

“A STUDY OF IMPACT ON EMPLOYMENT IN ORGANISED AND UNORGANISED RETAIL SECTOR WITH SPECIAL REFERENCE TO MAHARASHTRA STATE”

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ABSTRACT

With the recent trends of globalization many international retailers are opening their stores in India.. India has emerged as favourable destination for international retailers. Business success depends on best way of people management. Maharashtra state has given nod to central government FDI policy in retail sector. This will lead in generating all kind s of employment oportunities in retail sector. This research work analyses the employment scenario with organised and unorganised retailers. It has also analysed employees opinions and skill wise requirements in organised retail in Maharashtra. The study also highlights HR related activities carried out organised retailers.

KEYWORDS: Employee Requirement, Employment, HR Activities, Organised Retailer, Unorganised Retailers

1. INTRODUCTION

With the recent trends of globalization many international retailers are opening their stores in India.. India has emerged as favourable destination for international retailers. This sector employs 7% of total workforce and this is second largest employer after agriculture. Sustaining with increased competition, organised retailers are adopting innovative HR management practices. There are lot of tasks in front of HR managers such as innovative hiring increases productivity, retention, training at all level, matching individual and organizational expectations. The size of the retailing industry in India highlighted by (Dr. Pawan Kumar, 2013)¹ is in the order of Rs. 7200 to 8100 billion (US \$160-180 billion), with organised retailing estimated to be approximately 2 % (Rs 160-180 billion) of the total retailing industry in the country. Traditional retail is expected to grow at 5% and reach a size of US\$ 650 billion (76%), while organized retail is expected to grow at 25% and reach a size of US\$ 200 billion by 2020.

(Sikri and Wadhwa, 2012)² found out that the sector is the second largest employer after agriculture, employing more than 35 million people with wholesale trade generating an additional employment to 5.5 million crore. HR function holds special significance in retailing because the business success depends on best way of people management. Keeping this in mind the researcher would like to identify the employment scenario with organised retailers in Maharashtra.

2. RELEVANCE AND SCOPE OF STUDY

Recently State Government of Maharashtra has given nod for FDI. The emergence of Organised Retail has direct and indirect employment impact on unorganized retails and small shops. According to (McKinsey Report, 2008)³, If organized retail grows as expected in India, at least 1.6 million people will be required to fill the positions created by 2015. (Sunita Sikri & Dipti Wadhwa, 2012)⁴ identifies that India's retail industry is the second largest sector, after agriculture, which provides employment opportunities. This research pointed out that the retail sector will create 50,000 jobs in next few years. Retail companies are starting retail management courses in partnership with management institutes, developing

comprehensive career growth and loyalty plans for existing employees.

(Basaria, 2012)⁵ explored that The entry of modern retailers will expand the market creating large amount of additional jobs in retail. The job opportunities will vary from ordinary workers to specialized officers. The employment opportunities will be in retail sales, retail floor manager, cold chains, warehousing and logistics...

(Arvind Singhal, 2010)⁶ analysed that an estimated 90+ million jobs will be created over the next five years, of which almost 50 per cent are expected to be in the services sector (45 million). Of these, an estimated 7-10 million are expected to be created in modern retail, healthcare, and hospitality alone. (Lina et al., 2012)⁷ indicated that the retailers need to develop systems of high performance work practices including comprehensive employee recruitment and selection procedures, incentive compensation and performance management systems, and extensive employee involvement and training.

From the literature survey it is found out that employment impact, earning of employees, job losses due to competing businesses, opening or closing of businesses, business and employment impact on manufacturers are direct employment impact and increase or decrease local businesses, job creation or losses in dependent businesses, improved business practices, infrastructure development for supply chain management, quality employment and employment practices are indirect employment impact observed due to entry of organised retailers.

3. DESIGN OF STUDY

3.1 Statement of Problem

Maharashtra state has given nod to central government retail sector FDI policies. In past few years cities in Maharashtra observed growth of organized retailers having hypermarkets, supermarkets and department stores etc. This has led growth of front end and back end functions of retail sector. To understand employment impact of organized retailers, the researcher has decided to take problem statement as **“A study of impact on Employment in organised and unorganised retail sector with special reference to Maharashtra state”**.

3.2 Objectives of Study

For an effective research of study the objectives are stated as :

- To study employment scenario in organised and unorganised retail sector
- To find out changes observed by employees due to entry of organised retailers
- To find out skill wise requirement in organised retail sector
- To study HR related activities supported by organised retailers

3.3 Limitations of Study

- Data analysis is based on the responses given by respondents.
- Only four categories of products are studied.
- No distinction has been made between foreign and domestic organised retail players, Multi branded and single branded retailers based on their size of stores, capacity and income in analyzing the impact.

