

Identifying Existing Skills Gap In Retail Sector: Issues & Implications For Retailers In Bhilai & Raipur (CG) Region

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Abstract: *The study sought to identify the potential skills gap associated with the organized retail outlets in central India. So this research aims to investigate the major skills required in this area and the extent to which the gap exists. Research was conducted across Durg, Bhilai & Raipur regions where retail industry is in nascent state. Face-to-face interview with random individuals and focus group (in some cases), was conducted. The sample size of 150 retailers was taken to conduct this study. The findings suggests that there is a need to raise the image of the sector, to promote the variety of career options; to clarify the retail qualifications and training available, and to work towards retail's earlier inclusion in academic curriculum.*

Keywords: *Skills Gap, Organised retail.*

1. Introduction:

The retail market of India has been ranked the second most attractive emerging market. Retailing is one of the pillars of Indian economy and accounts for 14 to 15 percent of its GDP.[1][2] The Indian retail market is estimated to be US\$ 450 billion and is one of the fastest growing retail market in the world, with 1.2 billion people.[3][4]. Indian retail sector is dense in nature. The penetration of Organised Retail in the Indian market is much below the levels in other countries. On 14 September 2012, the government of India announced the opening of FDI in multi-brand retail, subject to approvals by individual states.[5] This decision has been welcomed by various states, however has caused protests and an upheaval in India's central government's political coalition structure. On 20 September 2012, the Government of India formally notified the FDI reforms for single and multi brand retail, thereby making it effective under Indian law.[6][7][8]

After getting the green signal from the Government of India, The world's largest retailer in terms of sales, Wal-Mart Stores and Sunil Mittal's Bharti Enterprises had entered into a joint venture agreement and are planning to come enter Indian Market from North. Carrefour, the world's second largest retailer by sales, is planning to set up two business entities one for its cash-and-carry business and the other a master franchisee which will lend its banner, technical services and know how to an Indian company. [9] The world's fifth largest retailer by sales, Costco Wholesale Corp (Costco) known for its warehouse club model is also interested in coming to India.[10] Tesco Plc., plans to set up shop in India with a wholesale cash-and-carry business and will help Indian conglomerate Tata group to grow its hypermarket business.

2. Overview of Employment

As per the report of Bureau of Labour Statistics presented on November 2, 2012 Retail trade has added 82,000 jobs over the past 3 months, with most of the gain occurring in motor vehicles and parts dealers, clothing and accessories stores, and miscellaneous store retailers. The report in "The Hindu" (newspaper article of Devinder Sharma, published on 15th September, 2012) the Indian retail market is estimated to be around \$400 billion with more than 12 million retailers employing 40 million people. Ironically, Wal-Mart's turnover is also around \$420 billion, but it employs only 2.1 million people.

And more importantly, let us look at how the virus of big retail spreads, even if the promise is to keep it confined to major cities. Recently, a New York Times expose showed how Wal-Mart had captured nearly 50 per cent of Mexico's retail market in 10 years. What is important here is that as per the NYT disclosure "the Mexican subsidiary of Wal-Mart, which opened 431 stores in 2011, had paid bribes and an internal enquiry into the matter has been suppressed at corporate headquarters in Arkansas".

In India, we are aware that Wal-Mart alone had spent Rs.52 crore in two years to lobby, as per a disclosure statement made in the U.S. It has certainly paid off. Retail and Related Industries approximately put the employment total at 5.3 million in 2003, rising to around 5.4 million in 2005[11]. This sector may soon become a major source of new employment opportunities over the next decade.

3. Skills in retailing and consequent gaps

Shorty explaining about the skill sets for retailing will be injustice with the topic. The topic is one of the current affairs of our country and soon will become a history. For

performing any task we definitely require the skill sets which suites the task or the activity. While dealing with retailers one noticeable gap was the skill gap, where the sector reports serious skills shortages, particularly customer handling and communication skills, which also reports deficits in the personal attributes, however conceived, of job applicants [12] Retailing has traditionally been “trapped in a low skills, low pay equilibrium”[13]

Without enough adequately skilled workers, the impact of skill gaps on organisational performance can mean:

- Complications meeting customer service standards.
- Snags meeting quality standards.
- Loss of business or orders.
- Delays in developing new products or services.
- Difficulties in implementing new productivity improvements.

