

HRD Practices on Employee Engagement: Retail Organizations

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The Indian retail industry can be divided into two parts i.e. organized and unorganized sectors. The organized retailers need to have better Human resource development practices in order to continuously develop the human capital of the organized retailers. Therefore the present study is an attempt to study and identify the link between HRD practices adopted by various organized retailers at the state of Karnataka and employee engagement at the same.

Key words : Organized Retailers, GDP, HRD, Employee Engagement



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Retailing industry is one of the pillars of Indian economy and it accounts for 14 to 15 percent of its GDP⁽¹⁾. The Indian retail market is estimated to be US\$500 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people as of 2013⁽²⁾. Before 2006 India's retailing industry was essentially owner managed small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4 percent of the industry, and these were present only in large urban centers. The industry employs about 40 million Indians⁽³⁾. Thus it is clear that the retailing industry getting better position over a period of time due to many reasons viz., emergence of nuclear families, an increase in the double-

- 1 Piyush Kumar Sinha, Srikant Gokhale, Sujo Thomas (2012), Development of Modern Retailing in India: It's Impacts on Distribution and Procurement Networks and Changing Consumption Pattern, IIMA Research and Publication, W.P. No. 2012-12-04, December 2012
- 2 Ms Priya Vij (2013), The Study And The Analysis: An Impact Of Organized Retail On Unorganized Retail In India, EXCEL International Journal of Multidisciplinary Management Studies , ISSN 2249- 8834, EIJMMS, Vol.3 (7), July (2013), zenithresearch.org.in

income households trend, large working population, reasonable real estate prices, increase in disposable income and customer aspiration, demand as well as increase in expenditure for luxury items and growing preference for branded products⁴. Though the industry is attracting number of top players from India and abroad, challenges, like lack of efficient it is not out of challenges, like lack of efficient supply-chain management, lack of required retail space, lack of fixed consumption pattern; lack of proper infrastructure and improper distribution channels, high prices and lack of standard HR practices.

Some of the human resources related problems are: inexperienced workers, long hours of working, highly visible employees, part-time workers, variations in customer demand, lack of training and less salary, and lack of work life balance. These features create difficulties to retailers. Therefore the traditional ways of competitive advantage have to be supplemented with organizational capability i.e. the firm's ability to manage people organizational capability relates to hiring and retaining competent employees and developing competencies through effective human resource management practices⁵.

1.2 Concept of Human Resource Development:

According to Leonard Nadler, "Human Resource Development is a series of organized activities conducted within a specialized time and designed to produce behavioral changes". Human resources development is a continuing process comprising three interdependent components:

- Investment in human resources to enhance productive capabilities,
- Utilization of those human resources to produce increased output, and

3 Urvashi Gupta (2012), Changing Consumer P References F Rom Unorganized Retailing Towards Organized Retailing : A S Tudy InJ Ammu, Journal of Emerging Knowledge on Emerging Markets, Vol. 4 [2012], Art. 10, Published by DigitalCommons@Kennesaw State University, 2012

4 Gary Dessler (2005), A Framework of Human Resource Management, Pearson Education, INC, Third Edition, ISBN 81-297-0538-9

5 Karuppasamy R, N. Ramesh Kumar (2014), Human Resource Practices In Organized Retailing-A Study Of Selected retailers, International Journal of Engineering and Management Sciences, Society for Science and Nature, VOL.5(1) 2014:17-21, ISSN 2229-600X, www.scienceandnature.org

- Participation of the human beings who have improved resources (better education, better skills levels etc.) in the consumption of that increased output through a better quality of life⁶.

1.3 Meaning of Human Resource Development

According to the American Society of Training and Development (ASTD), HRD is the integrated use of training and development, organizational development, and career development to improve individual group, and organizational effectiveness. Society is faced with new challenges and changes daily which increase the need to provide employees with appropriate learning experiences. Moreover, HRD helps organizations to provide learning related to the goals of the organization and its employees. This learning is accomplished by providing training, education, and development⁷.