3.4 Research Methodology

Geographically Maharashtra state is divided into six regions viz. Mumbai, Nashik, Pune, Aurangabad, Amravati, Nagpur. The study is based on data collected from unorganized retailers and organized retailers from all 6 regions of Maharashtra. The retail store formats studied are Supermarkets, Hypermarkets, Discount Stores. Four product categories studied are A) Clothing, textile and fashion accessories B) Home appliances, Electronic and electrical equipments C) Food and Grocery D)- Books, Music, Gifts

Table 3.1: Sample Size of Employees

Sr. No	Type of Retail Outlet	No. of Retail Outlets	No of Employees Samples Taken	Total
1	Organised	96	3	288
2	Unorganised	192	2	384
Total				672

Table 3.2: Sample Size of Unorganised Retailers, Manufacturers, Farmers, Intermediaries

Sr. No	Category	No of Region	Sample from Segment A	Sample from Segment B	Sample from Segment C	Sample from Segment D	Total Sample
1	Unorg. retailers	6	8	8	8	8	192
3	Org. retailers	6	4	4	4	4	96
Total							288

4. LITERATURE REVIEW

(Luv Jasuja & Prashant Kashyap, 2010)⁸ analysed that there are about 1.6 million people employed in India’s organised retail sector and another 2-4 million new recruits are expected in the next 5 years. Almost 90 per cent of these are expected to be in front-end jobs where vocational training is most required. The current in-house capabilities and outside training institutes are not equipped to impart skills to this large number. The biggest skill-gaps exist in areas such as sales and customer management, store maintenance, visual merchandising, merchandise planning, IT (billing package, merchandise planning tool, bar-codes, etc.). (Barkat Charania, 2013)⁹ in his article highlighted the changing role of HR Department and Challenges face by HR Department. (Mukherjee and Goyal, 2012)¹⁰ indicated that while organised retail outlets have a wide gradation of employees, which includes senior managers, junior managers, store-help and contract employees (security guards, liftmen, housekeepers, etc.), such gradations are not present in the unorganised sector.

The study by (Bisen, Singh, Anand, 2013)¹¹ revealed that E-tailing can provide employment to ~1.45 million people by 2021. Its growth will spur the creation of new capabilities and human skills in the areas of logistics, packaging, and technology. According to (Suja Nair, 2008)¹² Retailers are dependent on their employees for carrying out retailing activities. If retailers are able to manage their employees efficiently, it can result sustainable competitive advantage. (Dubinsky et al., 1984)¹³ examined relationships among perceived job characteristics, job satisfaction, motivation, organizational commitment, role perceptions, and job performance of retail salespeople. (B. B. Lakshete, 2011)¹⁴ identified the main challenges faced by the HR departments in the retail industry in India are as Unskilled Manpower, lack of talent,

Lack of formal retailing education, Stressful working / Culture, High Turnover, Complex HR Environment.

(Filipe, Mario & Luis, 2011)¹⁵ explores that the creativity of frontline employees should be the most relevant in service organizations position and their role in shaping customer satisfaction. (Jeevananda, 2011)¹⁶ emphasized that majority of customer found mismatch between expected service levels and actual service levels provided by retailers. Retailers should identify these gaps and bring out the changes in retail store accordingly. (Meera C & Eswari M., 2011)¹⁷ concluded that personnel trained on right soft skills, concern for customer's problems, positive attitude, good communication and negotiation skills are important to business to gain long term competitive advantages. From the study of (Debsis Bhattacharya & Subrata Ray, 2011)¹⁸, it can be said that the sales manager have to ensure that sales personnel in the retail sector should extend efforts in developing and maintaining customer relationships over time. (Coelho, Augusto & Lages, 2011)¹⁹ tried to find Service employee and Customer expectations gap which is significant because different tasks may require different skills, motivation and cognitive strategies. (Arvind Singhal, 2010)²⁰, Chairman and Founder, Technopak Advisor states that there is also a requirement of 10 million additional shop assistants but there is no training mechanism to such large workforce. Retailers need to develop resources and partnership to address this issue.

The article by (Morison, Erikson & Dychtwald, 2006)²¹ found out various sources of frustrations with Mid Career employees viz. Career bottleneck, work life tension, skill obsolescence, Disillusionment with employer, Burn out and career disappointment which affect organizational performance.

