



## HUMAN CAPITAL MANAGEMENT PRACTICES AND THEIR IMPACT ON EMPLOYEE PERFORMANCE IN RETAIL OUTLETS

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### **Abstract**

*The paper is based on the research study conducted on 6 select retail organizations and the perceptions of the employee respondents are presented to analyze the Impact of Human Capital Management Practices on Employee performance. The study is organized in 3 select metropolitan cities on the employees of 3 select categories. In order to emphasize on the Human Capital Management practices, select dimensions are analyzed which together form the Human Capital Management. The study is mainly based on primary data obtained through a structured questionnaire circulated among the employees of 6 select retail companies.*

**Key words: Procurement, Development, Maintenance, Retention.**

### **1. Conceptual Understanding on Human Capital Management**

The term “human capital” was first used in the 1950s and 60s as computing began to accelerate the automation that had begun in the industrial age. Economists and business people began to see employees not as replaceable units completing routine tasks, but as knowledge workers with specific skills and talents that could fuel business growth.

Not surprisingly, the term returned to prominence with the rise of the internet in the late 1990s. New technologies were rapidly automating a whole new set of business processes. While the internet changed the how employers and managers worked and collaborated. All of this change meant that workforce leaders had to transform how they went about attracting, retaining, and engaging talent in an evolving set of job roles.

Human Capital Management (HCM) is the comprehensive set of an organization’s practices for recruiting, managing, developing, and optimizing employees (as an intangible asset) in order to maximize their business value. Human Capital Management, or HCM, is the effective acquisition, employment, and development of a company’s employees through strategic and tactical practices, processes, and applications in order to maximize their economic value.

To be most effective, the set of Human Capital Management practices, processes, and applications should be focused on the organizational need to provide specific competencies.

Human Capital Management (HCM) transforms the traditional administrative functions of human resources (HR) departments—recruiting, training, and payroll, compensation, and performance management— into opportunities to drive engagement, productivity, and business value. HCM considers the workforce as more than just a cost of doing business; it is a core business asset whose value can be maximized through strategic investment and management—just like any other asset.

The term HCM can refer both to a business strategy and a set of modern IT applications and other technologies that are used to implement that strategy. Though sometimes used interchangeably, the terms related HR, HRMS, and HRIS do have subtle distinctions:

The explosive growth in ecommerce makes it an increasingly valuable, and even essential, tool that enables businesses to

1. **HR:** Refers to a set of traditional employee management functions that includes hiring, job and position management, global HR compliance, and reporting.



2. **HCM:** Encompasses the same processes, but also includes workforce rewards and talent and workforce management.
3. **Talent management:** Looks at the strategic management of talent throughout the talent lifecycle. It includes sourcing and recruiting candidates, goal and performance management, learning and career development, talent review, and succession management.

## 2. Significance of Human Capital Management

Human Capital Management is different to Human Resource Management in terms of its scope, empirical dimensions. The dimensions which are more focused in Human Capital Management are presented in table-1.

**Table-1:Dimensions in Human Capital Management**

<p><b>Attract and Retain Talent</b></p>	<ul style="list-style-type: none"> <li>• Increase hiring speed and quality by quickly sourcing and recruiting the right candidates. Increase engagement with work-life solutions that help motivate employees and deliver a superior employee experience.</li> <li>• Retain and nurture talent by providing professional learning and growth opportunities.</li> <li>• Increase bench strength by proactively planning for succession in leadership and other key roles.</li> </ul>
<p><b>Optimize Workforce Management and Spending</b></p>	<ul style="list-style-type: none"> <li>• Differentiate compensation by allocating the right mix of monetary and nonmonetary rewards.</li> <li>• Manage time and labor, scheduling, and related expenses.</li> <li>• Maintain expenses for specific projects and other costs.</li> <li>• Build a pay-for-performance culture.</li> </ul>
<p><b>Respond with Agility to Change</b></p>	<ul style="list-style-type: none"> <li>• Align people strategy with business strategy.</li> <li>• Anticipate workforce attrition with powerful insights.</li> <li>• Adjust the workforce quickly to organizational changes.</li> <li>• Tailor HR processes to account for unique needs.</li> </ul>
<p><b>Streamline HR Operations</b></p>	<ul style="list-style-type: none"> <li>• Consolidate disparate HRMS.</li> <li>• Leverage analytics for more intelligent workforce decisions.</li> <li>• Automate manual processes globally and locally.</li> <li>• Accelerate HR processes with self-service.</li> </ul>

## 3. Brief Overview of Organized Retail Sector in India

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. Total consumption expenditure is expected to reach nearly US\$ 3,600 billion by 2020 from US\$ 1,824 billion in 2017. It accounts for over 10 per cent of the country’s Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world’s fifth-largest global destination in the retail space. India is the world’s fifth largest global destination in the retail space. In FDI Confidence Index, India ranks 16th (after U.S., Canada, Germany, United Kingdom, China, Japan, France, Australia, Switzerland and Italy).



