

MK 322 Retail Management

Chapter 9: Human Resource Management

By Ajarn Suwalya K.

Objectives of Human Resource Management (HRM)



HRM Performance Measures

- Productivity is the sales generated per employee calculated as follows

What is employee productivity? A person's productivity is **the amount of work they can do in a given amount of time**. It's a simple measurement, but the factors that influence it are varied and complex – everything from the tools people use to how their organization builds an environment that breeds success.

$$\left(\frac{\text{Standard Labor Hours}}{\text{Amount of Time Worked}} \right) \times 100 = \text{Efficiency}$$

A company's standard labor hours for a certain project is 80 and the actual amount of time worked is 92.

$$\left(\frac{80}{92} \right) \times 100 = 87\% \text{ Efficiency}$$



HRM Performance Measures

- **Turnover:** Employee turnover is calculated as follows

Employee turnover refers to **the total number of workers who leave a company over a certain time period**. It includes those who exit voluntarily as well as employees who are fired or laid off—that is, involuntary turnover.

agendrix

How to Calculate Your Employee Turnover Rate

$$\text{Turnover Rate} = \left(\frac{\text{Number of employees who left}}{\text{Total number of employees}} \right) \times 100$$


DRIVERS OF EMPLOYEE TURNOVER



HRM Performance Measures

- Engagement is emotional commitment by an employee to the organization and its goals
- It goes beyond employee happiness and satisfaction
- Engaged employees care about their work and company



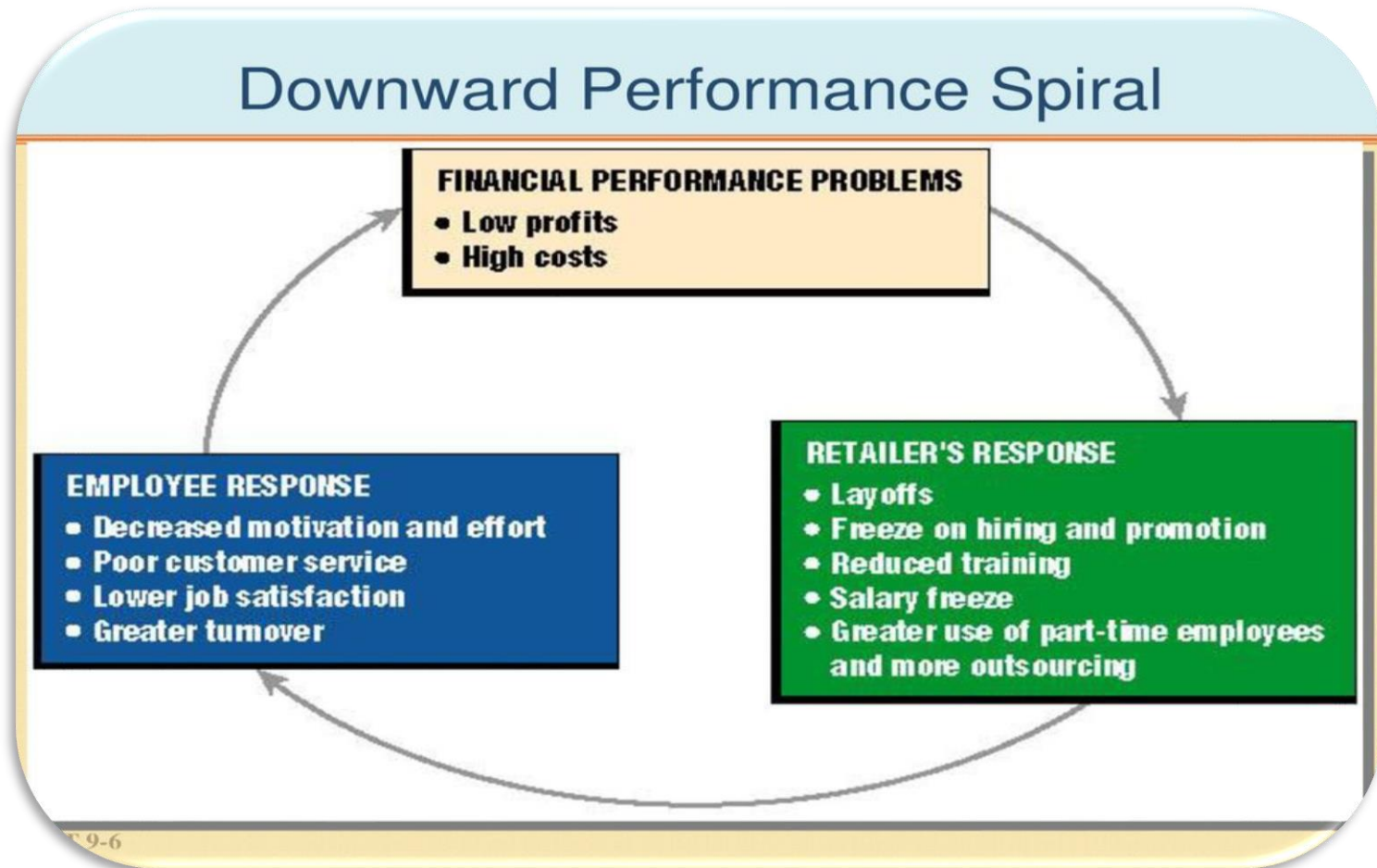
HRM Performance Measures



- They don't just work for the paycheck or promotion
- They are motivated to support retailer to improve customer satisfaction
- They are less likely to leave the company
- Retailers use employee surveys to measure employee engagement

