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Role and relevance of quality circles in promoting employee performance in service sector at Bangalore city

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Abstract

Retailing displayed its significance in India's market with tremendous contribution to the Indian economy. The development in the organized retail sector has showed the perfect platform to the Indian companies to enter into this sector. The entry of global players in retailing business has created huge challenges to the Indian companies. The organized retailer's in order to respond to the competition, started to realize the need for efficient man power. The Human Resource practices and the employee satisfaction became the primary concern for the organized retailers. The present study will provide a clear picture on the issues related to the HR practices and its impact on employees. The study will also focus on the various problems and challenges faced by the HR department in procuring and retaining the employees of organized retailing companies.

Keywords: Organizational role stress, banking sector, role stressors, public and private sector, length of service, job category

Introduction

Human resource management (HRM) practices are most effective when matched with strategic goals of organizations. HRM's role in the company's success is growing rapidly with the growth in many sectors in the present globalized era. HRM is a vital function in organizations and becoming more important than ever. The HRM practices are crucial in designing the structure for man power, staffing, performance appraisal, compensation, and training and development. HRM practices are a primary means for defining, communicating and rewarding desired role behaviors and desired role behaviors are a function of organizational characteristics. Innovative HRM practices can play a crucial role in changing the attitude of the companies and its employees in order to facilitate the entry and growth in the markets. The HRM practices in service sector especially in the area of retailing have found significant importance in the present scenario. The retailing is one of the service sectors where the need of qualitative human resources is highly expected.

Retailing is an important element of business around the globe. Retailing consists of all activities that result in the offering for sale of merchandise to consumers for their own use. Retailing is the final step in bringing goods to consumer. They sell both goods and services. Retailing is the process of "Sale of goods or merchandise, from a fixed location such as a departmental store or kiosk, in small or individual lots for direct consumption by the purchaser.

Retailing may include services, such as product delivery. Buyers may be individuals or businesses; a retailer buys goods or products in large quantities from manufacturers or importers, either directly or through a wholesaler, and then sells in smaller quantities or lots to the end -users or consumers. Retailers are the end links of the supply chain as an important part of manufacturing/marketer overall distribution strategy.

Overview of Indian Retail Industry

Retailing is one of the pillars of economy because of its 13% contribution to GDP. Though the Indian retail sector is dominated by unorganized sector with 90% share, it is providing immense opportunities for large scale retailers to set-up their operations. The organized retailing sector is steadily increasing with the entry and operations of departmental stores, hyper markets, supermarkets and specialty stores which are replacing the traditional formats dramatically altering the retailing landscape in India.

India is the third most attractive retail market for global retailers among the 30 largest emerging markets, according to US consulting group AT Kearney's report published in June, 2010. The total retail sales in India will grow from US \$ 395.96 billion in 2011 to US \$ 786.12 billion by 2015, according to the BMI India Retail report from the third quarter of 2011. Robust economic growth, high disposable income with the expansion in middle and upper class consumer because, the report identifies potential in India's tier-II and tier-III cities as well. The greater availability of personal credit and a growing vehicle population providing improved mobility also contribute to a trend towards annual retail sales growth of 12.2 percent. An increasing number of people in India are turning to the services sector for employment due to the relative low compensation offered by the traditional agriculture and manufacturing sectors. The organized retail market is growing at 35 percent annually while growth of unorganized retail sector is pegged at 6 percent. Though the retailing sector is growing rapidly, some of the constraints are restricting its growth. Apart from the regulations and approval for Foreign Direct Investments (FDIs), the sector is strongly lacking the effective human resource practices. The problems of lack of trained work force, low skill level for retailing management, lack of development programmes to the existing human resources and problems in retaining qualitative manpower are some of the obstacles creating huge challenges to the Indian retail sector. At present, to overcome some of the challenges faced by retail, the companies are investing heavily in training and recruitment of qualitative work force.

Review of Literature

Some of the selected references relating to the present research papers are given below. These have provided the bases for analyzing the HRM practices in retail sector.

Susan E. Jackson *et al.* (1992), in their paper titled "HRM Practices in service based organizations: a role theory perspective" focused on the importance of the human resource management practices especially in the service based industries like retail sectors. The paper highlighted on the emerging issues, challenges ahead for the service organizations in retaining and succeeding in the competitive business.

