

## FDI in Retail: Its effect on HR strategies in India

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### Abstract

Over more than century companies and various organizations are facing the common problems that are being faced by the industry and HR are being facing the challenge of employing global workforces that diverge in age, gender, education and culture. This paper illustrate as how the workforces will be emerged in the current market despite of the HR challenges that are being faced by the industry. Thus the company needs to find the proper strategy to allocate the workforce in to FDI retail market. This section presents the challenges human resources manager face when ensuring that their organizations succeed in the global environment.

**Keywords:** Retail FDI, HRM, Strategies, Globalization

### I. INTRODUCTION

A decline rate of workforce in the underdeveloped and developing economies and increasing workforce in the developing countries is caused by lack of skills shortage. If we need to consider the shortages then some of the shortages in these regions are old workers, woman manpower, and many other cross-boarder migrations. Similarly, a cultural diversity will then define the workforce globally in term of demographic regions where the shortage needs to be filled by companies and moreover need to occupy the strategic assets.

Though the old workers have bucket of experience but often organization felt that the disabilities rate, shifting responsibilities and creating flexible work schedules of old workers are four and half times more than the younger workers.

Work styles are based on individual cultures and combining many other global workforces. One of

the most extreme challenge is to find the right job with the right roles with attractive incentives and also the retraining opportunities for other worker in case of avoiding age-discrimination practices.

To ignore the skill shortages, many organization are seeking for the HR analytics who entertain the workforce planning. In case of shortage mostly HR use its analytics such as gender and other diversity metrics to make a good understanding of the make-up of recruits and provide matching incentives.

### II- OBJECTIVES OF THE STUDY

1. Trace out the challenges of HR & Business management and strategy led out globally.
2. HR Challenges for global workforce, corporate strategic decision-making
3. Indian Retail sector and emerging challenge in Foreign Direct Investment
4. High chances or opportunities in Retail Sector in FDI.

### III- HUMAN RESOURCE CHALLENGES:

Complexities in the process of hiring the workforce, managing them and integrating them globally

As per the recent study, the one of the essential challenges faced by the HR are managing the global workforce and complexities of hiring. It is also being another challenge is to integrate the local workforce to integrate into the FDI market and the international division.

By the use of the technology, communications, growth of liberal cross-border trade and extension of the new companies are unlikely to let up. Attracting global talent requires staying abreast of new strategies for finding and attracting talent.

#### **IV- IN CORPORATE STRATEGIC DECISION MAKING THE EFFORTS OF INCORPORATING HUMAN CAPITAL AND RISK IN OPERATING THEM:**

Other important challenge as per study is, “ Workforce opportunities are marked both by steady improvements through the political machinations that open trade across borders and enable cross-border migrations, and by sudden and often unexpected changes such as the relaxation in relations between the United states and Cuba, conflicts in Syria, Iraq and Ukraine, and dramatic swings in oil prices. The challenge for companies is to remain nimble to take advantage of the opportunities while avoiding the risks.HR's Challenge is to gather, assess and understand all the cultural, labor and market complexities of operating in each market so that the company can predict opportunities and risks, know when to enter or exit a market, and integrate successfully into new local markets.”

#### **V- STRATEGIES FOR ENGAGING WORK FORCE:**

Managing diversity is emerging as an important theme for managing engagement in an organization. Diversity means that different group of employees have different expectations and aspirations. Young employees expect higher level of remuneration, fast faced growth and open communication. Similarly, older age group expects job stability, culture of respect and seniority.

- a) Develop and customize HR practices to each segment while maintaining common philosophy and principles.

- b) Provide enhanced responsibility levels, job rotation, targeted development programmes, action learning projects.
- c) Provide meaningful work, allocate task and responsibilities, alignment to intrinsic motivation and access to right resources
- d) Build in some element of autonomy, the right amount of challenges and scope for innovation.
- e) Build total compensation programme that are customized.

