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An Analysis of Selected Indian Multi-Brand Retailers' HR Possibilities and Difficulties in Contemporary Retail

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ABSTRACT: -

Retailers engage in retailing in an effort to meet customer needs by acting as a conduit between them and the manufacturer. Today's global economy structure places retailing in a prominent position, but it remains an integral component of our daily lives. In high tech industry, a new era of organized retailing is emerging globally. India is not an outlier. Indian retail brands also compete with stores.

India lately visited overseas shores. Retailing in India is steadily making its way towards being a booming business and fostering customer brand loyalty. India is the most appealing rising market for investments in the retail sector and the fifth-largest retail destination in the world.

According to the literature, success would be determined by the quality of service, which calls for personnel to have the necessary abilities and attitudes for providing quality service, in an industry where participants offer comparable product assortments at comparable price points. Consequently, the two main factors that might be crucial for retailers are staff motivation and skill levels. Yet, the National Skill Development Corporation (NSDC, 2009) reports that there is a sizable skill gap in the industry and that this gap may continue to grow in the years to come, posing more difficulties for businesses.

More foreign competitors are anticipated to enter the Indian market as a result of the introduction of FDI in multi-brand retailing, increasing rivalry in this industry. Indian shops must raise the level of their customer service in order to compare themselves to international norms. With the aid of this study, merchants will be able to determine the actions required to raise service quality overall. The study seeks to establish relationships between several aspects of retail service quality.

Key word: HR policies, Retail, FDI (foreign direct investment), multi-brand, public policy, and customer opinion.

INTRODUCTION:

India's retail market has received attention recently .significant debate on a national and worldwide level due to the possible expansion of the organized retail sector and the Government policies promoting foreign direct investment (FDI) in single and multi-brand retail establishments have been liberalized.

The presence of a high number of unorganized small companies and a sparse distribution of large retail chains and organized merchants are further characteristics of the Indian retail sector. Given that organized retail accounts for only 8% of total retail sales, small retailers account for more than 90% of the industry. When the typical size of these companies is considered, the number of such retailers rises dramatically.

Retailers must find strategies to be relevant to their customers as they compete with other retailers in both the organized and unorganized sectors. Retailers may essentially be forced to build differential advantage in order to compete in a highly competitive environment (Swoboda et al. 2007). Especially when there is minimal variation in the nature of the assortment and pricing supplied by shops, quality of service is a key differentiator in retailing (Siu and Chow, 2003; Sparks, 1992). (Homburg et al., 2002).

The current issue centers on allowing FDI in multi-brand retailing, even though foreign competitors currently operate in the Indian market as cash and carry and single brand retail formats. Depending on how they see how FDI would likely affect their interests, various stakeholders have varying viewpoints. In light of this, the current study makes an effort to evaluate customer sentiment towards FDI in multi-brand retail. A sample of 660 urban consumers from the Delhi National Capital Area provided the basic data on which this study is based. Study results make a compelling argument for allowing FDI in multi-brand retail in India. The decade's most vibrant and appealing industry is retail. Many major businesses, including Reliance, Tata, Pantaloon, Birla, and others, have recently entered the market.

The growth in consumer spending power and contemporary supply and logistics management strategies are more directly responsible for India's organized retail sector's emergence. The productivity of the entire economy has increased significantly thanks in great part to the retail sector. China, the United States, the United Kingdom, Mexico, and other countries have benefited from organized retailing.

Retail modernization in India has been facilitated by economic growth, rising purchasing power, increased consumption, and brand multiplication. High economic growth results in higher per capita income, which shifts consumption away from necessities and towards discretionary items. Also, a number of foreign companies enter the domestic market as the economy becomes more open and global. As consumer awareness rises, they increasingly experiment with various international brands. Increased shop space results from brand multiplication. Similar themes are illustrated by retail modernization in India.

Literature review:

Examining how different aspects of retail service quality relate to one another is the study's secondary goal; doing so will enable retailers to determine what efforts need to be taken to raise service quality overall.

So, the research relevant to Retail Service Quality have been analysed in order to have methodological improvement in the current study by plugging out the gaps of the earlier studies.

In his study on superior customer service and marketing excellence, Parasuraman (1990) discussed the meaning and measurement of service quality and provided managerial guidelines for delivering superior service by drawing on significant findings from a multi-year, multi-sector stream of customer service research. He created a concept known as SERQUAL that had five dimensions: dependability, responsiveness, assurance, empathy, and tangibles. The most crucial of the five SERQUAL dimensions, in his opinion, is reliability. In order to provide customers with exceptional service, he also came to the conclusion that businesses should successfully combine external marketing and customer service.

In their study of various retail establishments in the Palakkad district, Ashokan and Hariharan (2008) discovered that customers were happy with the goods they had purchased and expected the stores to enhance customer service in addition to designing the planogram so that the products could be found with ease.

In the study "Organized retailing in India: difficulties & challenges," Prof. Sudhansu Sekhar and Dr. Sarat Kumar Sahoo (2009) primarily emphasized the tough components such technology, supply chain, human resources, and shop placement.

