

ROLE OF PEOPLE IN THE SUCCESS OF RETAIL FIRMS

Economics

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1: Introduction:

People forms an important part in any organization as they are the service providers to the customers. Retailers rely on people to perform the basic retailing activities, such as buying and displaying merchandize and providing service to customers. Many big retailers require people not only for performing the core and facilitating customer services but also for enhancing supplementary services for its customers. Though having the right product at the right time and the right place is what retail calls for, still it is highly supported by the right people at various levels. Proper planning, organizing, strategizing along with excellent execution is the key to the success for any retailer. HR people are the backbone of any company, and the success of retail business depends a lot upon the kind of HR strategies it is following and how people are managed.

Over these years, the prime focus of every retailer was on sales and brand building along with expansion strategies. But this poses huge challenges with respect to dealing with the short supply of qualified, future-ready talent, sustaining high performance and retaining key talent. Therefore, the key question for the retail industry in India is how organisations can sustain high performance whilst battling both economic challenges and talent shortages.

Because of increasing competition among organized retailers, the retail industry is facing challenges and hurdles from different areas. Fast-changing retail trends areheavily impacting the HR in retail, which started off as operational function and is soon expected to become a strategic partner in the business. The changing face ofIndia's retail has also seen changes in the way HR department functions. Initially HR was seen as a support function and used to majorly concentrate on hiring and managing the exit of an employee. HR's key performance indicators were based purely on hiring numbers. Now, with the changing business environment and more exposure to HR functions via education, the role has emerged to be a business partner. With the opening up of FDI and entry of large retailers, there are lot of tasks in front of the HR teams such as retention, innovative hiring, increase productivity and reducing attrition created due to competition. Training at all levels, which was earlier ignored by many organisations, has also become very important in many organisations. Companies have their own internal training

centers, which can induce best retail practices in all their employees. Few of the most common challenges faced by HR team along with their contributions.

The success of any player in this sector depends not only on understanding target market and implementing marketing mix strategies but also on how effectively a retailer develops systems of high performance work practices including comprehensive recruitment and selection procedures, reward policies and performance management systems, and extensive employee involvement and training.

2. Literature Review:

According to Dhiman and Sharma (2008) People are the staffs who occupy the key position in influencing customer's perceptions of product quality because of the simultaneity of production and consumption in the services. In fact the service quality is inseparable from the quality of service provider. An important marketing task is to set standards to improve quality of services provided by employees and monitor their performance. Without training and control employees tend to be variable in their performance leading to variable service quality. Training is crucial so that employees understand the appropriate forms of behavior and trainees adopt the best practices. According to Nathan (2008), the people component of the marketing mix can have direct impact on the image of a pharmacy. The pharmacist and other pharmacy staff are customers' point of human contact and who they will look to for information, advice or support. marketingteacher.com (2000), explained that, People are the most important element of any service or experience. Services tend to be produced and consumed at the same moment, and aspects of the customer experience are altered to meet the individual needs of the person consuming it. Most of us can think of a situation where the personal service offered by individuals has made or tainted a tour, vacation or restaurant meal. We do remember, people buy from people that they like, so the attitude, skills and appearance of all staff need to be first class. Here are some ways in which people add value to an experience, as part of the marketing mix - training, personal selling and customer service. According to (Learnmarketing.net) An essential ingredient to any service provision is the use of appropriate staff and people. Recruiting the right staff and training them appropriately in the delivery of their service is essential if the organization wants to obtain a form of competitive advantage. Consumers make judgments and deliver perceptions of the service based on the employees they interact with. Staff should have the appropriate interpersonal skills, aptitude, and service knowledge to provide the service that consumers are paying for. Many British organizations aim to apply for the Investors. In People accreditation, which tells consumers that staff are taken care of by the company and they are trained to certain standards.

3. Methodology Adopted:

3.1. The Study: The Study "Role of People in the success of retail firms" is based on primary data collected by personal interview from consumer durable retailers of Electronics, Computer, Mobile, Kitchen-appliance, etc. in Indore city. The study is focused to have an insight into people related strategies i.e how they are interrelated with each other .

3.2. Objectives of the Study:

- To identify the most popular people related strategies adopted by retailers of consumer durables in Indore city.
- To study the relationship between different people related strategies adopted by retailers of consumer durables in Indore.