1.4 Conceptual Framework of the Study:

Figure :1.1 Showing conceptual framework of the study

Above figure clearly shows the conceptual framework of the study. The study mainly concentrates on the HRD practices adopted by selected segments of organized retailing in the state of Karnataka. HRD practices include Training and development, performance appraisal, motivation and Labor welfare measures, career planning and development, Employee job satisfaction and employee engagement.

2. Review of Earlier Works

In order to understand the concept of HRD and diverse HRD practices adopted by the organized retail organizations a exhaustive literature survey has done by using published reports, research articles, books and also journals published nationally and internationally.

W. Stanley Siebert, and IZA Bonn, Nikolay Zubanov , Arnaud Chevalier, Tarja Viitanen (2006) have studied the relationship between labor turnover and labor productive. The study also highlights that by contrast, between shops, there is a positive link between average rates of turnover and

6 Udai Pareek and Roll.Lynton (2007), Training for Development, Vistaar Publication, Second Edition, ISBN: 10:81- 7036-129-x

7 Gary Dessler (2005), A Framework of Human Resource Management, Pearson Education

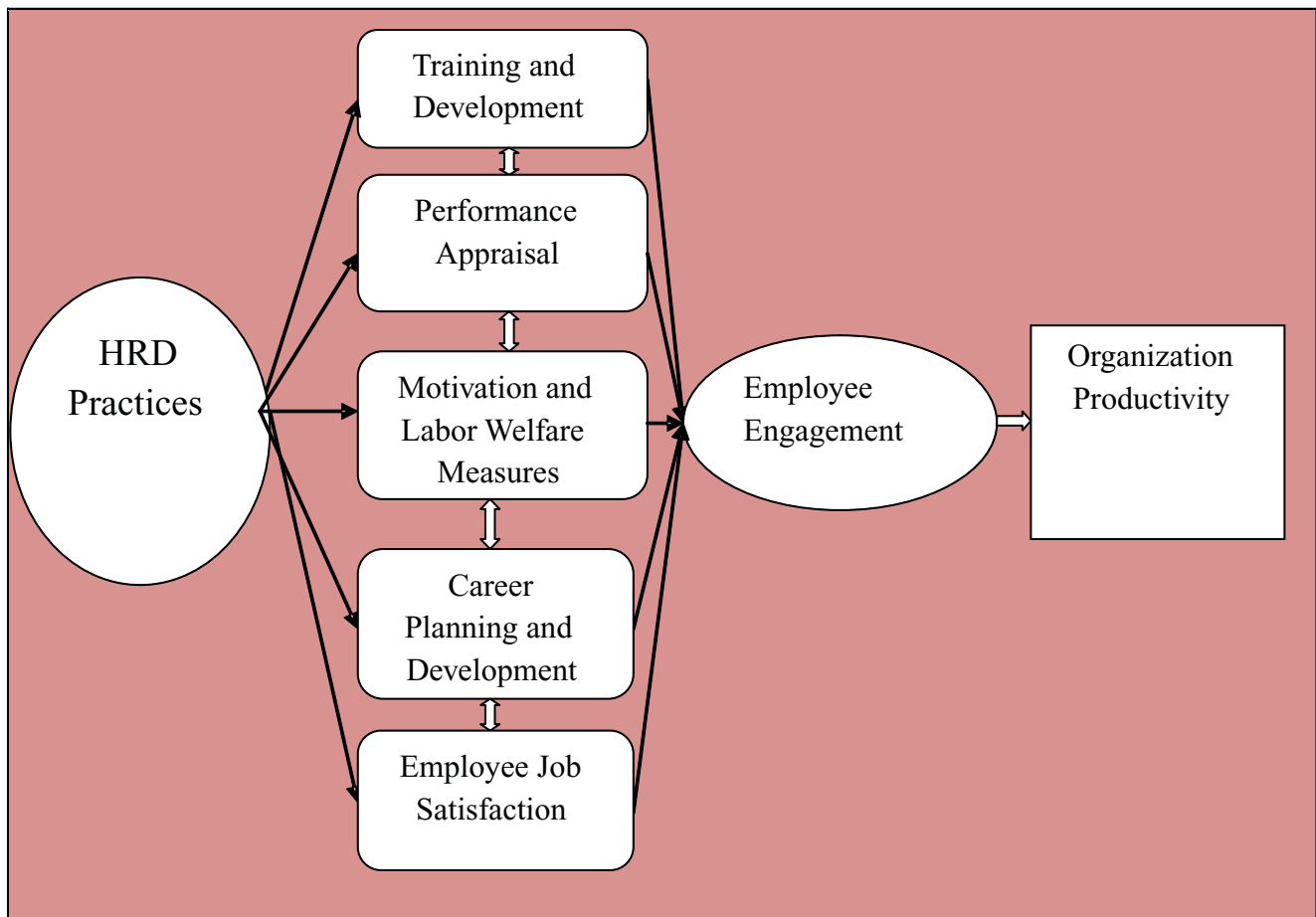


Figure1.1: Compiled from various sources

average productivity, suggesting that an unobservable management quality factor generates both high turnover and productivity. Therefore the retail organizations have to concentrate much on improving the management quality of organization⁸

Subhashini Kaul (2007) described that service quality is being increasingly perceived as a tool to increase value for the consumer; and as a means of positioning in a competitive environment to ensure consumer satisfaction, retention, and patronage. The research indicates that consumers satisfied with the store's service quality are most likely to remain loyal. However, despite its strategic importance, Indian retailers do not have an appropriate and established instrument to measure service quality. And also the study examines the Retail Service Quality Scale (RSQS) developed in the US for applicability in India.⁹

Paramashivaiah, B Eshwarappa and S. Aravind (2008) opined that organized creating is still in its nascent stage. HR practices in the industry are at the rudimentary level. Recruitment is very simple i.e. walk in interviews. The selection criteria are limited to personal interview only. The Training programmes are just through on the job methods, as and when it is felt by the management. Training programmes of the employees are self-motivated. Salary is the least motivating factor for them. The wage level of the industry is at the minimum. The employees are made to work continuously for more than 10 hours a day with less salary.