The entry of multinational corporations into India, as well as the myths and realities surrounding them, are discussed in Baskaran's (2012) work. He also provides a SWOT analysis of organized food retailing in India and highlights the concerns of farmers regarding foreign direct investment in multibrand retailing. Along with reviewing the challenges and major success factors facing the retail industry, he also examines the effects of organized retailing on the unorganized sector. Offers the advice before approving FDI in multi-brand retailing.

Importance of the study:

This article will assist in understanding the advantages of FDI in multi-brand retail. The results of the current study show how the pressure from global retail behemoths would affect small merchants.

The purpose of this research piece is to emphasize the significance of FDI in the retail sector in the current environment. Also, the article highlights the opportunities and challenges for FDI in the multibrand retail sector.

Division of retail industries :

Table 4: Total, Organised and Traditional Retail Market in India (2012)

Sl. No.	Segments	Total Retail Market (USD Billion)	Organised Retail Market (USD Billion)	Traditional Retail Market (USD Billion)	Penetration of organised Retail (%)	Penetration of Traditional Retail (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Food and Grocery	310.8 (60.0)	4.56 (11.0)	306.24 (64.0)	1.5	98.5
2	Apparel	41.44 (8.0)	13.68 (33.0)	27.76 (6.0)	33.0	67.0
3	Mobile and telecom	31.08 (6.0)	4.56 (11.0)	26.52 (6.0)	14.7	85.3
4	Jewellery	20.72 (4.0)	2.49 (6.0)	18.23 (4.0)	12.0	88.0
5	Food service	25.9 (5.0)	2.90 (7.0)	23.00 (5.0)	11.2	88.8
6	Consumer Electronics	15.54 (3.0)	3.32 (8.0)	12.22 (3.0)	21.4	78.7
7	Pharmacy	15.54 (3.0)	0.83 (2.0)	14.71 (3.0)	5.3	94.7
8	Others Footwear	56.98 (11.0)	9.12 (22.0) (4.0)	47.86 (10.0)	16.0	84.0
9	TOTAL	518	41.46	476.54	8.0	92.0

Note: Figures in parentheses show the percentage share in total.

Source: Author's compilation and calculations using information from (i) Deloitte (2013), "Indian Retail Market Opening more doors", January[13], (ii) ASA (2013). A Brief Report on Retail Sector in India, August[18], and (iii) Michael Page (2013), The Indian Retail Sector Report 2013[8]

Other data we used for organized and traditional ratail in selected countries:

Table 1: Relative Share of Organized and Traditional retail in Selected Countries, 2009

S. No.	Country	Total Retail Sales (US$ bn)	Share of Organized Retail	Share of Traditional Retail*
01.	USA	2983	85	15
02.	Japan	1182	66	34
03.	China	785	20	80
04.	United Kingdom	475	80	20
05.	France	436	80	20
06.	Germany	421	80	20
07.	India	322	4	96
08.	Brazil	284	36	64
09.	Russia	276	33	67
10.	Korea (South)	201	15	85
11.	Indonesia	150	30	70
12.	Poland	120	20	80
13.	Thailand	68	40	60
14.	Pakistan	67	1	99
15.	Argentina	53	40	60
16.	Philippines	51	35	65
17.	Malaysia	34	55	45
18.	Czech Republic	34	30	70
19.	Vietnam	26	22	78
20.	Hungary	24	30	70

Source: Girish K. Nair and Harish K Nair (2011), "FDI in India's Multi Brand Retail Sector": How to Get Ready for the Big Play", Munich, GRIN Publishing [17].

* Author's Calculations

Research methodology:

Analytical research is the type of research being undertaken here since it best satisfies the objectives of the project. An analysis of the contemporary multi-brand retail sector and FDI with an understanding of the underlying causes has been made in this research using the facts and information as obtained from many secondary sources. To finish the project and make it relevant to the current FDI situation in multi-brand retailing, data analysis and extraction of relevant, crucial data are required. Secondary sources are used to compile the data for this study. For the purpose of gathering data, various news articles from the newspapers and videos of parliamentary debates on FDI are seen.

As well as reference materials including books, magazines, newspapers, and the internet and books also used for the purpose.

Among the study's goals was to:

1) Recognize the characteristics that Consumers purchasing from organized retailers.

2) To research consumer opinions of formally structured retailers.

3) To examine the marketing initiatives used by formally organized retailers.

4) To make recommendations to enhance the services offered by the centralized retailers.

The Study's Scope:

1) The study makes recommendations for improving the service quality of the organized retailers.

2) The study enables the researcher to understand how customers' perceptions of organized retailers function.

3) This research offers recommendations for raising the standard and caliber of organized retailers.

HOW DOES MULTI BRAND RETAILING WORK?

Multi Brand Retailing is the practice of marketing a variety of unrelated, competitive goods under the umbrella of a single company, even though the numerous brands often compete with one another in terms of sales, as is the case with Pantaloon and Central of the Future Group. The following are some benefits of retailing many brands:

1- Securing more shelf space while leaving little room for rival products.

