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1.0 Introduction

The Indian economy has been going through a paradigm shift which has addressed a number of challenges while resolving quite a few. These changes have resulted in the advent of many industries referred to as Sunrise Sectors but at the same time many industries started facing the issue of survival and were hence referred to as Sunset Sectors.

Retail in simple words can be explained as the transaction for exchange of goods and services. Retail is the final point beyond which the purchaser just consumes the goods and services and not gets involved in resale of the goods. Retail is the first hand transaction with the customer. Retail was defined in 2004 by High Court as a sale for final consumption in comparison to a sale for further sale, a sale to the final consumer. Retailing is the interface between final consumer and the producer for individual consumption. A retailer is involved in the transaction of selling goods or services to the final consumer at a margin of profit. Indian Retail is seeing very rapid changes. There was a time when the Indian Villages used to be self reliant and were majorly on barter exchange which gradually saw a shift with a greed to earn and people also wanted more of variety. So normal barter changed into small markets in the villages, haats and melas where people used to find a lot of variety of goods at reasonable prices. These small shops, haats and melas gradually took shape of Retail. These small shops were called Kirana Stores. These Kirana stores became bigger and with better variety of goods and services. With a little more technology peeping in these bigger shops took form of Departmental Stores. 1990s saw an emergence of shopping malls where an uneducated shopkeeper was replaced by the professional’s expertise in Retail. Now the customer enters the store or the mall with lots of convenience, control and choice. Retailing can be there for clothing, jewellery, food, footwear, grocery, consumer durables, watches, books, mobiles etc. According to the Investment Commission of India (ICI) estimates, In India there are around 15 million Mom and Pop retail stores.

1.1 Retail Patterns in India:

Some of the retail formats in India are in following pattern:

1.1.1 Mom and Pop stores: These are individually owned retail stores where the ownership passes from the family. These stores have a lot of personal touch. As per the
Business Dictionary a Mom and Pop Store can be defined as, A small independent, usually family owned, controlled and operate business that has a minimum amount of employees, has only a small amount of business volume and is typically not franchised, therefore open for business only in a single location.

In the mom and pop stores as shown in the above picture specialized books are available. A good example of this type of store can be local general stores. In the past Mom and Pop stores used to be the social hubs of the town as people would come there not only for shopping but also for meeting each other. These stores would have locally produced goods. The corner medical shops are a common example for Mom and Pop stores which have been owned by the same family for generations’ altogether. These stores would not necessarily have only prescribed medicines but also a choice of over the counter drugs, gifts, comic books, cold drinks etc. These medicine stores or chemist shops also act as a centre for social activity in the society. Mom and Pop stores exist even now in form of Pan Shops, Grocery Shops, Coffee or Tea Shops etc. Especially in case of India Mom and Pop Stores exist in quite a larger number.

1.1.2 Super Markets/Hyper Markets: D Mart, Big Bazaar, spencer are a few egs. Of Supermarkets where the consumer gets the choice, convenience and control. A hypermarket as per Wikipedia is a superstore which has a capacity to combine a department store with a supermarket. Super or Hyper market is an expansive retail extension which has the capacity to sell a wide range and variety of products under
same roof including all the groceries and merchandise. A customer can fulfill his entire shopping requirement in a single trip to the hypermarket.

Above picture is of Walmart, one of the first supermarket/department stores. As the supermarkets could be a threat to the small kirana or grocery stores, a lot of Western countries like France have come big way on controlling them by enacting some laws, and economic leverage. In the past supermarkets used to be located outside of cities covered by the extensive car facilities as in the centre of the cities space was an issue. Now the supermarkets or department markets have come inside the city boundaries because the basement parking has come in. Supermarkets are found in Japan in urban areas and less populated areas too. In Japan hypermarkets are encouraged by the government as there are mutual investments by the stock markets to run the hypermarkets.

1.1.3 Departmental Stores: Shopper’s Stop, Westside are the departmental stores which offer quality and service. A Departmental store is a retail shop offering various varieties of merchandise under different product categories known as departments. There could be department stores for Furniture, home appliances, cosmetics, toys, sports goods, toiletries, baby products, pet products, jewellery, books, food etc. A few department stores are a part of the retail chain.
1.1.4 Shopping Malls: In the shopping malls all the facilities ranging from food to foot wear are available under one roof. Along with shopping, food court, entertainment and fun zones are also available. Shopping malls also have movie theatres.

Above is the picture of a shopping mall. In the shopping malls there are inter connected walkways which give the visitors convenience of walking from one unit to other. In the early 19th century when the traders moved into spacious places called high streets, that is when the wealthier people developed shopping malls. New innovations were included like escalators to the shopping mall especially the automobile shopping malls. In Europe,
South America and Australia Shopping Malls are referred to as Shopping Centres, In North America as Shopping Malls, In United Kingdom Shopping Malls are called as Shopping Precints. Malls simply mean a collection of shops. In Britain they are called as arcade.

