

Employability Skills in Chennai Retail Market, India

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Abstract: The aim of this paper is to report the finding from study to outline the underlying skill set required in getting and sustaining employment in the organised grocery and vegetable retail industry. The focus was 'Employability' which is neither one time attainable nor marketable vocational and academic skills just to create opportunity to get employment. An exploratory study has been carried out to understand the requirement of skill set in organised grocery and vegetable retailing for entry level jobs. Personal interview and questionnaire were the instruments used. Scope of the study to understand and identify required skills for entry level job in the organised grocery and vegetable retailing. Skill Matrix and employability skill set are formulated based on the study for entry level jobs in organised grocery and vegetable retailing sector. This study presents a comprehensive framework for selecting stores level managerial jobs by using Analytic Hierarchy Process (AHP). AHP method, expresses to determine the attributes in a multiple criteria decision-making problem in selection of personnel. Further scope for future research is enormous; study in the area of different or entire profile of retail jobs and geographical employability which is an influencing and deciding factor in organised grocery and vegetable employment.

Keywords: Employability, Retail, Skill Matrix, Analytic Hierarchy Process

JEL Classification: M51, M12, C60

1 Introduction

The liberalization of the Indian economy and simultaneous globalization ignited an accelerated industrial growth across, the spectrum of all market segments in India. Retail industry as a whole is not an exception. Retail industry has witnessed advancement into organised trading. Organised retailing factored into the changes in employment opportunities as well as skill requirements. Human sourcing has experienced a series of transformations in its identification of right resources. The corporate players who are in the organised grocery and vegetable retailing sectors implementing best practice proven globally to run their business cost effectively necessitate employees with specific skill set to suit their requirements. An exploratory study has been carried out to understand the requirement of skill set in organised grocery and vegetable retailing. As the Indian grocery and vegetable market is very huge by geographical spread, the study has been carried out to

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explore Chennai market taking in to consideration of the resource and location constrains the researchers have to satisfy.

1.1 Indian Retail Industry

The Indian retail market, which is the fifth largest retail destination globally, was ranked second most attractive emerging market for investment in the retail sector by AT Kearney's seventh annual Global Retail Development Index (GRDI, 2008). Traditional Indian retailers are account for 12 million retail outlets all over the country and more than 40 percent of them sell grocery and vegetable (IBEF, 2008). Only four percent of the traditional retail outlets are more than 500 sq. ft. of area. The outlets of traditional retailing are owned and managed by few people and that to mainly family members. Growth of traditional retail outlets year wise and organised outlet projections outlet type wise are listed in table 1 and 2 respectively (Chengappa et al., 2003). Currently the most popular organised retail formats are Shopping Malls, Hypermarkets, Supermarkets Specialty Stores, Multi Brand outlets, Discount Stores, Department Stores and Convenience Stores. It is reported that there are at least 24 hyper markets, 358 super markets, 240 convenience stores, and 464 discount stores. Super markets consider fruits and vegetables as destination category of goods to attract more customers (Acharya, 2007). According to a report by Research on International Economic Relations, the retail business in India would grow at 13 per cent annually from US\$ 322 billion in 2006–07 to US\$ 590 billion in 2011–12. Organised retail, which constituted a low four per cent of total retail in 2006-07, is estimated to grow at a rate of 45-50 per cent per annum and attain a 16 per cent share of total retail by 2011-12. (ICRIER, 2008) Government of India termed retail as a sunrise sector, expected organised retail sector to generate 10 to 15 million jobs over the next five years (GOI, 2007).