### **Market Size**

Retail industry reached to US\$ 950 billion in 2018 at CAGR of 13 per cent and expected to reach US\$ 1.1 trillion by 2020. Online retail sales are forecasted to grow at the rate of 31 per cent year-on-year to reach US\$ 32.70 billion in 2018. Revenue generated from online retail is projected to grow to US\$ 60 billion by 2020.

Revenue of India's offline retailers, also known as brick and mortar (B&M) retailers, is expected to increase by Rs 10,000-12,000 crore (US\$ 1.39-2.77 billion) in FY20.

India is expected to become the world's fastest growing e-commerce market, driven by robust investment in the sector and rapid increase in the number of internet users. Various agencies have high expectations about growth of Indian e-commerce markets.

Luxury market of India is expected to grow to US\$ 30 billion by the end of 2018 from US\$ 23.8 billion 2017 supported by growing exposure of international brands amongst Indian youth and higher purchasing power of the upper class in tier 2 and 3 cities, according to ASSOCHAM.

The statistics on progress of Indian Retail Industry as prescribed in the IBEF report on Indian Organized retail industry is presented in figure-1.



Figure-1: Progress of Indian Retail Industry (source: IBEF report on Indian Retail Industry,2019)



#### 4. Objectives and Methodology

The paper makes insights on the impact of select dimensions of Human Capital Management on the Employee performance in 6 select retail companies. The study further presents the recommendations for the betterment of performance of retail companies in the successful utilization of its human capital.

Since the study is based on Ph.D Research Work submitted to Sri Krishna Devaraya University, the paper presents the select highlights of the field survey results obtained from the field survey organized in 3 select Metropolitan Cities such as Chennai, Benaluru and Hyderabad. The sample respondents are the employees working in different cadres, the sample size is collected using Multi-stage purposive sampling method.

#### 5. Analysis of Survey Results

The study is organized on the 6 select companies namely ‘DMart, Vishal Mart, Spencer’s, Reliance Fresh, More Retail an Big Bazaar’. The results obtained from the field survey are presented here.

##### A) Perceptions of the Workforce on the Influence of Procurement practices on the Employee performance

The survey results presented in table-2 show the overall perception on select dimensions in the procurement of human capital. With reference to ‘my company prepares job analysis before issue recruitment notification’, it is observed that, among the total 673 respondents, 298 respondents have given ‘yes’ and 258 respondents have given ‘no’ and 117 respondents are unable to respond to the statement. With regard to ‘Interview and selection process is conducted transparently’, 263 respondents have answered ‘yes’ and same number of respondents have opined ‘no’ and it show the dilemma that, the respondents are not sure about the transparency in the conduct of interview and selection process. With regard to ‘sufficient staff is available in retail outlet where I am working’, majority of them have answered ‘no’ and this gives an indication that, the employee respondents have been facing the problem of lack of sufficient staff which is causing them to work more than they are supposed to do. For the statement on ‘goals of the company is explained to every employee in my retail outlet’, it is to notice that, majority of them have answered ‘no’ which show the evidence that, most of the respondents are unaware about the goals of the company. With reference to ‘job responsibilities are fairly explain my workplace’, majority of them have rated ‘no’ and this also show the evidence that, employees who have been working for the retail company are not much aware about the job responsibilities and there is a need for making the to understand the responsibility to make the work to be done fairly.

**Table-2: Perceptions on Procurement of Human Resources**

Sl.No.	Statement	Yes	No	Can't say	Total
1.	The company which I have been working conducts Job Analysis before they release the Employment notification.	298	258	117	673
2.	Transparency in the Recruitment and selection process can be witnessed in every position.	263	263	147	673
3.	The company which I work have sufficient staff engaged in retail outlet.	155	370	148	673
4.	Every employee can visualize the goals of the Retail company.	189	351	133	673
5.	Every employee is given due information on roles and responsibilities	148	420	105	673
6.	The Offer Letter contains the nature of job and expected credentials of the employees.	422	165	86	673

Source: field survey





With a view to analyze whether significant differences in the perception exist among the employees of 6 select companies, ANOVA of one-way classification is applied to evaluate the null hypothesis, i.e., Perceptions of the employees of 6 select retail companies do not diff on procurement practices and its impact on Employee performance and the results are shown in table-3.