8 W. Stanley Siebert, and IZA Bonn, Nikolay Zubanov, Arnaud Chevalier, Tarja Viitanen 'Labour Turnover and Labour Productivity in a Retail Organization', IZA Discussion Paper No. 2322 September 2006

9 Subhashini Kaul (2007), 'Measuring Retail Service Quality: Examining Applicability of International Research Perspectives in India', VIKALPA, Volume 32, No1, January - March 2007, pp-15-26

This is justified by the low skills required on the job and simplicity in the nature of work. Implementation of more technology in the industry is mandatory. To cope with the changes it will lead to increase skill level of the employees and also better HR practices¹⁰

3. Research Gap:

Studies on HRM in retailing have been conducted from various perspectives, the important aspects like Training and Development initiatives, performance and labor welfare measures, career planning and development, Employee Satisfaction and its effects on employee engagement have not been clearly addressed. Current research is an attempt to address issue other than the above.

4. Objective of the Study:

The study deals with the difference in the contribution of predictor variables (Training and Development, Performance Appraisal, Motivation and Labor Welfare measures, Career Planning and Development, Employee Job Satisfaction) in predicting the criterion variable (Employee engagement) of employees of organized retail organizations.

5. Hypothesis of the Study:

H₀: There is no significant difference in the contribution of predictor variables (T&D, Performance appraisal, motivation and labor welfare measures, Career planning and development, employee job satisfaction) in predicting the criterion variable (employee engagement) of Employee level.

6. Research Methodology

6.1 Type of Research

The present study is exploratory, descriptive and analytical in nature. The study is based on both quantitative and qualitative methodologies to investigate into different constructs postulated.

6.2 Scope of the Study

Out of 27 districts in Karnataka, the study was conducted in 11 districts (Bengaluru, Mysore, Mandya, Mangalore, Udupi, Dharwad, Belgaum, Hubli, Shivamogga, Davanagee and Hassan), where the selected organized retailers have their stores. For the study three segments of the organized retail industry like lifestyle, food and grocery, electronics

and home appliances have been covered. In turn the conceptual scope of the study is confined to human resource development practices like training and development, performance appraisal, motivation and labor welfare measures, career planning and development employee job satisfaction and employee engagement. However the study is conducted for organized retailers who have different chains in different cities across the world. The study also covers only employee level except managerial level employees.