HRM Performance Measures

The mismanagement of HR can lead to a downward performance spiral
Exhibit 9-1



Challenges in Retail HRM

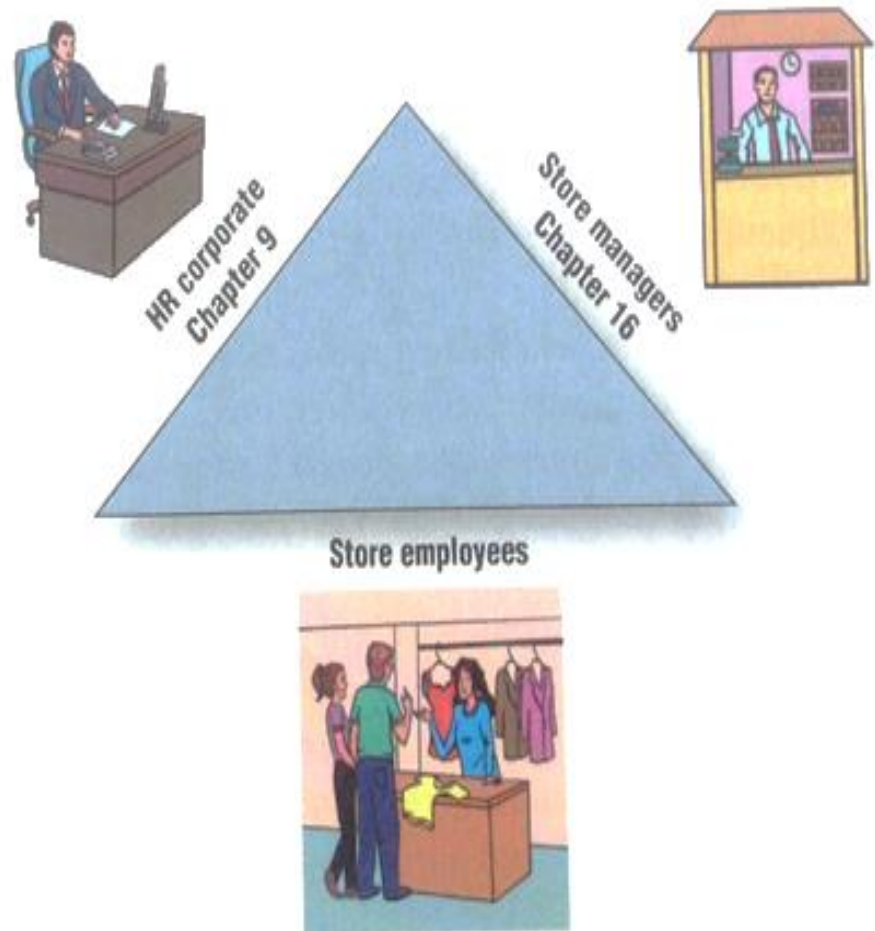


Balancing the HR Triad

- Many **retailers feel that human resources** are too important to be left only to the HR department
- The full potential of a retailer's human resources is realized when three elements of the **HR triad work together-HR professionals, store managers and employees**

Balancing the HR Triad

EXHIBIT 9-2
Human Resource Triad



The HR Triad

Line Managers

- Stay informed
- Support new HRM technology
- Understand new structures
- Develop new skills; e.g., managing alliances

HR Professionals

- Stay informed
- Educate the organization
- Keep others informed about implications for skills development, career management, HRM

Employees

- Stay informed
- Take responsibility for self-development
- Help employees from other cultures
- Be prepared for disruptions

Expense Control

- Retailers must control their expense if they are to be profitable
- They are cautious about paying high wages to perform low-skill jobs
- To control costs, people with little or no experience are hired, i.e.. Sales associates, bank tellers, waiters
- Result is absenteeism, high turnover, poor performance
- Poor appearance, manners, and attitudes have negative effect on sales and customer loyalty



Part-Time Employees

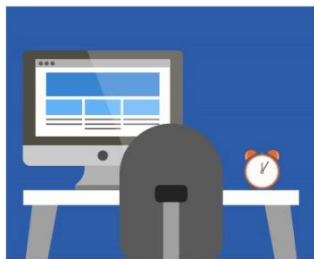
ADVANTAGES OF HIRING PART-TIME EMPLOYEES



Reduce the cost of paying full-time salaries, health care premiums, and other expenses



Alleviate workforce stress by getting extra help on projects



Fill positions that don't require a full-time worker



Serve as a test-run to see if you want to hire the employee full time

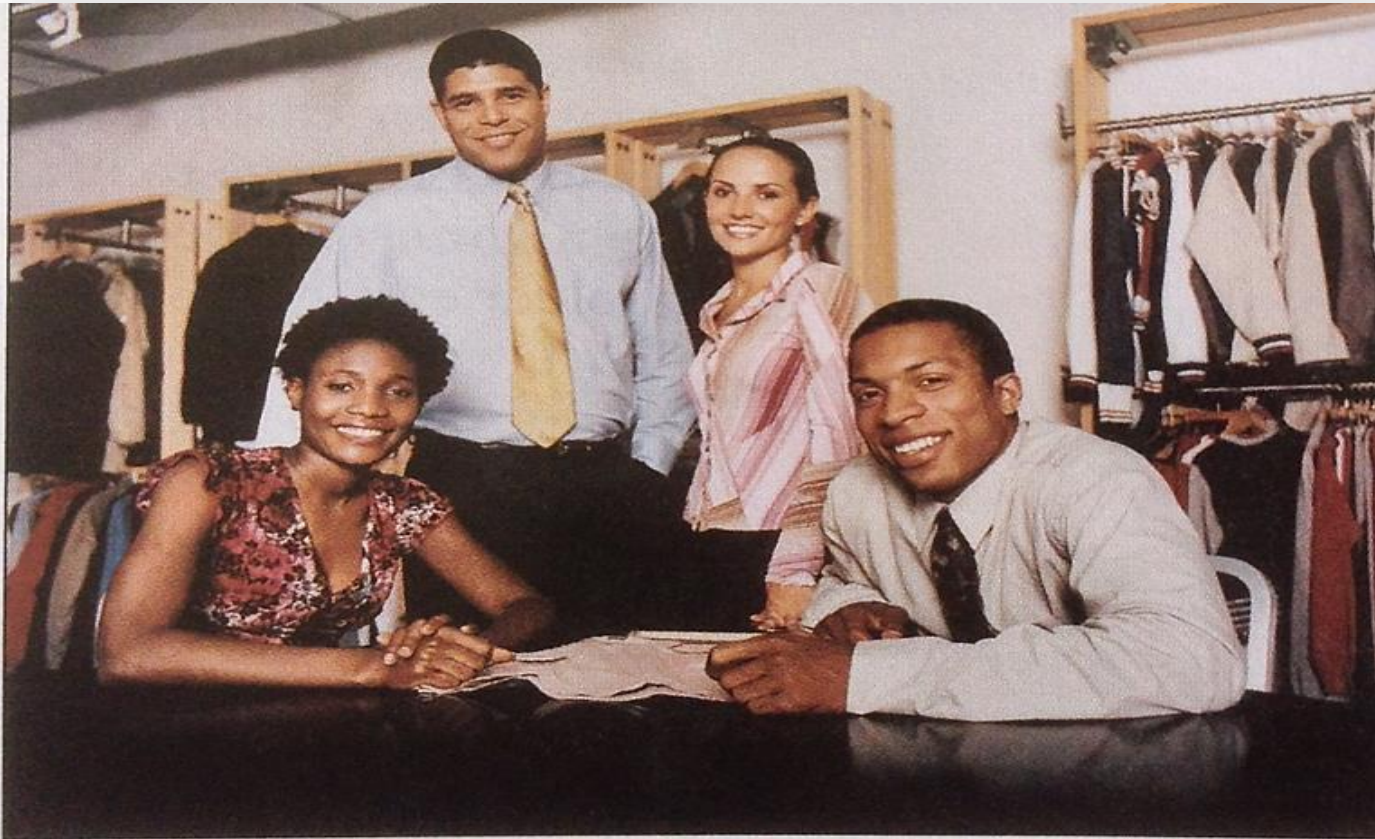
- One method of controlling expense
- Computerized scheduling systems help retailers control costs, as well improve their service provision because they can match their staffing to customer demand on an hourly basis
- Heavy staffing during events
- Part-time employees are less expensive as they require no health or retirement benefits and little job security

Utilizing Diverse Employee Group



- Retailers in U.S. are increasing efforts to recruit, train, manage, and retain mature, minority, and handicapped workers
- As for Thailand, more strict measures on employing ASEAN labor work force

Utilizing Diverse Employee Group



A diverse workforce enables retailers to better service the diversity in their customers.