1.1.5 Convenience Stores: These stores are little expensive but are there at convenience of the shoppers near to their residences. Convenience Store is a small grocery store which keeps the convenience grocery inventory for everyday use like grocery, cold drink, toiletry etc. Convenience stores are a convenient supplement to larger stores. These stores may be on busy roads in cities, near railway stations or bus stops. Some convenience stores may have 24 hours work schedule. The convenience stores keep inventory in smaller quantities and they get the same at higher prices from the wholesalers but they compensate for the same by keeping the store open for longer hours. Below is the image of a Convenience Store in Japan:

![Convenience Store in Japan](image)

1.1.6 Discount Stores: These stores are factory outlets which give a lots of discounts and announce sales of the factory products. The discount stores sell the products at much lower price than the market price. The discount stores offer a variety of goods with a clear focus on prices being lower. Service, Display and wide choice is not paid much of attention in the discount stores. Discount store may specialize in single merchandise like denims, shirts, shoes, jewellery, electronic appliances etc. Some of the brands like Aldi, Adidas, Levi etc operate 1000s of discount stores worldwide.
Above is the picture of Walmart Discount Store. From 1950s to 1980s Discount stores were more popular than the malls or supermarkets. In late 1980s 42% of overall market in US was captured by Discount Market which increased to 87% in 2010. Now the recent development in discount stores is the Discount Department Stores. For example: Sears Essential.

1.1.7 E-tailers (Online Shopping) : On this platform retailers sell online and customers buy online. E - Tailing is also known as Online Shopping or electronic commerce. Electronic commerce is a platform where the consumer can buy directly from the seller online by using internet and web browser. There are many names to this type of shopping like e-store, web – shop, e-web-store, online store, virtual store. There can be Business to Consumer (B2C) Online shopping when a consumer is buying from a retailer or business. There would be Business to Business (B2B) online shopping when one business is buying from another business process. The largest online retailers are Flipkart, Jabong, Amazon, eBay etc. Now the retailers have become fans of online retailing and they are trying to create online space for themselves. For eg. Kishore Biyani is taking Future Group to next level by focusing more on B2 B and B2C retailing. Retailers try to cover all the opportunities of selling by online shopping which are not covered by in store shopping. Online shopping opens new markets and foot falls for the retailers and opportunities for the stores. Online shopping also opens offshore markets demands, supply and services. Online shopping was brought to the world by Michael Aldrich in 1979. 1980s came up with Videotex Technology which
supported and connected online consumers, suppliers, distributors and services. This technology allowed business transaction to be processed electronically and online. Tim Berners lee came up with first web browser in 1991. And slowly technological innovations started by 1994 by online banking, pizza, and burger etc.

1.1.8 Specialty stores: These stores deal with specialty services for eg. A Hair Saloon specializes in hair and related services. These stores carry a marketing focus which is very narrow. These stores are specific on products like clothing, toys, shoes etc. They also specialize in the target group like woman, man, children etc. These stores have much better stock in comparison to a general store. The speciality stores market themselves on the basis of special products which they have, they build their brand image around the specialization.

![Image of Walnut Store of Katra, Jammu and Kashmir.](image)

Above pictures shows Walnut Store of Katra, Jammu and Kashmir.

1.1.9 Category Killers: These are also known as Multi Brand outlets who focus on one brand only or one specific category like sports or electronic goods. The Category Killers have such a strong presence in the markets that the competitors are scared to enter that market. Competitors find it difficult to operate in these markets as category killers have a very high percentage of profits. A category killer can kill the real and virtual competitors. For eg.
eBay. This online site had almost a monopoly few years back. In year 2000 eBay earned 90% of the Consumer 2 Consumer market.

1.1.10 Vending: Coke, Pepsi and many other ticketing companies sell their products through Vending Machines. A machine which can dispense items like cold drinks, chocolates, beer, lottery and train tickets, chips, cigarettes etc. The machine dispenses the products after the consumer inserts cash or cash equivalent card into the vending machine. First vending machine came up way back in 1880s in UK, London. By 1883 these vending machines were used commonly for dispensing of postcards, envelopes. Now the vending machines have no limits on usage as they are being very commonly used for train tickets, money, premium payments etc. A product from the vending machine may drop in the drop box or an open compartment, post the money is paid by the customer. Some products are prepared in advance for e.g. a coke, while there are some products which are prepared on demand for e.g. a railway ticket, tea by the vending machine.
Retail Sector is not only expanding but also modernizing. This trend began in late 1990s and early 2000s. Although there was a strong unorganized sector but still many industrial houses entered retail sector with very wide expansion plans. These industrial houses also collaborated with foreign retail players. The Retail Sector of any country would be divided into Organized and Unorganized retail. Organized retailing refers to all the trade activities which are undertaken by the licensed retailers which means they are registered for income tax, sales tax etc. For example hyper markets with corporate backing, privately owned retail businesses, and retail chains. Unorganized sector of retail on the other hand is the one which may not be under license raj and are traditional formats with low cost retailing like hand carts, vendors on the stations and the markets, kirana shops etc.

Organized retail can be defined as chain of stores which could be owned by a single or central entity or a large single store. In developed countries retail is all organized so this word is rarely used but in developing countries like India gap of organized and unorganized is very vast. Organized Retail has just begun in our country.