Few significant skill sets are briefly explained below:

1. Reading: literacy level in our country is still in development phase. When huge retail outlets will open they will definitely recruit people who could read the bar codes, textile details, labels for information on the care of products, such as fabrics, and for instructions on the use of products, such as pharmaceuticals or automotive products, read notes from supervisors or from co-workers from an earlier shift providing status reports or reminders of tasks to be completed.
2. Documentation and its use: read lists or entries of customer names, addresses and products purchased, may refer to tables showing the criteria for size selection of various products, complete a variety of forms such as purchase orders, special order forms, return forms, delivery forms, employee discount forms, deposit forms and repair forms. These forms must be filled in precisely and accurately to avoid mixups in product transactions.
3. Writing: write phone messages and record price quote information taken by phone. write entries in supplier and service information books to keep them up-to-date, may write letters to customers to follow-up on their request for more information on a product line, write shoplifting and incident reports. This writing must be precise and accurate since such reports may be used in court, may write articles for company newsletters or material for product presentations, such as fashion shows. Often such material is written to entertain, may write feedback reports to head office or to supervisors to provide information on the success of present promotions and suggestions for the future.
4. Mathematical skills like calculation, discounts, profit and loss ratios, information to use the instruments (like measuring tape, weighting machines etc) and know how about the measures of time, distance, weight and volume
5. Oral communication: The skills will be required to greet the people, to invite the people, to deal with people either on telephone or in person. Expertise in sign language or in gestures will definitely support the performance.
6. Thinking Skill: the employee will be expected to think and react while dealing will people. This also calls a need to control on emotions, anger, anxiety. The attitude should be problem solving, decision making, critical thinking, job task planning and controlling, memorising ability, finding information and working with others.
7. As labour markets tighten and skill gaps widen, then for the organisations misusing the talent will become difficult. Skill gaps does not only include the formal qualifications but the necessary vocational qualifications for

the occupation, the specialised knowledge, skills, and experience needed to adapt to new technology and new methods of working. Regularly reducing availability of appropriately skilled candidates and shortening time periods for recruitment mean that there will almost always be a skills gap.

The recent Skills White Paper (2005) states that in order to build up an effectual strategy for skills training and development in retail, one must understand which skills are lacking and which skills are necessary to the future performance of the sector. A series of reports and surveys done by employers focus on the emerging skills needed in the sector, little is understood about which specific skills are important to different retailers; whether and how the skills needs differ for multiple or SMEs, and the extent to which retail employees meet these requirements. During the last half-century there have been major economic and structural changes, with the key drivers including; technology, globalisation, international competition, productivity growth, dramatic shifts in patterns of expenditure and changing life styles. [14]

4. Skills Shortage: a Significant Problem Globally.

Labour shortfalls in various industries and occupations throughout the country are increasing at an alarming rate. This is due to a variety of factors on both the demand and supply side including:

Demand Side:

- Technology changes within an industry.
- Extended periods of strong economic growth.
- Growth of new industries and products.
- Corporatisation and privatisation of government activities.
- Growth of labour-hire.
- Reduction in firm size.
- Increase use of casual and part-time employment.

Supply Side:

- Ageing of the workforce.
- Lack of interest in particular industries among potential job seekers.
- Low levels of unemployment.
- Changes in the numbers entering and completing training
- Negative birth rate.
- Government policy and social development that has resulted in a lack of local skilled trades' people and professionals.

Today more importance is being placed on the quality of customer service offered and this has impacted upon the skills and qualities demanded of sales assistants. In today's retail market, it has been identified that customer service is becoming the most essential employee skill. 'It is required at all levels of an organisation from senior managers to customer interfacing employees. For those delivering customer service at the front end –i.e. sales assistants and customer service representatives – it is a core skill.' [11]

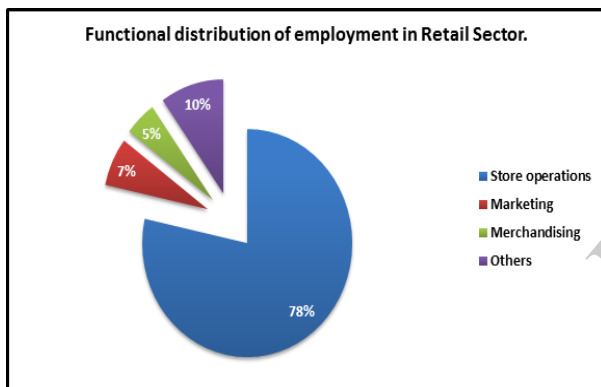
The main skills and abilities required of sales assistants are reported as:[12]

- Customer service skills.
- Basic literacy and numeracy.
- Selling skills and product knowledge.
- Computer literacy and IT skills.
- Knowledge of consumer law and other regulations such as those relating to health and safety.

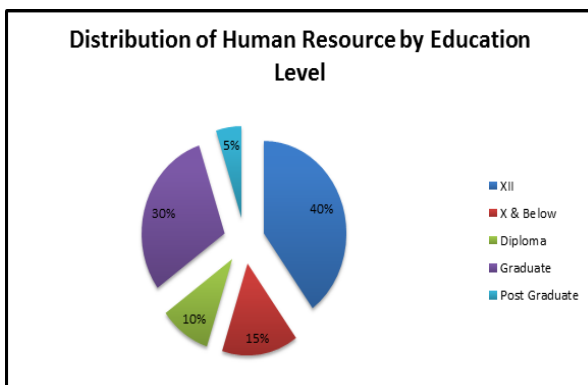
- Taking reasonability and initiative.
 - Personal characteristics: the right attitude, a desire to work with and serve the public. (London West, 2001: 2)
- However, according to statistics published by the Learning and Skills Council, three per cent of retail firms have reported job vacancies due to skills shortages and 26% report skills gaps (Skillsmart, 2004).
Employers Skills Survey (2001) indicates that the sought-after skills for hard to fill vacancies (approx for shortages) are personal attributes (38% of establishments), customer handling (24%) and communication skills (14%).

