

HUMAN RESOURCE IN ORGANISED RURAL RETAIL OUTLETS: A STUDY OF PUNJAB

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ABSTRACT

Two-third of the Indian consumers live in rural area. Rural retail contributes a major chunk of the total retail market in India. Indian rural retail is mostly agro-based and unorganised, leaving lots of scope and opportunities for the organised retail companies to set up shops. The success of organised rural retail outlets depends on human resource upto great extent. Human resource is the significant strategic lever and source of competitive advantage in these retail outlets. So the present research was undertaken with the objectives to study the profile of workers and to find the HR practices of organized rural retail outlets of Punjab. For meeting the objectives primary data was collected, with the help of a pre-structured, non-disguised questionnaire from the employees working in retail outlets. Six stores were selected taking two each from Haryana Kisan Bazar, Godrej Aadhar and Tata Kisan Sansar. Front-end employees of these stores were the respondents for the study. It was found that majority of the employees were young, male and from urban background. HR practices related to recruitment, selection, training, performance appraisal, salary, payment of wages, compensation, holidays etc were studied and the same were compared with provisions of The Punjab Shops and Commercial Establishments Act, 1958. It was observed that out of all the outlets only Tata Kisan Sansar fully follows the provisions of the Act.

Keywords: HR Practices, Organized rural retail outlets.

The Indian retail market, which is the fifth largest retail destination globally, has been ranked the second most attractive emerging market for investment after Vietnam in the retail sector by AT Kearney's seventh annual Global Retail Development Index (GRDI), in 2008

(Anonymous 2009a). The retail sector in India currently employs nearly 21 million people, contributes 7 per cent to total employment and is worth \$350 billion.

Retailing consists of the sale of goods or merchandise from a fixed location, such as a department store, boutique or kiosk, or by post, in small or individual lots for direct consumption by the purchaser. In commerce, a "retailer" buys goods or products in large quantities from manufacturers or importers, either directly or through a wholesaler, and then sells smaller quantities to the end-user. Retail establishments are often called shops or stores. Retailers are at the end of the supply chain. Manufacturing marketers see the process of retailing as a necessary part of their overall distribution strategy. The term "retailer" is also applied where a service provider services the needs of a large number of individuals, such as a public utility, like electric power (Anonymous 2009b).

The retail industry is divided into organised and unorganised sectors. Organised retailing refers to businesses each employing more than 10 persons and trading activities undertaken by licensed retailers, that is, who are registered for sales tax, income tax, etc. these include the corporate – backed hypermarkets and retail chains and also the privately owned large retail business. Organised retail such supermarkets accounts for 4% of the market as of 2008. Unorganised retailing on the other hand, refers to the traditional formats of low – cost retailing, for example the local karyana shops, owner manned general stores, paan/beedi shops, convenience stores, hand carts, pavement vendors etc. 96% of retailing takes place in this sector.

During the past few years organised retailing has grown in India. Organized retail, which now accounts for about 4 per cent of the total retail market in India, is expected to increase its share to about 15 -20 per cent with the entry of a number of corporates into the segment. Modern retail formats have grown by 25-30 per cent in India in the last year and could be worth US\$ 175-200 billion by 2016 (Dutt, 2009).

Rural retail contributes a major chunk of the total retail market in India with two-third of the Indian consumers living in rural areas, generating almost half the national income. Indian rural retail is mostly agro-based and unorganised, leaving lots of scope and opportunities for the organised retail companies to set up shop. There has been encouraging trend in different parameters that are paramount for rural retail such as literacy, accessibility, degree of penetration, income levels, distance from major commercial and business hubs etc. in recent years. High income levels, brand awareness, and concepts of quality have led to increasing

consumerism among the nouveau rich middle class in rural areas. Rural marketers and other stake holders in the organised rural retail have the opportunity to capitalize on the huge potentials that are available across various retail categories taking into account the nuances and dynamics of the Indian rural retail market. The sheer size of the population makes the Indian rural markets a perfect opportunity for retailers, with resourceful retail propositions, to break new grounds. (Anonymous 2009c)