Following table shows the share of Organized and Unorganized retail in the retail sector:

Table 1.1 Organized and Unorganized Retail
<table>
<thead>
<tr>
<th>Country</th>
<th>Total Retail Sales (USD)</th>
<th>Share of Organized Retail (%)</th>
<th>Share of Unorganized Retail (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>$2,983,000,000,000</td>
<td>85%</td>
<td>15%</td>
</tr>
<tr>
<td>Japan</td>
<td>$1,182,000,000,000</td>
<td>66%</td>
<td>34%</td>
</tr>
<tr>
<td>China</td>
<td>$785,000,000,000</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>$475,000,000,000</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>France</td>
<td>$436,000,000,000</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>Germany</td>
<td>$421,000,000,000</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>India</td>
<td>$322,000,000,000</td>
<td>4%</td>
<td>96%</td>
</tr>
<tr>
<td>Brazil</td>
<td>$284,000,000,000</td>
<td>36%</td>
<td>64%</td>
</tr>
<tr>
<td>Russia</td>
<td>$276,000,000,000</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>South Korea</td>
<td>$201,000,000,000</td>
<td>15%</td>
<td>85%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>$150,000,000,000</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>Poland</td>
<td>$120,000,000,000</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>Thailand</td>
<td>$68,000,000,000</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>Pakistan</td>
<td>$67,000,000,000</td>
<td>1%</td>
<td>99%</td>
</tr>
<tr>
<td>Argentina</td>
<td>$53,000,000,000</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>Philippines</td>
<td>$51,000,000,000</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>$34,000,000,000</td>
<td>55%</td>
<td>45%</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>$34,000,000,000</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>$26,000,000,000</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>Hungary</td>
<td>$24,000,000,000</td>
<td>30%</td>
<td>70%</td>
</tr>
</tbody>
</table>

Source: Impact of Organized Retailing on the Unorganized Sector
As per the above table USA leads in the organized retail and Pakistan leads in the unorganized retail. Rest other countries are lying in between the extremes with India having a proportion of 4% of Organized Retail and 96% of Unorganized Retail. There is a long way for India to go till the development of Organized Retail is concerned.

Following diagrams show quarterly growth in retail sector:

Figure 1.0a Organized and Unorganized retail

Figure 1.0b Organized and Unorganized retail
1.2 **Reasons for the current study**

Keeping in mind, that the Sunrise Sectors are going to drive economies across the world, one needs to understand the issues that could encourage or stall/slow down their growth rate. In India unorganized retail has a very heavy chunk of 92% and organized sector just at 8% but it is expected to grow to 20% by year 2020. Organized retail is expected to grow around 25%. If we look back at the Indian Economy and analyze the reasons, one finds that employee related issues have been the most common problems for Indian organizations. Many organizations in India have failed due to labour/employee related issues. This sector is a labour intensive sector because retail has become very modern. Modern retailing has all the formats like shopping centers, food courts, entertainment and fun zones, and multi storied malls all under one roof. And to run all these formats there is a very high demand of cheap labour with basic education.

This is the key reason for undertaking the research project titled **Employee Retention Strategies – A Study of Organized Retail in Mumbai in Future**
Group. Sectors such as retail are very labour intensive and the fortune of the organization depends on the workforce available and retained. One also needs to appreciate the fact that the sector is new and the supply of workforce is limited. The only ways in which new and growing players can meet its workforce requirements is by either recruiting untrained workforce and train them for the job gradually or poach their manpower requirements from their competitors. Companies often fail to understand and appreciate that retention is better than recruitment. This research will also explore this issue and suggest ways and means of retaining employees so that attrition rates fall and the cost of recruitment comes under control. There have been various efforts made by organizations to retain employees like giving financial incentives to senior executives and star performers. But by doing so the companies are paying attention to the senior lot only and are ignoring the normal employees of the company. It’s very important to combine the financial and non financial incentives and also the attention has to be paid to the best employees who are at a major risk of leaving. These identified few must be taken care of at right time so that they can be motivated to work better in the same organization. It has to be understood by the companies that retention is more than money and so care has to be taken on securing and preserving the talent. Mindset of the organization plays a very important role. A sound retention strategy should focus on 4 important areas namely performance, loyalty, communication and competitive advantage. An individual feels more loyal to a company if the organization relates his performance to the business performance and he is held responsible for the growth of the company. Loyalty builds up strongly on the condition of individual performance being connected to the collective growth of the organization. If an employee feels that the business objectives are being met due to his contributions then he feels all the more motivated to work harder and add to the business growth. Second most important element is the continuous communication with the employees about their performances. They have to be time and again informed about how their performance is adding to the business objectives and how otherwise can they contribute additionally. Continuous and regular feedback with the employees gives a clear picture of how the employee
feels working for the company, the quality of business environment of the company. Employee’s morale can be known due to the effective communication.

1.3 General Factors of Indian Organized Retail:

Indian Economy has been booming and that is one reason for the growth of Indian Organized Retail sector. Young working and rich population, nuclear families, double income families, western culture, High disposable income, luxurious spending are a few reasons and factors for the growth of organized retail sector in India. Indian Organized retail sector in year 2003 had absorbed 4.5 million square ft of space in malls. In 2010 Indian organized retail sector has risen to US $ 23 billion. Our Indian Companies like Reliance Industries Limited, Bharti telecoms, Future Group have been continuously investing in the retail sector. As there is such a huge investment there is bound to be growth of the organized retail sector in India. Global retailers like Wal-Mart, Tesco, Carrefour SA, Metro AG are a few of them who are investing in the retail industry of India and it has resulted in the growth of the organized retail sector in India. There are many more reasons for the growth of Indian Organized retail sector. But if we desire that this growth should be continuous, it’s important that the government and the Indian retailers work hand in hand. Following diagrams shows the growth of retail in various countries:

**Figure 1.1 Retail Growth across countries in 2004**
India is on the threshold of retail revolution due to various socio-economic factors. Some of the crucial factors that are helping Indian retail market to become organized are improving demographic profile, rising disposable income, tastes and preferences of the consumers improving and healthy economic growth.