6.3 Data Sources

A self-instructed questionnaire was developed for the study to collect the required data from the employees of the organized retail organization at three segments. The secondary data is collected through published sources like Books, Journals and also Company Websites and other e-sources.

6.4 Sampling Technique

The sampling procedure followed in the present research study is that of Stratified simple random sampling, however the study area is divided into three strata's like Lifestyle segment, food and grocery segment and electronics and Home Appliances segment for the data collection purpose.

6.5 Sample Size

Sample size is 600 employees from organized retailing organizations, 200 from each segment.

6.6 Analytical Techniques

MS excel and SPSS 21 was used for the purpose of data analysis. Co-relation and regression analysis is used to prove the contribution of independent variable on dependent variable.

7. Results and Discussions:

For the analysis purpose the training and development, performance appraisal, motivation and labor welfare measures, career planning and development and employee job satisfaction have been studied separately and finally the effects of these predictor variables on criterion variable is exhibited below.

7.1 Testing of Hypothesis:

H1₀: There is no significant difference in the contribution of predictor variables (T&D, performance appraisal, motivation and labor welfare measures, career planning and development, employee job satisfaction) in predicting the criterion variable (employee engagement) at employee level.

10 P. Paramashivaiah, B Eshwarappa & S. Arvind (2008) "HR Practices in Retail Industry", the Indian Journal of Commerce", vol. 61 No. 4, October to December 2008, PP 79 to 86.

Table 1: Shows Regression Co-efficient of Contribution of HRD Practices on Employee Engagement (Model Summary)

R	R Square	Adjusted R Square	Std. Error of the Estimate
.723 ^a	.707	.707	1.17266

Table: 2 Summary of ANOVA for Regression

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	8000.032	5	1600.006	1163.528	.000 ^b
Residual	815.454	593	1.375		
Total	8815.486	598			

Interpretation

The effect of Training and Development (X₁), Performance Appraisal (X₂), Motivation and Labor Welfare measures (X₃) and Career Planning and Development (X₄), Employee job Satisfaction (X₅) was found to be significant (F=1163.528, p<0.01) on Employee engagement at employee level at 0.01 level of significance. Hence, the

null hypothesis is rejected and alternative hypothesis is accepted. It means that, Training and Development (X₁), Performance Appraisal (X₂), Motivation and Labor Welfare measures (X₃) and Career Planning and Development (X₄), Employee job Satisfaction (X₅) are the significant Predictors of Employee engagement at selected segments of organized retails.

Table: 3 Summaries of Regression Coefficients for Employee Engagement

Model	Un standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.693	.270		6.260	.000
Training and Development	.056	.024	.048	2.295	.022
Performance Appraisal	.372	.035	.269	10.505	.000
Motivation and Labor Welfare Measures	.429	.036	.307	11.771	.000
Career planning and Development	.127	.026	.115	4.935	.000
Employee Job Satisfaction	.464	.023	.422	19.822	.000

Dependent Variable: Employee Engagement

Results of the above table clearly indicated that, the effect of Training and Development(X_1) was found to be positive and significant on employee engagement of employees at managerial level (Regression co-efficient= .048, $t=2.295$, $p<0.01$) at 0.01 level of significance. Hence, the null hypothesis is rejected and alternative hypothesis is accepted. It means that, Training and Development (X_1) is a significant predictor of employee engagement of selected segments of organized retails

The effect of Performance appraisal (X_2) was found to be positive and significant on employee engagement at managerial level (Regression co-efficient= .269, $t= 10.505$, $p<0.01$) at 0.01 level of significance. Hence, the null hypothesis is rejected and alternative hypothesis is accepted. It means that, performance appraisal (X_2) is a significant predictor of Employee engagement at employee level.

The effect of Motivation and Labor Welfare measures (X_3) was found to be positive and significant on employee engagement at managerial level (Regression co-efficient= .307, $t=11.771$, $p<0.01$) at 0.01 level of significance. Hence, the null hypothesis is rejected and alternative hypothesis is accepted. It means that, Performance Appraisal (X_3) is a

significant predictor of Employee Engagement of employees at employee level.

