

# Recent Trends and Effectiveness of Managers of Organized Retail Industry in NCR

Rashmi Chaudhary\* and Dr. Binkey Srivastava\*\*

\*Research Scholar, Mewar University, Chittorgarh, India

\*\*Professor, KIET Group of Institutions Ghaziabad, India

## ABSTRACT

*The present study is intended to gain new insights of the trends developed in the Retail Sector over the last few years as Indian Retail Sector is booming and gaining attention from various fields. Retailing in India has been started with the emergence of Kirana Stores and Mom & pop Stores. With the passage of time new entrants moved on from manufacturing to pure retailing. The study also focused on managers of Retail Sector in NCR. Managers who play a key role in devising the strategies to achieve organizational objectives. So, the investigator also determines the effectiveness of managers towards the work and organization as a whole. Three important perspectives of managerial effectiveness are discussed in the study.*

**Keywords:** *Effectiveness of Managers, Perspective Of Managers, Retail Industry, Recent Trends, Retailing.*

## INTRODUCTION

Retail is the word taken from the French word RETAILER which means “cutting off”, clip and divide or we can say “sale of anything in terms of small quantity”. Retail is the final stage of any economic activity.

According to Philip Kotler, Retailing includes all the activities involved in selling goods or services to the final consumers for personal, non-business use. A retailer or retail store is any business enterprise whose sale volume comes primarily from retailing. These are the final business entities in a distribution channel that links manufacturers to customers.

Organization whether it is a manufacturing concern, wholesaling and retailer all are part of retailing. It does not matter how the goods or services are sold (by person, mail, telephone, vending machine, or internet or where they are sold-in a store, on the street, or in the consumer’s home). Therefore a Retailer provides value creating functions such as assorting of products and services to the consumers, breaking bulk, holding inventory and provides services to consumers, manufacturers and wholesalers.

In the distribution of merchandise, for consumption by the end consumers, Retailing is considered as the final step. All firms that are selling goods and services performs the function of Retailing. So, we can say Retailing consists of all the activities that begin with the marketing of goods and services directly to the customers or the consumers for their personal, family and household use. Retail may be redefined as the first point of customer contact where customer is treated as the king and marketers mainly focus on customer delight.

## **1. Organized Retail Industry**

Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, departmental store, discount stores, drug stores, factory outlets, and also the privately owned large retail businesses.

The organized retail stores are characterized by professionally managed stores or large chain of stores, providing goods and services that appeal to customers, in an ambience that is encouraging for shopping and agreeable to customers. For example: Vishal Mega Mart, Big Bazaar, Wills Lifestyle, Shoppers Stop, Reliance Trends, Spencers, Reebok, Nike, Catmos, Lilliput, McDonald's, Pizza Hut, Barista, Cafe Coffee Day, Koutons, Cotton County, Peter England, Titan, Raymonds, Sony, Samsung, Next, LG, Apollo Pharmacy, etc.

## **2. Retail Industry in NCR**

Retail industry has emerged as the most dynamic and fast paced industries in Delhi, NCR which accounts over 10% of GDP in India. Across Delhi NCR, retail shops and outlets are being spread over in the high streets or main streets and neighborhood strips. So, Retail industry contributes to 8% of the total employment in Delhi, NCR and experienced growth of near about 10% between 2010 and 2012 and expected to increase by 20% of the overall market by 2020.

The growth pattern in organized Retailing and in the consumption made by the Indian population may follow a rising graph helping newer businessman to enter the Retail industry. A large no of corporate houses like Tata, Raheja, Piramal have already made foray into his arena. Today organized players in Delhi NCR are entering into each category like shopping centers, multi storied mall and huge complexes that offer shopping, entertainment and food all under one roof.

A research by CRISIL form Retail Industry in NCR indicates a steady rise in income levels and greater penetration of organized Retail. According to the study, total retail sales volumes fell 2% in 2011 and grew by 2-3% in 2012. Volume growth has picked up since April 2013, due to removal of excise duty and growth in demand from smaller towns.

In Ghaziabad and Noida, retailers like Shoppers stop, Globus, Westside and Pantaloon have attracted urban shoppers. Hence organized Retailers like Westside have 'Club West' to woo the customers. Customers look to design and fit and use the Shops name as a quality standard.