The HR function is important in all service sector organizations. It holds special significance in retailing where it is one of the pillars of success. Proper manpower planning, recruitment, motivation and retention are essential to maintain operational smoothness and consistent service to the customers. Human resource is important part of retail industry because able, willing and satisfied employees will perform well and happy employees will make happy customers. If the best people get recruited, selected and best training is provided, it will affect organization's competitive position. Pfeffer (1998) argued that human capital has long been held to be a critical resource in most firms. Companies are now trying to add value with their human resources and human resource (HR) department.

Human Resource Management policies have a direct impact on employee attributes such as skills, attitudes and behavior, the so-called HRM outcomes, which are subsequently translated into improved organizational performance (Boxal and Steeneveld, 1999). HRM policies bring changes in employees' abilities, motivations, and opportunities to participate that positively influence organizational performance, illuminating thus the "black box" in the HRM-performance relationship (Purcell and Hutchinson, 2007). However, it is argued that there must be enough employees with the required skills, experience and knowledge to do all the necessary work for the benefit of the organization (Appelbaum *et al* 2000). Moreover, it is argued that in order to bring lasting and better results and to significantly contribute to the success of their organization, employees must be motivated, committed, and satisfied (Paauwe, 2004). Additionally, it is accepted that unless the organization is able to retain its employees, it will not be able to capitalize on the human assets developed within the organization. Thus, employee retention and employee presence may have a positive impact on organizational effectiveness (Boselie *et al* 2001).

Success of any industry is largely dependent on human resource. Though traditional sources of competitive success, like natural resources, technology and economies of scale, add

value to an organization, their significance is decreasing as these sources are easy to imitate. Therefore the significance of human resources (HR) as the greatest asset of business enterprise has increased. This being so, the effective management of human capital, not physical capital, may be ultimate determinant of organizational performance (Huselid *et al* 1997).

All the retail outlets in Punjab fall under the scope of the Punjab Shops and Commercial Establishments Act, 1958. The act is applicable to all shops and commercial establishments and it lays down some important provisions regarding human resource practices in the retail outlets. “Shop” means any premises where any trade or business is carried on or where services are rendered to customers and includes offices, store-rooms, godowns, sale-depots or ware-houses. “Commercial establishment” means any premises wherein any business, trade or profession is carried on for profit and includes journalistic or printing establishment and premises in which business of banking, insurance, stocks and shares, brokerage and produce exchange is carried on. All the organized retail outlets are registered under this act and therefore they are ought to follow the terms and conditions mentioned under the same.

In the present study an attempt was made to know the profile of workers in organized rural retail outlets in Ludhiana and to study Human resource practices in organized rural retail outlets in Punjab.

RESEARCH METHODOLOGY

The present study was conducted in rural retail outlets of Punjab. During the period of this study the companies operating in this sector in Punjab were DCM Shriram Consolidated Limited, Godrej Agrovat and Tata. All stores of these companies - Haryali Kisaan Bazaar, Godrej Aadhar and Tata Kisan Sansar were considered for study. On the basis of willingness to share information six stores were selected taking two each of Harayali Kisaan Bazaar, Godrej Aadhar and Tata KisanSansar. The front-end employees were the respondents under the study. On the basis of their willingness to participate in the survey 50 respondents were selected from these stores. Questionnaire was prepared for collecting information and it was divided into two parts. First part had questions regarding the profile of the respondents while the second part had questions related to human resource practices followed in various retail outlets. The data so collected was analysed with the help of frequency distributions and percentages.

RESULTS AND DISCUSSION

The study was conducted to know the profile of employees and HR practices followed in selected organized rural retail outlets.