5. DATA ANALYSIS

5.1 Analysis of Impact on Employment in Both Organized and Unorganized Retail Sector

To analyse the over all impact on employment due to emergence of organised sector, the impact on employment in both organised and unorganised retail sector is studied by analyzing the data collected from retailers and their employees.

5.1.1 Employment Scenario in Unorganised Sector

It is pointed out from the study that

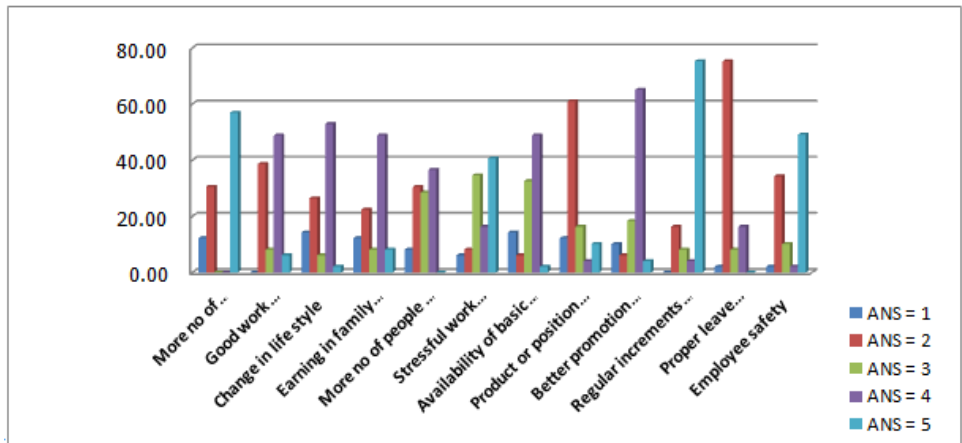
- The unorganised retail sector has observed 13.76 % increase in employment from the year 2010-11 to year 2011-12 and 10.23% growth is seen from the year 2011-12 to 2012-13. Electronic and Home appliances segment has more employment and pays better salaries compared to other segments. Highest salaries in unorganised sector is seen in Pune region. From the data it is observed that employees of all segments from this sector work for 12 to 15 hours per day. The working hours get extended during high peak sale season
- Majority of employees in this sector do not get Provident Fund, increments, Health allowance and other allowances. Employees generally receive Bonus of 10 to 15% of their salary during festival time once in a year. There is no proper leave structure but employees do get annual leave.
- Employees have left previous job mostly due to hike in salary with next employer. On an average 18.69% salary hike is observed in the job shift. Majority of employees are not aware of increment in salary and are not privy to the decision as it is sole prerogative of the owner.
- All the regions have seen significant growth in increase in number of persons working in a unorganised retail stores from the year 2010 to 2013. Mumbai region has shown highest percentage increase in both the year

2011-12 and 2012-13. Pune region next to it showing percentage increase, other regions have shown average percentage increase 6% to 6.9% in both the years.. This implies positive trend in local business activities as unorganised retailers are seeking more number of person’s help in their business either from their family side or from out side.

5.1.2 Opinion of Employees of Unorganised Retailers

The below graph shows that Only 56.95 % employees feel that there are more number of opportunities due to organised retailers 54.91% employees feel change in their work environment and work culture. Also 56.95% feel stressful work environment due to seasonal fluctuations. This is basically from Electronics – home appliances and Gift segment. Only 14.24 % opines that they receive training. The employees from Electronics and Home appliances as well as few employees from Gifts and Books segment receive training about the related products. Around 75.25% employees expressed that there is no proper leave structure and are not sure about increment in salary.51.18% are concern about employee safety.

(The total of response 1 and response 2 is considered as lower response. The total of response 4 and response 5 is considered as higher response)



Graph 5.1: Changes Observed by all Employees from Maharashtra (in Percentage)

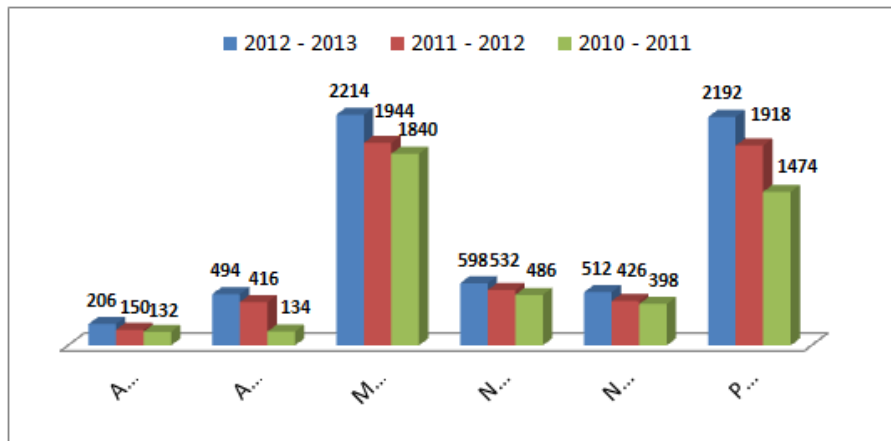
5.2 Employment Scenario in Organised Retailers

