



## Transforming to succeed: Reviewing retention strategies in organized retailing post COVID-19

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### ABSTRACT

*The latest Covid-19 Pandemic has left the policy makers shocked and speechless as it has thrown numerous challenges to each and every entity in the world, be it an individual or an organization. Most organizations are experiencing an unpredictable situation which is going to have long term aftereffects even in the coming future. This paper tries to examine the situation of employee retention in the organized retail sector as these stores are one of the most affected because they totally depend on the human footfall for their growth and survival. In this context many organizations will require a shift in the roles currently assigned to employees with the need for capacity building for taking up multiple roles. Organizations instead of cutting workforce and salaries, should see this as an opportunity to build bonds with employees.*

### INTRODUCTION

Today companies spend huge amount in recruiting, training and deploying the best talent available in the market, but due to some unstoppable reasons these employees make up their minds to switch on to some other jobs. It then becomes a challenge for the companies HR managers to retain these employees, as losing them directly means losing the amount invested by the company in that employee's recruitment, training and compensation. Tracking retention in quantitative terms and understanding the loss it has caused to the company is sometimes not visible and thus a well thought out plan fails to make the retention problem non-recurring.

Retention can be defined as retaining the best performing employees who are willing to join another organization because of the reasons unknown to the present employer. Simply stated, retention refers to an organization's ability to keep the employees it has already hired. The opposite of retention—turnover—is another way to understand and analyze retention. Many factors can cause turnover, which makes it especially hard to benchmark.

Companies which fail in the area of talent management, where they are unable to provide adequate compensation benefits, less growth and development avenues and much expected recognition to employees generally face employee retention problem. Globally, the problem of attrition differs in various countries according to the geographical, political and demographical differences prevailing in these countries. Like, in U.S. which is regarded as a shrinking economy the company leaders are trying to minimize revenue and maximize productivity by creating more competitive and performance driven culture. For this purpose they are making newer policies to track talent to fill skill gaps and curb rising attrition and turnover. In China, the one child policy is creating shortage of manpower especially in urban areas. In European countries the shortage of manpower is due to the low birth rates as well as the strict immigration rules. In U.K the keenness towards becoming highly competitive globally creates a problem in recruiting new talent. The problem of recruiting better leaders and finding talented workforce for highly competitive organizations is also a high concern for the managers in German companies. Thus, acquiring and retaining the appropriate talent is becoming a global issue and the managers are constantly trying to research newer policies to retain the best talent available with them.

### OBJECTIVE OF THE PAPER

The latest Covid-19 Pandemic has left the policy makers zipped and speechless as it has thrown numerous challenges to each and every entity in the world, be it an individual or an organization. Most of the situation, whether it is related to finance, human resource, marketing, taxation or technical are experiencing a topsy-turvy situation which is going to have long term aftereffects even in the coming future. This paper tries to examine the situation of employee retention in the organized retail sector as these stores are one of the most affected because they totally



depend on the human footfall for their growth and survival. With the latest lockdowns going on globally this sector is one of the most badly hit. But at the same time because it comes in the essential commodity providers most of these shopping malls are trying to struggle and risk the health of their employees who are working their way out in providing services to the customers. But at the same time they are also threatened with the fear of downsizing if the situation does not improve.

The objectives of the paper are as follows:

- 1) To study the performance of multi-branding retail sector in terms of market growth and talent management.
- 2) To understand the key concern areas related to employee retention in the multi-branding stores across India and globally.
- 3) To understand the factors effecting employee retention in the multi-branding retail sector.
- 4) To review retention strategies adopted by Indian retailers to retain the best talent available.
- 5) To analyze and recommend the possible retention measures that should be adopted by the retailers post Covid-19 pandemic.

## RESEARCH METHODOLOGY

This paper is based on the secondary data collected by reviewing various research papers, annual and biannual reports of various agencies as well as the latest articles published on the problem of employee retention in the Indian retail sector before the advent of the Covid-19 pandemic. As quantitative research is difficult during the lockdown the employee retention scenario during and post Covid-19 was reviewed based on various articles and papers published online.

