

Employability in Retail Sector

An insight discussion with industry experts



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Overview

The objective behind writing this whitepaper is to give a perspective to the readers on the employability scenario in the retail. This study begins by providing a macro view of retail with the help of the global retail context.

After gaining a fair understanding of the global situation, this paper attempts to gain an insight on retail in India, the growth of retail in the country, the FDI reforms in retail and the employment scenario in retail.

The research methodology adopted for this paper is qualitative in nature. A rigorous secondary data study as well as literature review on the issue of employability in retail was conducted. Expert opinions of various senior managers associated with big retailers in the country were interviewed. These experts are experienced in the area of learning and development and human resource department.

After interviewing 7 retail industry experts, the study gives an understanding of employability in a more systematic and in depth manner.

This study provides an outlook on employability in retail at various hierarchical levels as well as in various organizations. This study broadens the viewpoint on employability which for any one of us would be confined to getting the right people. It is much beyond getting the right people and training them.



Scope of the Study

The scope of the study concentrates on the following sections.

The Global Retail: The Global retail section discusses about the growth of retail sector worldwide and emphasizes India's position among other countries as a potential market for the retail sector. The Global Retail Index 2012 focuses on countries that are retail frontiers in terms of market opportunities.

The Indian Retail growth story: This section differentiates on the different types of retail markets in the country which includes:

- Organized
- Unorganized
- Informal

Furthermore, the organized retail is divided into the following categories:

- Food and grocer
- Apparel
- Mobile and telecom
- Food service
- Jewellery
- Consumer Electronics
- Pharmacy
- Others

FDI in Retail: This section emphasis the recent FDI reforms by the Indian government in single brand and multi brand retail. A brief glimpse of the impact of FDI reform on various retail players in different categories is also provided in this section.

Few Major Retailers in India: Major retailers in the domestic as well as international are mentioned in this section for reader's awareness and information.

Employment in Retail: Considering the growth potential and future opportunities, this section presents a very optimistic outlook towards employment in retail in India.

Problems and Challenges of Employability in Organized Retail: After gaining a fair understanding of the employment scenario, the study gets into the detail of employability as an issue in organized retail. This section discusses the following aspects:

- Emerging trends in retail
- Functional expertise facing dearth of skilled people
- Suitability of MBA students in retail
- Growth opportunities in retail
- Employability skills at middle level and above
- Initiatives to reduce the skill gap

The Global Retail

Though difficult conditions persisted worldwide, the global retail industry continued to grow by strengthening the growth that started in 2010. More than 80% of the top 250 retailers (204 companies) (www.deloitte.com/consumerbusiness, January 2013) posted an increase in retail revenue with most of the companies experiencing declining total sales being due to business sales or restructuring rather than a deterioration of their core business.



There are many factors involved in retailers operating in developing markets. These factors are change in rapid technology, shoppers' expectation and buying behavior as well as the economic climate of a particular nation. Consumers these days can connect more to brands and merchandise.

The global retail market shows various transitions in different countries. The world's largest developmental markets particularly the BRIC nations of Brazil, Russia, India and China are tempting the large global retailers and showing no signs of slowdown. A.T. Kearney Global Retail Development Index shown below ranks 30 developing countries on a scale of 0 to 100 point scale. The higher the ranking, the more urgency there is to enter a country. Countries are selected from 200 developing nations based on 3 criteria:

- Country risk: 35 or higher score in the euro economy country-risk analysis
- Population Size: 2 million or more
- Wealth: GDP per capita of more than \$ 3000. (Note: The GDP per capita threshold for countries with more than 35 million people is more flexible because of the market opportunity)

The GRDI scores are derived from an analysis of the following 4 variables:

Country and business risk (25%):

- **Country risk (80%):** Political risk, economic performance, debt indicators, debt in default or rescheduled, credit ratings, access to bank financing. The higher the rating, lower the risk of failure.
- **Business Risk (20%):** Business cost on terrorism, crime, violence, and corruption. The higher the rating, the lower the risk of doing business.

Market Attractiveness (25%):

- **Retail sales per capita (40%):** This was based on the total annual sales of retail enterprises (excluding taxes). A score of 0 indicates an underdeveloped retail sector; a score of 100 indicates a mature retail market.
- **Population (20%):** A score of 0 indicates that the county is relatively small with limited growth opportunities.
- **Urban population (20%):** A score of 0 indicates a mostly urban country.
- **Business Efficiency (20%):** Parameters include government effectiveness, burden of law and regulations, ease of doing business, and infrastructure quality. A score of 0 indicates inefficiency while 100 indicates highest efficiency.

Market saturation (25%):

- **Share of modern retail (30%):** A score of 0 indicates that large share of retail sales is from a modern format within the average western European level of 200 square meters per 1000 inhabitants. Modern formats include hypermarkets, supermarkets, discounter, convenience stores, department stores, variety stores, warehouse clubs, supercenters.

■ **Number of international retailers (30%):** The total score is weighted by the size of retailers in the country. Three points for tier-1 retailers (among the top 10 retailers worldwide) 2 points for tier-2 retailers (within the top 20 retailers worldwide) and 1 point for tier-3 retailers (all other) countries with the maximum number of retailer have the lowest scores.

