core team, which has rich experience of last 20 years leading the Company's core retail business. This year we intend to work on two key pillars to transform our People Office, first by transforming our people processes with the help of technology and second by bringing together the synergies of people organizations across the Group. Further, the Company has implemented ESOP scheme to give better retention benefits to its valued human assets.

c. Human Capital Management Issues in Spencer's Retail

Spencer's Retail, the Rs 1,400-crore food and grocery chain from the RPG Group, faced two sets of issues in the management of Human Capital. The first related to downsizing, which required retooling the workforce and the second concerned expansion of its repertoire, which needed a different kind of for better management of human capital altogether.

Around 2004-05, just when the sector was beginning to take off, the company embarked on an expansion spree opening new and bigger stores in newer and bigger markets. In five years, as the market turned competitive and growth slowed down, it had to take the harsh decision to cut the flab. As it began closing down outlets in markets where business was indifferent, the company realized that it had excess manpower on its rolls than it actually needed. By 2010, the company had calculated that roughly 250 stores had to be shut down in a span of nine months. Which meant 4,000 employees had to make an exit from the company. Spencer's decided it would go the extra mile to ensure employees did not feel deserted. So a damage control exercise was devised. First, the company created cross functional teams to identify and retain the top performing employees at the front end. Second, it had "frank, transparent" one-on-one discussions with the staff that was being laid off explaining why it had to take such a step. Third, the employees, depending on the grade, were given anywhere between 30 and 90 days to look for a new job. During this time, Spencer's arranged for specialists to come to the stores, train this laid-off workforce and help them update their resumes. The company made a special request to its recruitment agency to ensure all its employees get placed elsewhere. Many of the internal managerial staff were asked to refer these employees. By the end of the first month of this exercise, roughly 1,000 laid off staff had secured jobs in other companies. The exercise of hiring specialists, training the laid off staff and connecting them with recruitment agencies cost the company an additional Rs 60-70 lakh (over and above the severance packages that were given. Overall scenario reveal that, the company is presently more stressed on downsizing and preserving the existing talent to remain in a better position in the organized retail industry.

d. Human Capital Issues in Reliance Fresh

Reliance Retail ramps up its nationwide rollout plans, the company is developing a comprehensive Human Capital Management policy to streamline its recruitment and retention strategy. The new policy will focus on critical areas like talent acquisition, talent transformation, talent design and talent concept of the human resources (HR) function within the company.



Confirming the development, “the company has created a Blue Print for effective management of human capital. While the talent acquisition vertical has the mandate to recruit talent across functions, talent transformation will play a key role in providing necessary inputs for recruits from non-retail sector to gear up for hardcore retail operations. The talent concept vertical will identify the necessary skills required by the company, and the talent design team will draw specific profile for the employees.

e. Human Capital Issues in More Retail

The Aditya Birla’s More retail company strive to build a culture of recognition at More by acknowledging, appreciating and celebrating employee commitment and success. With well-laid out processes to measure performance, every employee has an opportunity to enhance their own performance, thus creating greater success for self, team and the organisation. Recognition programs to encourage higher performance exist in both formal and informal ways.

An involved goal-setting process that is strongly aligned with the organization’s vision and strategy ensures that each employee is has a clear understanding of what is expected of them at work. This is followed by a periodic review of their performance by their manager and skip-level manager, who then provided development feedback. A rewarding career begins in a rewarding workplace. And, at more there are always many opportunities for professional growth. More’s work culture is strongly process-driven yet informal with emphasis on customer-centricity, teamwork, and a strong performance orientation. the company believe that happy and energized employees are the key to creating happy customers. the company are committed to attracting and retaining the best talent while enabling the employee to build a fruitful and rewarding career with us. At More, the employee become part of a talented team that is achievement-oriented in an environment that provides empowerment and opportunities for constant learning and growth.