A day in the life of an IKEA Food co-worker



IKEA India · 6.8K views · 1 year ago





IKEA Co-Workers' Career Journeys: Sigrid :

IKEA Canada · 3.4K views · 11 months ago



Designing the Organization Structure for a Retail Firm



Designing the Organization Structure

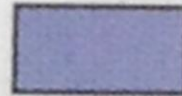
- The organization structure identifies the activities to be performed by specific employees and determines the lines of authority and responsibility in the firm
- The first step in developing the organization structure is to determine the tasks that must be performed



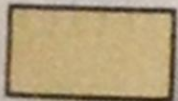
Designing the Organization Structure



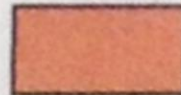
**Strategic
management**



**Store
management**



**Merchandise
management**



**Administrative
management**

Designing the Organization Structure

Tasks Performed by the Typical Multichannel Retail Firm **EXHIBIT 9-3**

STRATEGIC MANAGEMENT

- Develop overall retail strategy
- Identify the target market
- Determine the retail format
- Design organizational structure
- Develop private-label merchandise
- Develop Internet/catalog strategy
- Develop global strategy
- Coordinate multichannel offering

MERCHANDISE MANAGEMENT

- Buy merchandise
 - Select, negotiate with, and evaluate vendors
 - Select merchandise
 - Place orders
- Control merchandise inventory
 - Develop merchandise budget plans
 - Allocate merchandise to stores
 - Review open-to-buy and stock positions
- Price merchandise
 - Set initial prices
 - Adjust prices

STORE MANAGEMENT

- Recruit, hire, and train store personnel
- Plan labor schedules
- Evaluate store and personnel performance
- Maintain store facilities
- Locate and display merchandise
- Sell merchandise to customers
- Repair and alter merchandise
- Provide services such as gift wrapping and delivery
- Handle customer complaints
- Take physical inventory
- Prevent inventory shrinkage

Designing the Organization Structure

ADMINISTRATIVE MANAGEMENT

- **Marketing**
 - Promote the firm, its merchandise, and its services
 - Plan communication programs including advertising
 - Plan special promotions and events
 - Manage public relations
 - Coordinate social media programs
- **Manage human resources**
 - Develop policies for managing store personnel
 - Recruit, hire, and train managers
 - Keep employee records
- **Manage supply chain**
 - Receive merchandise
 - Store merchandise
 - Ship merchandise to stores
 - Return merchandise to vendors
- **Manage financial performance**
 - Provide timely information on financial performance
 - Forecast sales, cash flow, and profits
 - Raise capital from investors
 - Select and manage locations (real estate)
- **Visual merchandising**
 - Develop and coordinate displays in stores and windows
- **Management information systems**
 - Work with all functional areas to develop and operate information systems for merchandising, marketing, accounting, finance, etc.
- **General counsel (legal)**
 - Work with all functional areas to be in compliance with laws and regulations



UNIQLO - Store Manager



Welcome to the Jungle · 31K views · 4 years ago



Organization of a Single Store Retailer

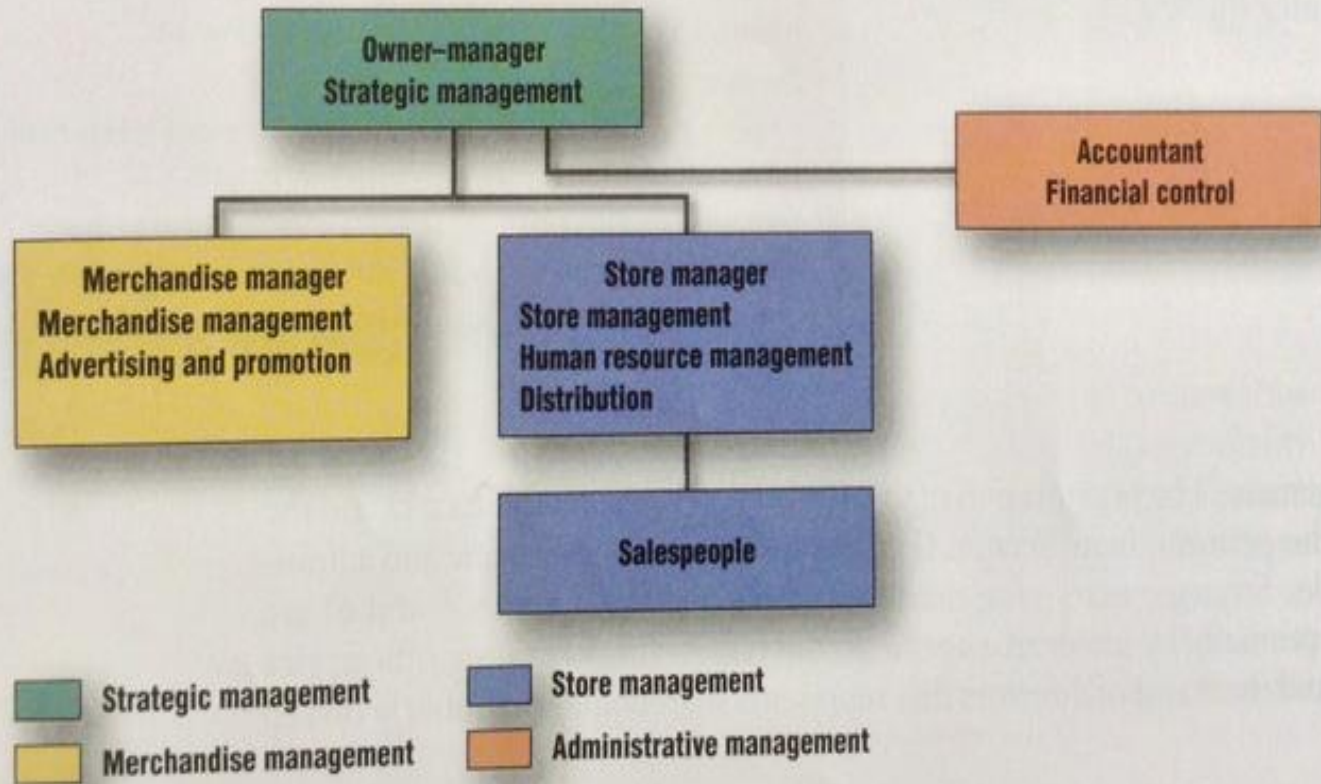
- Because the number of employees is limited, **single store retailers have little specialization**
- Each employee may perform a wide range of activities, while the owner-manager is responsible for all strategic decisions



Organization of a Single Store Retailer

EXHIBIT 9-4

Organization Structure for a Small Retailer





Retail Manager (Episode 107)



