

**Retail Management**  
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**Lecture - 39**  
**HR Issues in Retail**

Hello everybody, welcome to this NPTEL Swayam course on Retail Management. This is Professor Swagato Chatterjee from VGSOM, IIT Kharagpur, who is taking this course for you. This is lecture 39 and we will be discussing about HR issues in retail.

So in the last video we were discussing about certain organizational issues in retail, which is related to the organization structure and how different roles should be given to different people and how that should be kept in writing, how the responsibilities will be divided and etc. In this particular session, we will talk about sudden HR issues.

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### Human Resource Management in Retailing

- Recruiting
- Selecting
- Training
- Compensating
- Supervising



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So what are the HR issues generally that comes up? Recruiting, selecting, training, compensating and supervising. These are the major five steps that comes under the Human Resource Management in retailing. Recruiting means basically giving somebody a job and finding out what is who is the suitable person whom he can give the job. Selecting is selecting job roles for different people.

Which job role will be assigned to which person. Training means how to up skill this person, how to give them necessary skill set so that they can perform their jobs at the performance level which is required. Compensating means basically giving salary and other benefits which is in sync with whatever kind of efforts they are giving. And supervising means, how to guide them, how to lead them, so that they can achieve their goal.

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## Direct and Indirect Costs of Employee Turnover

- **Direct Costs** include: separation costs, exit interviews, replacement costs (advertising, screening, new employee orientation) and training costs
- **Indirect costs** include: customer dissatisfaction, reduced suggestion selling, pricing errors, reduced morale among co-workers



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So why these five factors are very important is because there are certain direct and indirect costs of employee turnover. So while recruiting is one of the major factor, other four factors are also very important because other four factors reduces turnover. It has been seen that the direct cost for turnover includes separation costs, exit interviews, replacement cost, the cost of advertising, screening and new employee orientation again, and training cost.

So whatever you have to do once more with the new person and whenever somebody leaves whatever amount of benefit you have to give to that leaving person, even when they are not working basically, that party is the direct cost which is related to the direct cost of employee turnover. But there are some indirect costs also. Like when a new person comes in a service business or in the retail business, it is very common.

They will say, I as a customer gets, I was accustomed with particular person. I used to see that particular person. I knew that that particular person used to know about my emotions, my feelings, what do I like, what do I dislike. Now a new person comes up.

So there is a human to human relationship that comes up in the retail context, quite a few. Now the moment a new person comes up, you have to basically redo all those relationship building activity.

And I as a customer might not feel good. And if this turnover is very quick, very frequent, every let us say, one week or two week or a one month or 10 months, there was some turnover, then I have to do that relationship building activity. I also have to invest as a customer know? I am investing on this relationship, my time, my efforts, I am opening up in front of the service provider.

So all these will be lost and again I have to redo that with a new face who is standing in the counter. So that creates certain times customer dissatisfaction. Reduced suggestion selling. The same applies for the customer also because customer does not know the, sorry the employee also, because the employee does not know the customers. He does not know them by face, their likes, dislikes etc.

So earlier there was lots of cross selling that could have happened, which is that you came to buy something and I suggested something better, because I know what exactly you want and I know what are the products that are available with me as well. But that suggested selling will go for a toss.

There will be lots of pricing errors, what kind of pricing should be given to which kind of people because I do not know the context of the purchase oftentimes. Reduced morale of among co-workers. Co-workers will sometimes feel that okay, this person have taken that person's job. Or this person is not that good like the other person.

So or I do not like his face or I do not like, so this kind of discrimination, this kind of, I would say unfriendliness will also come from co-worker because coworker will not feel, this co-worker has also invested on the relationship with that co-worker who has gone away and who was replaced by you know? So the co-worker will feel that okay, I am not very, not very comfortable with this new person who has come.

And that comfort level, generating that comfort level will take time. And every time the turnover happens, I mean if you leave within two years, again they have to invest

on a relationship with you, which reduce the morale of the coworker. So that is why there is a indirect cost of employee turnover as well. So all of these things are generally taken care of when you are doing your HR activities correctly.