Elaborating on a few factors:

1.3.1 Middle class consumers: The middle class consumers of Indian market have greater disposable income resulting in rising demand. This is an opportunity for the retail market to pick up. The middle class expects quality products at the reasonable prices. Retail is able to fulfill this demand by offering variety of products at reasonable prices. Infrastructure and income are improving and resulting in enlarging consumer markets and meeting the consumer’s tastes and preferences.

1.3.2 Working Women: Characteristic feature of population in India is improving. No. of women who are working is rapidly increasing. As they are working their purchasing pattern is very different than the women who are just managing the houses. Literate, qualified and urban woman is making all the difference. As the working women have less time at disposal they prefer to have convenience of buying all the household items under one roof. That is where the malls and retail get into action.

1.3.3 Value for money: Organized retailers like Big Bazaar, reliance etc play in high volume and benefit from the economies of scale of production and distribution. These retailers
can offer products at reasonable prices as they eliminate the intermediaries in the distribution channel. As the profits in this sector are high lots of competitors are entering.

1.3.4 Rural market: Rural market has been emerging in India very fast. Once underestimated rural consumers are demanding a lot from the consumer basket. Rural consumers are not only price conscious but also quantity and quality conscious. Rural market is facing tough competition in retail sector. Organised retailers have to use a different strategy in the rural market to satisfy the rural consumers. Retail being having the deepest penetration in the villages of India, it is proving to be the largest source of employment after agriculture.

1.3.5 Corporate Sector: Corporate sector has entered retail market in a big way. Tata, Birla, Reliance, who have capability to provide quality, product and entertainment are the big players of the retail market. Corporate sector is revolutionizing the retail sector.

1.3.6 Foreign Retailers: 1990s liberalization has attracted the interest of lots of foreign retail competitors. Organized retailing is getting boosted because of joint ventures and franchising with the foreign retailers and multinationals.

1.3.7 Impact of technology: Computerization, Electronic media and marketing information systems have changed the face of the Indian Retail Sector. India’s growing population and the consciousness of the consumers about variety of goods and prices is leading to wider scope for organized retailing. Usage of internet for online retailing has given a boost to the retail sector. Bar Codes are also one of the innovations for the retail sector.

1.3.8 Rising income: Better literacy level has exposed the Indian population to better income. This growth in income has taken place not only in the cities but also in the remotest of towns. This increase in income has resulted in a rising demand for better quality goods. The evolution in retail can be credited to better literacy and rising income levels. Spending habits of the consumers are rising because they want to look different and try new technology and new things.

1.3.9 Media explosion: Indian population has been exposed to various countries consumption and lifestyle pattern due to the explosion in media. The expectation of the consumers for better brands and value for money is rising.

1.3.10 Consumerism: Rising consumerism has led to an aware, knowledgeable and demanding consumer. The growing consumer expectation has forced retail to change its format as
per the consumer demands. Customization, religionalization and regionalization have become the talks of the town. If the organized retailer wants to grow he has to take care of the consumer’s convenience, demand, time, location, convenience etc.

**Figure 1.2 Multiple Drivers leading to Consumption Boom**

It is crucial to understand how the retail market works in Indian Economy. We have to accept that it is playing an important role in our lives from socio-economic perspective. Majority of Indian consumer still prefers traditional way of retailing like kirana shops, paan beedi shops, weekly haats, and hardware stores.

### 1.4 Attrition

Attrition can be defined as, A fall in number, size and strength of the employees, which may be due to work or personal stress, harassment at work, resignation, retirement, sickness or death. Attrition can also be defined as a reduction in no. of employees without
them being asked to go (fired) OR when there is a gradual rise in no. of employees resigning. It can also be defined as detachment of an employee from the organization for the reason of friction. Attrition can also be defined as loss of human resource due to spoilage or obsolescence. Attrition is a process of declining strength or effectiveness due to continuous pressure. As per Merriam, Attrition is the reduction in the number of employees or participants that occur when people leave because they resign retire and they are not replaced. It can also be defined as the act or process of weakening and gradually defeating an enemy though constant attacks and continued pressure over a long period of time. In the work environment attrition can be defined by HR as reduction in the size of employees or work force which may be resignation by the employee or firing of the employee. As per HR attrition can lead to loss in productivity and the sharp increase in cost which happens due to replacement of the employees.

1.4.1 General causes of Attrition:

Every organization puts lots of effort in searching for the right talent for the organization. This effort is tangible as well as intangible. So when this talented employee leaves the organization, it leaves a big vacuum in the organization along with the frustrations. It is that is why all the more important to understand why an employee leaves the organization. A few causes are as mentioned below:

1.4.1.1 Leadership: In lots of organizations effect is because of cause. Leaders are wondering why the employees are leaving without realizing that they themselves are reasons for the attrition. Any talented employee would ask for nothing more but an ideal work environment in forms of recognition, respect, encouragement and motivation. If the employee is not able to get a satisfactory work environment, which is the responsibility of the leader or manager than the talented employee is bound to leave the organization. Leader has to mould his working style to the employees of the organization.