WorkBC's Career Trek · 470 views · 9 months ago



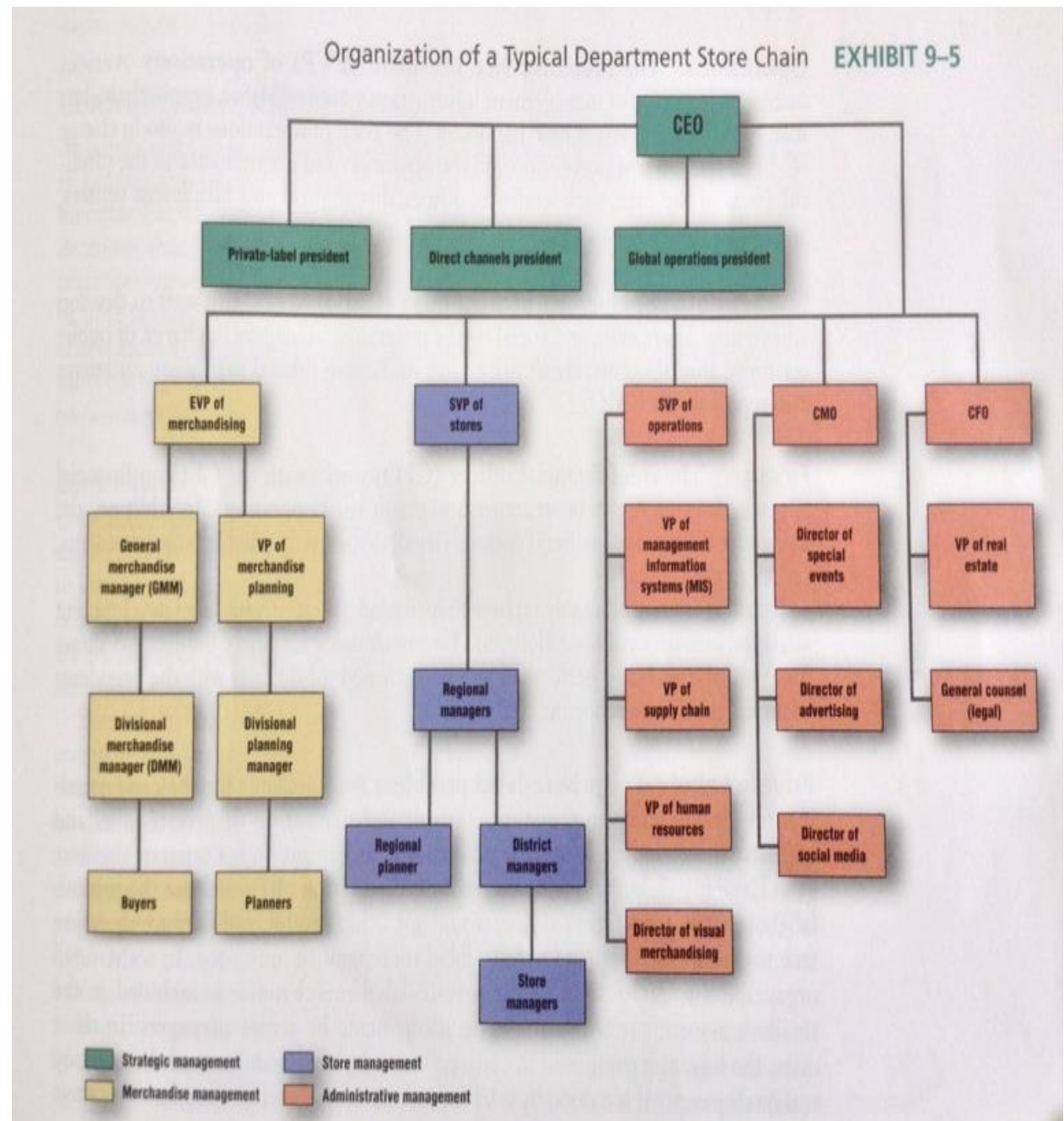
Designing the Organization Structure for a Retail Firm



Organization of a National Retail Chain

- The **management of a retail chain is complex**
- Managers must supervise units that are geographically diverse
- **Chief executive officer(CEO)** is responsible for overseeing the entire organization
- Reporting to the CEO are the presidents of global operations, the internet channels, and private-label management and senior vice presidents of merchandising, stores and administration

Organization of a National Retail Chain



Merchandising

- The senior vice president (SVP) of merchandising works with buyers and planners to develop and coordinate the management of the retailer's merchandise offering and ensure that it is consistent with the firm's strategy
- The buyers in the merchandise division are responsible for determining the merchandise assortment, pricing, and managing relationships and negotiating with vendors



Merchandising

- The merchandising buyers are responsible for allocating merchandising and tailoring the assortment of several categories for specific stores in a geographic area





UNIQLO - Store Manager



Welcome to the Jungle · 24K views · 3 years ago



Stores

- The senior vice president (SVP) of stores supervises all activities related to stores, including working with regional managers, who supervise district managers, who supervise the individual store managers
- Store managers in large stores have several assistant managers who report to them
- One assistant manager is responsible for receiving, restocking, and presentation of merchandise in the store; HR activities and store maintenance and store security



Stores

- Each region has regional planners who work as liaison between stores in their region and the corporate planners to ensure that the stores have the right merchandise, at the right time, and right quantities



Operations

- The executive vice president (EVP) of operations oversees managers in charge of the management information systems (MISs), supply chain, human resource, and visual merchandising



Marketing

- The chief marketing officer (CMO) works with staff to develop advertising, promotion, social media programs
- Managers in charge of public relations, annual events, credit marketing, and cause-related marketing initiatives also report to CMO



Finance

- The chief finance officer (CFO) works with the CEO on financial issues such as equity-debt structure and credit card operations
- In addition, the real estate division and general counsel (legal) divisions headed by vice president report to the CFO



Private Label

- The private-label president is responsible for conceptualization, design, sourcing, quality control, and marketing of private-label and exclusive merchandise



Internet, Mobile, and Catalog, Channels

- The president of direct channels is responsible for the selection and pricing of merchandise assortment offered via these channels, the maintenance and design of the retailer's website, customer call centers, and the fulfillment centers that fills orders for individual customers