Ashok Som (2006) [6] in his article titled "Bracing for MNC competition through innovative HRM practices: the way ahead for Indian firms" highlighted on the emerging issues of MNCs in Indian market. The paper highlighted the prospects and retrospects of the competition and entry of MNCs in retail and other service units.

Derek *et al.* (2006) [7], in their paper titled "How does employee involvement stack up? The effects of Human resource management policies on performance in a retail form" focused on the need for effective practices in maintaining the employees in the organizations. The paper focused on the problems and prospect that arise in retail firms.

The report of CII (2008) [5] on "Retail in India: Getting organized to drive growth" emphasized on changing practices in retail sector in India. The report gave due importance for the need for organized retailers entry in India. The report also pointed out that effective management of human resources of retail outlets is one of the key

considerations for the success of the organized retailers for sustainable growth in India.

The study made by "Dr. Manisha Kotagire. A (2011) on "Human resource management (HRM) and its productivity" revealed that HRM is vital for determining the productivity of the organizations. The study focused on the components of HRM and concluded that employee retention ratio is directly proportionate to the manner in which the employees are treated, in return for their imparted skills and experience.

Statement of the Problem

In the present competitive scenario, the role of retailing is increasing rapidly with the entry of global players. Many Indian companies strongly keeping their aim on entering in retail industry. With increasing globalization, firms are entering a dynamic world of international business that is marked by liberalization of economic policies in a large number of emerging economies like India. To face the challenge of increasing competition that has resulted from liberalization, Indian organizations have initiated adoption of innovative human resource management practices both critically and constructively to foster creativity and innovation among employees. The huge opportunities in organized retailing encouraging the companies to enter in retail industry. The last 2 decades has witnessed the tremendous potential for organized retailing. The growing needs of retail industry can be matched up with the aggressive human resource practices. The present retail organizations which are performing organized retailing are facing huge challenges in procuring and retaining and maintaining qualitative human resources. Hence, an attempt was made to analyze the various human resource practices followed in select retailers in organized retailing.

Research Objectives

The following specific objectives are set:

- To Study & Understand the Concept of Quality Circles.
- To assess the need for Quality Circles in Service Organizations.
- To find out the relationship between Quality Circles, Employee performance and organizational Performance.
- To Summarize the Findings, conclusions and offer suggestions.

Research Methodology

The present research paper is an empirical one. The survey for the present research is conducted through primary data with the help of a questionnaire surveyed to employees of select organized retailers. The sample taken for the study consisted of 100 which include daily wage workers and employees from the select retail outlets situated in Bangalore city.

Analysis and Discussion

The research survey is conducted in order to analyze the various Human Resource Management (HRM) practices adopted in the select organized retailers. For the purpose of studying the HR practices implemented and to evaluate, the following organized retailers are selected.

Table 1: Organized Retailers Selected For the Study

| S. No | Name of the Organized Retailer | Company Name | Places | District | Sample size |
|-------|--------------------------------|-----------------------------|---------------|-----------|-------------|
| 1 | Reliance Fresh | Reliance Industries Limited | Yelahanka | Bangalore | 40 |
| 2 | Spencers | Spencers Retail Limited | Kalyana Nagar | Bangalore | 25 |
| 3 | More | Aditya Birla Group | Sahakar Nagar | Bangalore | 10 |
| 4 | Reliance Super | Reliance Industries Limited | Mathikere | Bangalore | 25 |
| Total | | | | | 100 |

Table 2: Emphasis on Employees Share on Different Aspects

| Name of the retailer | Share of part timers | Speciality Tellers | Typical New Hire | Extra Selection Test | Incentive Based Pay | Hours for Orientation Period | % in Employee involvement |
|----------------------|----------------------|--------------------|---------------------------|----------------------|---------------------|------------------------------|---------------------------|
| Spencers | NA | 18% | Graduate | No | Yes | 12 | 61-80% |
| Reliance Fresh | 20% | 10% | Graduate | No | Yes | 10 | 21-40% |
| More | 12% | 16% | Under Graduate & Graduate | No | Yes | 10 | 21-40% |
| Reliance Super | 22% | 26% | Under Graduate & Graduate | Yes | Yes | 18 | 41-60% |

Source: Field Survey

Note

- Share of part-timers refers to the percentage of employees work fewer than 5 hours a week.
- Specialty tellers refers to the percentage of tellers that perform only a subset of teller tasks during a typical shift.
- Typical new hire gives the highest education level of the typical new employee
- Extra selection test refers to the use of additional selection procedures beyond background reviews, skills tests and personal interviews.
- Incentive-based variable pay refers to the presence of any incentive pay program other than standard merit pay.
- Orientation period refers to the hours a new employee spends in training before beginning work.
- % of Employee Involvement refers to the percentage of employees involved in group problem-solving, quality circles, or other similar activity.