3.3. Study Area: We have chosen Indore as our study area as it is dominated by the retailing industry with huge business potential; the consumer here is having a good purchasing power which attracts to study the retailing pattern.

3.4. Sample size and technique: The sample size is 150. We have surveyed 150 consumer durable retailers of Indore. The sampling techniques adopted in this context are judgment sampling and convenience sampling.

3.5. Tools for Data Collection: The study is based on primary data collected by personal interview from consumer durable retailers of Electronics, Computer, Mobile, Kitchen-appliance, etc. in Indore city. We have used 5 point Likert scale to estimate the responses of the Consumer Durables retailers regarding the different people related strategies. The five point scales are leveled as 1= Most Favorable, 2= Favorable, 3= Moderate, 4= Unfavorable and 5= Most unfavorable.

3.6. Tools for Data Analysis: The tools which are used for analyzing the collected data are –

- *Mean and Standard Deviation:* for identifying the most popular people strategies
- *Factor analysis:* factor analysis has been used to develop factors with the help of SPSS. The people related factors are People Employee Motivation and People Customer Motivation and these are abbreviated as PIF1 and PIF2 respectively
- *Correlation:* It is used to examine the interrelationship between different people related strategies.

4. Data Analysis and Interpretation:

The concept of people is divided in to two parts , first one is employee of the organization and second is customer, the role of these two have their own importance and organization need to keep in mind the both the factors when designing the people related strategies.

4.1: Employee Motivation:

There are various techniques used by retailers to motivate their employees. Out of which paid vacation, employee discounts, sales bonuses, breaks, personal telephone calls are the most favorable technique of motivation used by retailers in Indore with their means and standard deviations as 1.78 and 1.25249, 1.78 and 1.24712, 2.04 and 1.1526, 1.46 and 0.50007, 1.78 and 1.24712 respectively. Training and development, continuing education and dress code are considered as moderate technique of motivation whereas payroll procedure, parental and adoption leaves, health, life and other insurance, opportunities for advancement and raises, business trip reimbursement, termination and exit interviews and scheduling are considered as unfavorable techniques of motivation by retailers of consumer durables in Indore. It is well shown in Figure No-1.1.

Table No-1.1: Employee Motivation in Consumer Durable Retailers in Indore.

Bases	Most Favorable (% age)	Favorable (% age)	Moderate (% age)	Unfavorable (% age)	Most Unfavorable (% age)	Total (% age)	Mean	Std. Deviation
Training and Development	14	22.7	38	18.7	6.7	100.0	2.813	1.10147
Payroll Procedure	0	9.3	25.3	50	15.3	100.0	3.713	0.83816
Paid Vacation	62.7	19.3	1.3	10.7	6	100.0	1.78	1.25249
Parental and adoption leaves	0	12	17.3	54	16.7	100.0	3.753	0.87421
Overtime Policy	6.7	22.7	14.7	45.3	10.7	100.0	3.306	1.13485
Employee discounts	61.3	21.3	2.7	7.3	7.3	100.0	1.78	1.24712
Health life and other Insurance	2.7	5.3	31.3	43.3	17.3	100.0	3.673	0.9159
Sales Bonuses	40.7	33.3	12	9.3	4.7	100.0	2.04	1.15206
Opportunities For advancement and Raises	4.7	10	17.3	52.7	15.3	100.0	3.64	1.01188
Breaks	54	46	0	0	0	100.0	1.46	0.50007
Personal telephone Calls	61.3	21.3	2.7	7.3	7.3	100.0	1.78	1.24712
Continuing Education	4	36	37.3	17.3	5.3	100.0	2.84	0.9418
Business Trip Reimburse	0	0	24	49.3	26.7	100.0	4.026	0.71369

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Termination Exit Interviews	0	8.7	38	38.7	14.7	100.0	3.593	0.84422
Dress code	0	22	50	21.3	6.7	100.0	3.126	0.82979
Scheduling	0	0	33.3	38.7	28	100.0	3.946	0.78396

Sources: As Computed by the Researcher

Figure No 1.1: Employee Motivation in Consumer Durable Retailers in Indore.