Table 1 Year wise growth of Traditional Retail Outlets in India

| Outlets | No of Outlets ('000) | | | | | |
|--------------------|----------------------|------|------|------|--------|--------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Food retailers | 2769 | 2944 | 3123 | 3300 | 3480 | 3683 |
| Non-Food retailers | 5774 | 6040 | 6332 | 6666 | 7055 | 7482 |
| Total | 8543 | 8984 | 9456 | 9967 | 10,534 | 11,165 |

Source: ' Evolution of Food Retail Chains: The Indian Context (Chengappa et al., 2003)

Table 2 Organised Retail outlet Projection for the year 2010

| Outlet type | No. of outlets |
|--------------|----------------|
| Hyper Market | 200 |
| Super Market | 280 |

| | |
|--------------------|-------|
| Mega Store | 400 |
| Specialty Store | 1200 |
| Departmental store | 20000 |

Source: 'Evolution of Food Retail Chains: The Indian Context' (Chengappa et al., 2003)

A study by ASSOCHAM on "Job Opportunities in Emerging Sectors" revealed that retail is expected to churn out the maximum number of job opportunities among the upcoming fields after Information Technology enables services – outsourcing. The forecasts suggest that the sector may create 2,000,000 jobs by 2010 directly through retail operations (Bhutani, 2007). Table 3 depicts the estimated figures of the study.

Table 3 Job Opportunities in Emerging Sectors by 2010

| Sector | No. of Jobs |
|-------------------------------|-------------|
| Business Process Outsourcing | 2,300,000 |
| Retail | 2,000,000 |
| Knowledge Process Outsourcing | 250,000 |
| Hospitality | 94,000 |

Source: ASSOCHAM, 2007

This phenomenal growth of organised is expected to result in demand for millions of new jobs. In India, the expected job creation by organised retail requires entirely different skill sets contrary to traditional due to its volume of operation, size of outlets, area of coverage, customer mix and product assortment. Supplying human resource in millions with required skill is a challenge and various universities and training institutes are gearing up to meet the challenges. Leading corporate houses are also venturing into skill building solutions business. Bharti Group with interest in multi sectors from telecom to retail, has set up institute to training human resources, 'Bharti Resources' for their internal requirement as well as partnering with other organizations.

1.2 Employment in Retail

Currently Agriculture and retail are the large sectors for employment in India and retail trade constitutes 7.6 per cent of total labour force (NSSO, 2008). The trend in economy growth is expected to continue and retail industry also expected to grow in the same phase. Retail sector is also expected to create huge employment in future. Segment wise, retail sector's employment in India during July 2005 - June 2006 is depicted in table 4. Fresh vegetables, fruits and grocer retailing, both

organised and traditional, is a prime source of employment for people with low skill and education. Vast majority of the labour force can easily fit in to retail and related support services.

The emerging organised retailer’s expectations of education and skill of their employee are different, rather higher. They expect higher educational qualification, better skill sets and trainable traits. In future labour force seeking employment in to organised retailing should have a high capability to match employer’s expectations. Organised retailers face a huge shortage of Skills. The skill shortage is more among those manning the floors rather than at the managerial level. In view of the current shortage in skilled labour needed for organised retail most of the companies such as Subhiksha are resorting to in-house training—which are usually short-term trainings conducted on a monthly basis. Some other leading retailers also have tie-ups with leading business schools to train their employees. (Shaoni and Bino 2008)

Table 4 Traditional Retail sector employment in India

| Retail segment | Employment (million) |
|---|-----------------------------|
| Food , Beverages and Tobacco - In Store | 12.4 |
| Non-Store Retail | 1.10 |
| Specialized stores | 9.50 |
| Non-specialized | 2.20 |
| Service | 2.60 |
| Total Employment | 27.60 |

Source: National Sample Survey Organisation (Report No. 522)

1.3 Employability

The quick expansion of retail market and huge demand by volume and wide range of skills of human resource requirement is a test on demand and supply mapping as well as matching. From the demand side, Human Resource Managers experiencing tough times in identifying right source and the supply side, it is even tougher to impart proper mix of skills. The booming economy is generating more jobs than ever before and contrarily millions of youngsters who are unemployed looking for the first job or underemployed looking for a right job. The missing link between them is the ‘Skill Gap’. Skill gap prevails not only for the entry jobs but for all levels of jobs. Proper mix of skills paves a way to enrich employability. Employability refers to a person’s capability of gaining initial employment, maintaining employment, and obtaining new employment if required (Hillage and