■ **Modern retail sales area per urban inhabitant (20%):** A score of 0 indicates that the country ranks high in total modern retail area per urban inhabitant close to the average western European level of 200 square meters per 1000 inhabitants.

■ **Market share of leading retailers (20%):** A score of 0 indicates a highly concentrated market, with the top 5 competitors (local and international) holding more than 55% of the retail goods market. A score of 100 indicates a fragmented market.

Time Pressure (25%):

The time factor is based on 2007 to 2011 data measured by CAGR of modern retail sales weighted by the general economic development of the country (CAGR of GDP and CAGR (2006 to 2011) of the retail sales area weighted by newly created modern retail sales areas. A score of 0 indicates a rapidly advancing retail sector, thus representing a short-term opportunity.

2012 GLOBAL RETAIL DEVELOPMENT INDEX

Country	Region	Market Attractiveness	Country Risk	Market Saturation (25%)	Time pressure	GRDI score	Change in rank compared to 2011
		-0.25	-0.25		-0.25		
Brazil	Latin America	100	85.4	48.2	61.6	73.8	0
Chile	Latin America	86.6	100	17.4	57.1	65.3	0
China	Asia	53.4	72.6	29.3	100	63.8	3
Uruguay	Latin America	84.1	56.1	60	52.3	63.1	-1
India	Asia	31	66.7	57.6	87.9	60.8	-1
Georgia	Central Asia	27	68.7	92.6	54	60.6	N/A
United Arab Emirates	MENA	86.1	93.9	9.4	52.9	60.6	1
Oman	MENA	69.3	98.3	17.4	50.4	58.9	N/A
Mongolia	Asia	6.4	54.4	98.2	75.1	58.5	N/A
Peru	Latin America	43.8	55.5	62.9	67.2	57.4	-3
Malaysia	Asia	56.7	98.1	18.9	54.8	57.1	8
Kuwait	MENA	81.1	88.7	36.4	20.3	56.6	-7
Turkey	Eastern Europe	78.8	99.3	32.3	33.1	53.4	-4
Saudi Arabia	MENA	63.1	81.8	35.4	33	53.3	-4
Sri Lanka	Asia	12.7	68.3	79	51.3	52.8	6
Indonesia	Asia	39.6	61.6	47	62.4	52.7	-1
Azerbaijan	Central Asia	19.2	41.5	93.6	53.2	51.9	N/A
Jordan	MENA	45.8	65.3	69.5	23.8	51.1	N/A
Kazakhstan	Central Asia	31.5	47.5	75.5	47.5	50.5	-5
Botswana	Sub Saharan Africa	44.4	88.1	42.7	23.7	49.7	N/A
Macedonia	Eastern Europe	34.6	46.5	55.9	56.6	48.4	8
Lebanon	MENA	60.2	30.2	48.9	54.2	48.4	-10
Colombia	Latin America	47.8	70.1	36.7	36.6	47.8	1
Panama	Latin America	53.4	68.8	42	25.2	47.4	2
Albania	Eastern Europe	24.6	47.6	74.8	39.9	46.7	-12
Russia	Eastern Europe	80.2	53.6	19.6	32.2	46.4	-15
Morocco	MENA	23.5	58.2	48.2	49.2	44.8	-7
Mexico	Latin America	71.9	70	15.1	20.3	44.3	-6
Philippines	Asia	28.3	54.6	52.5	38.3	43.4	-13
Tunisia	MENA	35.7	55.4	65	14.4	42.6	-12

 On the radar screen,
  to consider,
  Lower priority

0 =Low Attractiveness, 100= High Attractiveness

0=High Risk, 100= High Risk

0= Saturated,100= Not Saturated

0= No time pressure, 100= Urgency to enter

MENA = Middle East and North Africa

Notes: 2011 rankings have been updated to include revised data from Planet Retail to take into account prevailing macroeconomic conditions in the retail space.

(Sources: Euro money, Population Data Bureau, International Monetary Fund, World Bank, World Economic Forum, Economist Intelligence Unit, Planet Retail; A.T.Kearney analysis)

The 2012 Global Retail Market Index shows many new profit frontier markets including several markets like Georgia, Oman, Azerbaijan, and Mongolia that are becoming attractive destinations for global retailers, particularly specialty and luxury players.

According to the GRDI ranking, the 5th position retains India as a high potential market with increasing retail growth of 15 to 20% expected over the next 5 years. Growth is supported by strong macro economic conditions, including a 6 to 7% rise in GDP, higher disposable income and rapid urbanization.



The Indian Retail Growth Story

The growth story of Indian retail is nothing less than a transition that consumers experienced in shopping from a small store to 5000 square feet supermarket with assortments of products and brands. Liberalization of the economy, rise in per capita income, and growing consumerism in our country has encouraged larger business houses and manufacturers to set up retail formats.

Retailing is one of the pillars of the Indian economy. Over the past few years, the retail sale in India is hovers around 33-35% of GDP as compared to 20% in the U.S. (A report of Indian Retail Industry, Corporate Catalyst India).