5.2.1 Segment Wise – Year Wise Employment

It is found out that there is 20.64% increase in employment from the year 2010-11 to year 2011-12. Also from year 2011-12 to year 2012-13 there is 15.41% of increase in employment. Food and Grocery segment has maximum employment opportunities followed by cloth and textile industry. Gift and fashion jewellery segment has less employment opportunities.

5.2.2 Division Wise Year Wise Employment in Maharashtra

It is found out from the below graph that Pune and Mumbai region have highest employment in all three years and the total number of employees are increasing every year. Every division of Maharashtra there is definite increase in employment during last three years. While Amaravati and Aurangabad Divisions lagging due to less infrastructure development. However, organised retailers are slowly finding growth in Nagpur and Nashik divisions.



Graph 5.2: Total Number of Employees – Division Wise – Year Wise in Organised Retail

5.2.3 Current Number of Employees by Division and Skill Wise

The study tries to find out employment trend by division wise. This section will also help in understanding the availability of number of employees by type of skill. Skilled and unskilled employees are further classified as full time and part time. Following table shows Current number of employees division wise and skill wise.



Graph 5.3: Current Number of Employees Division Wise and Skill Wise

The above graph indicate that Pune division has highest employment next to Mumbai division employees as more national or international organised retailers have their presence in Mumbai and Pune region. Full Time Skilled employees are in majority in all divisions in this sector.

5.2.4 Segment Wise and Skill Wise Employees Presently Working

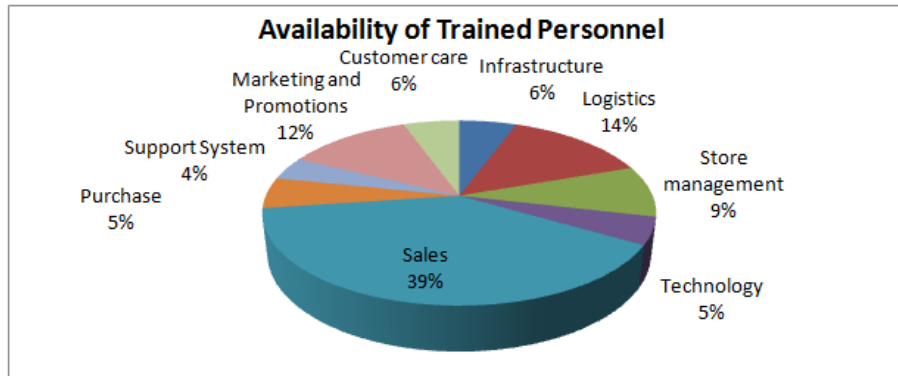
From the segment wise data analysis it is found out that

- Out of total skilled employees working in Cloth and Textile segment 2.26% are working as part time where as Out of total unskilled employees working in Cloth and Textile segment 31.71% are working as part time employees. 2.58% skilled employees out of total skilled employees in Electronics and Home appliances segment are working as a part time and out of total unskilled employees in the same segment, 22.81% working as part time employees.
- In all the segment Food and Grocery segment holds maximum employment. Out of total skilled employees from

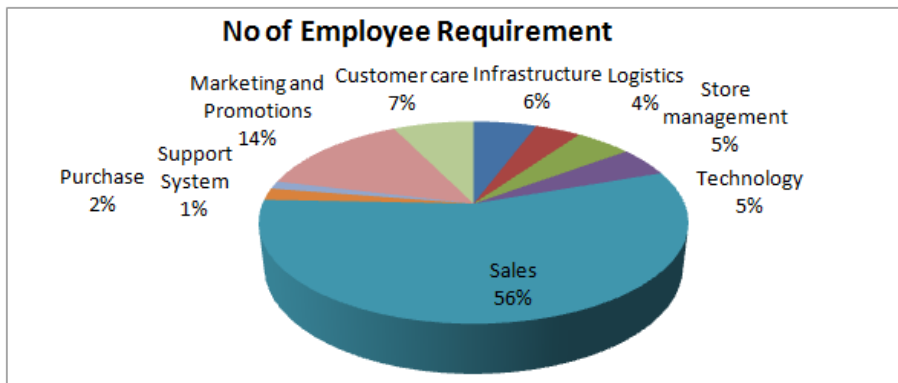
this segment 1.64% are working as part time where as 30.05% employees from total unskilled employees from this segment are working as part time. Books, Gifts segment doesn't have part time skilled employees but 28.26% unskilled employees work as part time out of total unskilled employees from this segment.