The effect of Career planning and Development (X_4) was found to be positive and significant on employee engagement at managerial level (Regression co-efficient= .115, $t=4.935$, $p<0.01$) at 0.01 level of significance. Hence, the null hypothesis is rejected and alternative hypothesis is accepted. It means that, Career Planning and Development (X_4) is a significant predictor of employee engagement of employees at employee level.

The effect of Employee job Satisfaction (X_5) was found to be positive and significant on employee engagement at managerial level (Regression co-efficient= .422, $t=19.822$, $p<0.01$) at 0.01 level of significance. Hence, the null hypothesis is rejected and alternative hypothesis is accepted. It means that, employee job satisfaction (X_5) is a significant predictor of employee engagement of employees at employee level.

The relative contribution of Training and Development, Performance Appraisal, Motivation and Labor Welfare measures and Career Planning and Development, Employee job Satisfaction on employee engagement of employees at employee level are also presented in the following table

Table: 4 Relative contributions of predictor variables on criterion variable (Employee Engagement)

Independent Variable	B	r	$\beta \times r$	% of contribution
Training and Development	.048	.	0.033072	3.3072%
Performance Appraisal	.269	0.796	0.2141	21.4124%
Motivation and Labor Welfare Measures	.307	0.885	0.02716	2.71695%
Career planning and Development	.115	0.832	0.09568	9.0%
Employee Job Satisfaction	.422	0.851	0.359122	35.9122%
Total				72.34875%

The Total contribution of all the independent variables on Employee Engagement at employee level found to be 72.34875% in which, the contribution of Training and development (X_1)= 3.3072%, Performance Appraisal (X_2)=21.4124%, Motivation and Labor Welfare Measures

(X_3)=2.71695% and Career Planning and Development (X_4) is about 9% and Employee Job Satisfaction (X_5) is about 35.9122%. Therefore it can be concluded that the Employee job satisfaction (X_5) is the First contributor/predictor followed by performance appraisal (X_2), career planning and

development (X_4) and Training and development (X_1) and Motivation and labor welfare measures (X_3) on Employee Engagement of employees at selected segments of organized retailing at employee level. However the regression analysis has been done based on the opinion given by the respondent employees at the study area. Hence based on the percentage contribution of the independent variables on dependent variable, it can be concluded that the employees are satisfied with their job followed by performance appraisal, where as other HRD functions like training and development, career planning and development and motivation and labor welfare can be concentrated much.

The regression equation developed for the contribution of predictor variables (Training and Development, Performance Appraisal, Motivation and Labor Welfare Measures, Career Planning and Development and Employee

Job Satisfaction) in predicting the criterion variable (Employee Engagement) at employee level is

$$Y = 0.056 + 0.048(X_1) + 0.372 + 0.269(X_2) + 0.429 + 0.0307(X_3) + 0.127 + 0.115(X_4) + 0.464 + 0.422(X_5)$$

Y= Employee Engagement

X_1 = Training and Development

X_2 = Performance Appraisal

X_3 = Motivation and Labor Welfare Measures

X_4 = Career Planning and Development

X_5 = Employee Job Satisfaction

Above results are shown in the figure below with its contribution in terms of percentage.