## **3. Introduction to Managerial Effectiveness**

The retail sector is booming in India and its effect really needs talent and effective HR systems for its demand in future perspectives. The employees in retail operate in a unique environment so the function of human resources has great importance and the employees who deal face to face with the customers are called as the face of the organization.

According to Al-Madhoun & Analoui (2004)[1]. With an increasing 'cut throat' competition and dynamic business environment around the globe organizations require a team of managers to run the day to day operations. Managers play a significant role in the development, formulation, and execution of the

organization's long term as well as short term strategies that determine corporate success. Indeed, managers are dynamic and the life giving elements in every business and without them the resources cannot be converted into high production. Aggregation of employees' performance represents the organizational performance which places stress on the efficient use of resources and accomplishment of desirable outcomes. With increased dependency of business on information technology, managers are required to sort out new ways to facilitate organizational production and sustainable self growth. What differentiates surviving organizations from others (Sinclair-Hunt & Simms 2005)[2], that have not been able to tackle 'tough times', is the performance and effectiveness of its executive. Indeed, there has been the debate over how to assess executive managerial effectiveness, which provides a pathway for utilizing resources efficaciously. Consequently, management may be viewed as a special kind of leadership in which the achievement of the organizational goal is vital and managers strive to operate in a situation with optimum performance outcomes. The performance of a manager and how effectively he/she would operate a situation is related to many variables from an individual to an organizational dimension (Page, et al. 2003, Hamlin and Serventi 2008,)[3].

Bao (2009)[4] argued that effectiveness of executives is very important for the success of an organization in the contemporary business arena. Organizations need effective and competent managers to be able to reach their objectives efficiently and effectively. In fact, executives employ their competencies and enhance the economic value of raw resources to play a crucial role in the development and the execution of organizational operations and effectiveness of the implemented strategies/policies. Organizations need effective and skilled executives to facilitate corporate success in the long run. Moreover, managerial effectiveness is a key component, which enables effectual operation and delivery of complex initiatives.

Bamel, Rangnekar, & Rastogi (2011)[5]. In their study contributes to understanding the managerial effectiveness perception of executives in Indian organizations by assessing and validating the related constructs that have been developed and standardized outside India. Employing a Western scale, a diverse sample was collected from executives of organizations functioning in India, and a total of 207 responses were collected and evaluated using principal component analysis to provide a clearer picture of the construct of managerial effectiveness perception of Indian managers at different organizational levels. Originally, the scale comprising of eight items grouped in three factors (i.e., productivity, adaptability and flexibility). The results of the study provide a comprehensive and fresh in-depth view of managerial effectiveness in selected Indian organizations as the results of their study are somewhat different from those gained with the original scale. An important finding of the study is reassembling of the variables/items of the original scale with the significant alpha value and correlation pattern for perception of managerial effectiveness. These observations provide the foundation for human resource management (HRM) policy and practices in contemporary Indian organizations.

According to Azeem and Fatima (2012)[6] the effectiveness of an organization depends upon the effectiveness of corporate and operating management. Thus, the job of the manager demands variety of multiple skills to perform the operations. An intelligent manager always examines the internal factors besides the external, in order to understand and improve the performance of an organization more effectively and efficiently. Their findings reveals that managerial effectiveness is helpful in attrition management, Image building, delegation and decentralization, Job enrichment, entrepreneurship resource management relationship management, Job

satisfaction and creativity controlling and management. Efficiency and effectiveness are the key aspects of managerial effectiveness

Pathak et. al. (2013)[7] conducted an investigation on a sample of 196 branch managers from public sector banks in India to study the relationship of managerial effectiveness with motivational climate and leadership effectiveness. Self-ratings by managers and subordinates ratings of their managers' effectiveness did not differ significantly. The findings also suggest that an effective manager is likely to be an effective leader but an effective leader may not be an effective manager.

Chauhan (2014)[8] conducted a study on a sample of 64 managers from 5 companies. To face the ensuing challenges of the business environment, it became necessary to bring about changes by all those involved in managing the economic, social and political institutions at various levels by being effective and creative in their roles. However, effectiveness is supposed to be considerably affected by the perception of organizational climate of the organizations in which managers perform their roles as change agents. Further, as behavior is the resultant of individual-environment interaction it is not only the perception of organizational climate which has a bearing on managerial effectiveness but personal variables also influence in a significant way the managerial effectiveness.