Pollard, 1998). Employability is the capability to match skills demanded by the market for a specific job. Eliminated or reduced skill gap is high level of employability and leads to sustainable employment. Employability is neither one time attainable nor marketable vocational and academic skills just to create opportunity to get employment. Employability is a continuous process of acquiring or developing or enhancing knowledge, skill and ability during all phases of career like, pre-employment, unemployment, new employment, underemployment, reemployment, transition employment and transfer employment. Employees with more diversely skilled will increase their employability.

2 Research Study

2.1 Objective of the Study

Growing consumerism would be a key driver for organised retail in India. Several demographic trends are favourable for the growth of organised trade. Players, who capitalise on the opportunity, need to be aggressive in its outlook and build scale quickly (TSMG, 2006). This phenomenal growth of organised is expected to result in demand for millions of new jobs. Human Resource Department (HRD), especially in the organised retail market, is lookout for skilful and industry ready human resource. Super markets and retail chains need many times more young business graduates. It needs to be noted that already between 2000 and 2005; India created 1.1 million jobs per year, which is the highest among BRIC - Brazil, Russia, India, and China countries (Acharya, 2007). Alternatively HRD is looking for human resources who are trainable, so as organisations can impart skills. The objective of the study is to outline the underlying skill set required in getting and sustaining employment in the organised grocery and vegetable retail industry for entry level jobs and find a selection process for managerial jobs. Hence there is a need to assess the current status and trend of human resource in Indian organised grocery and vegetable market for these jobs. An exploratory study has been carried out to understand the requirement of skill set for jobs, not attitudes in organised grocery and vegetable retailing. This study is neither intended to investigate method of developing employability skills nor estimate human resource requirements of organised retailing industry but to assess the employability skill set.

2.2 Research Methodology

This study is an exploratory study. Scope of the study to understand and identify required skills for entry level job in the organised grocery and vegetable retailing. As the Indian grocery and vegetable retail market is widely spread geographically, the study has been carried out to explore the human resource practices and trend at

Chennai taking in to consideration of the presence of corporate retailers. Research frame for data collection is from the city of Chennai, India. Chennai has right demographic mix of customers who are also a critical factor in deciding requirement for entry level job in grocery and vegetable retail. All organised retailers are anchoring in the city of Chennai including grocery and vegetable retail pioneers like Nilgiris Dairy Farm's Super Market popularly known as Nilgiris and Subhiksha which has more number of retail outlets.

Research instruments used for research data collection was structured questionnaire and interview. Human resources department heads, human resource department personnel, warehouse managers, distribution centre managers, functional heads, managers and executives of organised retailers are the target for collecting data. The questionnaire consists of open ended questions and interview is a semi structured. A sample size of 261 respondents covered and sample sizes reflect the number of obtained (complete and accurate) responses. Respondents were asked to indicate the relative emphasis placed on each factor on a five-point Likert scale with end points of 1 (not important) and 5 (extremely important). A focus group formed with industry experts form organized retailers to formulate selection process for managerial jobs. The focus group members are asked about their perceptions, opinions, beliefs and attitudes towards a managerial job in grocery and vegetable retailers. Group members are aided with pilot study results and factors development and tested in pilot study with respondents from multiple strata.

3 Research Findings

Aspiring employees of organised retail sector are apparently need skills and basic educational qualifications to gain entry into the Industry, capacity to acquire training, perform to move up in the career ladder and ability to retain the growth. The study has been conducted to understand 'Skills', one of the three components of employability viz. knowledge, skill and ability Based on the survey response, for fresher who are seeking employment as front end sales staff, floor sales personal are listed into a three broader categories viz. Skill matrix, Skill set, Skill Pyramid and its prominent elements. Employers in the organised retailing looking for industry ready personal and impart formal short term training on the company, products the company sells.