5.3 Employee Requirement Stated by Organised Retailers

Subsector wise data is collected from organised retailers about availability of trained persons and number of employees required. The following graph shows state wise overview of employee requirement



Graph 5.4: Availability of Trained Personals in Various Sub Sectors of Organised Retail Sector



Graph 5.5: Availability of Requirements of Personals in Various Sub Sectors of Organised Retail Sector

It is found out from Graph 4.18 that 89% trained employees are available overall and there is a total requirement of 11% trained employees in all subsectors. From the total available trained persons, highest number (39%) of trained personnel are available in Sales but sales subsector also has highest (56%) employee requirement. 12% of trained employees are available in Marketing and Promotions but this sub sector also has requirement of 14% more employees. 14% trained employees are available in Logistics and this subsector has requirement of 4% more employees. where as 9% trained employees are available in Store management and it requires more 5 % employees. Purchase (5%) subsector have more number of trained personnel as compared to these subsector employee requirement.

The study also identifies job positions and various skill sets required for that particular job positions in various sectors such as store operations, merchandising, logistics, marketing, of organised retailer.

5.4 HR Related Activities Supported by Organised Retailer

By analysing data from all segments from all regions of Maharashtra it is found out that in the state

- Organised retailers from all segments support various types of HR activities. All the retailers(100%) from this sector give utmost importance to Performance appraisal of employees, Safety of employees and salary structure. 68.09% only give importance health and accident insurance. Majority of them have separate HR department hence more emphasis is given on employee training and help the employee to plan his career. 91.49% retailers of this sector support employee training. There are good growth prospects for employees in organised retail sector.
- Majority (93.92%) organised retailers follow proper selection and recruitment process select an employee in their organization. This is supported by On job or Off job trainings so that customer satisfaction is achieved by enriching employee's performance. All the retailers (100%) from this sector give increments. 93.62% retailers give Bonus & extra allowances and provident fund is supported by 82.98% retailers.. 97.87% organised retailers make basic facilities available to their employees.

Opinion of Employees of Organised Retailers

- 85.86% employees who work in organised retail sector experience that there are more number of opportunities for employment and 69.66% employees find promotion prospects. It is also observed from the study that 83.11% receive product or position specific training.
- 84.48% employees observe that there are regular increments in salary. 74.48% also feel proper leave structure is followed. 78.632% employees give importance to employee safety. 85.18% observe good work environment and work culture. 90 % employees find change in availability of basic facilities provided to employees. 76.55% employees feel the stressful work environment due to seasonal fluctuations.
- 78.62% employees feel that their employers are concern about employee's safety.. 76.55% employees feel that more number of people are earning from one family. 78.62% employees observe change in life style

6. FINDINGS

In every division of Maharashtra there is definite increase in employment during last three years.. Pune and Mumbai division has highest employment compared to other divisions. Food and grocery segment has maximum employment and majority of employees are full time skilled employees. Sales has maximum requirement even if it is having highest trained persons available. Jobs are available in different subsectors of organised retail for executing various special functions with respect to that subsector. These jobs also demand multifunction and multi disciplinary skills and knowledge from employees apart from the skills required in their core sector. Majority of organised retailers from all the segments follow proper HR practices.

7. RECOMMENDATIONS

The unorganised retailers should understand the importance of customer relationship management, train their employees accordingly and adopt innovative techniques to retain customers. They should give emphasis more on neat and clean look of their workers and neatness and cleanliness of business place. Unorganised retailers should extend all kinds of employment benefits to their employees and register themselves for paying taxes. Organised retailers should extend the training programs for manufacturers and for intermediaries to improve quality of product and supply chain and improve brand.

8. CONCLUSIONS

The Indian Retail industry shares 7% of GDP leading to major contributor to Indian Economy. Indian Retail sector is dominated by unorganized retailers. The entry of organized retailer will improve infrastructure, technology, supply chain giving consumer experience of buying products at lower prices. The frontend and backend operations related to retail industry will increase employment opportunities. Maharashtra is one of the state who has given nod for FDI in retail. Keeping this in mind this research work analyses the employment impact of organized retailers.

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