



**A COMPARATIVE STUDY OF BASIC AND DEARNESS
ALLOWANCE ACROSS CUSTOMER SERVICE
EXECUTIVES IN THE ORGANISED APPAREL RETAIL
INDUSTRY IN INDIA**

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ABSTRACT

Apparel is one of the basic necessities of human civilization along with food, water and shelter. The Apparel Industry reflects people's lifestyles and shows their social and economic status. The Apparel industry is India's second largest industry after the IT Industry. It becomes really important to understand how these companies have designed the compensation structure for their employees who are directly in touch with the customers. This article presents the results of analysis of differences in average salaries, primarily the basic and Dearness allowance of Customer Service Executive (further referred as CSE) in the organised retail apparel industry. The analysis included companies in Retail Apparel industry in various regions of Pune.

Compensation plays a very crucial role in the retention of Sales associates as they have wide and adaptable duties that regularly incorporate going about as clerk, client benefit agent, stocker, and venturing into different parts, here and there numerous parts, in a single day. Different stores emphasize different skills, so sales associate jobs vary from company to company what all of these positions have in common is a focus on helping customers get what they need in a retail environment. (Dole, 2017)¹.

KEYWORDS- Compensation, Dearness allowance, Customer Sales Executive, Organised Retail Apparel Industry

INTRODUCTION

Apparel Industry-An avenue of great opportunities

Apparel is one of the fundamental necessities of human development. The Apparel industry is India's second biggest after IT Industry. Currently, it is among the quickest developing industry. The growth of the domestic demand for clothing in India is connected with the success of the retailing sector. India currently has entered the phase of development and is seeing a gigantic ascent in the domestic demand. This is primarily due to the rise in the standard of living caused by the rise in the middle-income groups. "What does the customer sales executive earn? "To answer this question, the paper will refer to first hand primary data done to understand the differences in basic and Dearness Allowance of CSE working in the 5 RetailApparel Brands in Pune. For the same study 57 people were studied from five major giants.

India's retail market is expected to grow at a Compound Annual Growth Rate (CAGR) of 10 per cent to US\$ 1.6 trillion by 2026 from US\$ 641 billion in 2016. While the overall retail market is expected to grow at 12 per cent per annum, modern trade would expand twice as fast at 20 per cent per annum and traditional trade at 10 per cent#. Indian retail market is divided into "Organised Retail Market" which is valued at \$60 billion which is only 9 per cent of the total sector and "Unorganised Retail Market constitutes the rest 91 per cent of the sector. (<https://www.ibef.org>, 2017)². The apparel industry in total employs 45 Million People currently and by 2023 it will employ more than 70 Million individuals.

For the research the retail brand considered were Pune Central, FBB, Lifestyle, Reliance trends and Pantaloons. *Customer Sales executive-"The walking help at Hand"* Sales Advisor' in H&M, 'Fashion Consultant' in Pune Central or 'Retail associate' in other Retail Brands, these are few nomenclatures of the jobs being performed by Individuals in any retail store. We see them on every floor rescuing customer who faces difficulty choosing any apparel and also shunned their presence while they were just trying to help. Retail Sales employees are important contributors to the financial performance of the stores as they are first point of contact with a potential buyer.



Figure 1 Indian Apparel Retail stores.

Individuals can be Customer service executives both after graduating from or school leavers. Any degree subject is acceptable, although relevant qualifications are preferred for some positions. Relevant experience gained in any commercial area involving contact with customers or the general public can be beneficial.

“Customer Service Skills, Knowledge of Products and Services, Sales Skills are few imperative qualities we check during hiring the Fashion Consultant.”

*-Paranjith Nair
Business Manager, Pune Central, Future Group*

Table 1 Management Views

“We make sure that all the grievances related to salary of our fashion consultant are being addressed. Employees in Pune central are happy with their salary and welcome any changes made in their salary structure.”

-Sudip Patil

Table 2 Management Views

LITERATURE REVIEW

Compensation in Retail Apparel Stores

The Compensation is the total cash and non-cash payments that you give to an employee in exchange for the work they do for your business. It is typically one of the biggest expenses for businesses with employees. Compensation is more than an employee's regular paid wages. It also includes many other types of wages and benefits. (Kappel, 2016)³.