From the above table, it is evident that Reliance Super is on top in terms of share of part timers, i.e., the percentage of employees work fewer than 5 hours a week. Again Reliance Super is leading in terms of specialty tellers, i.e., the percentage of tellers that perform only a subset of teller tasks during a typical shift. And "More" retail store showed that the education level for its employees begin with undergraduation which is least educational qualification compared to the employees of other retail outlets, as the employees highest education level starting from Graduation and where as the Reliance Super is achieved new hire with Graduates and Post Graduates. And also Reliance Super is engaging the employees through Extra Selection Test. whereas other retail outlets are not concentrating on extra selection test while recruiting the employees. And from the survey, it was found that all the retail outlets are adopting incentive based pay to its employees. When it comes to Orientation period, Reliance Super is making the employees to get accustomed to the work activities. Finally, the employees involvement statistics clearly showing that the employees of Spencers have more commitment towards problem solving and other activities.

Table 3: Observations on HRM Practices in Selected Organized Retailers

| S. No. | HRM Practices | Name of Organized Retailer in % | | | |
|--------|--|---------------------------------|-----------|--------|----------------|
| | | Reliance Fresh | Spencer's | More | Reliance Super |
| 1 | % employees whose skills & abilities are fully utilized | 65.12% | 71.26% | 58.20% | 62.34% |
| 2 | % employees whose job help the macquarie skills needed for other jobs in the company | 62% | 65.19% | 65.06% | 82.16% |
| 3 | % employees who have more than one position available to them for promotion | 42% | 36% | 42% | 58% |
| 4 | % employees whose jobs are highly enriched | 56% | 56% | 50% | 58% |
| 5 | % employees whose performance appraisals are formalized | 52% | 66% | 48% | 64% |
| 6 | % employees whose performance appraisal results are used to determine compensation | 72% | 74% | 68% | 78% |
| 7 | % employees whose performance appraisals focus on how job is done, not how well | 72% | 70% | 68% | 76% |
| 8 | % employees who have a say in the criteria used in their performance appraisal | 44% | 38% | 52% | 64% |
| 9 | % employees whose performance appraisals are based on objective quantifiable results | 56% | 64% | 52% | 62% |
| 10 | % employees whose performance appraisals are used to identify their training needs | 56% | 64% | 52% | 62% |

Source: Field Survey

From the survey on the opinions of the employees regarding different HR practices employed in the retail organizations, the following observations were made. 71.26% of the Spencers" employees favored to the factor "percentage of employees whose skills & abilities are fully utilized". For

the second factor, 82.16% of the Reliance Super employees favoured to the factor "percentage of employees whose jobs help them acquire skills needed for other jobs in the company". For the third factor, 58% of the employees of Reliance Super favoured to the factor "percentage of

employees who have more than one position available to them for promotion”. For the fourth factor, 58% of the employees of Reliance Super favoured to the factor “percentage of employees whose jobs are highly enriched”. For the fifth factor, 66% of the employees of Spencersfavoured to the factor “percentage employees whose performance appraisals are formalized”. For the sixth factor, 78% of the employees of Reliance Fresh favoured to the factor “percentage of employees whose performance appraisal results are used to determine compensation”. For the seventh factor, 76% of the employees of Reliance Fresh favoured to the factor “percentage of employees

whose performance appraisals focus on how job is done, not how well”. For the eighth factor, 64% of the employees of Reliance Fresh have favoured to the factor “percentage of employees who have a say in the criteria used in their performance appraisal”. For the ninth factor, 64% of the employees of the Spencersfavoured to the factor “percentage of employees whose performance appraisals are based on objective quantifiable results”. For the tenth factor, “64 % of the employees of Spencersfavoured to the factor “percentage of employees whose performance appraisals are used to identify their training needs”.

