

RETAIL MANAGEMENT – LECTURE 16

CHAPTER 16 – MANAGING THE STORE

Overview

Store managers contribute significantly to the success of retail businesses. They have the most up-to-date grasp of customer requirements and competitive activity as a result of their regular contact with customers. Store managers bring a distinct viewpoint to the creation and execution of retail strategies. While buyers can design visually appealing item assortments and obtain them at a fair price, the business benefits from the buyers' efforts only when the stuff is sold. High-quality products do not sell themselves. Retail store managers must guarantee that merchandise is displayed attractively and that sales associates deliver services that motivate and facilitate client purchasing decisions.

The first component of this topic discusses shop staff management, which complements the discussion of strategic human resource management concerns. The organization of retail employees' work, as well as the fundamental tactics for inspiring and growing their loyalty to the company, are explored in length. This issue explores how store managers carry out the retailer's human resource strategy.

Desired Learning Outcomes

1. What are the operations manager's responsibilities in a store?
2. How do shop managers recruit, select, motivate, train, and evaluate their employees?
3. How do shop managers compensate their salespeople?
4. How should store managers approach employee management from a legal and ethical standpoint?
5. How can shop managers increase efficiency while cutting costs?
6. How can store managers avoid inventory losses due to employee theft and shoplifting?

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Learning Objective 1 – Store Management Responsibilities

In addition to these four main responsibilities, there are a number of sub-responsibilities that fall under each of these four categories. This chapter focuses on employee management and cost control. Following product display, customer service, and inventory management, the store manager's responsibilities are explored. Store managers are responsible for maximizing the efficiency of two of the retailer's most important assets: personnel and real estate. This chapter focuses mostly on ways to increase labor productivity. When a store's labor is well-managed, productivity can be boosted. Keeping costs under control is another responsibility of store manager that has an effect on their stores' profitability. The majority of the expenses come from paying employees' wages and benefits. By strategically assigning staff, store managers ensure that these costs are maintained under control. When it comes to managing and maintaining their stores, store managers are also accountable for the charges. Retailers are taking advantage of new ways to save money while simultaneously doing their part for the environment. One of the most important retail cost-cutting activities is shrinkage of inventory due to shoplifting and employee theft.

Learning Objective 2 – Recruiting and Selecting Store Employees

Before you do anything else, you must find and hire new employees. As a manager, you must do a job analysis, establish a job description, find people with the necessary abilities, and interview the best candidates.

The following is a breakdown of the responsibilities, which employers use to determine what skills and competencies are required of potential employees. The tasks and responsibilities of salespeople in the retail industry, for example, vary widely from company to company and department to department within the store. Self-service employees in supermarkets and full-line discount stores are largely responsible for aiding customers in finding things, delivering items to the front of the store for display, and ringing up purchases. Employees in jewelry stores, high-end clothes departments, and furniture stores participate in a sales process that begins with determining what customers want and then presenting potential solutions. The skill level required for workers selling high-involvement products like jewelry or a home entertainment system is significantly higher than that required for staff who interact with customers just occasionally.

a list of the job's obligations and responsibilities

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A job description outlines (1) the employee's duties and responsibilities, as well as (2) the quantitative performance objectives. The job description serves as a beginning point for new employee recruitment, selection, training, and evaluation.

Finding Potential Employees

The number of employees available to work in retail outlets is decreasing due to changing demographics. Merchants use the following ways to find applicants in addition to placing advertising in local newspapers and posting job openings on websites like monster.com.

Choosing which candidates to interview is a difficult task. During the screening process, applicants' qualifications are compared to a job description. Shops frequently employ automated prescreening systems as a low-cost method of identifying qualified candidates. To acquire further information, applicants first utilize a Web-enabled store kiosk or a toll-free phone number.

Application Formats Job application forms include information about an applicant's work history, previous remuneration, reasons for leaving a job, education and training, personal health, and references. This information can be used by the manager to verify if the application satisfies the fundamental standards, as well as to provide information for the candidate interview.