Compensation is at the central of any service interchange, and it helps as a crucial distinctive of any employment relationship. The rewards mechanism is based on the design of the compensation system. (BhagyashreeBorbora and KingshukBhadury, 2017)⁴ Vision, mission, business model and goals, culture of organization and communication process are the most important factors which are considered while designing the compensation structure. (RamunėČiarnienė, 2010)⁵.



Figure 2 Typical desired and essential qualities to be found in CSE.

Researcher-Do you know what is your basic salary?

Fashion Consultant (Pune Central) - Yes

Researcher- Are you aware of DA? Is it there in your pay slip?

Fashion Consultant (Pune Central) - No I am not aware of any such component

Table 3 Management Views


(John E.Core, 1999)⁶ argues that the predicted part of compensation rising from the panel and rights variables displays a negative relationship with following firm functioning and stock return performance. Compensation design in developed and developing country was found to be positively related to the employees age and organizational performance. But the story is different in family owned business where there is a negative relation. (Kannan Ramaswamy, 2000)⁷

Components of Compensation in India has two important constituents-**Basic Pay** Basic Pay in the retail sector is a fixed amount of salary that an employee is eligible for in return of the work he does. It does not include benefits, bonuses or any other potential form of compensation from the employer. **Dearness Allowance** is cost of living adjustment allowance which the government pays to the employees of the public sector as well as pensioners of the same. It is not mandated and that is why it is not reflected in payslips of various private employees.

“WHAT DOES THE CUSTOMER SALES EXECUTIVE EARN?”

To answer this question, the paper will refer to first hand primary data done to understand the differences in basic and Dearness Allowance of CSE working in the 5 Retail Apparel Brands in Pune. For the same study 57 people were studied from five major giants Pune Central, FBB, Lifestyle, Reliance trends and Pantaloons. Before we could directly ask the employees about their salary details it was important to understand what led them to join and work for the organization they were working in. During the research it came out that most of the


individuals had no other option and had to land in the retail stores as there is hardly any specialised criterion required for a job of customer sales



Rita, HR Manager in a Leading Fashion Brand is facing a situation in her organization, ATTRITION!!! Most of the employees leave within 1 year and few do not even complete a year. She is being pressurized by the top management to bring about changes in the situation and do all the necessary amendments in any HR process which is flawed. SHE HAS A BLANK CHEQUE TO CURB THE SITUATION!!

Figure 3

executive. It was found out that most of the employees at CSE levels are constantly looking for opportunities outside in the same industry. Organisations ideally hire employees for CSE postkeeping in mind the transactional requirement of the store which are usually short term. Individuals tend to switch once they see no growth in the organisation they were working.



Rita approached the employees who worked with the ones who have left and joined the competitor organisation. It struck to her that most of the CSE who left were from the age group of 22-30. These employees were lured by the better pay package and benefits offered to them by the competitors.




Figure 4

“Employment” As said before considering the current educational portfolio that the nation brings to the table, this is a great profile for individuals who have quite recently

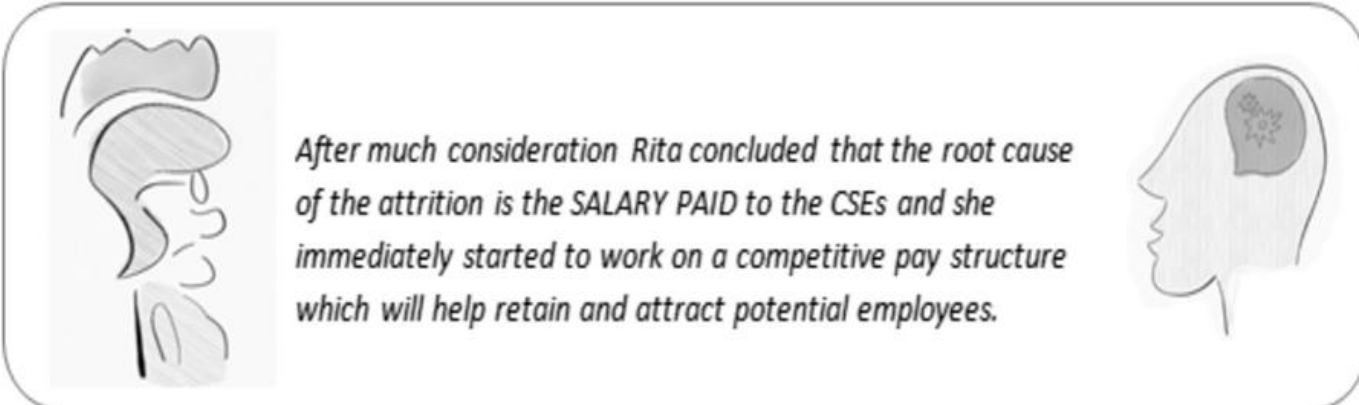
completed their twelfth or are new graduates. The job offers decent pay with incentives and bonus.