3.1 Skill Matrix for Entry Level Jobs

The new economy requires a broader set of skills including "hard" and "soft" skills (Carrievale, 1991). Hard skills generally refer to technical skills or management skills related to the industry or organizations. Examples of hard skills include machine operation, typing, proficiency with software, basic mathematics,

applications, financial procedures and sales administration. These skills are typically easy to observe, quantify and measure. They're also easy to train, because most of the time the skill sets are brand new to the learner and no unlearning is involved. Soft skills are interpersonal, communication, and learning skills, and basic skills (reading, writing, and computation). Soft skills are career prospect skills and broadly applicable for all type of job. They are needed for everyday life as much as they're needed for work. Examples of soft skills are communication (listening, dialogue, feedback, etc), cooperating as a team member, solving problems, contributing in meetings and resolving conflict. The figure 1 outlines the skill matrix comprising of hard and soft skills of entry level jobs in organised grocery and vegetable retail and numbers are zones, representing intersection of hard and soft skills.

Zone 1:

This is the employability zone. Candidate or person's skills fit into this zone are easily tuned to the organization's job requirement. They are 'Work Ready' type of persons and having potential to acquire employment.

Zone 2:

Skills of persons matching into the zone 2 are 'trainable' in nature. Organised retailers ready to invest on their training needs and prepare

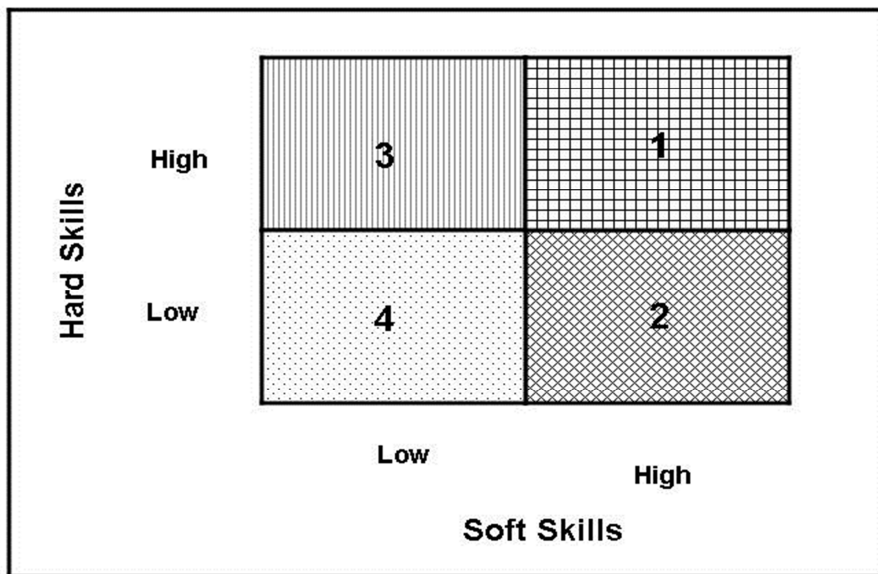


Figure 1 Skill type matrix

Zone 3:

This is a survival zone. People's skills fall in this zone; probably survive with self initiative and organizational training.

Zone 4:

Job seekers with both low hard and soft skills are not preferred lot for employment. Even if they employed, they have difficult career path and vulnerable to loose job.

3.2 Skill Set for entry level Jobs

In addition to basic skills, employers expressed a need for employees to have employability skills. Employability is an embedded vocational and personal set of skills with the basic skills. The elements in the skill set is not static; it changes with competition in retail industry, competition among jobseekers, technology growth etc. Recruiters expressed that educational institutions should teach both academic skill and employability skills which are important in acquiring job. Work ready skills are viewed as three major skills sets viz basic, vocational and personal skill sets. The figure 2 illustrates Employability Skill set; intersection of all three skills sets for entry level jobs in organised grocery and vegetable retailing.