### **OBJECTIVES OF THE STUDY**

1. To study the current status of Retail Sector in NCR.
2. To study about the recent trends of Retail Sector in NCR
3. To study the prevailing status of managerial effectiveness in the organized Retail Sector in NCR.

### **NULL HYPOTHESIS**

Based on the previous research findings and keeping in view the above objectives of the present study formulated by the investigator is as follows:

**H01:** Managers in Retail Industry are not effective.

### **RESEARCH DESIGN**

The design of the present research is a causal research design which tries to determine the cause underlying a given behaviour. The design of a research is said to be a good design if it is flexible and appropriate. Here flexibility refers to the provision of changing sample unit. If it was felt that any sample unit would not serve our purpose it was likely to be changed without hesitation. The appropriateness was ensured by the strict controlling measures during the process of data collection and adequacy of the information. As per the requirement of the research the investigator first of all had defined clearly what he wants to measure and to develop method of measuring it along with a clear cut definition of a population.

## DATA SOURCE

In the present study Primary data was collected to study the effectiveness of Managers in organized Retail Industry in NCR. The data was collected through the standardized Psychological scales of managerial effectiveness from various shopping malls located in NCR.

## ABOUT THE SCALE/ TOOLS OF STUDY

**Managerial Effectiveness Scale (MES) :** MES developed by UpinderDhar, SantoshDhar, and Preeti Jain and published by National psychological Corporation, Agra; was used to assess the managerial effectiveness of the managers in the organization. Margerison (1981)[9] defined managerial effectiveness as one when a manager behaves appropriately in tune with the situation. Sayeed (2002) defined managerial effectiveness as a function of behavior as well as technical/management process. The Managerial Effectiveness Scale (MES) was developed on the basis of review of literature ( Likert, 1976; Lewis, 1990; Reece, 1990; Stewart,1992; Bhatia, 1994; and Sethi, 1996), a definition of managerial effectiveness was framed and written on a card and 115statements were framed. Each statement was transferred on a separate card. These cards along with the definition were shown to 30 judges who were executives from manufacturing and service industry from both public and private sectors and academicians with postgraduate degree with five years of work experience and graduates with 15 years of work experience. The judges were asked to sort out those statements which they thought lead to managerial effectiveness, keeping in mind the given definition. Responses from all the judges were noted and all those statements to which the frequency of acceptance was 75 percent or more were retained. 43 statements were retained for the development of the measure was put on a 7-point semantic differential scale. Thus the measure had 43 bipolar pairs of statements/items. This scale was administered on 200 executives in varied organizations. The collected data was tabulated and item total correlations were computed to identify the pairs of statements/items which significantly contributed towards managerial effectiveness. In the first iteration, 14pairs of statements/items were dropped and 29 pairs of statements/items that have significant coefficient of correlation at .05 level of significance were retained. Thus the final instrument has 29 pairs of statements/items on 7-point semantic differential scale.

The scale includes following three factors:

1. Functional Effectiveness
2. Interpersonal Effectiveness
3. Personal Effectiveness

**Reliability and Validity:** The reliability of the scale determined by split half method is 0.96and validity of the scale is 0.98

**Factor wise and full scale norms for interpretation of raw score**

	F a c t o r 1 Functional Effectiveness	F a c t o r 2 Interpersonal Effectiveness	F a c t o r 3 Personal Effectiveness	O v e r a l l Managerial Effectiveness
M e a n	7 4 . 9 7	5 9 . 0 4	3 5 . 3 9	1 6 9 . 4 1
SD	11.46	8.21	5.48	23.64
Normal Range	63-86	51-67	30-41	146-193
High Range	87 & above	68& above	42 & above	194 & above
Low Range	62 & below	50& below	29 & below	145& below

**RECENT TRENDS IN ORGANIZED RETAIL INDUSTRY**

Retail Industry is counted to be one of the fastest growing industries in India which accounts to 10% of the country GDP and employ around 8% of the workforce. This is really a drastic revolution in terms of shopping and consumer buying behavior as many new formats have made their way in the market like hypermarkets, supermarkets, departmental stores etc.

This is really a tremendous change in the behavior of customer as expectations are getting higher than ever. So, it is very important for the retailers to come up with new trends in the business to be successful.

**Omnichannel Retail Strategies**

This is a strategy in which the customer own connected devices for purchase and looks the items in Mobile in which he is interested and completes the sale for the items on the web. This means that consumers demand a seamless experience across multiple touch points.