Testing Ability, personality, and interest tests can all help you learn more about potential employees. Tests of intelligence can also be employed. Data from IQ tests, for example, can be used to match job candidates with open positions and create training programs. Tests, on the other hand, must be scientifically and legally valid. They can only be used if a correlation has been established between the test scores and actual job performance. Law prohibits tests that are not job-related or discriminate against specific groups.

Evaluation and Selection of Candidates

A personal interview with the shortlist of candidates is the final step in the hiring process. A well-prepared interview is critical to a store manager's hiring success.

Legal considerations in the recruiting and selection of store staff

Increased social awareness and legal limits underline the importance of avoiding prejudice in the hiring of people with disabilities, women, minorities, and older workers. Title VII of the Civil Rights Act of 1964 prohibits employers from discriminating against employees based on race, national

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origin, gender, or religion. Discrimination is prohibited in the following areas: recruiting, hiring, firing, laying off employees, punishing them, and deciding their pay and benefits. In 1972, the Equal Employment Opportunity Commission expanded the provision to allow employees to sue companies who break the law. Some large retailers have been successfully sued as a result of their discrimination against minorities and women. Discrimination occurs when members of protected categories (women, minorities, etc.) are treated differently than non-members of those groups (a practice known as differential treatment), or when an otherwise neutral regulation has an unjust effect on minority groups (disparate impact). Differential treatment occurs when highly qualified women are passed over for promotions. When a retailer requires high school graduation for all of its employees, an increased percentage of disadvantaged minorities are excluded, yet at least some roles (such as custodian) might be performed just as well by people who did not complete high school, for example. It is the retailer's responsibility to demonstrate that the mandated certification is indeed necessary to do the work. Because of the Age Discrimination in Employment Act, no one above the age of 40 can be discriminated against in the job. Last but not least, the Americans with Disabilities Act (ADA) mandates that firms provide accessible workplaces for disabled employees. A disability is defined as a physical or mental impairment that significantly limits one or more of an individual's primary living activities, or any condition that is deemed to be such an impairment. As a result, being HIV-positive is not considered a disability because it may be seen as such. Similarly, if extreme weight is seen as a restrictive issue, a person's capacity to perform the duties of their job may be protected.

Learning Objective 3 – Orientation and Training Programs for New Store Employees

A program of orientation

Orientation programs are critical for integrating new hires into the workplace and bridging the gap between their previous and present roles. 16 Even the most experienced and mature new employees, for example, may struggle to overcome the first shock of starting a new job. Many people may find it difficult to accept a management trainee position while still in college.

The orientation is only a small component of the whole training program. It is critical to follow up on any difficulties or concerns that may occur after the original term.

The store's employees

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A good training program for new retail employees must include both on-the-job training and classroom education. An application that is well-structured Workers go through a structured training program to obtain the abilities and knowledge they'll need to accomplish their jobs. Employees learn about the company's policies and processes, as well as how to use the POS terminal and basic selling tactics. Stockroom employees are taught how to handle merchandise. It's possible to use virtual or real classrooms, as well as manuals and letters sent to new employees.

Workers are given a task, responsibilities, and on-the-job training from their managers. Putting something new into practice is the best way to learn something new. The best method for new employees to learn and grow in their new jobs is for them to make mistakes and then learn from them.

"Why" questions can help salespeople assess their accomplishments and faults in a productive manner. Managers should urge salespeople to analyze how they could have wowed the client if they had used a different approach or been more tenacious in closing the business. If they are in a position of responsibility, they are more inclined to look for ways to improve their sales skills.

Learning Objective 4 – Motivating and Managing Store Employees

Leadership

Leaders are those who utilize their position to persuade others to accomplish a specific goal or objective. The manager of the store is in control of his or her employees. To help employees achieve personal goals that are linked with the company's objectives, management employs a variety of motivational techniques.

Characteristics of a leader You must engage in actions that support task performance and group maintenance to be a good leader. The efforts of the store manager to coordinate the actions of his or her employees are known as employee task performance behaviors. Store managers participate in group maintenance behaviors to guarantee that their employees are pleased and working together. Assessing employees' needs, demonstrating concern for their well-being, and establishing a healthy work environment are examples of these behaviors.