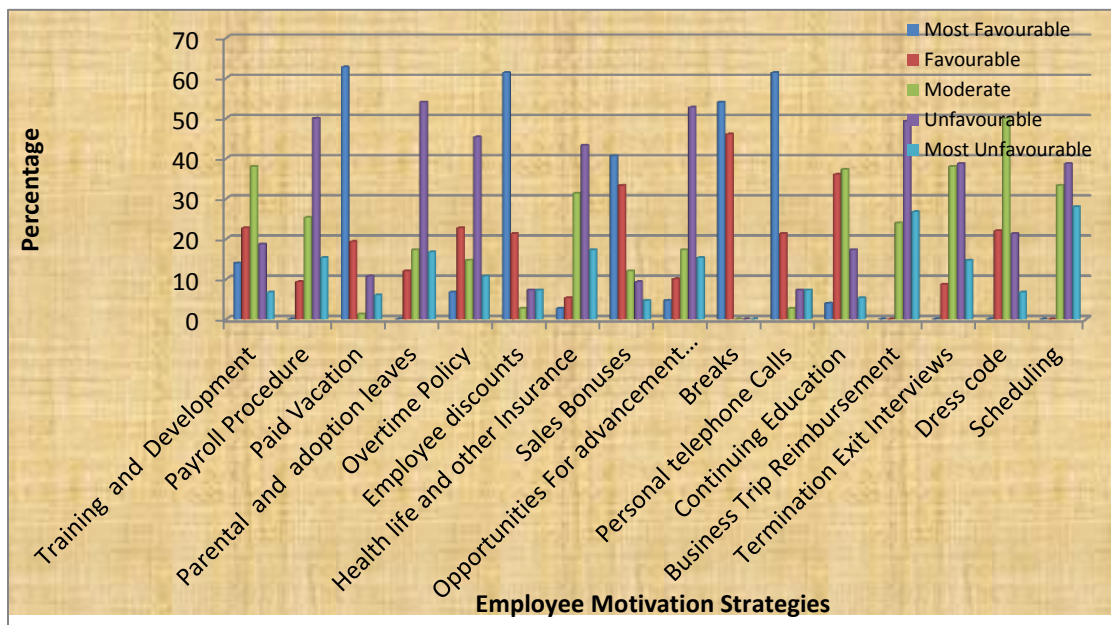


Table no- 1.1 indicates that Break with mean score of 1.46 is found to be the most ideal strategy of retailers for motivating employees. This is followed by Paid Vacation, Employee Discount with mean score of 1.78.

4.2: Customers Motivation:

Table No-1.2: Customers Motivation in Consumer Durable Retailers in Indore.