**Table-3: ANOVA results**

ANOVA					
Overall response					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.443	5	.089	1.145	.335
Within Groups	51.631	667	.077		
Total	52.074	672			

The ANOVA results reveal that, the computed p-value is 0.335 which is above than the significance level, i.e., = 0.05(5% level of Significance), hence null hypothesis is accepted. Hence, it is proven that, Perceptions of the employees of 6 select retail companies do not diff on procurement practices and its impact on Employee performance

**B) Analysis on Significant Differences in The Perception of Employees on Select Dimensions of Human Capital Management**

Since the study is based on 6 select retail companies’ employees, an attempt is made to evaluate whether there is a perceptual differences exist among the employees. To evaluate on this, each dimension is tested using ANOVA test and results are presented in table-4.

**Table-4: Consolidated ANOVA Results**

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Procurement of Human resources will influence Employee performance.	Between Groups	1.144	5	.229	.131	.985
	Within Groups	1168.205	667	1.751		
	Total	1169.349	672			
Empowering practices influence the Employee performance	Between Groups	26.297	5	5.259	6.470	.000
	Within Groups	542.208	667	.813		
	Total	568.505	672			
Workplace motivation influence the Employee performance	Between Groups	7.075	5	1.415	.753	.584
	Within Groups	1252.672	667	1.878		
	Total	1259.747	672			
Welfare measures influence the Employee performance	Between Groups	1.938	5	.388	.710	.616
	Within Groups	364.383	667	.546		
	Total	366.321	672			
Retention practices influence the Employee performance.	Between Groups	4.490	5	.898	1.554	.171
	Within Groups	385.516	667	.578		
	Total	390.006	672			
Monetary benefits influence the employee performance.	Between Groups	8.241	5	1.648	3.731	.002
	Within Groups	294.686	667	.442		
	Total	302.927	672			
Job related activities influence the Employee performance	Between Groups	2.199	5	.440	.931	.460
	Within Groups	315.141	667	.472		
	Total	317.340	672			



Maintenance practices influences the employee performance.	Between Groups	.907	5	.181	.485	.787
	Within Groups	249.345	667	.374		
	Total	250.253	672			
Satisfaction at work influences the Employee performance.	Between Groups	3.391	5	.678	1.343	.244
	Within Groups	336.858	667	.505		
	Total	340.250	672			

Source: field survey

With reference to the statement, i.e., Procurement of Human resources will influence Employee performance, it is observed that, the computed p-value is 0.985 which is higher than 5% level of significance, hence null hypothesis is accepted., hence, there is no significant difference in the perception of the employees of select companies on ‘Procurement of Human resources will influence Employee performance’. With reference to statement, ‘Empowering practices influence the Employee performance’, the null hypothesis is rejected, hence, it is proven that, perceptual differences among the 6 select companies exist. For the statement on ‘Workplace motivation influence the Employee performance’ , ‘Welfare measures influence the Employee performance’, ‘Retention practices influence the Employee performance’, ‘Job related activities influence the Employee performance’, ‘Maintenance practices influences the employee performance’, ‘Satisfaction at work influence the Employee performance’, the computed p-value found greater than 5 percent level of significance, hence null hypothesis is accepted which proves that the perceptual differences among the 6 select retail companies’ employees are not significant. Whereas for the statement ‘monetary benefits influence the employee performance’, the null hypothesis is rejected proving the perceptual differences found significant among the 6 select retail companies. From the survey it is to interpret that, monetary benefits and empowering practices have significantly influence the employee performance.

### Conclusions

The study proven that, the Human Capital Management practices are significant in terms of the benefits that it can build in keeping the employees remain comfortable in the organizations. Especially in retail sector, where the attrition rate is very high in comparison with other services industry, retaining employees is a typical challenge for the HR managers and the organization need to ensure that the proper Human Capital management practices are adopted to make the employee to sustain in the organization. Further, the field survey results clearly reveal that, the employees are not having positive opinion on the transparency in recruitment and selection process. Further, the majority of the employees from the survey felt that, the staff is not sufficient, hence there is need for the retail companies to fill the positions to reduce the over work burden to the existing employees. The company need to give proper training along with highlighting the goals of the company and the role of HR managers is vital in providing proper information about the roles and responsibilities in the select retail companies.

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