The growth numbers of retail sector in India makes an ideal scenario for an interesting, enthralling, and exciting story. Who could have imagined that the scenario of shopping and consumption will undergo such an exemplary transition?

The retail industry in India is divided into three different sectors:

■ **Organized:** Organized sector constitutes of large traders who possess legal permissions or licenses to undertake the activity, and registered with sales tax/VAT etc. Such enterprises are supermarkets, hypermarkets, retail chains and also the privately owned large retail businesses.



■ **Unorganized:** All those local kirana and general shops, and family managed-own account trade enterprises (Mom and pop shops), which were registered under the Shops and Establishment Act(s) administered by local authorities.



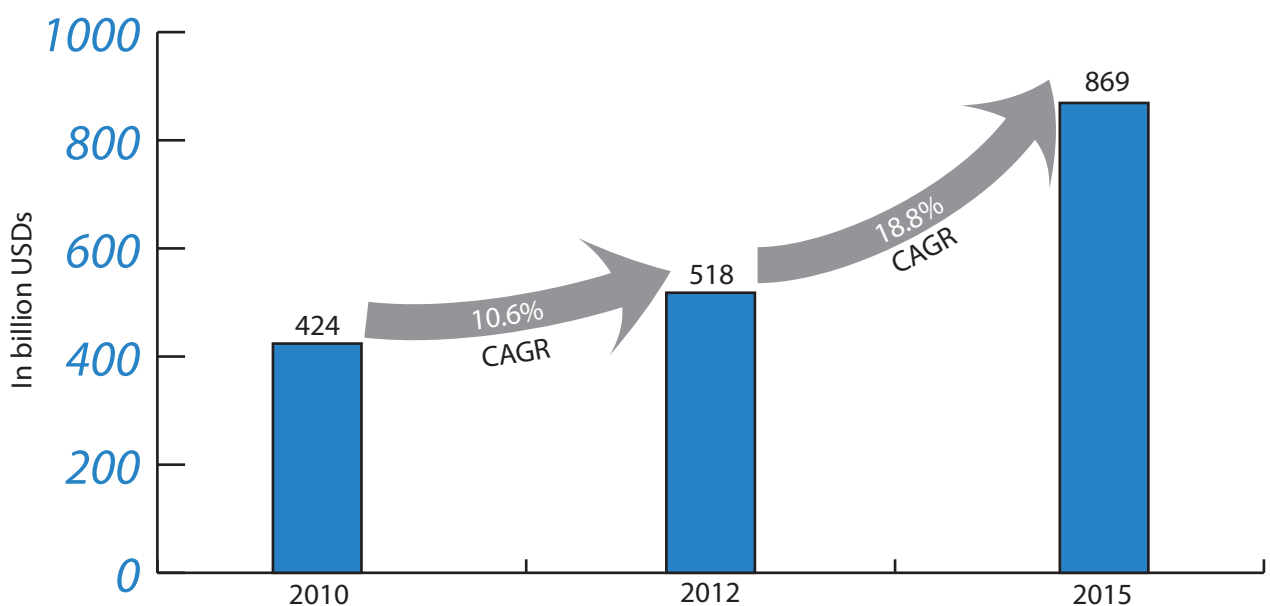
■ Informal sector: Tiny grocery and vegetable shops run from a room of a house, paan/beedi kiosks (often selling variety of item like small toothpaste tubes, tooth brushes, soaps, pouches of shampoo, and vendors and hand carts operating without any licenses.



Overall the share of organized retail is 8% of the total retail market and is expected to gain a higher share in the growing pie of the Indian retail market in India. (Deloitte, 2013)

It is estimated the share of organized retail will reach 20% by 2020.

The Indian retail industry has experienced growth of 10.6% between 2010 and 2012 and is expected to increase to USD 750-850 billion by 2015 (The Indian Retail Report, 2013). The compound annual growth rate of retail in India is expected to reach 869 USD by 2015.



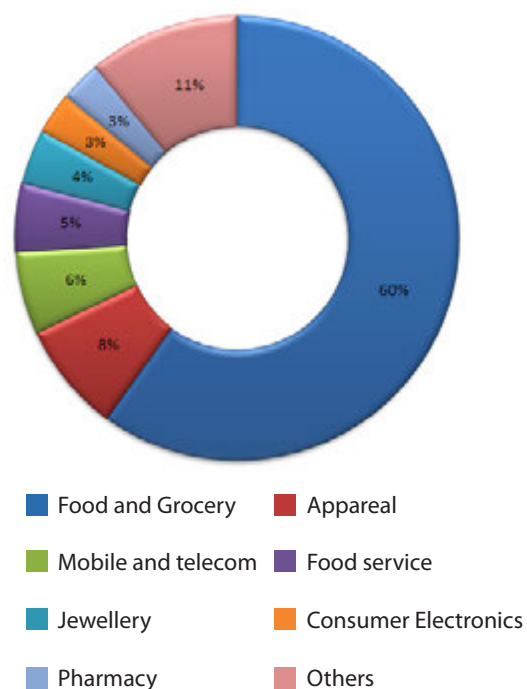
Note: For the purpose of above graph currency value for \$1 is taken as INR 50 in 2010 and INR 55 in 2012 and 2015.