1.4.1.2 Poaching: Talent is appreciated not only within the organization but also from the other organizations. Everyone likes to grab the best. Other organizations try to tempt the talented employee with much better perks, salaries etc. Although it is difficult to raise the salary of the talented employee but the organization should
put an effort to motivate the employee by non monetary rewards so that he can be retained in the organization.

1.4.1.3 Development Road path: In an organization there are a few employees who are content with same job for years altogether and are not much bothered about the career growth. Such people do not leave the organization as they are used to the work atmosphere and the routine jobs. But there are aspiring others who want a very fast growth, get bored of routine job, and want to do something challenging every day. Managers have to be careful of such employees in terms of mapping their career graph. These aspiring employees have to be motivated continuously by showing the right direction on career path.

1.4.1.4 Insecure environment: Business world of today is not as stable as the one which was existing in the past. Now change is the game with everyday coming out with a different business story. Leaders and the leadership keeps changing every now and then with merger and acquisitions being very common process. With every merger there is a redefining of the organization building up insecurity of jobs in the minds of the employees. It’s very crucial at this time for the business leaders to handle these insecurities with the employees by assuring them of the job and the salaries.

Attrition may be there because of following responsible factors:

1. Employee
2. Compensation & Job Profile
3. Supervisor or Manager

One of the poll results had shown the following results:

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Employee</td>
<td>8.03%</td>
</tr>
<tr>
<td>Compensation &amp; Job Profile</td>
<td>53.82%</td>
</tr>
<tr>
<td>Supervisor or Manager</td>
<td>38.15%</td>
</tr>
</tbody>
</table>
Fig 1.3 who is responsible for attrition?

1.4.1 Employee as a reason for attrition:

It was a very less percentile of around 8% of HRs who felt that employees leave organization on their own. Employees are not self motivated to leave an organization unless there are personal reasons like brand of the company, location of the organization, family issues or relationship with the peer. Employees don’t like to leave their work or the organization if there is no reason. It is crucial to know the employee’s reason of attrition if manager or salary is not the reason for attrition. Exit Interviews and Employee Satisfaction Surveys can help us know the exact reasons of employee attrition. If regular analysis of the employee survey’s are done than future guidelines for HR can be build.

1.4.2 Supervisor as a reason of attrition:

Supervisor or Manager is the biggest reasons for attrition. It has been found in research in the past that most of the times employee leaves the manager /supervisor rather than the organization. Most of the managers fail in satisfying the employee’s unlimited expectations. They get so annoyed by the demands of the employees that over a period of time they stop listening to the employee’s reasonable demands too. Manager put targets on higher priority and satisfaction of the employees at the lowest level. Managers should be given training by HR on how employee satisfaction can be handled as a healthy employee is the sign of a healthy organization. A
manager should continuously on daily/weekly basis counsel an employee on not only regular targets but also on managing career growth. HR should be able to do a performance mapping of not only the employee but also the manager and if there is a performance gap between the employee and the manager it should be addressed at right time.

1.4.3 Compensation:

Compensation and job profile are the basic reasons of attrition. An exit is generally expected if there is disparity in the compensation package and there is mismatch of the job profile. Every organization wants to pay the employees the best but because of the slow growth of the economy, expensive skilled labour they are unable to do so. Whatever may be the factors but a fair and transparent compensation policy is the right of the employee. If an employee is happy with the salary which is being paid to him than major dissatisfaction of the employee is handled. The balance of dissatisfaction can be handled by providing the employee with regular performance appraisal and motivation.

1.5 Remedial Measures of attrition:

1.5.1 People and Communication – Conflicting Communication can happen owing to frustration and friction between the employees and employer at various levels. Organization communication/miscommunication can also lead to frustration. If an employee is frustrated he can be easily pulled by competitors. If an organization does not want to lose the talent and the people they must communicate effectively about the goals and expectations. If the organization keeps the achievable and measurable targets than there shall be development of respectable environment. A manager cannot be expected to develop his juniors till he is clear of his path of development. There should be accountability for the desired changes.

1.5.2 Work Assignments – Sometimes Attrition happens even if there is monotony of the work. So an efficient manager is the one who is able to provide creativity in the work and
assignments. For eg. Working on the excel sheet and a lots of data. Secondly attrition can be there if the performance expectation mapping is not done or an employee is made to work differently than his skill set without providing any training. Commitment from an assignment would be there only if that task is challenging, growth oriented, responsible and autonomous. It is preferable that the boring jobs are redesigned. There should be regular review of current and future business needs. Skill gaps should be traced and fulfilled at the right time. Skill development strategies should be communicated to the employees at appropriate time.

1.5.3 Career Opportunities: If an employee finds the present job insecure or lacks career growth opportunities than the chances of attrition are very high. Some of the HR of a few organizations feel that if they show the assured career growth to the employee, he would take it as assured promotions and that is why the HRs hesitate to share the career map with the employees. HRs were taken by surprise when they found a few employee leaving because of this reason. It is crucial to give a clear career growth map to the employee. There should be proper guidance on how one can manage his career.