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### True Cost of Employee Turnover

- Costs of using fill-in employees
- Severance pay for exiting employees
- Costs of hiring new employees
- Training costs
- Costs of mistakes and lower productivity while new employees gain experience
- Customer dissatisfaction due to the loss of prior employees and the use of inexperienced workers.
- Lower continuity among co-workers.
- Poor employee morale when turnover is high.



So they are other true costs of employee turnover, which is the direct costs we are talking about. Cost of using fill-in employees. Sometimes we use in the middle part, till a new employee came up, we use a fill-in employee who just takes care of the situations in between, which there is a cost for that. Severance pay for exiting employees. Sometimes we have to pay, even when they are not working you have to pay the severance pay.

Cost of hiring new employees, which is a cost. Training cost of the new employee, which is also a cost. Cost of mistakes and lower productivity while employees gain experience. So there is a learning curve for the new guy as well. And you have to spend time and money and allow certain mistakes when they are learning. So that has some cost. And I also talked about the other three costs, which is related to the indirect costs of employee turnover.

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## Women in Retailing

- Issues to address with regard to female workers
  - Meaningful training programs
  - Advancement opportunities
  - Flex time: the ability of employees to adapt their hours
  - Job sharing among two or more employees who each work less than full time
  - Child care
- Retailing empires
  - Mary Kay
  - Avon



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Now another important issue under the retailing activity which comes up in today's day is woman in retailing. Is a separate issue, which is very important and the retailer should basically take into account these problems very specifically. Now woman as a customer we discussed in a previous class, that how certain woman centric activity services are more or less expected in a retail context right now.

There should be a baby feeding room in a big retail store or there should be a changing room for separately for woman or something like that. However, there will be certain kind of activities that you should do to focus on your woman employees as well. Because you see at the end of the day, a woman customer who is almost 50% of the population of the world, that is a huge number of customers, right?

And nowadays their purchasing power, their individual decision making power is going through woman empowerment, liberalization and etc. Now these people when they are the customers, they feel more comfortable probably with the woman employees as well.

So the more you put woman employees in your retail store, the more they will understand the problems of the woman customers as well they can cater to the problem, they can give suggestions, they can sell them, they can feel them comfortable. So you have to, you cannot avoid keeping women employees, you have to keep women employees for your business purposes only.

Not only that, it has been seen that women employees has less turnover probability in the at least in the long run once their family is stabilized they have a long run probability of being very loyal very less turnover than men. So if these are the situations, there are benefits of keeping woman, loyal, hardworking people in your retail store, then you have to take care of their problems as well.

Now historically and even today, the leadership is men, leadership of any organization were men. And that is why they probably do not understand what is the woman's problem and that is why we have to separately discuss this particular topic with at least in the retail context very specifically where human interaction plays very important role.

So issues to address with regard to female workers are like you have to give meaningful training programs to them which is woman centric, which is curated for the woman. You should give advancement opportunity. So there is a huge range of literature which is on glass ceiling and glass cleave and etc., which talks about that up to a certain level you let women grow within the organization and after that you generally do not put.

So in a senior management and the leadership positions you generally do not put woman. So these are some of the things and you unknowingly become biased. Because probably the decision makers were men or you have certain kind of thought processes in your mind that women are not good enough or woman are not probably they have family issues, they have children they should take care of that.

And when they are taking care of that they will not be able to take care of your retail store and etc. Those kind of biases comes in. And it has been again and again shown not only in developed country but also, not only in developing country but also in developed country, not only in small organizations, unknown organizations but very large MNCs also. Not only in IT industry or retail industry or manufacturing industry, it is agnostic towards industry.

It has been seen that there is a glass ceiling effect that comes up. And one organization has to be very careful with how that is whether that is coming up,

whether that number is there. Whether the proportion of person, so if I let us say in my lower range, there are let us say 30% female and 70% male, 3:7 ratio. That 3:7 ratio is it consistent over the whole organization structure?

Or as I change the organizational structure, as I see the middle management and senior management and lower management separately, this ratio changes. If that ratio changes then there is a problem in the advancement opportunities. You should do that activity that work within your organization also. There should be flexi timing, the ability of employees to add up their hours.