(Source: India Retail Report 2013, Images Group)

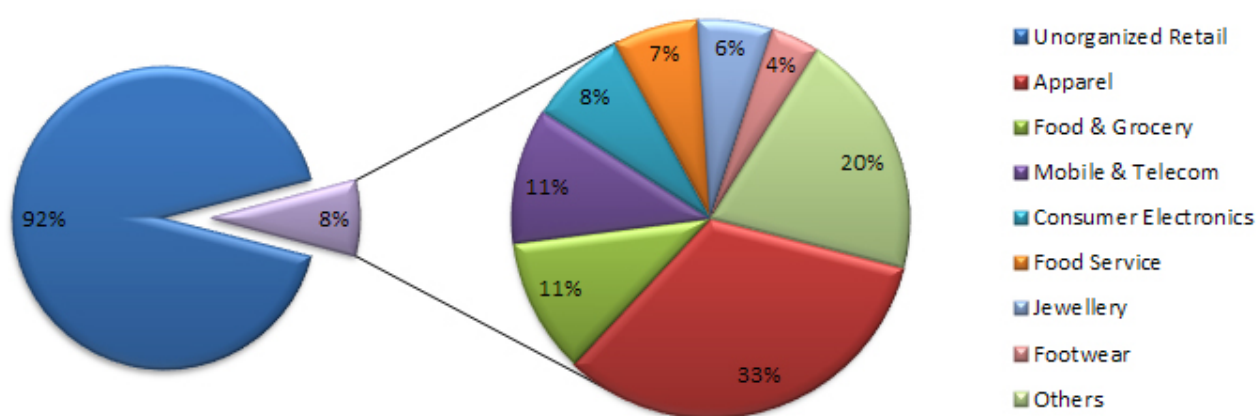
The retail has made its presence in various categories like food and grocery, apparel, mobile and telecom, food, jewellery, consumer electronics, pharmacy etc.

Food and grocery is the largest category within the retail sector with 60% share followed by the apparel and mobile segment.

The organized retail sector contributes 8% to the total retail market. Within the organized sector, Apparel is the largest segment. "Food and Grocery" and "Mobile and telecom" are the other major contributors to this segment.



(Source: India Retail Report 2013, Images Group)



(Source: Bradstreet retail sector overview, India Retail Report 2013, Images Group)

The debatable FDI in Retail

Indian economy suffered in 2012 from the impact of global slowdown as well as the effect of business confidence. The average inflation in 2012 was 9.30%.

To restore confidence and accelerate economic growth, the government proposed a series of major reforms aimed at boosting productivity.

Among various reforms, liberalization of foreign investment in retailing was one the key steps to attract major global retail players to invest and open shop in India.

The FDI reforms were made in the single as well as multi-brand retail. This FDI reform brought in with it a heated controversy about its pros and cons.

FDI in Single Brand: FDI in single brand retail implies that a retail store with foreign investment can only sell one brand.

The Union government has sanctioned up to 100% FDI in single brand. This will make foreign goods and items of daily consumptions available locally at a lower price to the Indian consumers.

FDI in Multi Brand: Allowing FDI in multi brand retail will mean that the global retailers' including Wal Mart, Carrefour, Tesco can open stores offering a range of household items and grocery products directly to consumers.

The government has sanctioned 51% foreign direct investment in multi brand like Wal Mart and Carrefour. However, this new policy will allow multi brand foreign retailers to set up shop only in cities with a population of more than 10 lakhs as per the 2011 census.

With 53 cities in India, not only metropolitan ones, but smaller cities too would be within reach of big retailers. The final decision however is with the state government.

However, foreign retailers will be required to put up 50% of total FDI in back end infrastructure excluding that on front end expenditures.

Expenditure on land cost and rental will not be counted for the purpose of back end infrastructure. Big retailers will need to source at least 30% of manufactured or processed products from small retailers.

The 2012 FDI regulations of the government reminds of the Liberalization policy of 1991 which contributed majorly to the growth of the Indian economy. Not only this, but the policy of 1991 that propagated liberalization, privatization, and globalization brought in huge investments in the Indian market.

The 2012 FDI regulations of the government in the country have provided an interesting dynamics to several international retailers' entry and expansion plans. Various companies like IKEA, GAP, Abercrombie and Fitch are stepping up further enquiries to enter the market, while others are finding local partners.

The food and beverage category is seeing other players entering like Starbucks partnered with Tata group to own and operate cafes and Dunkin Donuts recently opened in Delhi in partnership with local franchise Jubilant Food works.



We already have Pizza hut, KFC, Dominos and McDonald's serving us plethora of pizzas, burgers and hotdogs.

The various giants in the grocery category like Wal-Mart, Carrefour, and Metro group are entering and expanding in India.

The giants in apparel category of retail has transformed the taste of buyers and have made them more brand conscious as well as brand loyal.

Brands like Zara, Mango and Marks and Spencer are expanding tremendously. Apparel is expected to grow 9 to 10% year over year for the next 5 years. The luxury retail sector saw 20% growth last year with luxury malls being well established in Delhi, Mumbai, and Bangalore.