Table 4: Table Showing the Opinion of the Employees Regarding the Performance Appraisal That Has Come From

| S. No. | Evaluator | Reliance Fresh | Spencer's | More | Reliance Super |
|--------|------------------|----------------|-----------|--------|----------------|
| 1 | Supervisor | 79.19% | 72.89% | 73.56% | 72.21% |
| 2 | Supervisors boss | 10.92% | 13.69% | 11.98% | 8.12% |
| 3 | Peers | 2.01% | 2.56% | 2.56% | 1.96% |
| 4 | Subordinates | 1.92% | 1.59% | 2.50% | 3.49% |
| 5 | Subordinates | 2.99% | 4.92% | 6.31% | 5.62% |
| 6 | Clients | 2.97% | 4.35% | 3.09% | 8.60% |
| Total | | 100% | 100% | 100% | 100% |

Source: Field Survey

Note: Values indicate the means percentage of employees who were covered by the practice. Respondents divided 100 points among the categories listed. From the above table, it is evident that the role of supervisor is vital for the organized retailers in implementation of performance appraisal. 79% of the employees of Reliance Fresh favored that “Supervisor is the initiator for the Performance appraisal. 72.89% of Spencers employees, 73.56% of the

More employees and 72.21% of the Reliance Super employees favored that supervisor is the initiator for the Performance appraisal system in their respective retail organizations. Apart from that the next decider plays key role in the performance appraisal are Supervisor’s boss. The role of peers, subordinates, clients are less in making decisions about the performance appraisal system in the selective retail organizations selected for the study.

Table 5: Table Showing Employees Opinion on the Motivational Aspects Encouraged Their Performance

| S. No | Name of the factor | Name of Organized Retailer in % | | | |
|-------|--|---------------------------------|-----------|--------|----------------|
| | | Reliance Fresh | Spencer's | More | Reliance Super |
| 1 | Appraisal process motivated for better performance | 12.50% | 15% | 9% | 10% |
| 2 | Positive work environment encouraged for better performance | 32.65% | 20.50% | 10.50% | 25% |
| 3 | Good team commitment encouraged for better performance | 18.50% | 25.00% | 15.00% | 10% |
| 4 | Healthy environment in the work flow encouraged the performance | 12.50% | 10.50% | 25.00% | 10% |
| 5 | Incentive encouraged for better performance | 13% | 8.50% | 25.00% | 13.80% |
| 6 | Qualitative training and better scope for promotion encouraged for performance | 10.85% | 20.50% | 16.00% | 30.50% |
| Total | | 100% | 100% | 100% | 100% |

Source: Field Survey

From the above table, it is clear that, the employees of the Reliance Fresh favoring more to the factor “positive work environment” which is encouraging for better performance. The employees of Spencer’s have opined that “good team commitment encouraged for better performance. The

employees of more are favoring to the fact “Incentive schemes encouraged for better performance”. The employees of Reliance Super have favored more to the fact “qualitative training and better scope for promotion encouraged for better performance”.

Table 5: Table Showing The Opinions Of The Employees Regarding The Satisfaction Over The Facilities Provided In The Retail Outlets.

Source: Field Survey

| S. No. | Name of the factor | Name of Organized Retailer in % | | | |
|--------|---|---------------------------------|-----------|--------|----------------|
| | | Reliance Fresh | Spencer's | More | Reliance Super |
| 1 | Employee Rest rooms | 12.50% | 15.00% | 25.50% | 35.00% |
| 2 | Sanitation & Water facilities | 70% | 55% | 75% | 80.00% |
| 3 | Satisfaction over the transportation facilities | 50% | 80% | 45% | 70% |
| 4 | Recreational area with landscaped sit out | 0% | 0% | 0% | 0% |
| 5 | On-site First-aid Clinic | 45% | 45% | 30.00% | 50% |
| 6 | Refreshment stalls and canteen for healthy food | NA | NA | NA | NA |
| 7 | Staff accommodation | NA | NA | NA | NA |

Note: NA refers to Not Applicable. Figures indicate the percentage of employees showed their satisfaction over the facilities offered to them by the retail organizations.

From the above table, it is observed that, the employees of Reliance Super have the satisfaction of 35% over the employee rest room facilities. The employees of Reliance Super again topped as 80% of the employees of Reliance Super have shown their satisfaction over the sanitation & water facilities. For the factorsatisfaction over the transportation facilities, 80% of the Spencers employees showed their intent of satisfaction. When it comes to the facilities about recreational area with landscaped sit out, no employee of any of the selected retail out lets showed their satisfaction. When it comes to On-site First-aid Clinic, 50% of the employees of Reliance Super have showed their satisfaction. And regarding the staff accommodation, no retail outlets selected for the survey are providing staff accommodation.