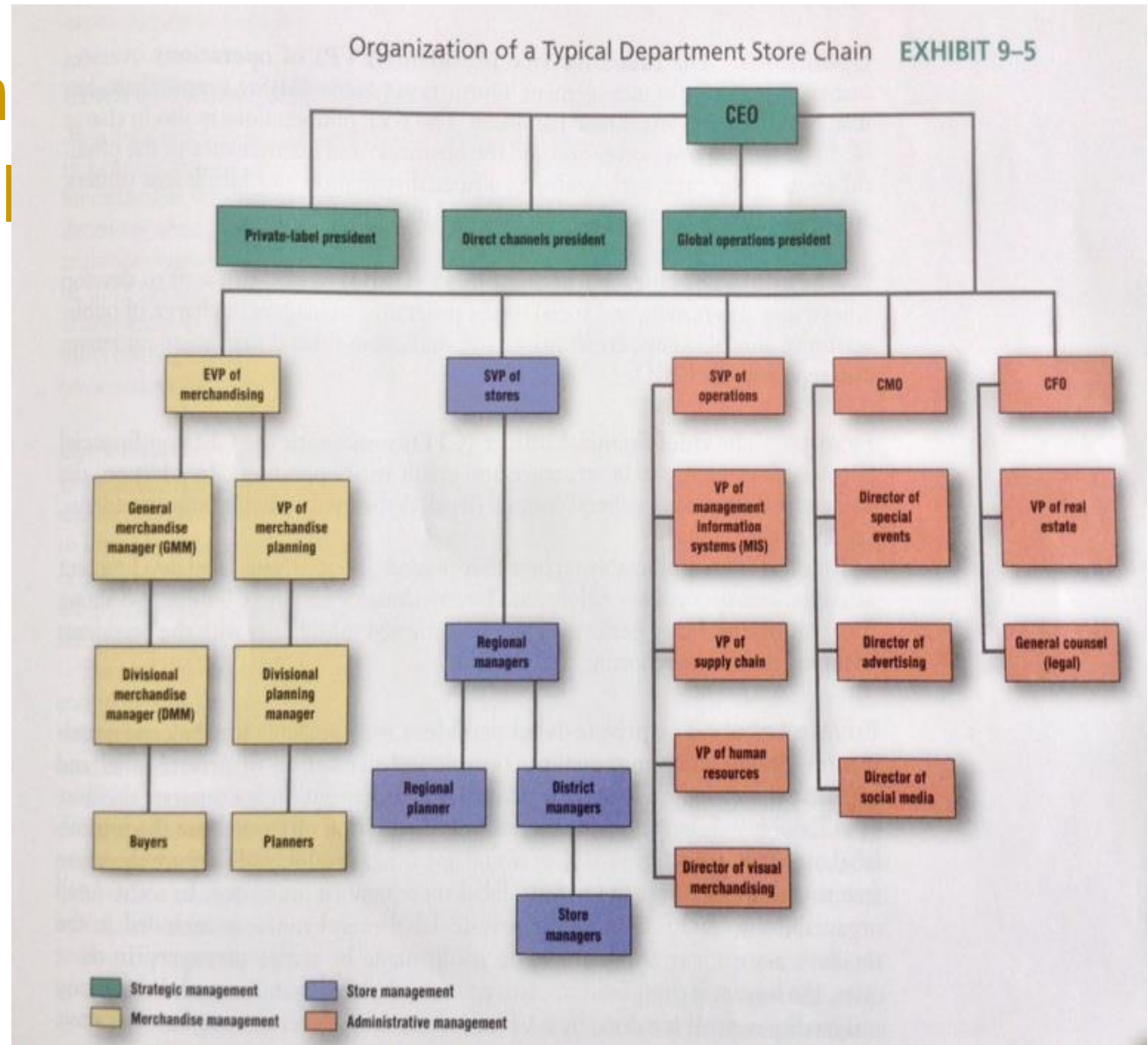


Global

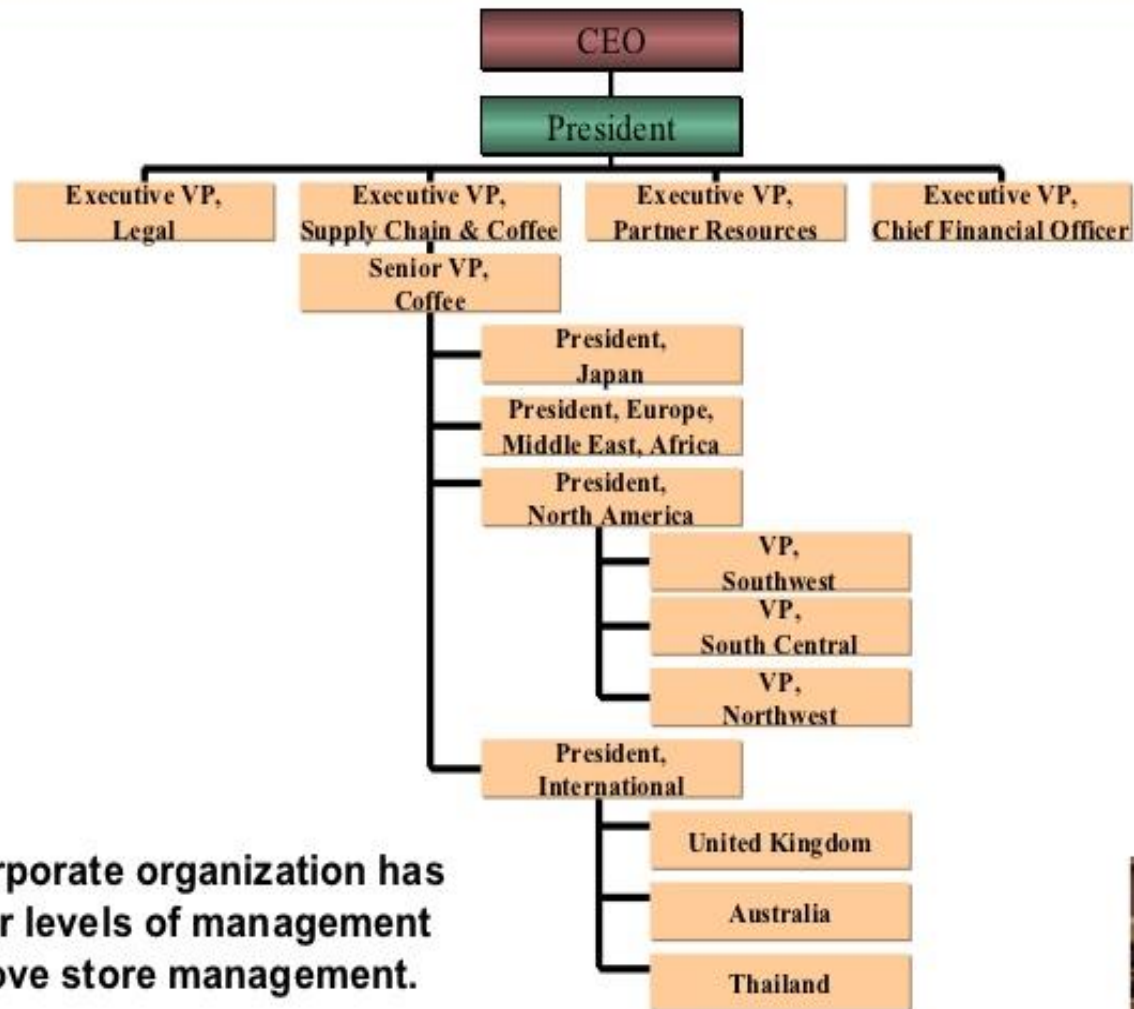
- The global operations president oversees retailing operations outside the home country
- The global organization typically has merchandising, administration, stores, and operations divisions for each country and region