## LITERATURE REVIEW

Chaminade, (2007) here asserts that strategies to curb employee retention are volunteer move by the organizations to stop valuable employees from leaving the organization. One of the important studies on retention conducted by YiuLichia and Saner Raymond (2014), on employee retention in Indian companies has focused on finding the reasons for high labour turnover in the Indian companies and the strategies that can be employed to stop the retention of favorable employees within an organisation. The research tracked that the organizational commitment and job satisfaction are the major factors influencing the retention issue. It also pointed out that higher compensation is also one of the major reasons for employees to continue in the same company for a longer time. The researchers emphasised on building strong social networking bonds and providing flexible work timings for the employees in the organisation in order to reduce retention. Logan, (2000) in his study at Sears observed that the companies where managers support their subordinates to acquire new skills through training and development programs showed around 50% less attrition than the companies where such support is not given. Another study on Indian sugar industry by Mathur, Atul and Agarwal, P. K. (2013), pointed out that compensation packages and working environment is one of the major reason behind employees leaving the organisation. By employing effective hr strategies like fair performance appraisals, training and development, revised compensation packages and competitive work environment improves the situation of high employee turnover.

Apart from the organisational factors some individual factors like QWL, career growth, personal and family reasons, relationship with co-worker etc were found as the influential factors on employee retention by JeenDorance Batty S. (2014). The data was collected through the questionnaires from the first and the middle line employees in the selected retail outlets in Bangalore to find out the turnover intentions and its impact on organisational outcomes. . Firth et al (2003) found that job stressors like work overload, job ambiguity trigger the chain of psychological states which lead to intention to quit. If an organization encourages learning then it can reduce employee attrition.

Y. P. S. Kanwar, A. K. Singh and A. D. Kodwani (2009) in their study on the impact of work life balance and burnouts on job satisfaction in the context of IT and ITES industry revealed that work life balance and job satisfaction are positively related to each other and to increase the morale and productivity of the employees organizations should play a facilitating role to provide ways to manage work life balance.



Another study by Sinha, C. and Sinha, R. (2012) on the two heavy engineering manufacturing companies in India presents a three factor model namely “competence & relationship oriented”, “scholastic & futuristic oriented”, “developmental & reward oriented” which play a significant role in retaining the workforce into a particular organisation. Organisational culture has also been studied as the most influential factor through different researchers in retaining the employees. Organisations which value individual relationships at work, collaboration, team working, and respect people is able to retain employees for longer tenure, (Sheridan, 1992)

Training is another issue related with employee retention. Martin (2003) detected a complex relationship between turnover and training. He suggested that establishments that enhance the skills of existing workers have lower turnover rates. However, turnover is higher when workers are trained to be multi skilled, which may imply that this type of training enhances the prospects of workers to find work elsewhere. In his study Rosenwald, (2000) extracted that some of the managers did not accept that there exist a strong positive relation between employee retention and training

### **FACTORS AFFECTING EMPLOYEE RETENTION IN ORGANISED RETAIL**

Based on the various literatures on employee retention the factors which have a direct impact on employee retention can be classified in to two major heads:

- 1) ORGANISATIONAL FACTORS
- 2) INDIVIDUAL FACTORS.

Organizational factors which impact employee retention are:

- a) Compensation
- b) Work environment
- c) Supervisory support
- d) Job Autonomy
- e) Performance feedback systems
- f) Training

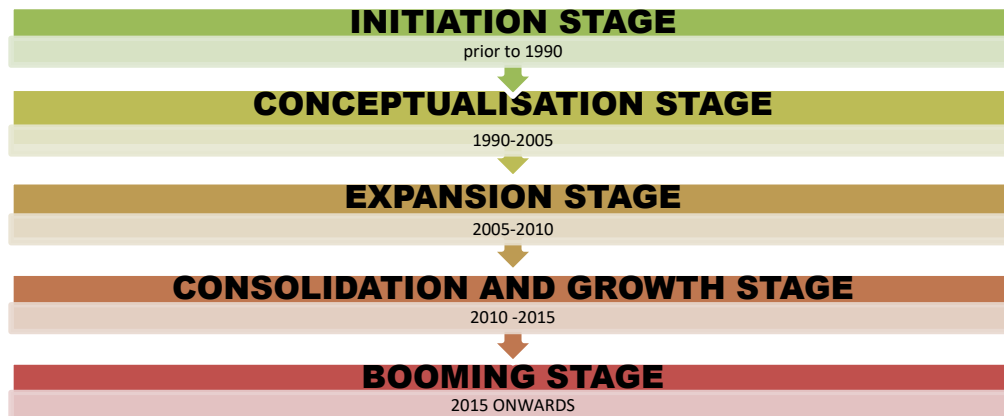
Individual factors that directly provoke an individual to quit his job are:

- a) Self efficacy
- b) Learning motivation for upgrading skills
- c) Job mismatch
- d) Better job opportunities and career growth
- e) Interpersonal conflicts.