Profile of the Respondents

Profile of the front line employees of various organized rural retail outlets was studied on the basis of demographic features like age, gender, education, family income, marital status and background of the employees. It was found that all the employees working in organized rural retail outlets belong to the age group of 20-35 years, which shows that the youth is preferred for this job. Young employees are more suitable to do this job as they are full of energy and have stamina to stand for the whole day. It was found that 80 percent of employees were men and 20 percent were women. Women employees reported that the job is tough for them. They found this job hectic because they have to stand for the whole day. When asked about educational qualification 64 percent of the employees reported that studied up to senior secondary only while 18 percent of the employees were graduates and 16 percent were studied up to matriculation level only 2 percent employees were studied up to postgraduation level. Women employees were less educated as compared to men because only 4 percent women employees were educated upto matric level, 10 percent had done 10+2 while 6 percent had done graduation. Majority of the employees (66 percent) were married.

Table 1: Distribution of employees on the basis of Age, Gender and Education

Age (years)	Godrej Aadhar	Tata Kisan Sansar	Haryali Kisan Bazaar	Total
20-25	12 (66.67)	6 (40.0)	13 (76.47)	31 (62.0)
25-30	4 (22.22)	8 (53.33)	4 (23.53)	16 (32.0)
30-35	2 (11.11)	1 (6.67)	—	3 (6.0)
Gender				
Male	13 (72.2)	13 (86.7)	14 (82.4)	40 (80.0)
Female	5 (27.8)	2 (13.3)	3 (17.6)	10 (20.0)
Education				
Matriculation	5 (27.8)	2 (13.3)	1 (5.9)	8 (16.0)
10+2	12 (66.7)	9 (60.0)	11 (64.7)	32 (64.0)
Graduate	—	4 (26.7)	5 (29.4)	9 (18.0)

Postgraduate	1 (5.6)	-	–	1 (2.0)
Background				
Rural	5 (27.8)	5 (33.3)	4 (23.5)	14 (28.0)
Urban	13 (72.2)	10 (66.7)	13 (76.5)	36 (72.0)
Family income (RS lakh)				
<50	4 (22.2)	2 (13.3)	-	6 (12.0)
50-100	3 (16.7)	1 (6.7)	2 (11.8)	6 (12.0)
100-150	4 (22.2)	2 (13.3)	10 (58.8)	16 (32.0)
150-200	4 (22.2)	3 (20.0)	-	7 (14.0)
200-250	3 (16.7)	7 (46.7)	3 (17.6)	13 (26.0)
300-350	-	-	2 (11.8)	2 (4.0)

Figures in parenthesis indicate percentages

The family income of the majority of the employees (32 percent) the family income was between Rs 1 lakh- 2 lakhs, 26 percent had family income from Rs 2 lakh-2.5 lakh, 14 percent had the family income of 1.5-2.0 lakh while 12% belong to each 50 thousand – 1 lakh and less than 50 thousand category. Very few employees i.e. 2 percent only had annual family income of 3.0-3.5 lakh. It was found that 28 percent of the employees belonged to rural areas while 72 percent of the employees belonged to urban area. No woman employee from rural background was working in these stores while 28 percent of the workforce was male and from rural background. It shows that organized retail outlets are providing employment to a large proportion of urban people.

HUMAN RESOURCE MANAGEMENT PRACTICES

An attempt was made to study the HR practices being followed in the various stores. The employees were asked about the method of recruitment, basis of selection, training given to them, performance appraisal, salary, grievance handling etc. Some of the practices regarding wage, holidays, working hours etc were studied and compared with the Punjab Shops and Commercial Establishments Act, 1958.

Recruitment

Recruitment is the process of finding and attracting capable candidates for employment. The process begins when candidates are sought and ends when their applications are submitted. The

result is a pool of applicants from which new employees are selected. There are different sources from which a person comes to know about the vacancy in any organization. Source of information can be advertising, employment agency, friends, referrals, internet etc.