1.5.4 Infrastructure: Investment in employee is a necessity for the organization. If an employee is not satisfied with the compensation paid then that’s a common reason. Nowadays employees feel dissatisfied if they are not trained or they are not learning anything in the organization. Learning remains a greed for the skilled employees. Employee retention and learning are directly related to each other. HR initiatives like leaves, holidays etc also are the carrots to retain the employees.

1.5.5 Company: Retaining an employee becomes a challenge if the individual decides to leave the organization for the reason of geographic location, client base, choice of a different industry, nature of business etc. If HR encounters an employee giving these reasons than they should try to find if these are presentable excuses or genuine excuses. If an employee gives the reason of location or nature of the business as a presentable reason to leave that means he is expecting some flexibility from the organization. So the organization should try to find some alternative options for the employee. There can be option of converting a full time job to part time job, or giving the employee option of working from home, instead of travel conference calls can be used, opening of new businesses.
1.5.6 Fair and Competitive Salaries: Compensation is not the only attraction which an employee has but he shall not even expect if he is paid less than the market rates. A salary lower than the market rate can lead to faster attrition. Market standards have to be maintained by the company, as if the difference is more than 10% employees may either revolt or quit. Regular review of the compensation is a must. Discrepancy of the salary with the market rate should be avoided as much as possible.

1.5.7 Benefits: The way it applies to salaries in the similar way it applies to benefits also. An employee is quite attracted by the benefits and he quickly starts comparing if the benefits are not as per the market rate.

1.5.8 Roles and Responsibilities: Clarity on the job description is a must. Employees should be very clear about their day to day roles and responsibilities and the reporting structure. Employee should be also aware of what are the decisions he can take.

1.5.9 Retention Bonuses: Employees who have spent a little longer time in the organization should be rewarded not just with the certificate or medal but also with may be additional vacation, club membership, hike in salary, additional educational benefits for the kids of the employee etc. These can be a few incentives for staying longer in the organization.

1.5.10 Retention Accountability: Every organization should have someone responsible for reducing attrition. Although every company knows attrition is a problem they do not appoint any one responsible to reduce the attrition rate.

1.5.11 Employee Satisfaction Survey: Employer or Manager should be at a regular task of asking a few regular questions to the employee like what more you want from the organization. The questions should be such that the employee’s answers can give a judgment about the pulse of the organization.

1.5.12 An environment of teamwork: Teamwork encourages commitment, loyalty, working together spirit in the employees with better productivity, better use of resources, good customer service and a raise of morale. Teamwork can be there only if all the employees of the organization are aware of the mission, vision and goal of the organization. Sharing of ideas and discussion should be allowed.
Everyone should be given some role as a leader. Team members should mutually encourage and motivate each other.

1.5.13 **Identification of talent**: A best manager is the one who is aware of potential of his team and he should delegate the work as per the talent and potential of the employees. There should be a division of work besides the work for e.g. A person may be good in event management, someone else may be good at arranging a picnic or a poster competition, birthday parties, pot luck lunches, birthday parties etc.

1.5.14 **Equipment support**: Employees do not like to work on equipments which continuously keep knocking off, or there is backward technology. So the organization should avoid this situation and keep upgrading the technology at regular intervals. So a working pen and desktop can also do wonders to boost up the mood of the employees.

1.5.15 **Learning**: As every individual is always a learner, every organization should also remain a learner. An organization’s talent is known by the up skilled employees. So the organization should continuously encourage seminars, conferences, research, publication in journals etc. Every employee should have a schedule of learning and they must keep learning at regular interval of a week or a month or a year.

1.5.16 **Orientation and induction programme**: It is must to have an effective and well scheduled orientation and induction programme. This orientation can be for a slightly longer time and a senior staff should be doing so by introducing the new employee to every member of the organization.

1.5.17 **Valuing the employees**: It’s very important to value the employees going away from the rank or seniority structure. So a CEO as well as a peon should feel that he is required by the organization. An organization is made by the employees, so better the value of the employees better shall be the organization’s value.

1.6 **FICCI Report on Indian Retail - On the fast track:**
20 CEOs of various formats were interviewed to have answer to various questions like - Which segments and formats have the maximum potential? What is the right format for India? Are multiple formats necessary for success? Where are we today on the supply chain practices and IT usage? How good is the support infrastructure in terms of supplier maturity, real estate, space availability, financing etc? Where are we on people availability and capability? My interest remained on the last question as Attrition is the theme of my research. Indian retail has been very optimistic which is shown by the growth story of the retail sector. Rural market has been found to be the major untapped market by this report. So besides urban retail market rural retail market has lots of options.

**Figure 1.4 Where is the retail market opportunity in India**

The above diagram shows that although Metro cities in India have a greater scope for retail but there is retail presence in second tier towns and rural areas. It has been found by this report that although Indian Retail can get inspired by the International Retail Stories but the same can’t be replicated in the Indian market as the local conditions of India are different than the International markets. It was also found in this report that India is moving towards Mall over capacity and many malls in future may turn to be dead malls as we are constructing same types of malls. It’s very important to give a customization to the malls. This report found retail operations of SS Chain Management, loss prevention at
the nascent stage of evolution. Availability of the retail space and cost of the retail space was another challenge. The rate at which retail has been expanding talented manpower will be a shortage for the retail sector. Although there are some speed breakers in retail but it is still considered to be the one with lots of opportunities. Individuals and organizations who innovate shall remain the winners of the future. India has been facing a retail resource shortage. There has been a shortage of skilled resource and manpower in Indian Retail. Finding employees with right skill set like customer orientation are difficult to be found.