Organization of a National Retail Chain



STARBUCKS - Organization Chart



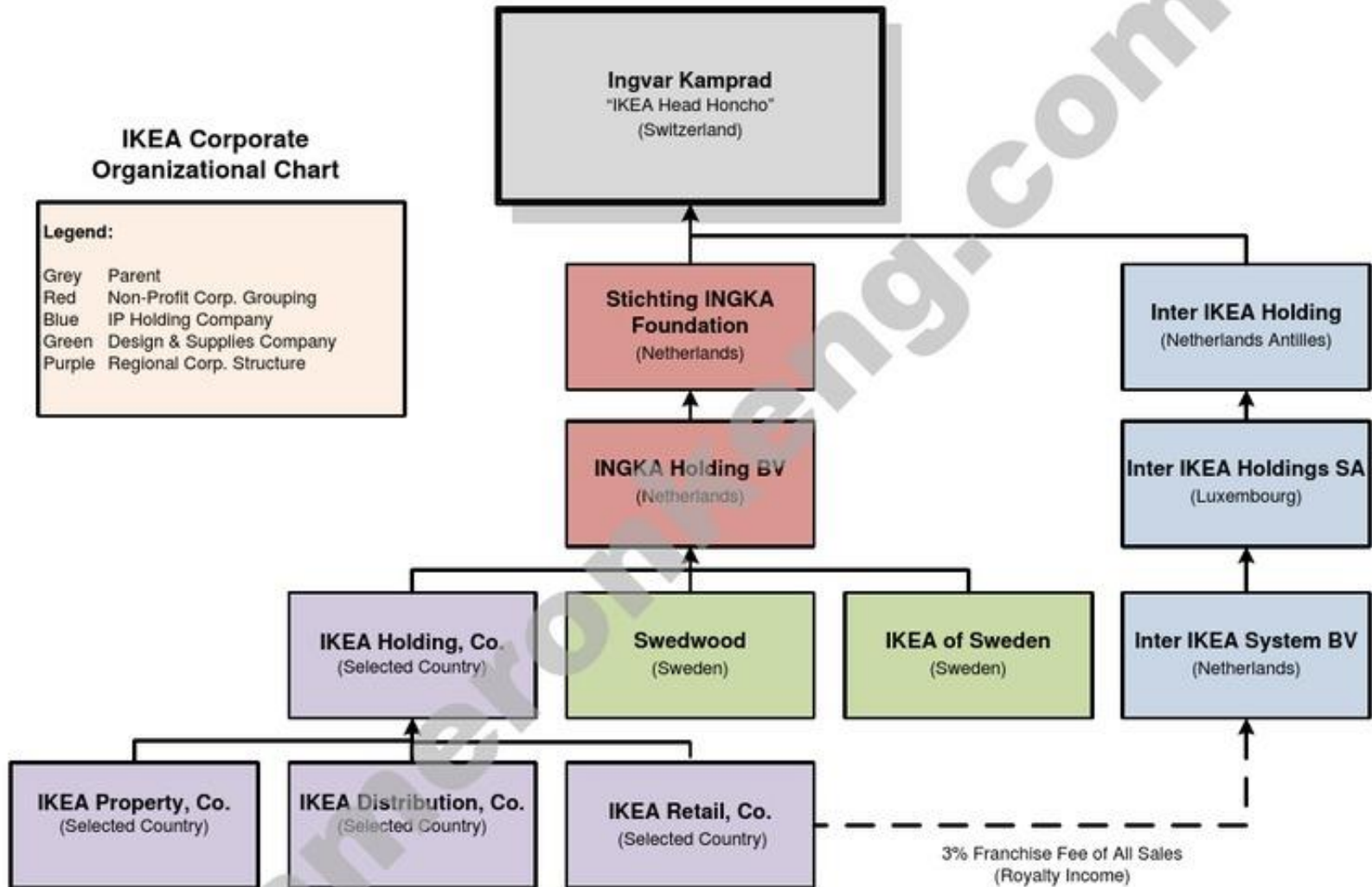
Corporate organization has four levels of management above store management.



IKEA Corporate Organizational Chart

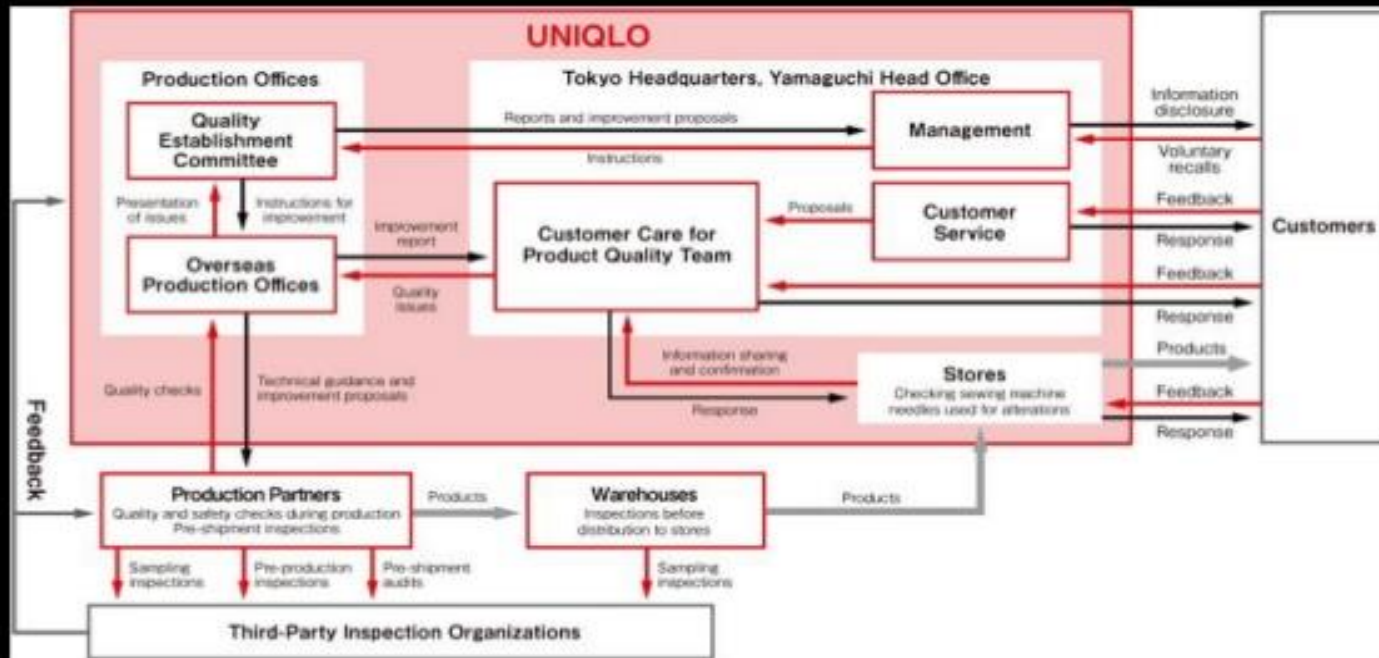
Legend:

- Grey Parent
- Red Non-Profit Corp. Grouping
- Blue IP Holding Company
- Green Design & Supplies Company
- Purple Regional Corp. Structure



