Bridging the skill gap: Opportunities for skills training in India’s organized retail sector

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Abstract

While the global population is ageing rapidly, India, with one of the youngest populations in the world, is at a strategic advantage with regards to demographic dividend. However, almost three fourths of India’s population is unskilled. The World Economic Forum’s Global Talent Risk report (2011) cautions that developing countries like India and Brazil will also face huge skill gaps due to low employability. There is a wide gap between the skills required in industry and those provided by the education system. Despite the efforts of the National Skills Development Mission the task of achieving the targeted 500 million skilled manpower by 2022 seems daunting. Several path-breaking public-private partnerships like the National Skills Development Corporation (NSDC) are leading significant changes by increasing the supply of training providers. However, there are several aspects of the job market that need to be understood well for this highly ambitious target to be achieved.

The announcement of the government’s decision to allow FDI in retail is already leading to heavy speculation of a surge in employment opportunities in this sector (Sengupta, 2012). A direct result of FDI would be increase in the number and the format of retail, which would result in the generation of jobs in multiple categories. This development brings with it an unprecedented need for nation-wide availability of skilled labor and an increased demand for comprehensive skills training. Although there have been several reports analyzing the overall skills development scenario, the nature of the evolving retail sector demands a detailed examination of recruitment, employment and career development processes in the low-skilled sector.

This study provides a thorough understanding of recruitment practices in the organized retail sector and provides solutions to ensure comprehensive and sustainable skill development to cater to India’s steady growth and sustained competitiveness in the global market. Our paper
complements the conference theme by providing a unique research-based perspective on the steps for sustainable skill development. It provides a solution for Indian organizations to manage the exponential growth that will inevitably occur with changes in the macro-economic environment with new policies such as the FDI act. This session will be relevant for vocational trainers who wish to understand the underlying processes and reasons behind recruitment practices, HR personnel from all sectors who wish to understand industry best practices in retail and academics who wish to do further research in the skilled sector.

According to the latest CRISIL Opinion report (Srinivasan, Dani & Hardikar, 2012), organized retail is among the two most conducive sectors for the growth of skill development. The primary reason is that the sector is characterized by high demand outlook. Since more than half of the labor requirement is at the basic skill level according to NSDC (2009), it is an attractive sector for private players to establish themselves in the training space. Another significant motivator for training in the retail sector is the heavy consumer focus, and hence the requirement of strong communication skills and other soft skills.

Studies in a Western context, which classify these low-skilled jobs as “dirty jobs” (Muse & Pichler, 2011) suggest that people engaged in skilled labor do not have aspirations or a well defined career path. A recent study by the Center for Emerging Markets Solutions at the Indian School of Business (Mehta, Chakraborty & Thomas, 2012) revealed that employees in the skilled sector in India indeed have aspirations, and often chart out clear career paths as in any other category of jobs in the market. One of the additional findings was the influence played by social networks in recruitment, which may in turn lead to homogeneity in the workforce. These findings underscore the need to understand recruitment of skilled manpower from multiple perspectives, so that we can understand the reasons for the gap between industry demand and labor supply.

Considering the dearth of comprehensive studies in the Indian context, the present study contributes by: (a) identifying key recruitment strategies in the low-skilled sector in organized retail; (b) identifying the underlying economic, social, organizational and individual factors that influence them; and (c) deriving recommendations for effective vocational training strategies and enhanced public policy in this regard. We use a grounded theory approach (Glaser & Strauss, 1967), i.e. we build our theory systematically based on data obtained through interviews in the field. We identified the broad focus areas based on expert interviews and sector reports (Kashyap & Saikia, 2012), and developed a qualitative questionnaire with broad sub-facets and specific guiding questions to get the most detailed responses from the interviewees. We contacted HR personnel and managers involved in recruitment in retail and supply chain companies in India. To understand characteristics of exemplary employees, we use the critical incident technique (Flanagan, 1954), which helps the interviewee reconstruct experienced reality or his/her systematic observations of employee behavior in the past. This method is very effective in understanding the key skills, attitudinal and behavioral requirements of good employees as expected by their employers.

Our study began by focusing on the criteria for selection in terms of employee characteristics, recruitment processes, reasons for employee turnover & mobility, benefits and drawbacks of workforce homogeneity and recruiter perceptions of vocational training institutes and their
It is evident that there is a significant gap in skill development in India, and that this gap needs to be bridged for us to remain competitive in the world market. The skill development scenario offers itself as an excellent testing ground for public private partnership in providing training and ensuring employability of our workforce. The primary objective of this study is to provide a clear understanding of the fundamental reasons behind the existence of this skill gap despite a vibrant and abundant young population, and hence provide clear recommendations to companies and training institutes about opportunities in bridging the gap in the organized retail sector.

References

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