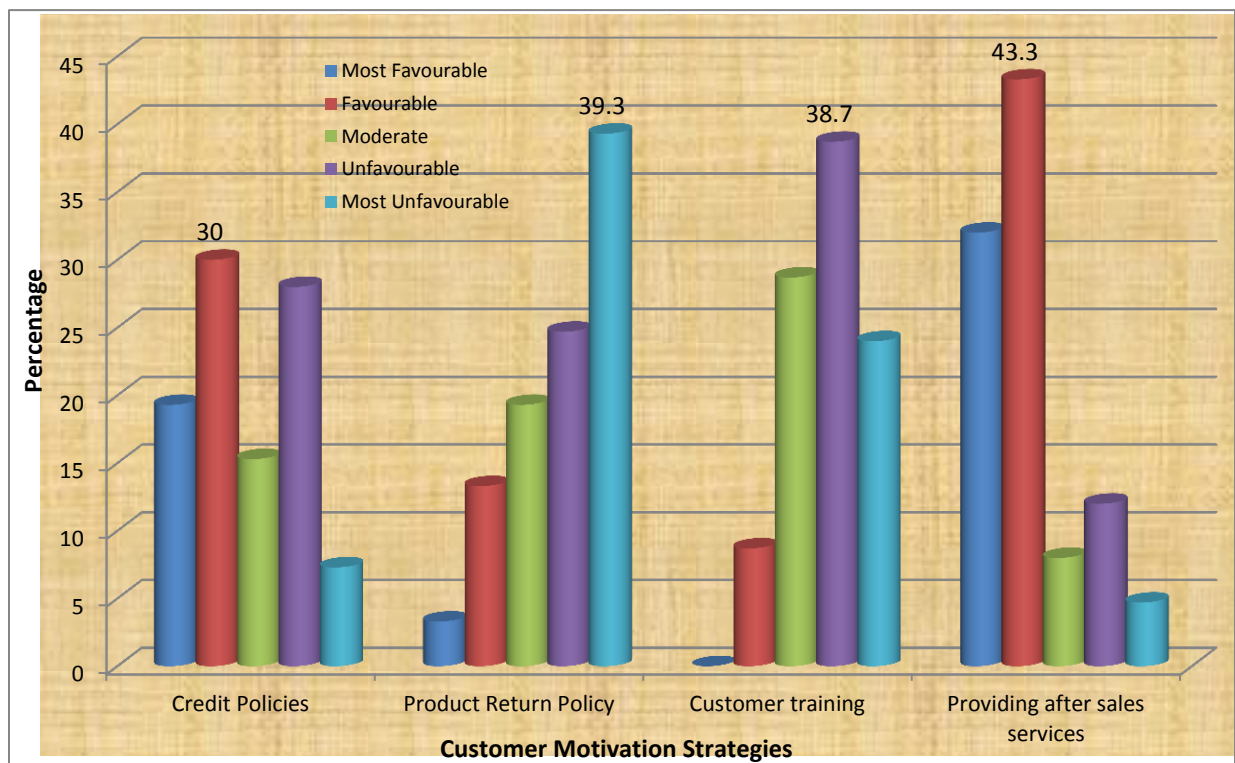
Bases	Most Favourable (% age)	Favourable (% age)	Moderate (% age)	Unfavourable (% age)	Most Unfavourable (% age)	Total (% age)	Mean	Std. Deviation
Credit Policies	19.3	30	15.3	28	7.3	100.0	2.74	1.26082
Product Return Policy	3.3	13.3	19.3	24.7	39.3	100.0	3.83	1.18388

Customer training	0	8.7	28.7	38.7	24	100.0	3.78	0.9113
Providing after sales services	32	43.3	8	12	4.7	100.0	2.14	1.13534

Sources: As Computed by the Researcher

The data from the above table shows that credit policies and providing after sales service are the favorable techniques used by retailers for motivating customers with mean and standard deviation as 2.74 and 1.26082 and 2.14 and 1.13534 respectively. Customer training is considered as unfavorable technique for motivating customers. While product return policy is most unfavorable technique of motivating customers as identified by retailers of consumers durables in Indore. It is explained in Figure No-1.2.

Figure No- 1.2: Customers Motivation in Consumer Durable Retailers in Indore.



It is clear from table no-1.2 that Providing After Sale Services with mean score of 2.74 is found to be the mostly chosen strategy of retailers for motivating customers in Indore city.

4.3: Interrelationship between People Related Factors.

As far as to find out interrelationship among people related factors are concerned, we have used the statistical tool of Pearson correlation coefficient. Here we have used factor analysis to develop factors with the help of SPSS. The people related factors are People Employee Motivation and People Customer Motivation and these are abbreviated as PIF1 and PIF2 respectively. The interrelationship is shown in Table No-6.7.

Table No-1.3: Correlations among People related factors.

		PIF22	PIF23
PIF1	Pearson Correlation	1	.372**
	Sig. (2-tailed)		.000
	N	150	150
PIF2	Pearson Correlation	.372**	1
	Sig. (2-tailed)	.000	
	N	150	150
**. Correlation is significant at the 0.01 level (2-tailed).			

From the above table, it is seen that the relationship between PIF1 and PIF2 is positive and statistical significant at 1 percent level of significance. This indicates that these two factors are positively correlated. It explains that the consumer durable retailers are adopting these two strategies in same manner.

5. Conclusion:

From the above discursion it can be concluded that “Break” with mean score of 1.46 is found to be the most ideal strategy of retailers for motivating employees. This is followed by Paid Vacation, Employee Discount with mean score of 1.78.

Further “Providing After Sale Services” with mean score of 2.74 is found to be the mostly chosen strategy of retailers for motivating customers in Indore city. Also, it is seen that the relationship between “People Employee Motivation” and “People Customer Motivation” is positive and statistical significant. This indicates that these two factors are positively correlated. It explains that the consumer durable retailers are adopting these two strategies in same manner.

References:

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