**Figure 1.5 Availability of Store and retail managerial skillsets in India**

![Graph showing availability of store and retail managerial skillsets in India](image)

The above graph very clearly shows the shortage of retail managerial skill in India. To fill up the talent gap it is crucial that the existing manpower should be continuously trained on the required skills. It was found by this report in 2004 itself that attrition in retail sector is going to become worst. If Retail sector is compared with the other sectors like ITES it has been found that attrition remains a worst problem in the retail sector.

**Figure 1.6 Attrition in Retail and ITes**
It has been found that there is lack of managerial level skill also in the retail sector. The way rapidly retail is growing, the demand for managers with good retailing experience is going to increase a lot. Competency and Retention can be expanded only if there is creative HR in retail sector, the way Costco has done. Proactive HR can do a lot to curb the retail sector attrition.

1.7 The Beginning of Organized Retail

First well renowned retail store was The Sears Automotive and Roebuck Store. This store sold household items, clothing and shoes in its own catalogue. They started expanding as large retailers in 1925 with their branches in household items and clothing catalogues. They have been growing and expanding since then in lawn, garden, automotives and optometry.

Every year retail has been expanding with the addition of new stores in the ever expanding markets. Wal Mart which is a clothing and mass merchant store has been able to manage a significant increase in their sales because of their selling point being they have a commitment to their customers of selling at the lowest prices. With this pricing strategy they are also able to manage the competition very well.
Retail is a sector which needs to be in media attention if they want to grow and generate higher amount of sales. Overall sales can increase with advertisements in newspapers, TV Channels, Theatres and even online websites. Customer’s attention can be grabbed with special offers, discounts and free giveaways so that the customers feel that they are getting incentives. In the Western countries this discounting culture is very old. Black Friday has been observed as a nationwide phenomenon with shopping being seen as a tradition on this day. Retail sales increase on this black Friday and it is considered as the Biggest Shopping Day. A day post thanksgiving is considered as Black Friday and retailers offer the biggest discounts on this day. 80% of the shopping of the entire year is done by the shoppers on this day. Price reductions are given on computers, small appliances and clothes.

Over the years retail sales have been focusing on comforting the shoppers by introducing credit cards for the preferred shoppers, happy hours are announced for the shoppers, early bird incentives are given by the restaurants and baby care centres are built in the malls to add to the convenience of the customers. Customers are also allowed to use and try the product before they actually buy the product. There has been a positive impact on the history of retail sales with retail sales being evolving in the past decade allowing customers to participate and enjoy the shopping experience.

1.8 Objectives of the Study:

1.8.1 General Objectives:

1.8.1.1 To provide a basic understanding on the functioning of Retail Sector in India: Retailing plays a very important role in the economic development of a country. Retailing gives a clear picture of spending pattern in a country. Retailing helps a consumer have better access to
products; consumer can have better merchandise, better variety and much better consumer satisfaction.

1.8.1.2 To look at the genesis of Organized Retail in India: This is the most young and the sunrise sectors in India. The economy is still getting conversant to the functioning of this sector. The retail formats of today have their genesis in Europe. The initial traders were Cretans, who were followed by Phoenicians. Phoenicians distributed the goods of Egypt and Babylonia. Romans were the next ones to follow. World’s first department store was in Rome. After Roman Empire’s disintegration only retailers were independent peddlers, who were followed by guilds, the group retailers. These guilds used to be an important part of Fairs. The developments of the modern retail were initially witnessed in North America. From 1950 to 1970 there was emergence of major players and formats. 1980s saw the growth of superstores and retail category killers and competitors. 1990s was called as an Internet era.

1.8.1.3 To understand the concept of Attrition, its causes and effects: Attrition can be understood as reduction in number of employees due to resignation, death or retirement. Attrition can happen because of various reasons and it is difficult to control one or all the reasons. Organizational matters, working environment, job pressures, salary or even personal reasons could be a few reasons for attrition. Clashes with the managers/supervisors are major reasons for attrition. Effects of attrition are very heavily on the company/organization, as the company loses in terms of talent, discontinuity of understanding of the job and the system. Every new employee takes at least 3 months to adjust with the new organization. This sector also experiences a very high attrition rate. This happens due to a variety of reasons. The study tries to look at the causes and its effects on the growth of this sector.

1.8.1.4 To project the cost implications of Attrition: Talent cost, Recruitment cost, Motivational Cost, Loss in productivity costs, Training cost are a few of the cost implications of Attrition. It is very easy to terminate or loose and employee but a company/organization has to bear a heavy loss of talent with attrition. Company/Organization than needs to spend on advertising the
vacancy, select the new recruit, train him and give him time to adjust himself in the new system and processes. All this leads to a loss in the productivity. With attrition a major hurdle in the growth of this sector, the cost implications undergo a major change. The study tries to explore these implications.