FDI as a reform will attract more players that will certainly lead to increased growth opportunities in terms of employment and more exposure of consumers towards international brands and products as well as services.

Few Major Retailers in India



ZARA



UNITED COLORS
OF BENETTON.



The Retail Talent Index

The Retail Labor Index was introduced in 2006 within that years published GRDI findings. In 2012, the name was changed to the Retail Talent Index.

In a developing country, market is perceived attractive when the market is as effective as the workforce. The local talent pool is extremely important in reaching to customers, building consumer base as well as creating customer loyalty. In the initial stages of entering any developing country, expatriates are deployed from their home markets for much needed support but a long term success relies on a skilled, reliable and affordable local workforce.

Looking into the employability issue, let's first understand what the retail talent index talks about India and her talent in retail.

2012 rank	Country	Talent Availability (40%)	Labor Regulations (20%)	Labor Costs (40%)	Score
1	Malaysia	62.8	77.9	85.7	75
2	China	56.5	71.3	79	68.5
3	Chile	66.7	56.7	68.5	65.4
4	Indonesia	51	55.9	84.5	65.4
5	Azerbaijan	42.1	95.9	72.5	65
6	India	48.5	64.2	75.6	62.5
7	Lebanon	56.1	74.8	61.4	62
8	Saudi Arabia	57.4	93.5	50.8	61.9
9	United Arab Emirates	67.7	94.2	39.6	61.8
10	Sri Lanka	48.7	49.4	80.5	61.5

Note: Sources are rounded

(Source: A.T. Kearney Analysis)

The Retail Talent Index ranks the top 30 countries in the GRDI based on talent availability, labor regulations and labor costs for in store employees. The Retail talent Index is calculated based on a country's performance in three areas:

■ Talent Availability

■ Labor Regulations

■ Cost of Labor

A country's value is indexed on a 0 to 100 point scale to allow for relative comparisons across three areas.

Talent Availability (40%):

Scores are based on the quality of the education system and management schools, secondary and tertiary education enrollment, labor force participation and brain drain.

Labor Regulations (20%):

Scores are based on hiring and firing practices and flexibility of wage determinations.

Cost of Labor (40%):

Scores are based on retail salaries of an average sales associate and pay and productivity metrics with a higher score indicates a lower cost labor country.

India ranks 6th in the Retail Talent Index. The IT and business process outsourcing industries have taken an advantage of this talent pool. The retail is attracting talent pool and India is also providing an attractive talent pool for international retailers.

According to the Retail Talent Index report, "The retail sector employs approximately 8% of India's population, with demand for skilled workers expected to rise. A shortage of talented professionals especially at the middle level management, will pose a significant challenge for the country's retail sector in the years ahead as retail is not yet a preferred career options for young people."

To address this issue, the Retailer Association of India, leading local retailers such as Bharti and Vishal are increasing the number of specialized retail courses offered. Coca cola partnered with the Indian School of Business to launch a retail academy.



Employment in Retail

The retail industry in India is the second largest employer with an estimated 35 million people engaged by the industry. After FDI policy, the opportunity of employment could be tremendous and major players would look for people with the right skills.

The question is “Are people with right skills available in retail sector?” This question gives rise to employability skills in retail sector. Employability skills are those basic skills necessary for getting, keeping and doing a job. However, employability skills can be taught.

The Ernst & Young’s report ‘The Great Indian Retail Story’, anticipates that the Indian retail sector would come up with 13 million employment opportunities within the year 2013.

The key findings from the PWC 14th Annual Global CEO survey suggest that it is not just a question of getting more workers in the aisles ,it is also important to make sure those new employees have the right skills and finding them isn’t going to be easy. Nearly 2/3rd of retail CEOs believes that supply of skilled candidates is limited.

The government is visualizing 10 million jobs in retail sector considering the reform of FDI in retail domain. There is no problem as far as getting applicants for a job is concerned but getting the right people for the retail domain, having the right skill to work in retail sector is a never ending search for large players in retail.

The leading consultancy and experts in retail sector, Technopak conducted rigorous study in the retail domain and has provided an insight by mentioning the following:

“Due to the concentration of most retail chains in Metros and Tier I cities, there is a good availability of workforce in major cities of the country. However, one of the challenges for retail to successfully expand to Tier II and Tier III cities is the unavailability of locally available trained manpower. With respect to hospitality, fashion and luxury retail, very high grooming standards are expected from sales staff which continues to be a challenge. There is also a dearth of trained security staff which further adds to the woes of retail in India. Brands and international companies expect very high levels of professionalism and teamwork amongst employees which is a consistent unmet demand.”

Problem and Challenges of Employability in Retail

Considering the information available in the secondary data and going through rigorous literature review, this paper has been written with an objective to explore the employability issue in retail. The paper emphasis on the following aspects:

- Emerging trends in retail
- Growth opportunities in retail
- Which function is facing dearth of skilled people?
- Employability skill gap at middle and upper middle level
- Suitability of MBA students in retail
- Initiatives to reduce the skill gap

To gain an insight on the following issue, a small qualitative study was conducted to understand the nature and scope of the problem. In depth Interviews with 7 industry experts were conducted to gain their perspective on the experience of talent acquisition, training and retraining their employees.