The employees of organized rural retail outlets were asked about method of recruitment being followed in their stores whether centralized or decentralized. The recruitment practices of an organization are centralized when the HR / recruitment department at the head office performs all functions of recruitment. Recruitment decisions for all the business verticals and departments of an organization are carried out by the one central HR (or recruitment department). While in case of decentralized method of recruitment each department carries out its own recruitment.

It was found that in all the three organisations i.e. Godrej Aadhar, Tata Kisan Sansar and Haryali kisan Sansar follow decentralized method of recruitment. The employees were enquired about the source from which they came to know about the recruitments taking place in the retail outlets. Out of the 50 respondents, for 36 respondents the main source of information regarding recruitment was referrals i.e. 72 percent followed by 14 respondents i.e. 28 percent for whom the main source of information for the same was friends. Here the referrals are those who are already working in the stores and friends were the outside sources, who are not employed there.

Selection Procedure

In all the retail outlets under study employees were selected through interviews. An interview was considered the most common form of selection criteria. The managers told that this method was preferred due to its being cost effective as compared to other methods and also it gave a chance to meet the applicant face to face and to obtain the required information about their looks, communication ability and suitability for the job.

Training

Training is a process whereby an individual acquires job-related skills and knowledge. Questions were asked about induction training, content of the training, training period. In all the outlets i.e. Godrej Aadhar, Tata Kisan Sansar and Haryali Kisan Sansar induction training is being given to new employees to help them get acquainted with the work environment & fellow colleagues. It is a short duration and informative training and is imparted just after recruitment to introduce or orient the employee with the organization's rules, procedures & policies.

The employees were enquired about the time period (Table 2) for which they received training in organized rural retail outlets.

Table 2: Duration of Induction Training in organized rural retail outlets

Name of the store	Duration of training (days)
Godrej Aadhaar	30
Tata Kisan Sansar	15
Haryali Kisan Bazaar	15

It was found that duration of training varies from company to company. The maximum duration of training was in case of Godrej Aadhaar which was 30 days, followed by Tata Kisan Sansar and Haryali Kisan Sansar, 15 days in each. The variation in training period is as per the policies of the stores.

The content of training was related to product knowledge, billing, retailing, customer handling and shelf setting. In customer handling the employees were taught that how to handle the customers and how to behave with the customers and in shelf setting the space management and the arrangement of products were taught.

In all the outlets i.e. Godrej Aadhaar, Tata Kisan Sansar and Haryali Kisan Sansar training was being given after regular intervals but the interval and duration is different for each store. Training was given after every month in Godrej Aadhaar for one day duration while in Tata Kisan Sansar training was given after six months for seven days. It was found that in Haryali Kisan Bazaar training was given after three months for seven days.

Performance Appraisal

Performance appraisal practices in the stores under study were enquired about. The findings relate to the performance appraisal basis, intervals at which this exercise is done, who does the appraisal and employees perception about their appraisal.

It was found that the interval for performance appraisal is usually same for all the three companies. In the entire three outlets appraisal was done after every one year. In Tata Kisan Sansar employees reported that there was no appraisal in all the stores it was the immediate supervisor who did the appraisal. All the employees in every outlet felt that appraisal was genuine. They were satisfied by the basis on which the appraisal was being done in the retail outlets and had no complaints regarding the same. It was also observed from the responses of the respondents that the appraisal being done was unbiased.

Hours of employment

Subject to the provisions of The Punjab Shops and Commercial Establishments Act, 1958 no person shall be employed about the business of an establishment for more than forty-eight hours in any one week or nine hours in any one-day.

Table 3: Working hours per week in each store

Name of the store	Working hours per week
Godrej Aadhaar	66
Tata Kisan Sansar	66
Haryali Kisan Bazaar	66

It can be seen from Table 3 that in all the stores employees works for more than 48 hours a week, or nine hours a day. Thus it can be concluded from the results that no rural retail outlet follows the terms and regulations of the Act by making its employees work for 48 hours a week, so in all the retail stores the time for which an employee works is more than the stipulated time mentioned under the provision of the Act.