Basic Skills:

Basic skills are the combination of academic and economic adaptability skills: reading, writing, mathematics and basic arithmetic skills; computer literacy, problem-solving ability; punctuality, following instructions, information identification , time management, attitude, social alignment and values fitments, ethics, and vocational maturity.

Vocational Skills:

The second set of skills is the vocational or job-specific skills required by the occupation and critical to career succession and development. Vocational skills include specialized skills - specific to an occupation, technical and commercial Skills, interpersonal Skills - team working.

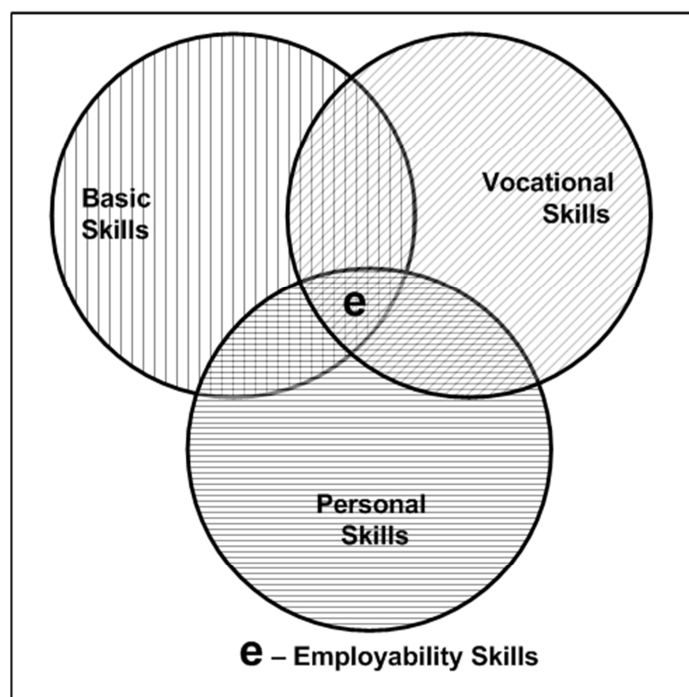


Figure 2 Employability Skill set of Organised Retail

Personal Skills:

Personal Skills are ability to achieve personal and professional goals. Personal competency skills are communication skills; both speaking and listening skills, comprehension, flexibility, adjusting to work situations, adapt to new situations and Self-management with personal characteristics like attitude, drive and initiative.

Employability Skills:

In the organised grocery and vegetable retail sector, employability skills, are considered as 'Work readiness' skills and crucial; they include essential basic skills, vocational and personal competencies skills. Organised retailers train their employee to impart industry, organization and product specific knowledge.

3.3 Skill Pyramid

Skill Standards are the bench marking tools to identifying, evaluating personnel qualification, skill and knowledge requirements for a specific job level and industry. Skill standards provide reference for education and training needs of employees during recruitment, job rotations and performance measure for promotions during employment. It is an assessment of skill match between industry expectations and availability for each job levels. This research study identifies the skill standards for entry level jobs in organised grocery and vegetable retailing. The figure 3 depictions of skill requirements in three broad levels viz Bottom, Middle and Top for entry level jobs in organised grocery and vegetable retailing.