Problems & Challenges Ahead

Human resources people are the backbone of any company and the success of retail business depends a lot upon the kind of human resource strategies it is following and how people are managed. Because of increasing competition between organized retailers, the retail industry is facing the challenges and hurdles from different areas. From the survey on select organized retailers, the following observations were made.

1. High Attrition

Employee retention and motivation of staff has become the major concern for HR department in the organized retailing sector. Because of the strenuous schedules and tasks involved in the retail industry, it becomes imperative for HR staff to take good care of their employees who form the building blocks of their retail chain. The undercurrents among the employees regarding company policies are many and they must be felt from time to time to sustain the quality crowd and reduce the attrition rate. From the report of Retailer, it is found that the attrition rates are comparatively high when it comes to the retail industry in India. The attrition rate in the Indian retail industry is 30-35 percent. The main reasons found to be the typical nature of job where a particular employee of an organized retail company need to work on his feet the whole day and the job is reaction intensive and the business is mainly transactional.

2. Training for Competition

The need for efficient trained sales team is of great importance in the organized retailing at present. For every retail organization, the secret behind the success of their business is to keep the list of their loyal consumers interact. The need for a well-designed HR practices are greatly needed for proper training to the newly recruited people to the retail organization. Providing training to the sales staff plays a significant role in every business operation. Nowadays, the organized retailers are looking at a sales training company to help the sales staff gain more proficiency and expertise in their respective field.

3. Observations Found In Training Sessions of Select Organized Retailers

From the field based survey, it was found that the organized retailers at Warangal District, apart from using the services

of outsourcing firms to train its sales people, they are also using some of the innovative new training techniques to the staff. The techniques which are observed during the survey are:

- **Stressing Upon Benefits Of Advertising:** The HR managers and trainers are emphasizing upon making the sales people to think and act innovatively in designing the retail out let and as well as attracting the customers through innovative promotional strategies. The trainers are focusing on making the staff to effectively use advertising as a tool to enhance sales, promote growth, and attract new consumers.
- **Counting The Customers:** In this, the retail firms and the trainers are making the staff of the retail organization to increase the customer relationship management. Through effective training, the trainers are working on highlighting the components of marketing strategies which the sales people should perform activities of promotion, product development, relationship management, distribution and pricing. The trainers are making the retail staff which include sales staff and supporting staff to identify the firm's marketing goals, and are explaining about how the goals can be achieved.

4. Online Training

The trainers of HR department are showing the visuals of well-designed and successfully running retail organization's outlets to the employees in order to make them to realize the importance of the design of retail outlet. Apart from that, from the survey it was also realized that the trainers are focusing on online training which include web based support to enhance the abilities of the staff of the retail outlets.

5. High Labour Costs and Complex Nature of Labour Laws

Because of the increasing competition and the complex nature of the work, the retail outlets are facing the problems of labour costs. Apart from that, various labour laws are giving restrictions to the HR department to achieve desired objectives of the retail organizations. From the survey, it was found that the HR department is facing with the problems like lengthy leisure hours and frequent absenteeism of the employees to the duties. Even, it was found that the existing labour laws in India forbid employment of staff on a contractual basis that makes it difficult to manage employee schedule. Especially, when retail organizations are performing 365- day operation, the problems in encouraging and motivating the employees to perform well is a tough challenge for the HR department.

Findings & Suggestions

The human resource management practices are vital for the development of any business or sector. The HRM practices have inevitable dependence on the organized retailers. From the study it was found that, right from new hire to orientation period, there are many differences in the implementation of HR practices in the selected organized retailers. The satisfaction levels of various performance appraisal measures adopted in the selected retail outlets showed that the employees are not only favoured to the incentive plan but also the healthy environment and close relations between the peers are playing vital role for their

performance. Further, the supervisor has the key role in taking initiative in the implementation of performance appraisal at the select organized retail outlets. The employee facilities in the select organized retail outlets found to be not satisfactory to the employees of the retail outlets. The HR department is facing the challenges which include high attrition rate, absenteeism, and implementation of innovative practices in the retail outlets. Hence, from the study, it was found that the HR management practices in the select retail outlets are still in the initial stages of development. The employee facilities and proper performance appraisal measures will always encourage the employees to achieve the best. Hence, the retail outlets should decide and implement proper HR practices in order to retain and develop the work force who are the assets for the development of organizations. The government should also need to bring revision of existing labour laws and should provide flexibility in working hours and should encourage with its laws that can bring conducive environment.

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