### **MILESTONES OF INDIAN MULTI-BRANDING RETAIL SECTOR (PRE-COVID)**

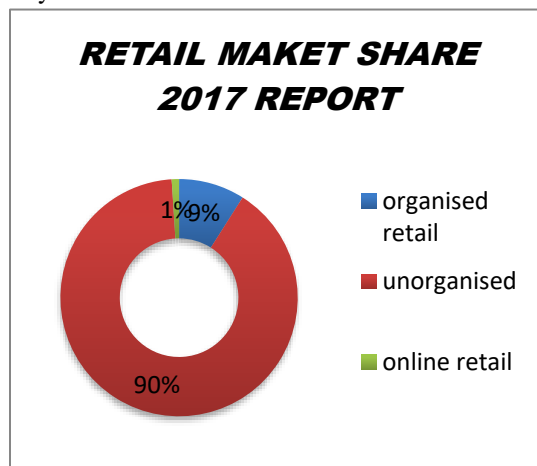
Gone are the days where retailing was just limited to the traditional mom n pop stores, kirana stores and traditional grocery stores. Indian retailing has passed to dynamic stages and due to the progressive government actions it is in its booming stage at present giving employment to the Indian youth in large numbers.

### **PHASES OF GROWTH OF INDIAN RETAIL**

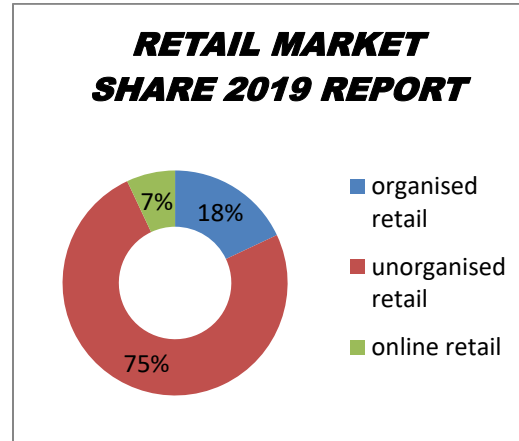


SOURCE: IBEF

Retail sector in India is mainly divided in to two formats 1) Organised retail and 2) Unorganised retail. According to the IBEF report 2017 the unorganized retail contributed 90% of the total market share of the retail industry and the organized sector was a minor contributor of around 9% with the online retail giving only 1% contribution. Whereas the 2019 IBEF analysis, reports that by the year 2021 the total market share



of the unorganized sector will reach to 75% and the share of organized retail sector will rise to its double of 18%with that of 2017. It also pointed out that the pace with which online retail is utilized in India it will reach up to 7% of the total retail share.



SOURCE: IBEF

If we take up the multi branding retail sector of India the situation of employee retention has been very serious in the past years. According to the Global Retail Development Index (GRDI) the growth of Indian retail has been astonishing where it surpassed China. India’s rapidly expanding economy, relaxation of FDI rules and the consumption boom are said to be the key drivers for India’s top ranking in the GRDI. India’s retail sector is witnessing a growth at an annual rate of 20%. In addition, the retail sector is expected to double its size by 2020. Further, the retail sector has also derived benefits from the rapidly growing e-commerce. It is estimated that the sector would grow 30 percent annually and reach USD 48 billion by 2020. Rapid urbanization and growing middle class is expected to boost the consumption across the country.

According to a study conducted by PwC on India’s retail and consumer practices the reality of growth of Indian retail is still full of struggles. The major reasons for this highlighted in their study are as follows:



- 1) Infrastructure / real estate related problems
- 2) The slow and lengthy procedures related to FDI sanctions and other government assistance.
- 3) Talent shortage, talent acquisition and talent retention posed a major constraint.( according to their study the sector faced attrition of employees as high as 40%)
- 4) Talent development or lack of proper training facilities and programmes also accounted for 45% concern out of the key concerns in the area of workforce management.
- 5) Online e-shopping proves to be a major threat to these organized multi-brand outlets. Around 48% of the respondents in this survey preferred online shopping over physical shopping.