Democratic leaders solicit advice from their employees and base their decisions on it. Managers who operate their companies on the Democratic Party platform are open and transparent with their employees. Democratic store managers interact with their employees to determine when and where they want to work, and then build schedules to accommodate those preferences. On the other hand,

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transformational leaders push their followers to set their individual desires aside for the greater benefit of the company or group they are a part of. They provide businesses a boost of vigor and enthusiasm.

According to the findings, high-performing employees should be rewarded and considered for positions with more responsibilities. Efforts must be taken to boost the productivity of employees who aren't performing at their best. Is it acceptable to fire underperformers? The question is whether or not they might benefit from more training. What type of education are they looking for?

Who is in charge of doing the evaluation?

In major retail companies, the evaluation system is often designed by the human resources department. However, the evaluation is conducted by the employee's immediate supervisor—the manager with whom the individual has the closest working relationship. In a bargain store, for example, the department manager is in the best position to watch a sales associate in action and assess their performance. The department manager is also in responsibility of putting the recommendations that come out of the evaluations into action. When performing staff assessments, novice supervisors are frequently assisted by more senior management.

When Is It Appropriate to Conduct an Assessment?

Most retailers do annual or semiannual employee reviews. According to research, the most effective strategy to increase employee abilities is to use feedback from evaluations. As a result, when training new employees, supervisors should perform more frequent reviews. As a result, regular formal reviews can be time-consuming for managers, and employees may not have enough time to respond to ideas before the next evaluation. For effective managers, informal evaluations are a useful supplement to formal evaluations.

Learning Objective 5 – Compensating and Rewarding Store Employees

Store employees can take advantage of both extrinsic and intrinsic perks. Employees receive extrinsic rewards from their superiors and the organization as a whole, such as pay, progress, and recognition. Workers who do a good job are rewarded with intrinsic benefits such as a sense of success. Many salespeople, for example, like the challenge and satisfaction of selling. Salespeople

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appreciate the gratification that comes from giving outstanding service and closing deals, in addition to the desire to be compensated.

Learning Objective 6 – Inventory Shrinkage Reduction

Store managers are concerned about inventory losses caused by employee theft, shoplifting, mistakes, inaccurate recordkeeping, and vendor faults. An example of an employee error is when an item is sold but not rung up. When merchandise is received and miscounted during physical inventory, it is another example. Inventory shrinkage due to vendor errors happens when vendor shipments contain less than the amount recorded on the packing slip.

Calculation of Shrinkage

Shrinkage is the difference between what is reported as inventory value (at retail prices) based on products received and what is actually in shops and distribution facilities as a percentage of total retail sales for a given time period.

Retail Thieves with a High-Tech and Organized Approach

Professional shoplifters are now responsible for \$15 billion to \$30 billion in annual losses, accounting for approximately a quarter of all theft cases. The majority of the items targeted by these professional thieves include infant formula, health and beauty aids, technology, and specialist clothing. On the internet, especially through auctions, this junk has found a ready market.

Making Employee Theft a Less Serious Issue

By building a trustworthy and helpful work environment, employee theft and shoplifting can be reduced. Employees match their own goals with those of the retailer when they feel valued members of the team. Their employer has become a second family to them, and they would go to any length to prevent others from robbing the "family" as well. Inventory shrinkage is lower in stores with a high level of employee loyalty and low turnover. Employee theft can also be reduced by screening employees, creating an environment that values honesty and integrity, and establishing security rules.