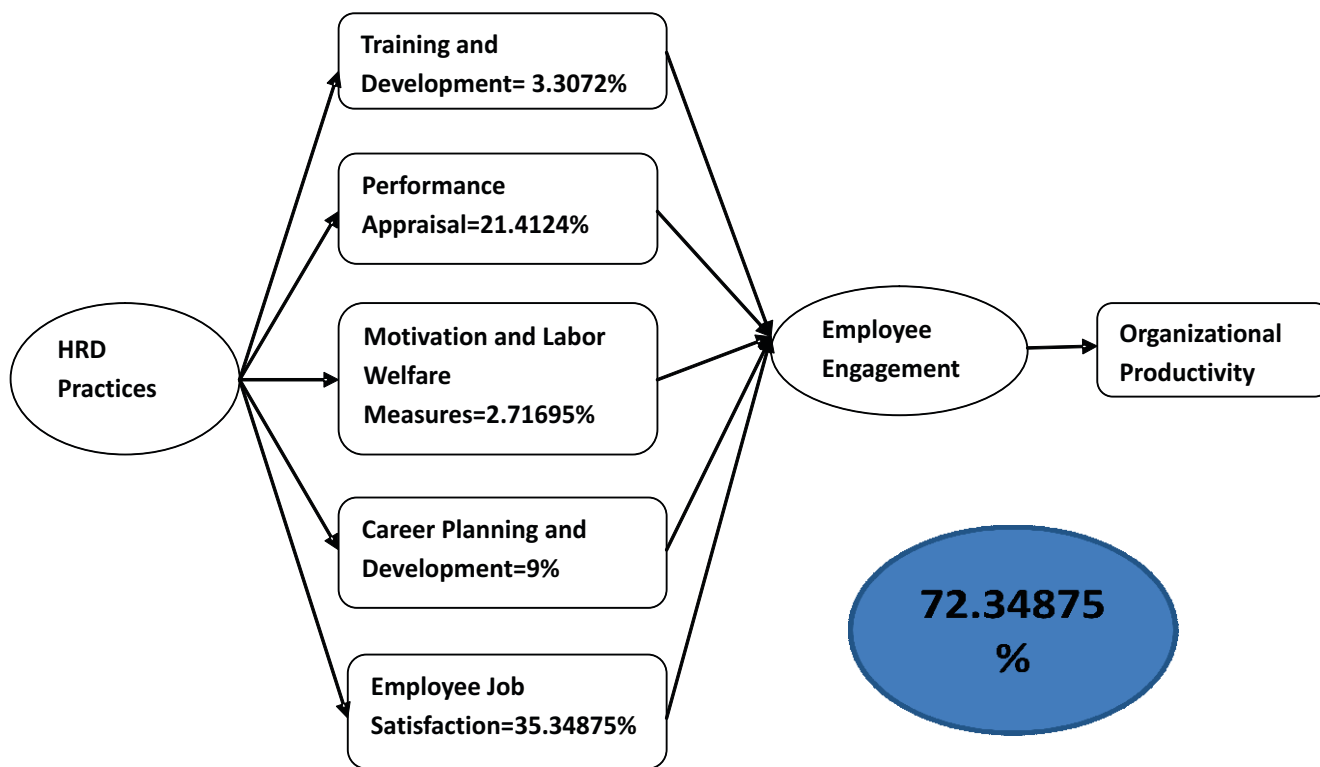


Chart: 2 Contribution of predictor variables on criterion variable in percentage

Interpretation:

From the above chart it can be clear that the predictor variables have their own contributions in predicting the criterion variable at different percentage, the total percentage of contribution is 72.34875% remaining will be other factors which contribute to the employee engagement which could not be identified by the present study. and suggested for further research.

Conclusion:

The findings of the present study in three selected segments of the study area reported that many organizations like Shopper Stop, Lifestyle, Joy Allukas, Abharana are adopted by very sound HRD practices like training and development, performance appraisal, motivation and labor welfare, employee job satisfaction which will effect on the employee engagement in turn supports to organizational growth and efficiency. At the same time it is identified that the retail chains falling under the food and grocery segment like More, Big Bazaar, Food Bazaar have not adopted very sound HRD practices when compare to other segments, the reason behind this is stumpy turnover of the organization. And also the sample organizations selected for the study have different practices for two different levels of their employees. Hence forth the study outcomes suggested that the Indian Retail association have major role to play and they have to control the activity of organized retail organizations to bring efficiency in the sector. At the same time the organizations also need to have their best and benchmarking practices in order to bring out effectiveness and efficiency of both individual and organization as well. To evidence the statement the above chart 2 shows the contributions of different practices on employee engagement are very high. Therefore it suggested to the retail organizations that even though the retails have very sound HRD practices if they develop their practices further, it will lead to better employee engagement and there by contributes to increased productivity of the organization.

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