Job sharing among two or more employees who each work less than full time. So these are this kind of facility should be given. Childcare, this kind of facility should be given in certain time zones for a woman. Now you might say if one retailer might feel that okay these are, why will I do that? What is the advantage that I am getting? The advantage is loyalty and performance.

So if you see that any benefit that you give, you will get a quite a lot of extra benefit for women, they are known to be more I would say more I would say loyal towards the organization, they are more, all the soft characteristics, all the characteristics related to care.

All the characteristics, which is not hardcore performance oriented characteristics, which is let us say management oriented characteristics or **or** care oriented characteristics or any altruistic characteristics, these are more seen in woman, which is important in a retail context, because at the end of the day, retail is a man to man interaction, it is a service industry at the end of the day.

So there are human to human interaction plays a very important role where this woman and within the organization also the employee how the employees are happy or not, that is also important, plays a very important role in the overall performance of the retail activity and that is where woman plays a very important role.

So for example, the certain retailing empires like Mary Kay or Avon, if you check, they are heavily dependent on woman because women are better retailers. It has been

seen that in many contexts, women have better selling capacity, better I would say negotiation power, which sometimes helps woman in the retail context at least.

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## Minorities in Retailing

- Issues to address with regard to minority workers
  - Clear policy statements from top management as to the value of employee diversity
  - Active recruitment programs to stimulate minority applications
  - Meaningful training programs
  - Advancement opportunities
  - Zero tolerance for insensitive workplace behavior



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Then another important aspect that comes up is minorities. Minority can be of different type. Minority can be based on color, based on sexuality, based on, gender is one minority we have right now discussed. In Indian context there can be minority based on geography. There is a huge focus on minority based on geography. There are discrimination that people face based on that and etc.

So issues to address with regard to minority workers. Clear policy statements from top management has to value the employee diversity. So diversity is important and why somebody who is getting some preference you might feel that okay, this guy is getting preference, because he has certain minority characteristics. He is coming from some place or he has some specific color or he has some specific caste.

Why that diversity is important is something that is that should be very well defined and everybody should be trained on that. Active recruitment programs to simulate minority applications. So more focused minority applications should be there. Meaningful training programs. Again advancement opportunities, the same problem whatever you see in the gender case, a similar problem also happens in the context of minorities as well.

So you might feel that okay, we are putting lots of minorities, we are actually recruiting minorities. But you have to see that whether they are also growing within the organization or not. Because not always it is performance oriented. If performance is the only reason then they were not, they will not become a minority at all in a outside social structure.

There are your organization is not outside the overall society where you belong. So you cannot expect, you cannot say that okay, in our organization, we do not do discrimination. If the overall society is doing discrimination, there is some amount of discrimination within your organization as well. And that is why you should probably try to find out that what kind of problems are and how to help these people.

Zero tolerance for insensitive workplace behavior. Now this is an area, the in civil workplace behavior is an area not only related to minority but any boss, super boss, and I would say the frontline employee or retailers kind of a context. This is an area where HR and marketing comes together.

Because you see ultimately anything which can create a stress, which can create a negative effect on the employee wellbeing will ultimately impact their performance in the job. And the performance in the retail sector at least, the performance of the frontline employees is very important.

The performance of the retailers, the frontline retailers, the floor managers and floor executives are very important because that actually is directly related to the sales. So that is why you this incivility within the workplace is a very important factor which you should be taking care of.

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## Diversity

### Two premises:

1. That employees be hired and promoted in a fair and open way, without regard to gender, ethnic background, and other related factors
2. That in a diverse society, the workplace should be representative of such diversity



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Diversity has two premises that employees be hired and promoted in a fair and open way without regard to gender, ethnic background or other related factors. And that in a diverse society the workplace should be representative of such diversity. So the workplace should have diversity as well.