An open ended semi structured questionnaire to get maximum insight on the issue.

For a diversified opinion, people from various categories like food and grocery, food service, apparel and consumer electronics in the retail domain were interviewed. Experts belonging to different sectors were able to offer an understanding on the variation in skill sets required in people according to the category of retail format.

The experts interviewed were all senior management experts with an experience of 10 to 15 years in the function of Human Resource department as well as Learning and Development were interviewed. The names of the experts remain undisclosed for confidential purposes.

Emerging trends in retail:

While discussing the emerging trends in retail, several insights were provided by the experts in the industry.

This insight provided by experts varied with respect to the category of retail and various other trends impacting the market. Retail industry has reached some maturity in the last 12-13 years. The retail market in our country is also seeing lot of global players focusing on competencies like communication skills for store associates and business acumen as well as strategic skills for experienced professionals.

The standard recruitment drive in the retail sector especially in the food and grocery category occurs by creating a buzz in the market about a new upcoming store in a new city or new store in the same city. The representatives of the organization go and speak to the local employment exchange or NGOs and distribute pamphlets.

A written communication test is followed by basic interview. If a candidate is shortlisted, he is supposed to undergo training. The shortlisted candidate undergoes training.

In the food category, the emphasis is more on part timers than full timers, especially at store level. The current ratio of full timers to part timers is approximately 80:20. Continuous efforts are being made to change this ratio by engaging more part timers. But the challenge in this case be able to effectively train the part timers.

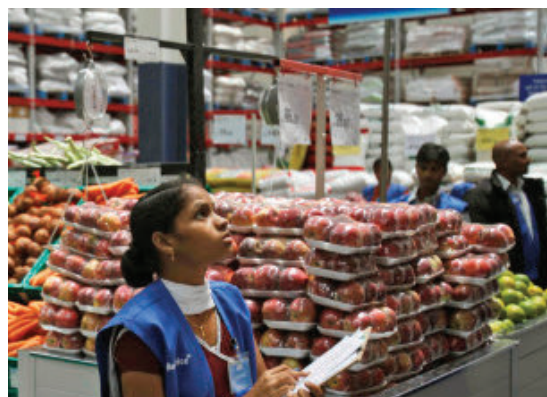
The majority of people in the food category are in operational roles are frontline managers and constitute 70 to 80% of the total operational staff. As far as the recruitment of operation and support staff is concerned, the hotel management graduates are recruited who have some amount of functional knowledge.

The pool of people is quite limited in retail especially for retail players who are pioneers in the country.

A different perspective by few experts still emphasized on getting the right people with right skills. Our country is not as mature as places like Singapore and Dubai. A few years ago, BPO

was a buzzword in reference to employment opportunities. At this point in time, retail is like BPO attracting people toward with its lucrative job opportunities.

Any HSC pass or graduate can make good money in retail especially in an up market apparel category. Store associates at an up market apparel category works as fashion consultants. Consumers walking in at such a store would expect the store associates to be well versed with communication and quick service. E.g.: The store associates should be well aware about different shades of colors available and identification of a various check shirts and polo neck



T-shirts. The service and engagement of store associates always help in maintaining long term relationship as well as retaining them.

At store level, all the categories of retail prefer a HSC pass or graduate at store. At middle and upper middle level, MBA or experienced professionals from FMCG or consumer durables are preferred.

The scenario in consumer electronics category has different concerns for getting the right person with right skills. They receive 100 applications for walk in and 5 to 10 % are offered a job. Their category needs better orientation in terms of product and technical knowledge. Customers themselves enter in a store with some basic knowledge about the product they want to buy. Their store associates before joining the organization undergo an intensive training certification of 30 days (15 days each for classroom and on the job training).

Retailers in electronics category have visited places like Dubai and Singapore as these places are considered to be the retail capital of the world. Here experienced people in retail are easy to find who are well exposed to the dynamics of the industry.

The dynamics involved in recruiting and getting people with the right skill is not the only emerging trend but training and taking care of their aspirations is equally important.

Our country is a culturally diversified country as what may work for Delhi may just not work for Rajasthan. Considering this cultural variation, the training of people at store level becomes very 21 pertinent.

Their permutation and combination changes according to the change in place of operation; As a result, organizations have initiated their own academia for conducting training programs and are investing huge amount in training their employees.

Retail is an industry that demands lot of time and is extremely target oriented job. The job involves stress as the employees have to work during festive season and weekends. Considering all these factors, it becomes extremely important to consider their aspirations.

These days' organizations have started showing a visible career graph to their employees. These career graphs make them understand and lay emphasis to the fact that if they perform well and adhere to the organization they can have a lucrative career ahead. This career graph provides a very clear picture to the employees about their future. But unfortunately all of them are unable to achieve the career graph and which leads to frustration and they ultimately seek other options.

To be precise, the emerging trends in retail are not confined to recruitment but include training and retaining employees. Organizations need right people with right skills but at the same time they are making a consistent effort to match up with the aspirations of their workforce.