**Provide a Personalized Retail Experience**

Another trend of the Retail Industry that is becoming popular among customers is to have a personalized shopping experience in which they get the suggestions from the retailers according to their tastes and preferences and also provides updates on orders, online- and tele-based communications, and other services.

**Growing Culture of Immediacy**

Customers in today’s environment are very impatient. So taking into considerations “impatient customers”, technology has given rise to KANA Software. So that they can receive the responses within 10 minutes.

**Embrace the Digital Mobile Wallet**

Another emerging trends of the Industry is the use of mobile as a payment method. A study commissioned by Bank of America surveyed 1,000 of its adult customers that own a smart phone. The study found that the overwhelming majority – 91% – viewed their smart phones as an “indispensable companion” in daily life.

### Expand into Emerging Markets and Create New Channels

One of the recent trends of the Retail Industry is to tap new markets and channels. Technology has been introduced which makes easier for the retailers to tap new international and emerging markets which was difficult to reach. Retailers these days are following new digital strategies to make their processing easier and it is expected that by the year 2020 more people will come online to use these digital applications and software.

### EFFECTIVENESS OF MANAGERS IN ORGANIZED RETAIL INDUSTRY

**Sample Type:** In the present study Multistage random sampling method was used. At the first stage list of various districts of NCR was prepared, then 7 districts were selected for the purpose of data collection. Out of these 7 districts 3 shopping malls were randomly selected. At the next stage 10 employees of operating level and 3 employees of manager level were randomly selected from each shopping mall. In this way the sampling method became multistage random sample.

**Sample Size:** In all 21 shopping malls constituted the sample of the present study. These malls were selected from the various districts of NCR. From each of the shopping mall 3persons of manager level and 10 persons of operating functions were randomly selected for the purpose of data collection. In this way sample size becomes 273.

**Table 1: Showing the description of the range of Managerial Effectiveness of the Managers of Organized Retail Sector in NCR**

Factors of effectiveness Range of Effectiveness	Percentage of Respondents			
	Functional Effectiveness	Interpersonal Effectiveness	Personal Effectiveness	Overall Managerial Effectiveness
Low Range	31.74%	47.61%	30.15%	61.90%
Normal Range	58.73%	41.26%	55.55%	25.39%
High Range	09.52%	11.11%	14.28%	12.69%

### RESULTS AND DISCUSSION

A perusal of table 1 reveals that 12.69 percent of the managers of organized retail sector in NCR are highly effective managers. On the basis of their overall score their characteristics may include that they contribute a lot in increasing the productivity of their organization. They are capable of establishing a long-term vision for

everything they do. These managers have the ability to choose among various using sound judgments rather than bias. Highly effective managers believe in continuous improvement and have competent mental ability which is a combination of planning sense, foresight, and orderliness of mind. They are able to balance long-term requirements against the short-term objectives. These characteristics were found at a very high level among 12.69 percent managers of organized retail sector in NCR, in normal range these characteristics were among 25.39 percent managers and 61.90 percent managers of organized retail sector in NCR were found having these characteristics in low range.

So far as main factors of effectiveness are concerned, these are Functional Effectiveness, Interpersonal Effectiveness, and Personal Effectiveness. With respect to functional effectiveness, 9.52 percent managers of organized retail sector in NCR were found highly effective. These managers have the ability to create a wide range of creative and novel solutions to the problem and try to maintain a proper link between human resource planning and business planning. Their capability of recognizing key areas and issues is worth noting. These characteristics are in normal range among 58.73 percent managers, and with low range of these characteristics the managers of organized retail sector in NCR are 31.74 percent. The interpersonal effectiveness at high level is among 11.11 percent of the managers of organized retail sector in NCR. 41.26 percent are in normal range and 47.61 percent managers have very low level of interpersonal skills. The interpersonal effectiveness of managers includes the ability of presenting facts in a logical and clear way and they are able to create an organizational climate to help people maximize output with available resources. Analysis of personal effectiveness factor of ME reveals that 14.28 percent are highly effective managers, 55.55 percent belongs to normal range and 30.15 percent of the managers of organized retail sector in NCR are low effective with respect to the personal effectiveness factor of managerial effectiveness. Personal effectiveness is characterized by the quality to work well under pressure. They can identify, analyze, and resolve the problems easily. They exactly know what to do.

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