“Compensation” is a huge component which plays an important role in keeping the employees motivated. Most of the respondents stated that they were happy with the compensation that the company provides. In a city like Pune, it is extremely difficult to find jobs that give a take home salary in this range. It is interesting to note that companies have a similar pay structure. One of the probable reasons could be the fact that these organisations want to avoid competition.

<p><i>“Our most of the hiring is done through internal referrals and third party consultants. Education is one criterion which decides the initial pay a CSE will get, we also check the desire for learning and have few specially designed courses running for employees who want to study.”</i></p> <p><i>-Mohammad Tauseef Business Manager Lifestyle</i></p>	<p><i>“I get to work in an Air Conditioned establishment and get paid for menial tasks. I can get my kids around some time; there is bonus and other incentives. I will stick to this job till I setup my own food stall.”</i></p> <p><i>Ajmath Fashion Consultant Pune Central</i></p>
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Table 4 Management Views

Table 5 Sales executive's views



After much consideration Rita concluded that the root cause of the attrition is the SALARY PAID to the CSEs and she immediately started to work on a competitive pay structure which will help retain and attract potential employees.

Figure 5

“Incentives” play an extremely important role when it comes to retaining, engaging and motivating its employees. Unlike other executives in organizations, the compensation

structure of delivery executives is not so comprehensive. However, there are elements that have been catered into and have been incorporated into the pay structure. Some of the things that have been incorporated into the pay structure of their employees are Provident Fund, House Rent allowance.

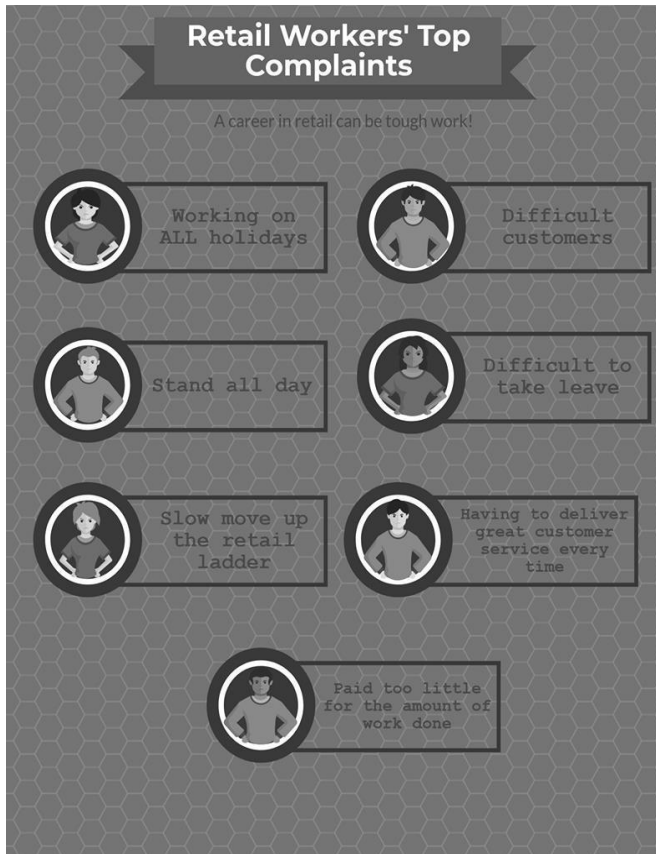




Figure 6

- **47%** of the respondents are Females.
- **53%** of the respondents are Males.
- Basic salary ranges from **4000** to **6000+** of respondents
- **37%** of the respondents are married.
- **63%** of the respondents are Unmarried.
- **38%** of the respondents are Graduates.
- **57%** of the respondents are HSC.
- **3%** of the respondents are SSC