To be precise, the emerging trends in retail are not confined to recruitment but include training and retaining employees. Organizations need right people with right skills but at the same time they are making a consistent effort to match up with the aspirations of their workforce.

Growth opportunities in retail:

Growth opportunities in terms of employment are huge. All the experts had this unanimous agreement on the employment opportunities in India.

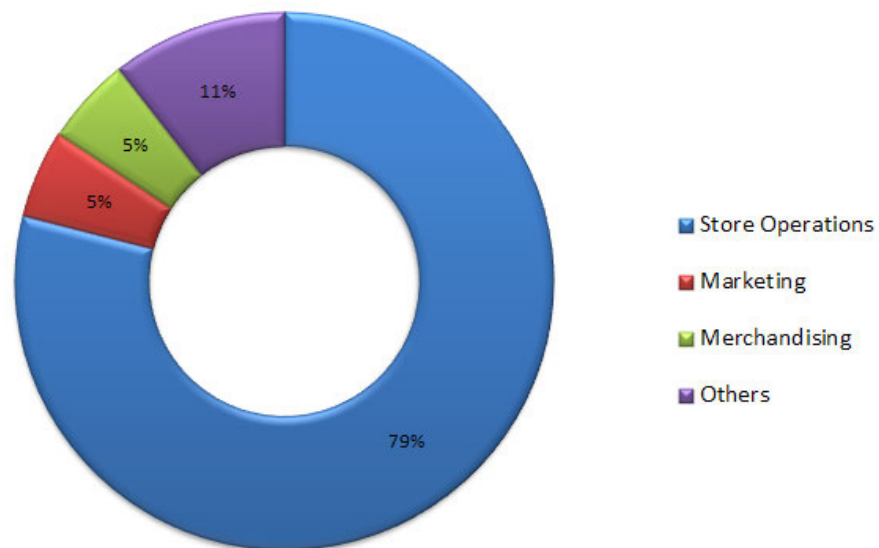
Expansion plans in retail are big and so is the opportunity. Even if retailers plan to open 20 super markets and 10 hypermarkets, there would be a requirement of 400 and 100 associates respectively. This not only shows that people at store level but also at corporate level will increase in numbers as they will be supporting and managing the back end operations.



In retail, the percentage of organized retail is really low. But now as the reforms have allowed FDI in single as well as multi-brand and lot more players joining in, this will make the sector a hub of employment opportunities.

Functional expertise facing dearth of skilled people:

This aspect in the study was considered after going through the data mentioned below:



(Source: Primary Research, ImaCS Analysis)

Major proportion of workforce in retail is at front end and includes store associates. The above diagram shows the function/activity wise distribution of human resources in the organized retail sector. The diagram clearly shows that 75% -80% of the total manpower employed is at the store operations level in the organized retail sector.

The functional distribution will vary in accordance with the format of the store and the category of retail format.

When you go through the data mentioned above, it is evident that the majority workforce is at store operations levels. While interacting with the experts of retail industry it was clear that the majority of workforce is at the level of store operations. E.g.: An electronics retail category constitute of 3000 employees out of which 2800 are associated with store operations.

A strong operation team is a backbone of retail function and processes. An operation team not only constitutes front end operations like store associates but also back end operations like logistics, merchandising, real estate etc.

A strong real estate team would acquire and get the best deal for store location in accordance with the size of the store format like hyper mart, Compact store or super marts. People in logistics and supply chains determine and maintain appropriate percentage of stock in the outlet. In a food and grocery category, there is a dearth of good merchandisers. Even though the organizations are ready to throw money to get the right merchandisers, people with right competencies are not available in these functions.

The food category is feeling a crunch in finding restaurant general manager with 5 to 7 years of experience for the position. All different retail categories are looking for store managers and associates with the right skills. The reasons vary in terms of the category they belong to.

For an electronics retail category, they need the right people at front end because they deal with advanced technology electronic product. The dynamics of product, features, and addition of products is very fast.

For an up market apparel store, store associated play an important role because they become the face of the premium brand. Consumers' decision of walking into the store depends on lot of factors. One of them is their experience with the store.

The front end becomes important in all categories because they become the face of the organization and at the same time they tangibilize the consumers' experience of visit to their outlet.



Employability skills at middle level and above:

The middle level and above in retail is calling for a healthy mix of pedigree and talent on competency at strategic level which involves strategic decisions, growth planning and implementation of decisions. Organizations are working on Competency Index to identify the behavioral competencies required at middle level and above.

An interesting aspect that came out in this section was the issue of leadership pipeline. Although, people have climbed up the ladder in the hierarchy their thought process is still confined to their previous role and designation.



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One cannot promote an individual within an organization without him not understanding and seeking clarity on the intricacies of job function at each level.

Retailers would prefer an experience professional in retail domain, FMCG or consumer durables.

Suitability of MBA students in retail:

More than a lakh, MBA students pass out every year in our country. These huge numbers of students passing out every year has to get placed in various sectors. The question that triggers the mind is how these lakhs and lakhs of MBA students are perceived by the retail experts in terms of employment.