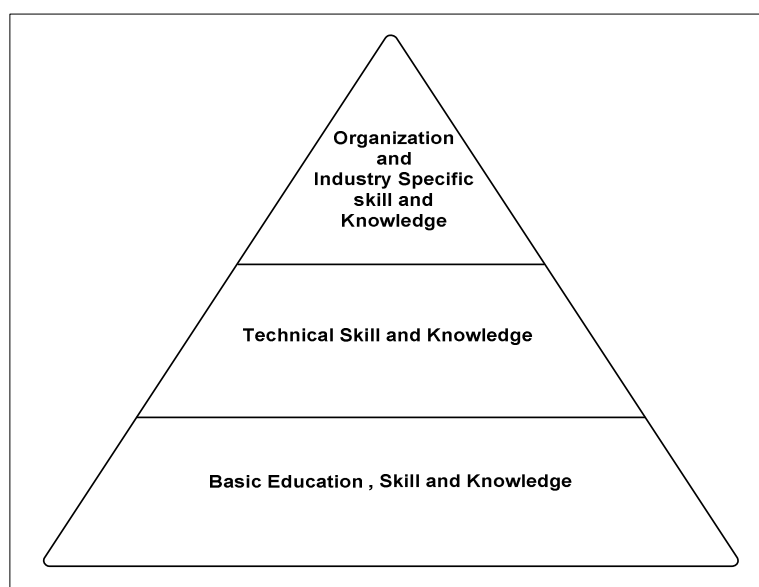


Figure 3 Skill Pyramid of Organised Retail

Bottom Level:

Bottom of the pyramid signify basic educational qualification, level of competencies – communication skill in the local language, ability to understand need of customers and of and Personality traits - Smartness, Presentable appearance, Eagerness to learn and improve, Positive attitude, friendly and helpful attitude.

Middle Level:

Middle level skills are universal skills that are needed in all industry sectors to apply technical knowledge and competencies to operate tools effectively, interpersonal, problem-solving, and other customer service and sales skills. Core competencies and abilities pertain to entry level job of organised vegetable and grocery retailing are monitor floor inventory, maintain aesthetic look of store, build and retain customer relations and support activities.

Higher Level:

Higher level skills in the pyramid are industry-specific technical skills, knowledge of product quality and variety and abilities that are unique to individual jobs which are generally imparted by corporate training program. Personal traits - honesty, loyalty and attendance are also part of the top level skills.

3.4 Selection for Managerial Jobs

Focus group members are provided with employability skills framework developed by pilot study and factor analysis. The derived five factors listed below are the basis of further development AHP methodology. In this study, paired comparisons of the alternatives on each attribute converted to a numerical scale of 1 to 5. Hierarchical categorisation of the skill factors are shown in Figure 4.

- Academic qualifications;
- Communication skills;
- Leadership skills;
- Teamwork skills;
- Work experience.

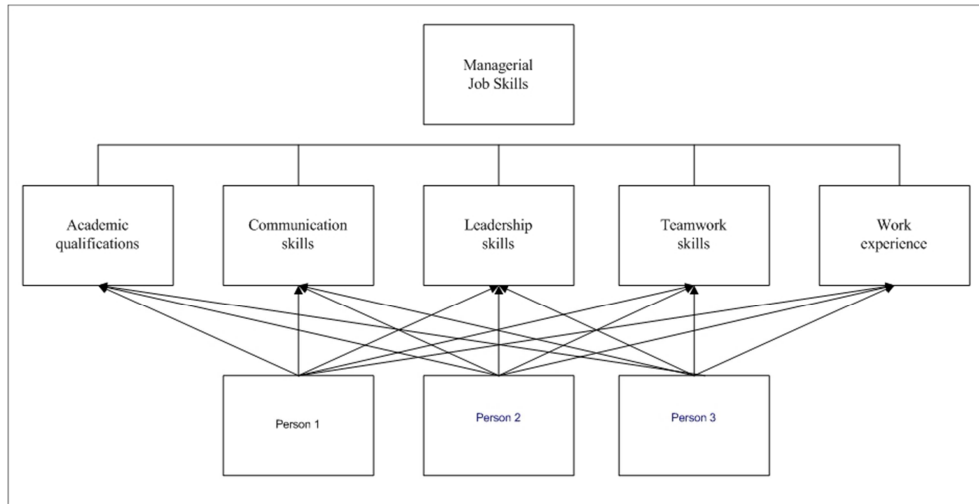


Figure 4 Hierarchical categorisation of the skill factors are shown in

Table 5 lists the comparison matrices of managerial job skills. Normalised pair wise comparison of Skill set matrix is depicted in Table 6. AHP priority score matrix is illustrated in table 7.