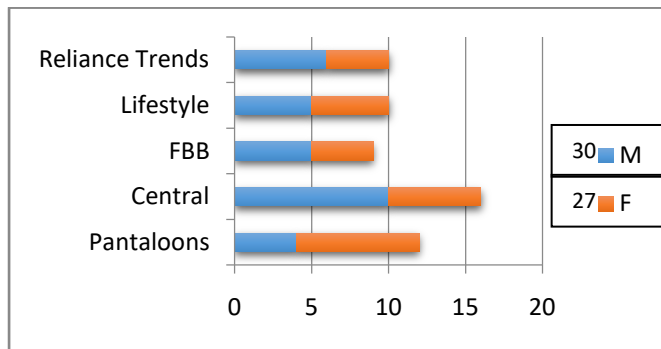
Table 6 Respondents Details



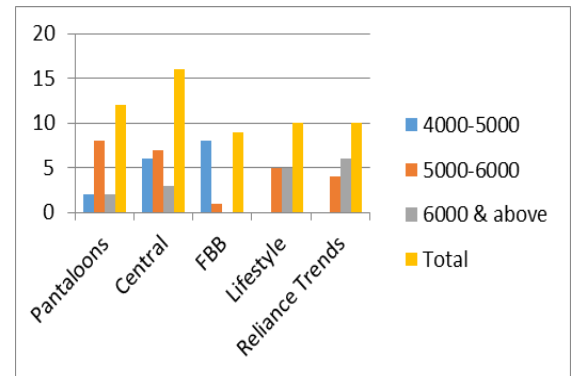
After much considerations and Rita proposed a performance based salary structure to the management for approval. This contains incentives, bonus and other medical benefits. Apart from salary Rita also proposed introduction of learning modules, successful completion of which will have raise in designation and salary.



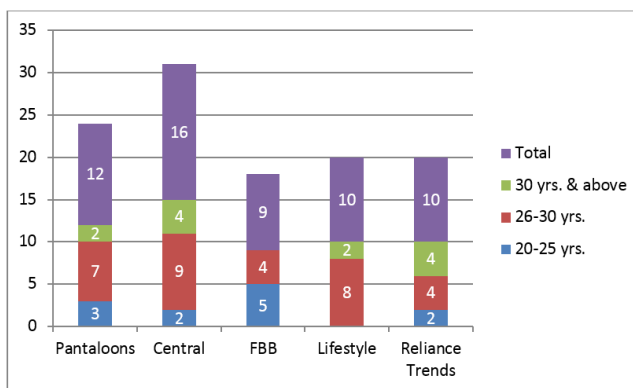
FINDINGS



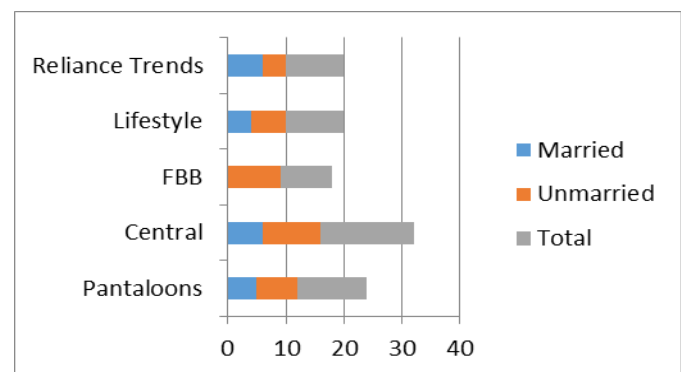
Graph 1 overall percentage of Male and Female respondents



Graph 2 Respondents falling under respective basic salary bracket



Graph 3 Age distribution amongst the respondents



Graph 4 Marital status of respondents

CONCLUSION

The CSE at various retail apparel stores maybe just another person carrying out his duty, but it's very difficult to actually value the role they play in both our lives as well as in the smooth functioning of the Retail Business. But nevertheless, all the organisations considered for study are doing their bit for them to go beyond the salary component and give added incentives to make them feel valued and also in turn feel valued by them. Retail is helping create employment opportunities and also giving them a platform which no other industry has been able to provide in such short span. With technology advancing, this sector will continue to rise and in turn help its lifelines make their ends meet and our lives comfortable.

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