Many companies and larger brands are struggling to deal with the problem of talent management and talent development in the upcoming future.

**RETENTION CHALLENGES OF INDIAN ORGANISED RETAILERS DURING COVID-19 PANDEMIC**

According to the latest report of CMIE (Centre for Monitoring of Indian Economy) on 12<sup>th</sup> May 2020 reported that about 27 million youth lost their jobs as a result of the 60 days nationwide lockdown due to the Covid-19 pandemic. These unemployed were among the age-group of 20 to 30 years. It further predicted that this lot will have tough time in regaining jobs as it will have to face competition with the new ones in the job market.

Covid-19 pandemic has brought about huge twist in the way multi-branding retail stores will run in the near future. If the condition worsens one thing we can still be sure of, is that these stores are here to stay and most of the customers will prefer buying at a centralized store which provides an array of items under one roof,rather than hoping from one shop to another in the local markets. It will assure protection from infection of virus. Provided, the store management has to be alert and active in following the safety guidelines provided from time to time. If it succeeds in doing so it will surely experience more footfalls which area parameter for its success. The latest Economic times report informs that the Indian retail has suffered a loss of 90 lakh crores in the last 60 days period. Rahul Prithiani, Director Crisil have reported that the retail sector is experiencing around 2-4% decrease in consumer demands, which is the expected to reach 30-40% if the lockdown continuous further. The consumer durables and food product retail has not been hit that hard at present as compared to the appliances, readymade, restaurants etc. This slow down in the retail business immediately makes us think that this huge loss can be reimbursed only by downsizing for firing the workforce. But we should understand that this is a temporary phase and firing employees is not the only solution for this problem. Instead the retailers should think creatively about the ideas for overcoming the ill effects of lockdown. This is also because in the near future the demand for products in the multi-branding stores is going to increase leaps and bounds. The reasons for this are very simple:

- 1) Shopping malls are spacious outlets where huge number of people can shop at the same time maintaining social distance.
- 2) Being well managed in terms of hygiene these stores provide healthy and hygienic conditions for shopping in a safe environment.
- 3) Shopping malls can maintain and provide safety gears and equipments to the customers which can provide a protected shopping environment.
- 4) As it is managed and run by qualified staff adherence to safety guidelines can be strictly implemented.

**SHIFTING FOCUS OF EMPLOYEE RETENTION STRATEGIES DURING COVID-19 PANDEMIC**

SR.NO	<u>PRE- COVID -19</u>	SR.NO.	<u>POST COVID-19</u>
1	Attractive compensation	1	Regular Compensation
2	Good working conditions	2	Safe working conditions
3	Incentives/Bonus/Allowances	3	Hardship allowances
4	Work life balance	4	Flexible working hours
5	Skill Training	5	Safety Training



6	Career development/growth	6	Safety gears/ kits
7	Employee engagement	7	Free medical assistance

The retention strategies which earlier focused on measures like offering competitive pay packages, good working environment, etc will shift to providing proper training as per safety guidelines, providing safety gears and equipments, giving safe work environment, medical benefits etc. More importantly, regular training to staff on new work procedures will assure them safe working conditions and will create brand goodwill and employee loyalty between the staff and the retailer.