5. Skills Gap in Retail

Seventy per cent of retailers have identified skill gaps within their current workforce. A further 75% anticipate that skill requirements will increase even further, particularly in the areas of customer service and the use of IT [15]
It should be noted that the shortage of such skills is not retail sector specific but is a general concern within many sectors (Skills Dialogue, 2002).
Major proportion of the employment in the retail sector is in front-end/retail assistant profiles in stores. Store operations account for 78% of the total manpower employed in the Organised Retail sector. 5% - 8% of workforce is engaged in Marketing and Merchandising, while, 10% in other significant activities.



The distribution of human resource by educational profile is mentioned below. As there are very few courses which are specific to retail, graduates/post graduates from other streams are recruited. Candidates with education up to 12th Standard and 10th Standard account for 55% of the workforce



Skills Gap in Retail: Factors and Causes.

Various factors influence the way employment and skills develop in retail. The industry dynamics, labour market, occupational profile, location and consumer shopping trends

all contribute to shaping the skills required by retail organisations [13].

6. Industry Dynamics

The retail environment has changed over the years, primarily due to increased competition [16], retail expansion [17] and decentralisation [18], and a realisation that consumers are becoming increasingly complex with regards to their shopping behaviour [19].

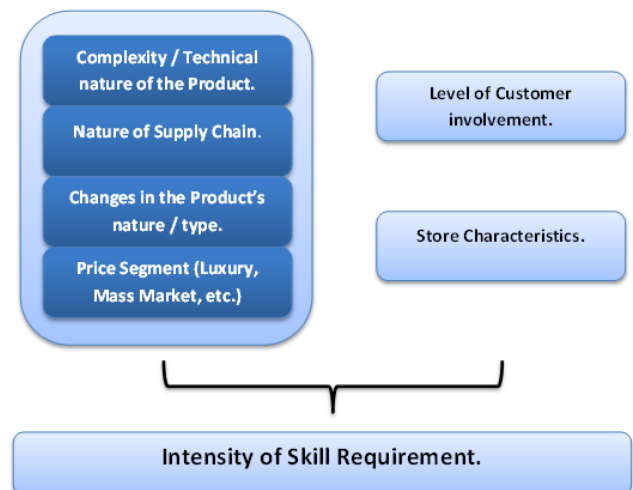
Labour market

Retail industry performance and growth has influenced a continual rise in retail employment over the past 30 years (DfES, 2002). This trend is likely to continue with forecasts predicting a moderate rate of growth of 2.5% per annum for retail [14]. Despite an increasing demand for labour, staff turnover in retail is high at around 43%, around twice the average of other sectors (DfES 2002). Skills shortages result when there are too few people with the right set of skills to fill the positions [13]

Location and shopping trends: It has been suggested that the geographical location of jobs and the demand for specific skills sets may not match the cost of living and thus skills supply in that location (Burt and Sparks, 2002). Diversification of and competition with the product offer means that staff will need to have a wider and higher level of product knowledge and be able to provide added value to customers at the point of sale [13] Customer service staffs are expected to resolve complaints immediately, requiring customer handling skills (DfES, 2002).

Retail employee skills

While 22% of UK companies report skills gaps amongst their employees (Anonymous, 2003); in retailing this figure rises to 26% with the sales and customer service occupations comprising 72% of all retail jobs with a skills gap (NESS, 2003). The adverse impact of these skills gaps for retailers can include difficulties in meeting customer needs, providing a quality service, and also increased organisational costs (Skillsmart, 2004a p50). Successful competence building in organisations can lead to greater effectiveness and increased workplace satisfaction for employees (Paulsson et al., 2005). Retail formats such as supermarkets, hypermarkets cut across various product categories. Although the skill requirements are similar across segments, the type of product retailed, format of the store and customer involvement impacts the intensity of skill requirement across the various functions and the same is shown below.



Source: NSDC 2011.

Various studies have been undertaken to anticipate future skills needs for retail. Core competencies for the industry are selling and managing the customer relationship therefore customer service is seen as an essential skill for the industry (DfES, 2002). Also, "customer-handling skills" were seen as the most anticipated skills needs within the retail industry in 2001 and in subsequent years have consistently received top three placing. Two years later this was superseded by "communication". Escalating technology developments in the industry has led to "Advanced IT skills" and "basic computer literacy" also being cited as emerging skills needs. While research has identified the competence and skills needs of managers in retail, achieving these in practice is more difficult. Indeed, the quality of managers has been highlighted as a major skills deficit for the retail industry (DfES, 2002), and thus management and leadership and people skills are cited as potential skills gaps with the associated impact on staff development. (Skillsmart Retail, 2004)

About Author



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- [17] Williams, 1997
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