Table 5 Comparison skill matrices

| | Academic qualifications | Communication skills | Leadership skills | Teamwork skills | Work experience |
|-------------------------|-------------------------|----------------------|-------------------|-----------------|-----------------|
| Academic qualifications | 1 | 3 | 2 | 5 | 3 |
| Communication skills | 1/3 | 1 | 3 | 3 | 2 |
| Leadership skills | 1/2 | 1/3 | 1 | 3 | 3 |
| Teamwork skills | 1/5 | 1/3 | 1/3 | 1 | 3 |
| Work experience | 1/3 | 1/3 | 1/3 | 1/3 | 1 |

Table 6 Normalised pair wise comparison matrix

| | Academic qualifications | Communication skills | Leadership skills | Teamwork skills | Work experience |
|-------------------------|-------------------------|----------------------|-------------------|-----------------|-----------------|
| Academic qualifications | 0.42 | 0.60 | 0.30 | 0.41 | 0.25 |
| Communication skills | 0.14 | 0.20 | 0.45 | 0.24 | 0.17 |
| Leadership skills | 0.21 | 0.07 | 0.15 | 0.24 | 0.25 |
| Teamwork skills | 0.08 | 0.07 | 0.05 | 0.08 | 0.25 |
| Work experience | 0.14 | 0.07 | 0.05 | 0.03 | 0.08 |

Total of the elements in each row of the normalised pair wise comparison matrix listed in the table 6 divided by 5 (number of factors). The resultant values listed in table 7 are the priority matrix and the Eigen value estimation of the matrix. The Public distribution system service quality dimensions in the priority matrix of are ranked as per the priority values.

Table 7. Priority matrix of Skills

| Skill | Priority value |
|-------------------------|----------------|
| Academic qualifications | 0.38 |
| Communication skills | 0.25 |
| Leadership skills | 0.20 |
| Teamwork skills | 0.09 |
| Work experience | 0.08 |

In order to verify the pair wise comparison matrix, Saaty (1980) proposed consistency index (CI), consistency ratio (CR) and listing values of random index (RI). The CI and CR are defined as follows.

$$CI = (\lambda_{max} - n) / (n - 1) \text{ and}$$

$$CR = CI / RI$$

Where λ_{max} = maximum principal Eigen value of the comparison matrix and n = number of elements (order of the pair-wise comparison matrix). The value of λ_{max} is obtained by first multiplying the pair-wise comparison matrix with the priority matrix. Then divide the first element of the resulting matrix by the first element of the priority matrix, the second element of the resulting matrix by the second element in the priority matrix, and so on. A single column matrix is obtained and the average of the elements of the matrix gives the value of λ_{max} . The random index (RI) value is 1.12 for matrices of order when $n = 5$ (Saaty, 1980). Following variables are calculated

$$\begin{aligned}\lambda_{max} &= 5.38 \\ CI &= 0.096 \\ CR &= 0.085\end{aligned}$$

The consistency ratio (CR) is 0.085 which is smaller than 0.10 proved that the AHP results are consistent. The priority of factors listed in the table 7, help in selecting person for the managerial jobs in retail stores.

4 Conclusions

Employability skills are associated with acquiring jobs in organised grocery and vegetable retailing sector. Mix of academic qualifications, important vocational skills and personal skills are selling skills for entry level jobs. Employers in retail industry are looking for people for the managerial jobs with different set of factors like academic qualifications, communication skills, leadership skills, teamwork skills and work experience. This study of employability in organised retail market help working professional in defining the knowledge and skills required by individuals who seek, obtain and sustain employment.

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