UNIQLO Business Strategy

UNIQLO Takumi System

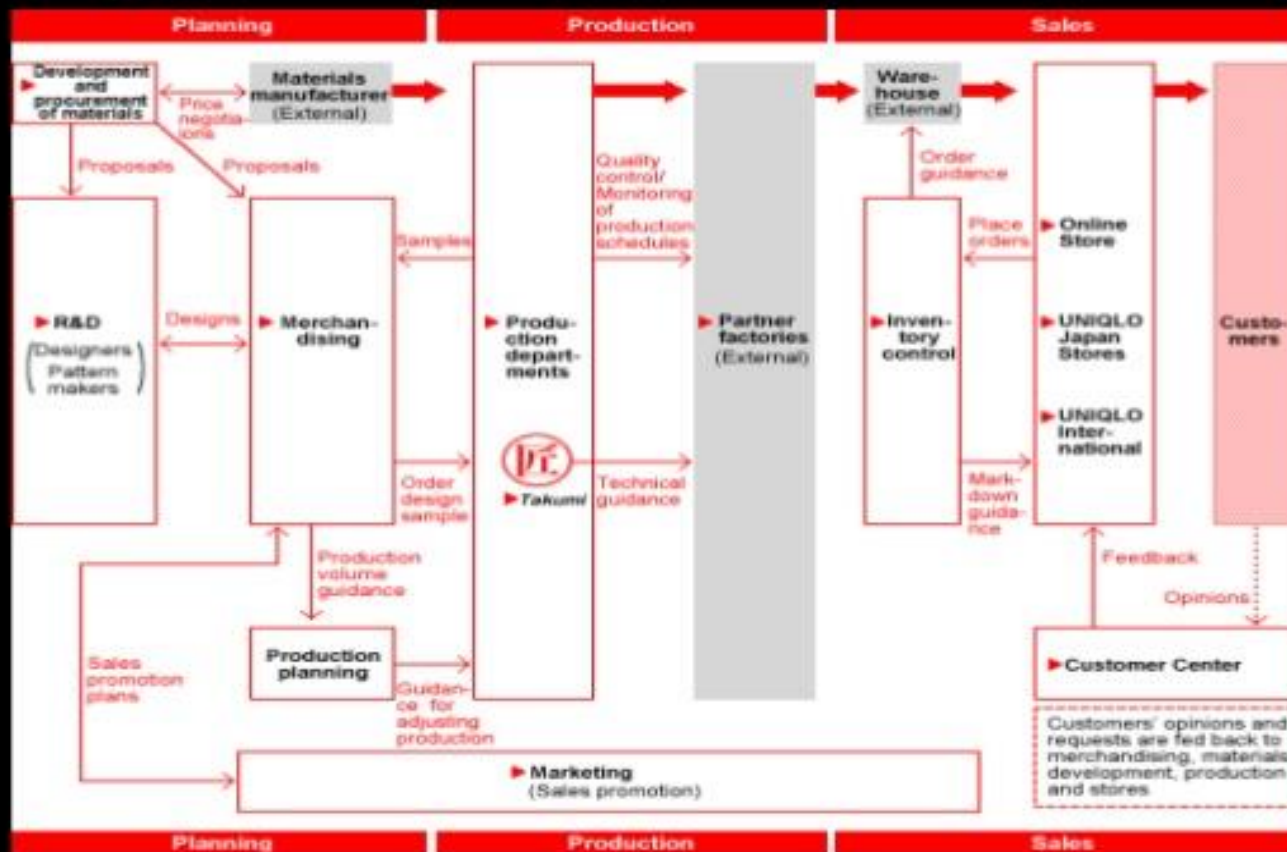


1/6/2015

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However, **UNIQLO** has overcome this problem by its unique “**Takumi**” system. ... In order to keep high quality products, **UNIQLO** builds a **Takumi** team, consisting 400 textile skilled artisans and sends them to its partner factories all over the world.

UNIQLO Business Model





EVP and Chief financial officer
Claire Babineaux-Fontenot

Treasurer

EVP and Chief administrative officer
Rollin L. Ford

EVP, Chief marketing officer, Wal-Mart U.S.
Stephen Quinn

EVP, Chief merchandising officer, Wal-Mart U.S.
Charles Redfield

EVP, Logistics and Supply Chain, Wal-Mart U.S.
Chris Sultemeier

President and CEO, Sam's Club
Rosalind G. Brewer

EVP, Chief Financial Officer, Sam's Club
Michael Dastugue

President and CEO, Wal-Mart International
David Cheesewright

EVP, Strategy and International Development, Walmart Int.
Scott Price

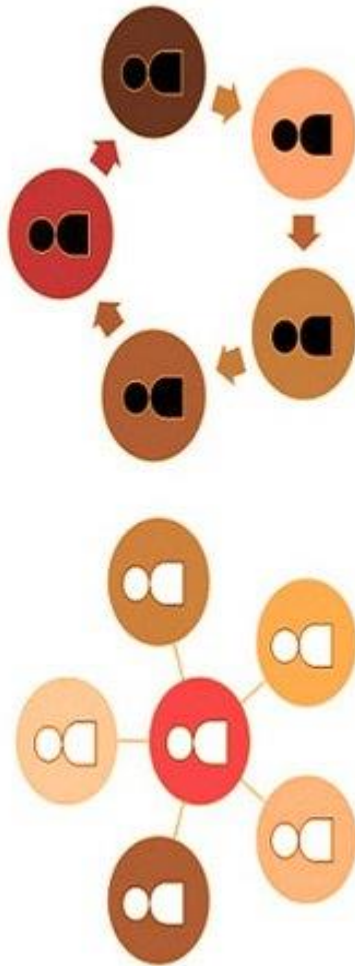
EVP, Chief information officer
Karenann Terrell

EVP, Corporate affairs and government relations
Dan Bartlett

EVP, People division
M. Susan Chamber

Centralization and Coordination

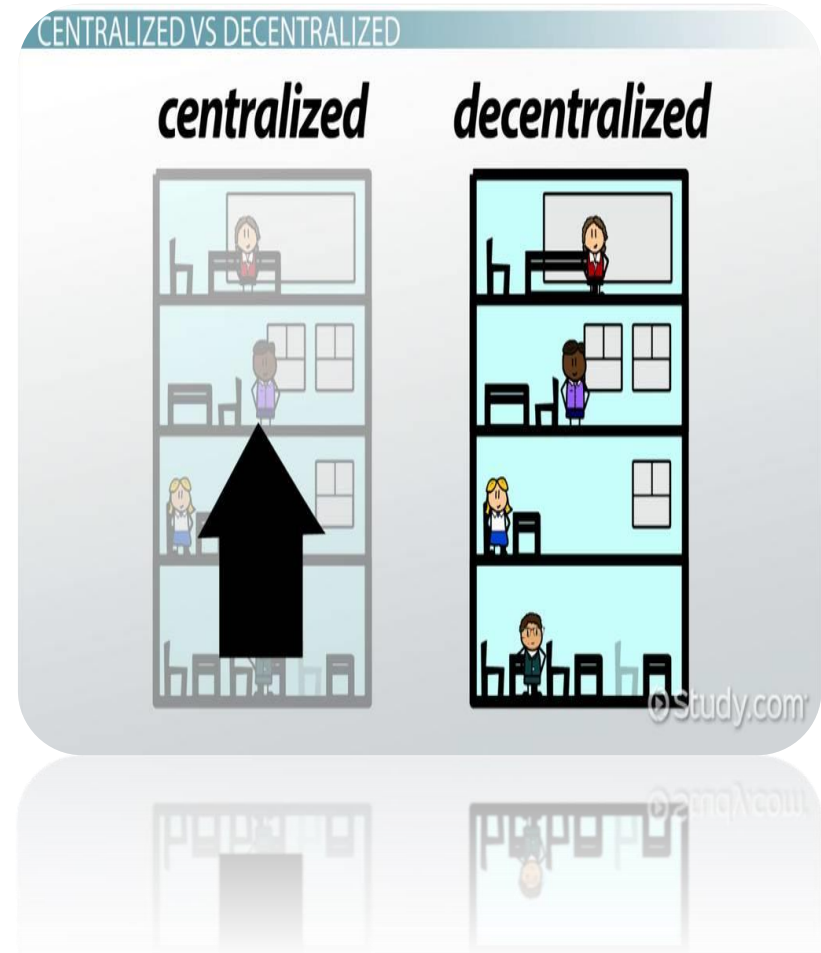
Difference Between Centralization And Decentralization



- Two important organizational issues are
 1. The degree to which decision making is centralized or decentralized
 2. The approaches used to coordinate merchandise and store management

Centralization

- Centralization occurs when the authority for retailing decisions is delegated to corporate managers rather than geographically dispersed managers
- Decentralization occurs when authority for decisions are assigned to lower levels in an organization



Coordinating Merchandise and Store Management

- Small, independent retailers **have little difficulty coordinating** their stores' buying and selling activities. Store owners know what their customers want
- In contrast, large retail firms organize buying and selling functions into separate divisions



Coordinating Merchandise and Store Management

- **Three approaches large retailers use to coordinate buying and selling are**
 1. Improving buyers' appreciation for store environment
 2. Making store visits
 3. Assigning employees coordinating roles

Coordinating Merchandise and Store Management



Terry Lundgren, CEO of Macy's, gets to know his customers and employees by visiting stores.