**INNOVATIVE STRATEGIES IMPLEMENTED BY RETAIL BRANDS TO PREVENT EMPLOYEE TURNOVER.**

- 1) According to ET Retail companies like Hindustan Unilever, Asian Paints, Johnson and Johnson, HCCB, Flipkart, Myntra, CSS Corp, BhartiPe, BSH home appliances, and Inflexion Point Ventures have decided to get salary hikes, promotions, increment and variable pay with an objective of increasing the employee morale and brand goodwill. These organizations have a view to increase self-efficacy.
- 2) Most of the companies like BhartiPe and Myntra had completed their performance appraisals before the lockdown and do not intend to lower their employee morale by not giving their share of increments. Rather Myntra has also hired 280 people during the covid-19 pandemic.
- 3) Coca-Cola, Johnson and Johnson and Asian Paints are using their buffer cash paid salary hikes as these companies also intend to earn employee goodwill in this time of emergency.
- 4) D Mart (Supermart Avenue) has paid its employees hardship allowance for working during pandemic phase.
- 5) Amazon India has announced free of cost covid-19 health insurance for its suppliers and sellers which includes hospitalization, ICU, and treatment expense up to ₹ 50000 by partnering with Acko General Insurance.
- 6) Aditya Birla Fashion and Retail have planned to announce a right issue of over 1000 crores for shareholders in order to reimburse the financial losses to its stakeholders mainly the suppliers and the employees.
- 7) On similar lines Future Group retail which owns Big Bazaar, Easy Day and Heritage fresh have planned to issue debentures of 650 crores in order to raise funds for meeting their current high running costs.
- 8) IKEA India which is into home furnishing has also started an initiative of "click & collect" where the people can choose and order the products online while getting assistant from their sales persons on phone. Once they have ordered their product, the employees prepare the products following the Covid-19 safety guidelines and notify the customers when they can reach for collecting their product.
- 9) Tapping the need of the time, Amazon India has decided to enter its private brands to manufacture products like face Shields, sanitizers, digital thermometers, PPE kits etc as the demands for these products will increase after the end of the lockdown.
- 10) Jio Mart, a Reliance venture has planned to convert all the mom-and-pop shops and Kirana stores into digital Ventures where the customers will be able to order online to all of these shops with a view to promote online and safe shopping experience.
- 11) Amazon has been the first company to globally hire 100000 employees during the covid-19 pandemic. Their motto Behind this is to serve the customers well and also to support majority of people to earn during this emergency. It has also announced an additional 75000 posts to be filled in the upcoming month. It has also invested 350 million dollar to pay additional allowances to their employees.

Apart from this there are major retail brands who have taken stringent steps in curbing the aftermath of Covid-19. Companies like TCS, Wipro, PWC India, Infosys etc postponed the salary hikes that were announced to be paid. Food startups like Zomato and Swiggy are the worst sufferers of the lockdown as they suffered up to 80% decrease in their total sales and resorted to firing employees.

**FINDINGS AND RECOMMENDATIONS**



The pandemic and the resultant lockdown is going to change the pattern of shopping and retailing for many years to come. Even though lockdown opens consumers will redefine their list of essentials which they would shop for. This can increase the time limit for Re earning the losses for many brands. Leaving the case of some startups which have suffered huge losses their revival time may take longer but for the big brands giving importance to their employees well being should be at their priority list.

The above-mentioned retention measures undertaken by some of the retailers have given a positive outlook for others to revive from the effects of covid-19 pandemic. Employee morale and Brand Goodwill are at stake in present time but sheer determination and patient outlook by some of the retail owners have kept the race going and the employees in this organization are not at risk. Other companies who have resorted to downsizing or layoff as the only strategy to survive have to rethink and reduce the layoff of the employees during this situation, as, the situation is not here to stay permanently and things will be back to normal soon.

The retailers have to understand when the pandemic ends the working style of the organization will change forever and the execution of the same will require this manpower to keep the organization going. In retailing employees are the main sources who will help to run the stores as per new guidelines by the government.

The SCAI (Shopping centers Association of India) has announced loss of over 90000 crores has not overlooked the possibilities of large scale unemployment in the sector if the lockdown continues and if the government assistance and financial relief is not provided to them. They have demanded temporary waiver for their debts as well as relief in rental payment to the landlords. Also they aspire for short term financing options to meet their working capital needs. GST rebates are also demanded by these retailers. The association has warned the government that in case this assistance is not provided layoff, downsizing or closures would be the only option left with these retailers.

## CONCLUSION

Every business including multi-branding retail stores are and will experience a paradigm shift in their work culture and productivity. Review of various academic and professional literature reveals that where employee retention was looked as a challenge for curbing losses and customers, it can now be viewed as an opportunity to redefine the employer-employee relations. Both parties will have to understand that post Covid-19 the employment market will not be the same. Employers should develop a sensitive approach towards their employee well-being during these tough times because these employees are the ones who have the required knowledge, skill and expertise to handle the people, place and procedures of their present organization once the new guidelines post Covid-19 are issued by the Government. On the other hand, the employees if don't show loyalty and commitment will have tough time in finding new employment.

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