Chapter 9

Organizational Structure and Human Resource Management

Objectives of Human Resource Management

• Short Term
  – Increasing Employee Productivity
  – Productivity = Sales/Number of Employees
• Long-Term
  – Increasing Employee Satisfaction → Reducing Turnover

Human Resource Management Challenges in Retailing

<table>
<thead>
<tr>
<th>Work Environment</th>
<th>Employees</th>
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<tbody>
<tr>
<td>Open Long Hours</td>
<td>Unskilled</td>
</tr>
<tr>
<td>Peak Sales Periods</td>
<td>Part-Time</td>
</tr>
<tr>
<td>Emphasis on Cost Control</td>
<td>Diverse Backgrounds</td>
</tr>
</tbody>
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High Turnover
Special HR Considerations Facing Retailers

- Need for Part-Time Employees
- Demand on Expense Control
- Changing Employee Demographics
- Differing Cultural and Legal Requirements

Organizational Design Considerations

- Specialization
- Responsibility and Authority
- Reporting Relationships
- Defined by Organization Structure

Store Management Tasks Performed in a Retail Firm

- Recruit
- Motivate
- Prevent Shrinkage
- Maintain Facilities
- Sell Merchandise
- Train Employees
- Provide Services
- Take Inventory
- Plan Schedules
- Hire Personnel
- Evaluate Performance
- Display Merchandise
Administrative Management Tasks Performed in a Retail Firm

- Promote the Firm, its Merchandise and its Services
- Manage Human Resources
- Distribute Merchandise
- Establish Financial Control

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Advantages of Centralized Decision-Making

- Retailers can reduce overhead, i.e. fewer managers
- Coordinating efforts, it can achieve lower prices from suppliers
- Opportunity to have the best people making decisions

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Increasing Employee Productivity

<table>
<thead>
<tr>
<th>Ability</th>
<th>Effort</th>
<th>Role Clarity</th>
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<tbody>
<tr>
<td>Selection</td>
<td>Motivation</td>
<td>Policies, Rules</td>
</tr>
<tr>
<td>Training</td>
<td>Goals</td>
<td>Incentives</td>
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<tr>
<td></td>
<td>Incentives</td>
<td>Org Culture</td>
</tr>
<tr>
<td></td>
<td>Rewards</td>
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</tbody>
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Motivating and Controlling Employees

- Policies and Supervision
  - Behavior Enforced by Managers
- Incentives
  - Commission, Bonus
- Organization Culture
  - unwritten rules, norms
  - behavior enforced by social pressure

Types of Incentives

- Commissions on Sales
- Bonus
- Stock Options

Developing an Organizational Culture

- Stories
  - Nordstrom – Hero Service Stores
  - Container Store – Man in the Desert
  - Wal-Mart – Saturday Meeting
- Symbols
  - Container Store – Gumby for Flexibility
- CEO Leadership
Trends in Retail Human Resource Management

• Managing Diversity
  – Diversity Training
  – Support Groups and Mentoring
  – Career Development for Promotion
• Legal and Regulatory Issues
• Use of Technology

Legal Issues in Human Resources: Overview

Equal opportunity and anti-discrimination laws
What can (or can’t) be asked
Legal rights of a new employee
Sexual harassment

Regulations

• Equal Employment Opportunity
• Compensation
• Labor Relations
• Employee Safety and Health
• Sexual Harassment
• Employee Privacy