Working days

It was observed that in almost all the outlets the employees worked for 6 days a week, but not necessarily from Monday to Saturday. The day on which the employees got off was not the same for all; it was different so as to maintain the required number of human resource in a store.

Intervals for rest and meals

According to the Punjab Shops and Commercial Establishments Act, 1958 no employee except a chaukidar, watchman or guard, shall be allowed to work in an establishment for more than five hours before he has had an interval for rest of at least half an hour. It was found from the responses of the employees that in case of Godrej Aadhar, the employees were given a half an hour break after working for four and a half hours. In Haryali Kisan Bazaar, the employees started working at 9:30 am in the morning and were given break only when they were free i.e. irrespective of the number of hours they had worked. In this retail store there is no fixed rest interval. In Tata Kisan Sansar the employees were given break of one hour in total i.e. half an hour for lunch in the afternoon and another half an hour was divided into two halves i.e. 15 minutes tea break each in morning and evening. It was concluded that in Haryali Kisan Bazaar there was no fixed rest interval.

Holidays

According to The Punjab Shops and Commercial Establishments Act, 1958, every employee in an establishment shall be allowed six holidays in a year with wages. Every employee in an establishment shall be allowed a holiday with wages on the Independence day, Republic day, and Mahatma Gandhi's birthday; and three other holidays with wages in a year in connection with such festivals as Government may declare from time to time by notification. Provided that an employee required to work on any such holiday should be paid remuneration at double the rate of his normal wages calculated by the hour.

It was observed that in all the selected retail outlets, the employees were not getting these holidays as per the Act. As reported by the employees they were getting wages for work for these days at the normal rate of payment only. It was only in Tata Kisan Sansar that employees though did not get these holidays but were paid at double the rate on these days.

Leaves

According to the Punjab Shops and Commercial Establishments Act, 1958, every employee who has been in employment for not less than twenty days in a year shall be entitled to one day's earned leave for every such twenty days.

It was found that in Tata Kisan Sansar and Haryali Kisan Sansar employees were allowed to have 15 earned leaves in a year with pay. In Godrej Aadhaar employees were allowed to have 8 earned leaves in a year.

Notice of removal from service

The employees and the employer both are required to intimate to the employer and the employee respectively before leaving the organization or making the employee leave the organization. According to The Punjab Shops and Commercial Establishments Act, 1958, there can be notice by the employer or a notice by the employee and no employee shall be removed from service unless and until one month's previous notice or pay in lieu thereof has been given to him.

It was found that in Godrej Aadhar and Tata Kisan Sansar one month prior notice was required to be given to employee before termination. In Haryali Kisan Bazaar 15 days prior notice was required if they were confirmed employees. In case the employee was not a confirmed employee, he/she could be terminated without any prior intimation. Thus it can be

concluded that except Haryali Kisan Bazaar the other two stores were following the provision given under Act as far as the termination of employees was concerned.

According to The Punjab Shops and Commercial Establishments Act, 1958 no employee, who has been in the service of the employer continuously for a period of three months shall terminate his employment unless he has given to his employer seven days previous notice or pay in lieu thereof.

It was found that in all the stores one month prior notice was given by employees before terminating their employment. It can be concluded that all the rural retail outlets were following the provisions given under the Act regarding the notice by the employees concerning their termination.

CONCLUSION

It can be concluded that most of the employees working in organized rural retail outlets were young, male and belonged to urban area. About 28 percent of the workforce comes from rural areas. Women employees in these outlets are less educated as compared to their male counterparts. Women do not consider this job much suitable to them as it involves long working hours. The main source of information regarding recruitment was referrals. The job training methods were being used to train the employees. In all the stores except Haryali Kisan Bazaar, there was no fixed rest interval. Employees worked overtime in all the outlets even on weekly off days and that too without any extra pay. The results revealed that out of all the stores under study only Tata Kisan Sansar fully follows the provisions of the Act.

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