Effective shop management can help a retailer increase its profitability. Retail managers may increase revenue by improving labor productivity, saving costs by strategically assigning personnel, and reducing inventory losses by cultivating a loyalty culture among their employees. Increasing staff productivity is tough due to the difficulty in recruiting, selecting, and motivating retail employees. Employees often have a diverse set of talents and interests. The most successful shop owners understand how to motivate their employees to work long hours and learn new skills in order to increase their own output. To keep their employees engaged, store managers must first

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figure out what sorts of incentives they want, and then provide a means for them to acquire them. Store managers are responsible for setting attainable and motivating goals for their employees that are in line with the store's overall objectives. Store managers must also keep track of inventory losses due to staff theft, shoplifting, and administrative errors. As part of the loss prevention approach, this includes the use of security devices and staff screening during the employment process. The most crucial aspect of any loss prevention program, however, is to raise employee awareness of shoplifting and encourage employee loyalty in order to reduce employee interest in theft.

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Quiz 16 – MANAGING THE STORE

True or False

1. _____ Retailers are increasingly depending on technology to combat theft.
2. _____ Professional shoplifters frequently load shopping carts with items and then flee the store.
3. _____ The most efficient way to decrease employee theft and shoplifting is to create a trustworthy and helpful work environment.
4. _____ When deciding on security measures, the benefits of reducing shoplifting must be evaluated against the potential loss of sales.
5. _____ Since energy costs have increased and people have become more worried about businesses and society's impact on the environment, many retailers have resorted to renewable resources to build and maintain environmentally safe and environmentally friendly structures.
6. _____ When it comes to labor scheduling, retailers consider how many full-time and part-time employees they have.
7. _____ In order for the positions to be regarded equal, each employee must put in an equal level of work and responsibility.
8. _____ Pay discrepancies are forbidden when remuneration is determined by a seniority system, incentive compensation plan, or market demand.
9. _____ A compensation scheme has two components: the amount of compensation and the percentage of payout depending on incentives.

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10. _____ In order to enhance the efficiency of incentive compensation, a salesperson's performance cannot be simply and precisely measured.
11. _____ A quota-bonus strategy compensates salespeople who exceed their targets.
12. _____ Inexperienced salespeople may be able to reach their quotas more easily than new hires.
13. _____ Incentive compensation systems not only fail to motivate salesmen, but they also have a variety of drawbacks.
14. _____ To enrich one's job, one must change one's job description to incorporate new jobs and responsibilities.
15. _____ Compensation plans are designed to attract and retain top talent, inspire them to achieve the retailer's objectives, and reward them for their efforts.
16. _____ When employees like their jobs, they are less compelled to learn new skills in order to boost their productivity.
17. _____ Benefits are often more important to employees than monetary compensation.
Managers frequently use extrinsic rewards to motivate their employees.
19. _____ Managers can make evaluation mistakes if they first build an overall impression of an employee's performance and then use that impression to affect their judgments of individual performance aspects.
20. Because the job analysis is unable to identify critical activities, it is used to assess the qualifications of potential employees.
21. To put it another way, store managers have a direct impact on the retailer's human resource and real estate investments.

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22. _____ In the retail industry, cost-cutting activities include decreasing inventory shrinkage due to shoplifting and employee theft.
23. _____ As a manager, you must do a job analysis, establish a job description, find people with the necessary abilities, and then interview the most qualified candidates.
24. _____ By monitoring current employees and recognizing the characteristics of excellent performers, managers can gain the knowledge they need for a job analysis.
25. The number of employees available to work in retail outlets is decreasing due to changing demographics.
26. _____ A candidate is filtered out of consideration if their qualifications meet the job description.
27. _____ Application forms ask for information on the applicant's work history, previous compensation, reasons for quitting previous jobs, education and training, and personal references.
28. _____ You can double-check an applicant's information by calling their references or doing a web search.
29. _____ IQ, skill, personality, and interest tests do not provide a realistic picture of a potential employee's character or intentions.
30. _____ The purpose of the interview should not be to ask a lot of questions, but rather to collect crucial information.

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Answer:

1. True
2. True
3. True
4. True
5. True
6. True
7. False
8. False
9. True
10. False
11. True
12. False
13. False
14. True
15. True
16. False
17. True
18. True
19. True
20. False
21. False
22. True

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23. True

24. True

25. True

26. True

27. True

28. True

29. False

30. True