From intensive training programmes and learning opportunities for building competencies, the company encourages and empowers the company people to acquire new skills and build knowledge, matching their professional and personal aspirations. Performance excellence and the winning ways of the company high performers never go unrecognized. Every member of the company diverse workforce is part of a high-performance team that is agile and accountable. This culture drives the company business strategy while encouraging excellence, achievement and constant ingenuity.

f. Human Capital Management Issues in Vishal Mart

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. The Vishal Mart is been primarily engaging the manpower from Tier-I and Tier-II cities who have educational qualification in Retailing and Fashion Designing. Further, the The salary bracket offered by Vishal Mega Mart is just 18,000 – 25,000 INR (per month), Vishal Mega Mart generally prefers male candidates, because a female worker may find it hectic to work overnight. 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 India, the company has also focusing upon the candidates possessing Intermediate and Degree qualification. 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. Challenges Affecting The Organized Retail Sector In India- A Case Study of Vishal Mega Mart . 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:

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



6. Measures for Improving the Human Capital Management practices for Increased Employee performance

Regardless of the size or type of retail store one is managing, human resource management will face unique challenges that are exclusive to their division of the organizational structure. Besides just turnover being a challenge, HR might face some other issues such as organizational change, compliance with laws and liability issues, and employee development duties such as determining qualified candidates and employees passing background requirements.

Organizational Change

Retail organizations must continuously improve and change in order to keep up with their competition. As with any division of a retail business HR management should plan for the long-term and implement strategies which are conducive with the evolving times. “To succeed in the market, organizations need to develop strategies and organizational practices that allow them to be truly ambidextrous—to pursue both incremental and radical change—on all platforms”^[4] For HR teams, change can sometimes lead to lower morale, employee engagement and productivity. Thus, transformation must be balanced delicately for the benefit of the company’s employees. One of the solutions for HR management is to regularly communicate the positive aspects of these changes to their workforce. By applying the benefits of change within training exercises and holding frequently detailed meetings, HR can help to give employees a better understanding of why change can be advantageous and give the retail store’s personnel an explanation of what is expected of them.

Liability and Compliance with Laws

One of the other components of HR management that is ever-changing is employment laws. Ignoring changing employment laws can mean liability on behalf of a retail company. This could lead to lawsuits, poor corporate image or even the downfall of a retail business. Regardless of the type or size of a retail organization HR must make compliance with labor laws on every level a priority. One of the tools HR management can use to circumvent liability issues with their employees is a personnel handbook which is typically given to an employee at the outset of their employment. “Personnel handbooks can be considered contracts . . . policy, procedure and administrative manuals, can also be considered contracts.”^[5] HR management might practice the usage of broad terminology in clauses for such manuals for instance “other inappropriate behavior” or “for any reason as deemed by management” in order to reduce future liability issues with their employees. Some of the pertinent laws to which HR should stay abreast of are equal employment opportunity laws, health and safety laws and sexual harassment laws, all of which will be further addressed later in this module.

Employee Development

Regular human resource administrative duties include recruitment and training of new employees and keeping up to date on development for current employees. One of the issues faced by HR at the outset when hiring a new employee could be that a chosen candidate may not make it past the background requirements. In this case HR will likely have to start from scratch in the recruitment process again. Development of current employees might consist of keeping up on certifications or training courses for promotional candidates. Training can be costly and time consuming. In order to provide the proper balance HR might consider using training which can be provided online or even enlisting senior management to provide instruction and guidance.

7. Conclusions

Irrespective of size of operations by the 6 select retail companies selected for the study, the retail companies need to organize for speed, agility and adaptability. This means designing work and processes to deliver optimal customer and employee experiences, in addition to maximum operational efficiency. It also means incorporating robotics and automation as a means of accelerating distribution and logistics, and eliminating tedious back-office tasks. Indeed, 28% of retail respondents anticipate implementing robotics, cognitive computing and artificial intelligence (AI) into their organizations within the next 3 to 5 years.



The select Retail organizations must continuously improve and change in order to keep up with their competition. As with any division of a retail business HR management should plan for the long-term and implement strategies which are conducive with the evolving times. “To succeed in the market, the select retail companies need to develop strategies and organizational practices that allow them to be truly ambidextrous—to pursue both incremental and radical change—on all platforms.

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