2- Saturating a market by removing all gaps in terms of value and standard.

3- Serving brand-switching customers who enjoy trying out new products.

4- Fostering internal rivalry to keep the organization's managers on their toes.

"FDI IN MULTI-BRAND RETAILING"

In 2008, the government considered liberalizing the retail industry and permitting 100% FDI in single-brand retail trading and 51% FDI in multi-brand retailing. But it was a failure.

due to vehement opposition from its partners, the Left parties, as well as the neighborhood trade associations. Out of thirty emerging economies, AT Kearney, a well-known worldwide management consulting firm, recently ranked India as the "second most appealing retail destination" globally. India is now the focus of much excitement and the envy of many foreigners.

ICRIER's analysis on the Indian retail sector predicts that from US$ 322 billion in 2006–07 to US$ 590 billion in 2011–12, the country's total retail market will increase by 13% annually.

The unorganized retail industry is anticipated to increase at a rate of about 10% annually, with sales rising from US$ 309 billion in 2006-07 to US$ 496 billion. Low-volume industry, organized retail By 2011–12, it is predicted that the four percent of total retail that it represented in 2006–07 will have increased to 16 percent of all retail.

Situation right now

In spite of the opposition taking to the streets to oppose the newly announced reforms, the United Progressive Alliance administration published the final notification for authorizing foreign direct investment (FDI) in multi-brand retail, effectively leaving no room for a retreat. The way is now open for international retail behemoths like Walmart, Carrefour, and Tesco to open shop with a local partner and begin selling straight to Indian consumers. In order to reduce the requirement for 30% outsourcing from local small and medium-sized businesses, the government has also released a press note for the revised FDI regulations in single-brand retail.

So far, just 10 states and union territories have informed the centre that they are willing to allow FDI in multi-brand retail. Andhra Pradesh, Assam, Delhi, Haryana, Jammu & Kashmir, Maharashtra, Manipur, Rajasthan, Uttarakhand, Daman & Diu, and Dadra and Nagar Haveli are among them. The judgment was well received by the big domestic merchants. Furthermore announced were the resolutions to raise the foreign equity cap for service providers like direct-to-home in the broadcasting industry from 49% to 74% and to permit 49% FDI by foreign airlines in domestic carriers and power exchanges.

HOW FARMERS ARE BENEFICIAL:

Farmers in India only receive 10%–12% of the price consumers pay for agri-products. Farmers will gain greatly from the emergence of organized retailing.

Large shops charge extremely low pricing for their goods. They obtain it straight from the farmers as a result.

In this retailing system, middlemen are completely unnecessary. This will support farmers and keep the price of food from rising, in addition to both. Furthermore, India's infrastructure for storing vegetables and grains is relatively poor. Supply chain will be enhanced as money is invested in back-end infrastructure. 20% to 25% of agricultural products are lost owing to incorrect storage, which is a big issue.

TOMATO WASTAGE 35% MANGO WASTAGE 30% POTATO WASTAGE 25%.

Ideas for Policy:

With the numerous routes, including franchising and exporting, several international businesses have already made inroads into the Indian market. They are really ready to switch to FDI so they may expand their activities in India. Nonetheless, if FDI in retail is liberalized while taking into account the following recommendations, it is anticipated to provide more benefits than hazards to the nation.

FDI should be initially permitted in less sensitive industries as well as in those where indigenous enterprises are well-established. Then, like in China, FDI in retail should be liberalized gradually. Entrance of foreign players must be handled with social safeguards in order to reduce the effects of labor dislocation.

In order to create a win-win situation for both the current national retailer and "mom and pop" stores, which still account for 70% of the retail business even after the arrival of national retailers from corporate giants like the Tata, Reliance, Future Group, and the Birla's, adequate attention should be paid to purchasing, staff recruitment, investments in warehouse, cold storage, infrastructure, competition, and retail formats. To boost the manufacturing industry, the government should implement new policies. The displaced retail industry workers may be well accommodated in manufacturing if it is strengthened.

Conclusion:

Estimating the costs and advantages of allowing FDI in both single- and multi-brand retail has generated disagreements, discussions, and debates among policymakers, economists, and social thinkers.

India. Anusha Chari and T. C. A. Madhav Raghavan (of ISI, New Delhi) conducted a recent analysis in March 2011 that demonstrates the potential advantages of allowing multinational merchants into the country exceed the drawbacks.

Nonetheless, the Indian government advises that a portion of manufactured goods be sourced by retail companies from small and medium domestic industries (DIPP Report, 2010). With such a restriction, the opening of the retail sector to FDI might potentially help small and medium businesses. Also, the retail sector's rise may create a lot of job opportunities, particularly for young people in rural and semi-urban areas. The future of the Indian retail industry is therefore extremely difficult to forecast.

However, given the concerns voiced by critics, the Indian government must exercise caution and implement sufficient safeguards to ensure that positive impacts outweigh negative ones and that traditional stores can continue to exist even after major overseas retailers enter the market.

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