Human capital theory, drawing strongly on the resource based view (RBV) of the firm and transaction cost economics, argues that it is the quality of the organization's workforce which will be vital in providing a competitive advantage over competitors. Essentially human capital refers to the education, skills, abilities and knowledge of individuals (Garavan et al. , 2001; Youndt et al. , 2004). It is necessary to have the investments in human capital (Flamholtz and Lacey, 1981) It is reported that organizations are increasingly implementing more sophisticated training and development strategies and practices to develop employee competencies so as to better position themselves to deal with the increasingly complex global business world (Losey, 1999). Thus, firms are now commonly investing in their human capital. Thus the firms need to incorporate global strategies of training HR and adding value the human capital.

## VI- IMPACTS OF FDI IN CURRENT MARKET:

- a) A total of 15 million job opportunities in the retail market.
- b) Helps the Farmers and the middleman.
- c) An effective and more efficiency is required to assure the supply-chain management from the foreign player, hence there might be an opportunity for local players too.
- d) Also help in the food inflation and increasing efficiencies in supply chain.

### *Arguments towards FDI:*

- a) Consolidate and Fragmented market has one of the largest international retail market which displaces existing markets.
- b) Most of the countries which have allowed FDI in the retail market have experienced that many of the workforce will lost the job if the manufacturing sector having structured international retail purchased the product internationally and not from the domestic sources.
- c) Supply chain can be created by the foreign players only.

## VII- SUGGESTION FOR THE GROWTH OF RETAIL INDUSTRY:

- a) Investment is necessary in order to develop the retail FDI industry.
- b) Governmental approvals should needs to be fastened so that no delay is applying and implementing the projects for investment.
- c) Liberalization of economic policies and fundamental policies in order to implement FDI policies.
- d) There should be consistency in the policy implementation of business and investor confidence by government.

### Large- scale employment generation:

A new study has been introduced and as per study it has been resulted that, "Proponents of FDI in retail have declared that there will be large- scale job creation in the economy. Union Minister for commerce and Industry quotes that over 10 million as the number of new jobs to be created, with bulk of that supposedly coming from the logistics sector. Assuming Wal-Mart, and other retailer giants will extend their highly profitable model in the Indian retail sector as well, it is highly unlikely that 10 million jobs will be created. On the other hand, there is a possibility of loss of employment for several small retailers once foreign retailers establish themselves in the market, as seen in developed nations. In the Indian context, a study conducted by the Indian Council for Research on International Economic Relations in 2008 observed that unorganized retailers operating in and around organized retailers have witnessed a drop in business turnover and profits after the entry of large organized retailers."

The entry of foreign players into the Indian retail market may or may not result in huge loss of jobs, but income reduction of marginal retailers and intermediaries is highly likely.

## VIII- HUMAN CAPITAL:

The employees may include amongst others the organization's future leaders commonly known as "high potentials" or senior management potential and also specialist functional personnel (i.e. key group). These employees are believed to offer high value-added competencies and are said to be a specific application of the development of human capital (Lepak and Snell, 1999). Human capital theory suggests firms will invest extensively in firm specific type training initiatives ( Becker, 1976) and also developmental exercises so as to build the employees idiosyncratic knowledge (Lepak and Snell, 1999). Consequently, one may expect MNCs, which are serious about developing its human resources to have formal systems in place to identify and develop its key employees.

Youndt et al. (2004) propose that recruiting the right people, developing them through training and retaining them through suitable reward schemes are key features of human capital development. This paper focus on four training and development measures: training and development expenditure; succession planning; management development; and key group development, as indicators of the emphasis Irish owned MNCs place on developing its human capital relative to their foreign owned MNC counterparts.

### IX- CONCLUSION:

On a conclusion note, we noticed that despite of challenges in business management, impact of FDI in economic development has been turnout to be a magical flute in the form of global strategic prospects. Though there were severe HR challenges like, “preparing for the complexities of hiring, managing and integrating a global workforce and incorporating the Human Capital Opportunities and risks from operating abroad into corporate strategic decision- making, but through global aspects these issues were diminished to large extend through large- scale employment generation and several FDI fluent service.”

On the other note, FDI was also regulated through various arguments but as its impact on the industry was so crucial and essential to the current market interm of Human Capital Resources so, the arguments raised against it were also neglected and thus industry welcomes the FDI as a grace for HR Capital formation and generating a large Human Resource in the Industry.

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