Winning the Employee Talent War



Employment Branding

- HR departments for Starbucks and Marriott are developing marketing programs to attract and retain the "Best and brightest "employees
- Called **employment branding or employment marketing** involve in undertaking marketing research to understand what potential and current employees are seeking as well as what they think about retailer; developing value proposition and employment brand image; communicating the brand image to the potential employees; and then fulfilling the brand promise by ensuring that employee experience matches the image created

Employment Branding



Starbucks builds its employment branding program around the theme "Love What You Do and Share It With Others."

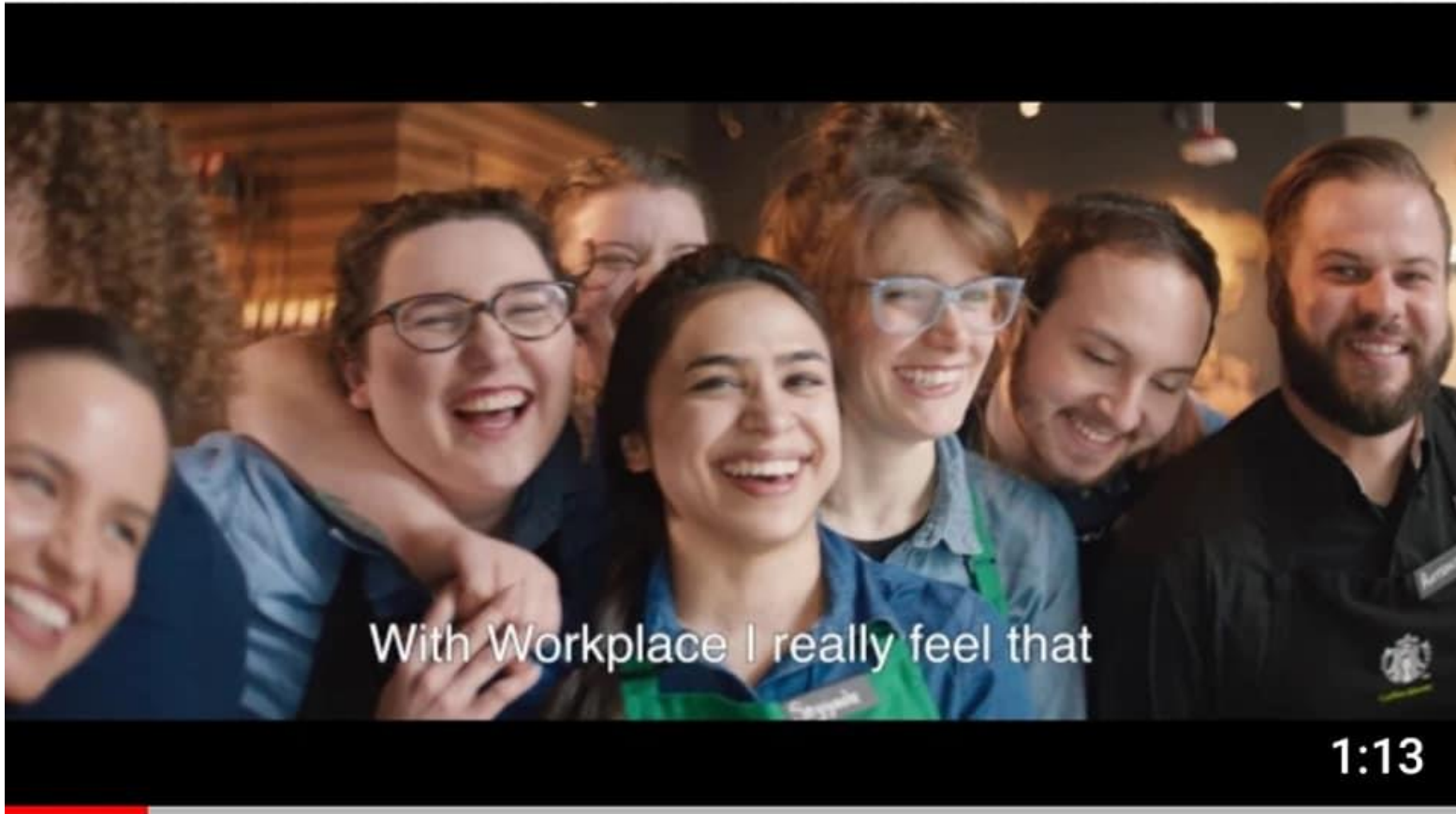


Retail Careers at Starbucks



Starbucks Coffee · 36K views · 2 years ago





Starbucks: Uniting Store Managers



Workplace from Facebook · 218K views · 3 years ago



Developing Talent: Selection and Training

- Selective Hiring
- Training



Developing Talent: Selection and Training



ret A Manger feels it can teach employees how to make sandwiches, but it
an't teach people to be happy. So it hires happy people.

Developing Talent: Selection and Training



The Container Store is very selective in its hiring. Its best hires come from its customer base.

Motivating Talent: Aligning Goals

- Policies and supervision – written
- Compensation-based incentives- commissions, bonus, profit-sharing



Organization Culture

- An organizational culture is the set of values, traditions, and customs of a firm that guides employee behavior

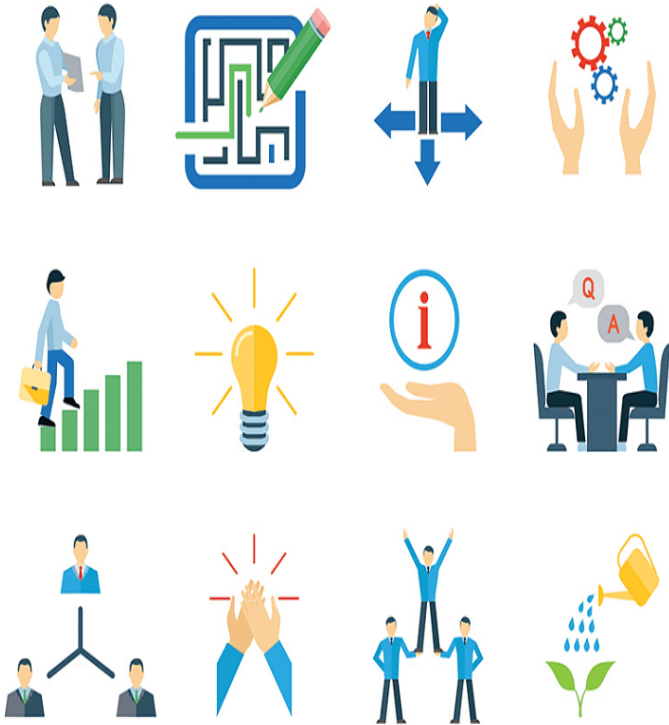


Other Important Goals

- Keeping Talent-reduce turnover
- Empowering employees



Other Important Goals



- Engaging employees

1. Reduce Status Difference
2. Promote from Within
3. Balance Career and Family-Flexi- time
4. Provide Benefits- Health care
5. Use social media- to communicate and engage employees



What are the benefits of working for IKEA?

:

IKEA Malaysia · 12K views · 5 years ago





That's All Folks