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## Labor Law Considerations

- Retailers must not
  - Hire underage workers
  - Pay workers "off the books"
  - Require workers to engage in illegal acts
  - Discriminate in hiring or promoting workers
  - Violate worker safety regulations
  - Disobey the Americans with Disabilities Act
  - Deal with suppliers that disobey labor laws



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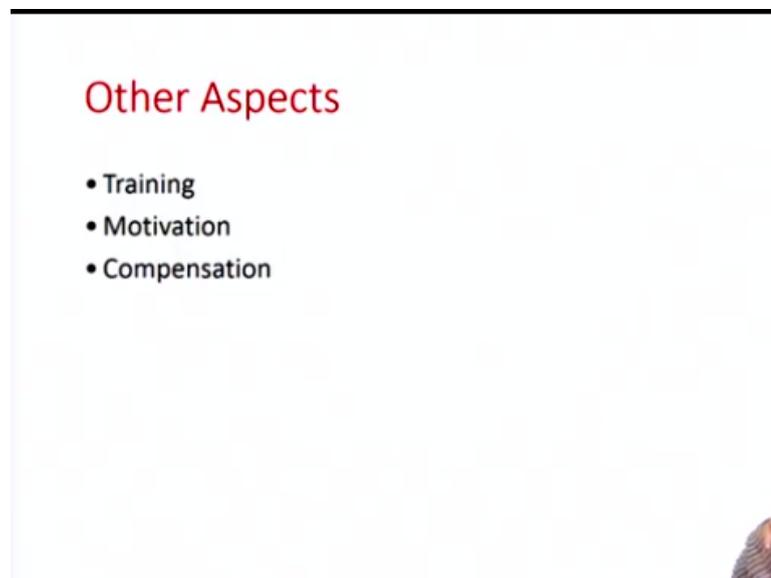
What are the labor laws that sometimes becomes important? Hire underage workers can be a very important problematic issue. Pay workers off the books. That means you pay them but you are not putting that in the in any I would say documentation is a problem. Require workers to engage in illegal acts. Again, that is a labor law issues. Discriminate in hiring or promoting workers.

If somebody can find out or prove that that is happening, that is a very difficult way to get rid of that. Means you will be penalized like hell. Violate worker safety. Regulations, this is a very important case again in the retail context, because there can be cases of fire, there can be cases of earthquake, there can be cases of terrorist attacks.

How you will help your worker to be safe, to get out of the place as soon as possible is something that you should train them and those facilities should be there. There are laws for that. Disobey the Americans with Disability Act. I think this kind of acts are present in Indian context also. You have to make sure that your buildings, your premises are disable people friendly, as more inclusive as possible.

Deal with suppliers that disobey labor laws. So you have to also make sure that not only you, but your all suppliers should also focus on or take care of this labor laws seriously. So otherwise, if you take supply from them, that impacts your image as well. So those things has to be considered.

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Some of the other aspects that becomes important is training of the employees. This should be repetitive, that should be very target oriented, that whether the training is happening, and the people are getting the training that should be evaluated over time. The motivation building is very important. And again, that can be done through training. That can be done through. So there are extrinsic and intrinsic motivation.

Extrinsic motivation is those kind of motivations, which are basically given by certain kind of prize money or certain kind of bonuses and etc., where there is an external stimuli that you are giving, that they can achieve, that they can at some price that they can achieve so that is why they are motivated to work. And intrinsic motivation comes from internal.

You have to make them understand how why their work is important. Why they are whatever job whoever is doing is actually at the end of the day, making the customers happy. And making the customers happy is probably a spiritual activity almost. Like you are making a person's life happy.

So how that is ultimately whatever work they do, whether they are in HR or buying or merchandising, or floor management or whatever in the retail store they are doing, how that is connected towards the happiness of the customer is something that you can tell them you can train about them, which probably can increase the intrinsic motivation.

Compensation. There are certain labor laws related to compensation, how much minimum you have to pay. But obviously compensation is also related to performance. The more you compensate, the more they perform. And the more they perform the more you should compensate. So there should be a relationship between that. And compensation not always is monetary.

There can be non-monetary compensation aspects as well, which should be introduced. So these are overall HR issues that comes up in this particular picture. We are not a HR course here. So separate HR course are there where you can study in depth about all this stuff. But in the retail context, these things becomes important, and that is why I discussed about them.

I will see you in the next video with some new topics about negotiations and certain kind of merchandising activities. And that is how we will go ahead. Thank you very much. See you in the next video.