Generally MBAs with 5 to 7 years of experience are preferred at middle and upper middle level. As fresher's, MBA students are recruited at store operations level or executive level.

These days' retailers do visit campuses and offer jobs to students. While their experiences with MBA students make them feel that they are not aligned to reality. They are educated but not well equipped on competencies and skills required in retail sector.



These days' students have lot of pressure in getting placed and that haste is churning out talent without building right skill sets related to their aspiring domain. The food category in retail prefers a IHM graduate (hotel management graduate) with some basic knowledge of food industry and restaurant management.

Apart from learning the conceptual theories, it's extremely important to impart them skill based training and practical exposure.

"I would look at MBA students as being self aware, ambitious and part of smarter population. This is the talent which is better and wants to grow," mentioned by the expert from fashion category.

MBA students are perceived as not only being suitable but they are better than other candidates in terms of communication skills and presenting themselves in front of customers.

They again have very high aspirations and if they get a better offer they don't take much time in shifting from one organization to another. This frequent switching of jobs makes them an added cost for organizations. They invest in their training and development and as soon as they are well set with the intricacies of the processes they shift to another organization. This high attrition rate also brings lot of apprehension in hiring MBAs especially a fresher.

Initiatives to reduce the skill gap:

Considering the skill gap in various functions across the hierarchy, organizations are taking initiatives to develop their people. They are rigorously working on reducing the skill gap by emphasizing more on training and developmental activities in the organization. Apart from training and development, academic collaboration and job rotation is also emphasized to develop the right skills in their people.

Organizations have their own in house training academy that conducts several in house training programs. They schedule their training programs annually across all hierarchies and functions. They organize programs like Step up for associates to identify their potential to grow up in the hierarchy as a team leader.



One on one coaching program is also encouraged for employees at middle and upper middle level to build up their critical thinking and decision making capabilities. Apart from this, they have a training program for fresh recruits and an orientation program to make them well comfortable with the organization, its system, processes and people.

Apart from consistent training programs they have also collaborated with premium institutes like ISB and S. P. Jain, Dubai. They are also getting tied up with multiple IT institutes for computer training for store level workforce. They encourage their employees to join various academic programs by getting associated with IGNOU (Indira Gandhi National Open University).

The employees can also subscribe to annual programs and upgrade their knowledge and at the same time get an academic qualification added to their resume. E.g.: One of the retailers running an Innoversity for their employees. Organizations are in the process of identifying and customizing training programs needed for each employee across the hierarchy and all the functions.

There are initiatives taken by various academic institutes to commence with retail specific courses, providing retail internship to students. There is a very good BBA course run by Retail Association of India. This institute has a credit learning of working for 3 to 6 months in retail through internship.

More than putting ball in the court of academic institutes for coming up with retail domain programs, collaboration should come into existence between organizations and academic institutes.

It is also significant to launch a campus connecting program providing them theoretical knowledge and practical exposure through training. There are organizations collaborating with academic institutes facilitating students by providing 6 months classroom learning and 6 months practical training with the retail store.

Job rotation is adopted as a method to enhance the skills of the workforce. Job rotation does not only helps the employees to get aware of various functions but also helps them understand the trivial aspects of processes and get exposed at 360° level to all the operations. This makes them aware of the all the business drivers involved in the process to achieve the set results.

Thus, organizations have started their marathon to reduce the skill gap of their employees through various alternatives.

Conclusion

Retail, as a sector, is more than a decade old. The people recruited at a store level have never themselves experienced big retail outlets as they were always dependent on the mom and shop outlet close to their homes.

Henceforth, they being expected with right skills to work in retail is not possible until and unless they are enrolled for a skill development program.

India had been a culturally diversified country with consumers of varied demography. To understand consumer behavior and not only satisfy but delight them in a retail store is challenging.

Culture, language, food, tradition and buyers change every 50 to 100 km in our country. While going through the responses by the experts, there are issues with a common agreement on responses and difference of opinion.

Earlier there was no formal training on skill sets in retail. Academic institutes and big retailers have now initiated the campus connect programs on retail. People in retail have grown up in the hierarchy through wisdom of experience.

There is a huge requirement of people with right skill set not only at store level but at back end operations. The nuances of retail are not very easy to understand. The products seen in display the product placement done in the outlet.

Therefore, people with operational skills of retail are required which are not easily available. There are few big players going to cities like Singapore and Dubai to acquire manpower with right skill sets. Retailers are spending huge money on training their people and also retaining them by taking care of their aspirations.

Employability is a major challenge across all the categories but at different level as well as in different functions. Organizations have realized this skill gap and have already initiated to reduce the same.

Organizations and academic institutes are collaborating more to make students skilled in the retail domain. Retail as a sector is into many categories. Interestingly, each category in retail needs specific skill set and customized manpower for their particular category.

Employment opportunities are huge, but at the same time employability gap is a constraint. To overcome this constraint, retailers have started recruiting people and training and grooming them in accordance to the requirement of their processes.

Hopefully, the initiatives of government, retailers and academic institutes will reduce the employability gap and enhance the availability of people with the right skill set.

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