1.8.2 **Specific Objectives:**

1.8.2.1 To study the organizational structure of existing Retail formats in India in general and determine the workforce required given the organizational structure

**Figure 1.7 Organizational Structure**

![Organizational Structure Diagram](image)

Above organizational structure is something which a retail format would generally follow. Depending on the requirement of the organization, number of Lines of Business’s of the organization, organizational structure also keeps changing. Depending on the hierarchy of powers which an organization has the organizational structure would vary.
Some of the organizations have Heavy Top and some organizations have heavy bottom, some organizations are flat and some are vertical depending on the work culture.

1.8.2.2 To study the HR practices and policies prevailing in the Retail Sector in India
HR policies of retail sector are same like any other sector. As the retail sector is a very labour intensive sector, HR departments of the retail sector need to be very effective. They have to be careful not only about appointing the employees but also in motivating the employees continuously with effective HR policies. HR policies of the retail sector have to be continuously updated and they need to be as per the current time requirements.

1.8.2.3 To study the impact of the prevailing HR practices on Attrition
The prevailing HR practices are not at all retention friendly and that is the reason attrition is very high. This research is focusing on the types of HR policies which can be introduced so that employees can be retained in the HR sector.

1.8.2.4 To recommends measures to make HR policies employee friendly and attain reduction in attrition in the Sector

1.9 Hypothesis of the Study:
The study is based on the following hypothesis:

\( H_0_1 \): Employee attrition is only due to HR factors
\( H_1_1 \): Employee attrition is a result of a combination of many factors

\( H_0_2 \): The Retail Sector in India experiences a high rate of attrition due to unfriendly HR policies
\( H_1_2 \): The Retail Sector in India does not face a high rate of attrition due to unfriendly HR policies

\( H_0_3 \): Adopting employee friendly policies can help reduce attrition
\( H_1_3 \): Changing and adopting employee friendly policies does not reduce attrition

\( H_0_4 \): Attrition generates cost implications and reduces the profitability of the Sector
\( H_1_4 \): Attrition does not impact cost and hence has no impact on the profitability of the sector

1.10 Research Materials and Methodology:
1.10.1 Study Area:
The study had confined to Organized Retail in India, which is still in its infancy. I have concentrated my research on four Lines of Business in Future Group i.e. Big Bazaar, Future Human Development Ltd, Central and Pantaloon.

1.10.2 Sampling Method:
(i) Universe and Sample:
The Universe for the study had been Organized Retail in India.
The sample size for the study was 250 employees and 50 Managers working in Organized Retail. The study aimed at capturing the perspectives of both the employees and Managers so as to facilitate a multi-dimensional understanding of the issues and draw sound and valid conclusions and recommendations.

(ii) Data Collection & proposed tools:
The data collection has been done with the help of a Questionnaire which was addressed to employees of Retail Formats. The study involves the primary and secondary data collection.

Primary data
1.10.3 Collection of data through Questionnaire
I have used convenient sampling method, and the sample size was arbitrarily decided as 50 Managers and 250 employees based on similar projects done. Sample size was selected randomly across retail organizations.

1.10.3.1 Secondary data
Literature review: It included various publications of central and state governments, technical and trade journals, books, magazines and news papers, reports prepared by research scholars on similar subject. Literature review also included study of similar research done across sectors on related areas.

Data Analysis: Data analysis has been carried out based on the data collection, by simple statistical methods like mean, median, standard deviation, variance etc. and conclusions have been drawn. The analysis of the data has been done using the statistical tools of Regression and Correlation.

1.10.3.2 Sample Size and Research Design
The sample size for the Pilot Study was 50. I had used a similar Questionnaire for the purpose of the pilot study. The study had been limited to the city of Mumbai only. I proposed to use convenient sampling method, and the sample size had been arbitrarily decided as 50 Managers and 250 employees based on similar projects done. Sample size is selected randomly across retail organizations.

1.11 **Research Gap**

1) Every attrition leads to the rising cost but still the attrition is rising and the companies are trying to reduce it.

2) Although attrition is very high but there is limited data available on the same.

3) Very few organized studies have been done on the same in the attrition sector. That is why it is important to have some organized and systematic study on Employee retention and attrition.

4) Recommendations of the studies done earlier have never got implemented and agreed.

1.12 **Scope of the Studies**

The study is significant due to the following reasons:

A The topic is of immense interest for the industry and academicians alike as very little study has been done on this sector.

B The study would help HR Managers understand the reasons for employee attrition and its impact on organizational cost. This sector being new even HR policies are not consistent. There is a lot of trial and error going on in order to firm up the HR policies.

C The study will help HR Managers evolve employee friendly policies that would improve job satisfaction, increased productivity, reduce employee engagement costs and reduce attrition.

D The study can be used as a base for future research in related industry and area.

E The study will help evolve HR policies in tune with the needs of the sector and hopefully address the Problem of attrition.
Organized Retail is in its infancy in India and a study based on it would be of immense use to policy-makers, employers and employees.

1.13 **Limitations of the Study:**
1. The sample size is small and the same could be bigger.
2. The study had been restricted to the city of Mumbai alone.
3. The study focused on 04 Lines of Business in Future Group only.
4. Other issues resulting in Attrition did not get focused
5. The findings had been restricted to the Retail Sector alone and would not be universally applicable.

1.14 **Chapter Plan**

Chapter 1- Introduction

Chapter 2 - Literature Review

Chapter 3 - Genesis of the Retail Sector, Data collection and analysis

Chapter 4 – Conclusions and Recommendations

Conclusions are based on literature study, case study, data collection and its analysis.