

# How to make macys more competitive business essay



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A larger chunk of the total workforce is at Macy's are categorized as employees who are floor managers, supervisors, cashiers, handlers, and sales associates at Macy's retail stores. We have found that this category of employees have a really high turnover rate. There are several repercussions associated with a high turnover rate. If the turnover rate is high, the employees become demoralized in their work duties which results in inadequate efficiency. Although, the high turnover is found amongst the lower level staff but still there is a humungous cost associated with turnover. The cost to recruit, select, and train new employees often exceed 100% of the annual salary of the position being filled (Allen, Bryant, & Vardaman, 2010).

Based on the exit interviews conducted by the management, it is found that most of the turnover is voluntary and controllable turnover. Voluntary turnover is when employees leave the company by their own choice whereas controllable turnover is when employees decide to leave for reasons that are influenced by the employer. Therefore, it is evident that the high turnover rate has resulted due to lack of managerial effectiveness. Macy's employs a diverse workforce of more than 167, 000 employees because of which it is difficult to have a flat hierarchical structure. As a result the communication between lower level staff and high level staff is almost non-existent. Therefore, it is important for us to restructure the way we recruit our workforce especially for the positions that require managerial activities.

The HR department along with the collaboration with the department of IT, Marketing, Finance, and Operations has realized that there is a need for an urgent strategy to reduce employee turnover because reducing this ratio is

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one of the ways to make Macy's competitive again. The strategy will be dual phased. The first phase of the strategy will focus on how to effectively recruit individuals for managerial positions in the stores. For this pre-employment testing will be introduced in to the workplace which will test the managerial skills of the selected candidates for those positions. The first phase will also consist of conducting employee surveys every six months which will focus on employee's feelings and attitudes about their jobs and the organization. The second phase of the strategy will be the creation of a blog with collaboration with the IT department. The blog will give a platform for the employees at all levels of management to communicate with each other and discuss their problems, job duties, problems at the workplace, and how they feel about the organization.

The strategy to reduce turnover and increase Macy's competitiveness will be discussed further in detail in the Strategy Formulation and Strategy Implementation Phase.

**Macy's employee turnover rate is 3.726% compared to an industry average of 3.1%. It is computed by dividing the number of employees in the beginning of the year (167,000) by the number of employees remaining at the end of the year (161,000). The resultant figure (1.03726) is then subtracted from one (0.03726) and multiplied by a hundred (3.726%) to determine the employee turnover in terms of percentage (Department of Labor, 2010).**

**Although, the employee turnover rate is very close to the industry average, a small difference in the percentages could translate into a significant monetary amount. The cost of turnover is usually the cost to find, interview, train, and equip a new hire. Research shows that a minimum of \$1,500 per employee is the cost of a turnover. While \$1,500 may not be a huge amount of money for a store to cover that cost. Macy's Inc. has a net profit margin of only 1.49% which means that the company has to sell million dollars worth of items to cover that cost (Wolfe, 2010).**

**Since most of the workforce at Macy's comprises of lower management staff such as floor managers, cashiers, supervisors, handlers, and sales associates, it is important to lower the employee turnover rate because otherwise the employees will become demoralized in their work duties which eventually results in decreased efficiency. In order to make Macy's more competitive there are a number of strategies that need to be pursued specifically by the Human Resources department. The strategy consists of developing an internal blog for better communication, conducting exit interviews for valuable feedback, and hiring managers and supervisors effectively and efficiently.**

**The reason to develop a blog is to give the lower management a platform where they can communicate freely with the upper management. This will not only result in increased communication between the two but also, a relationship between the two will be developed. In this blog, the employees will have liberty to write, comment, and share anything they would want coworkers and upper management to consider. This could be complaints, recommendations, opinions, workplace ethics, job duties, or job descriptions.**

**The reason to conduct exit interviews is to primarily get feedback from departing employees. Secondly, it gives the management an opportunity to retain the employee so as to overcome the cost of recruiting a new employee. The departing employees could be given a questionnaire which highlights job duties, management, job variety, work environment. This way the management can review the recommendation and opinion given by the departing employee and take necessary actions.**

**Effectively recruiting managers and supervisors is also related to the high employee turnover rate. It is evident that the current managers were not effectively recruited because they lack the necessary knowledge, skills, and abilities to effectively manage and supervise a team of employees. During the hiring process, the HR department can develop a questionnaire which shall test the knowledge, skills, and abilities of the candidates and determine if they have the key competencies to over achieve their job duties.**

**In order to make Macy's more competitive, the HR department has developed a three phased strategy. The first phase of the strategy deals with effective recruiting of managers and supervisors. This will require a development of new hiring techniques such as the use of latest technological instruments to filter the best candidates from job postings. Furthermore, online testing and questionnaires will be developed so as to test and hire the most competent candidate.**

**The second phase of the strategy deals with conducting exit interviews from the departing employees. This will require the HR representative to take notes while interviewing the departing employee because his/her comments, recommendations, and opinions will help in improving working conditions and retaining employees. Sometimes, these interviews could save a company from being sued as some employees depart and later sue the company for reasons they were never aware of. The notes that the HR representative takes can become useful in the courtroom. Furthermore, in collaboration with the IT department, this phase will require a creation of a database to store and manage the feedback received from the questionnaires and interview.**

**Phase three is the most important part of the strategy which is the creation of a blog which will be formed with collaboration from the IT department. The costs associated with creating the blog are negligible except the cost of time. Usually, the cost to create a blog is around \$100 which includes a domain name, unlimited uploads and downloads, and unlimited backup of data uploaded on to secure servers.**

Effective recruiting, creation of a blog, and conducting exit interviews will serve as the basis to evaluate and control the high employee turnover. It can also be evaluated by checking the employee turnover rates at the end of first quarter of the year 2011. A low employee turnover would mean more cost savings from the HR department which could eventually be used to for higher profits and higher dividends to stockholders. Additionally, to evaluate the effectiveness of the strategy, the HR department will have to collaborate once again with the IT department to develop a database of the departing and departed employees. The reason for doing that would be, as these employees would be already trained and already knowledgeable about the company, it could help cut recruiting costs for the company.