

Guidelines on Good Human Resource Management in the Retail Industry

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Introduction

The retail industry, one of the key industries of Hong Kong, plays a vital role in the economy. The traditional physical retail industry has witnessed the impact of changes in the macro-environment and the application and popularity of high-tech electronic technologies. Amid the integration of e-commerce and physical retail, industry players have to attract new blood while retaining talents in order to sharpen their competitive edge and lay a solid foundation for sustainable development. Harmonious labour relations are one of the key factors in sustaining the favourable business environment of Hong Kong, while good human resource management is an effective way to promote labour relations and human resource development. With employees' cooperation and support, enterprises can respond to market changes and seize business opportunities more effectively.

The Secretariat of the Tripartite Committee on Retail Industry of the Labour Department has compiled this booklet to introduce to employers and employees some good human resource management practices adopted by establishments in the industry. Employers may flexibly adopt the practices having regard to the affordability and actual situation of their establishments.

Tripartite Committee on Retail Industry

(in alphabetical order)

Trade Unions

Commodities Promotion and Retailing Employees General Union
Hong Kong Department Stores & Commercial Staff General Union
Retail, Commerce and Clothing Industries General Union
Retail Trade Employees Association

Employer Associations / Management Associations

Hong Kong & Kowloon Electrical Appliances Merchants Association Ltd.
Hong Kong Book & Stationery Industry Association Co. Ltd.
Hong Kong General Chamber of Pharmacy Ltd.
Hong Kong Jewellers' & Goldsmiths' Association
Hong Kong Retail Management Association
The Cosmetic & Perfumery Association of Hong Kong Ltd.

Employers

AEON Stores (Hong Kong) Co. Ltd.
AJI Ichiban Co. Ltd.
ALF Retail Hong Kong Limited (Marks & Spencer)
A. S. Watson & Co. Ltd.
Belle Worldwide Limited
Bossini Enterprises Ltd.
Celestial Asia Securities Holdings Ltd.
China Resources Vanguard (Hong Kong) Co. Ltd.
Chow Sang Sang Holdings International Ltd.
City Chain Co. Ltd.
Crocodile Garments Ltd.
Dah Chong Hong Holdings Ltd.
Esprit Retail (Hong Kong) Ltd.
Fung (1937) Management Ltd.
G2000 (Apparel) Ltd.
Giordano Limited
OSIM (HK) Ltd.
Sa Sa Cosmetic Co. Ltd.
Sogo Hong Kong Co. Ltd.
Swire Resources Ltd.
The Commercial Press (H.K.) Ltd.
The Dairy Farm Company Ltd.
The Wing On Department Stores (HK) Ltd.
Yue Hwa Chinese Products Emporium Ltd.
Zung Fu Company Limited

Good Human Resource Management

The principle of good human resource management is that employers should establish good employment relations with their employees on an “equal and fair”, “employee-oriented” and “law-abiding” basis. Harmonious employment relations can contribute not only to increased work efficiency of employees, but also to enhanced productivity and competitiveness of enterprises.

Equal and Fair

Application of the fair principle

- (1) Recruitment and formulation of employment terms
 - Employers should:
 - conduct an analysis of the vacancies before recruitment so as to work out the necessary requirements and skill levels;
 - apply consistent selection criteria for recruitment; and
 - adopt the “equal pay for equal work” principle in drawing up mutually acceptable employment terms.
- (2) Hiring through recruitment agents
 - It is common practice in the retail industry to organise seasonal or festive trade fairs, and part-time or temporary employees may need to be engaged to ease the manpower shortage. In addition to direct recruitment, employers may engage short-term or part-time practitioners through recruitment agents. The practitioners recruited by such means may be under the employment of recruitment agents or self-employed.
 - Employers have to take note of the following:
 - In selecting recruitment agents, employers are advised to find out and carefully consider their reputation and financial capacity;
 - Under the concept of implementing good employment practices, employers should negotiate with recruitment agents the remuneration and benefits for the recruited practitioners irrespective of their employment status, and ensure that the agreed and/or statutory employment rights and benefits, including requirements under relevant labour laws, employees’ compensation insurance (ECI) and Mandatory Provident Fund contribution are given to the practitioners in a timely manner;
 - Employers should remind recruitment agents to enter into written employment contracts with their employees, clearly record and keep information on their wages, working hours and attendance,

and undertake to comply with the requirements of relevant labour laws;

- Employers may set out the wages, working hours and wage periods in the contracts signed with recruitment agents and request them to produce relevant recruitment advertisements, payment slips and ECI policies for verification. If a recruitment agent is found to be under in a bad financial situation and likely to be unable to pay wages, employers should immediately terminate the commissioned service ; and
- In managing employees in the same workplace engaged by different agents, employers should adopt good human resource management principles consistently so that all employees have equal access to the facilities and benefits. By creating a fair and harmonious working environment, unnecessary misunderstanding or disputes can be avoided.

Effective Employer-Employee Communication

- Establish regular formal and informal bilateral communication and consultation mechanisms for employers to disseminate information to employees and for employees to express their views and make suggestions. Employers and employees can understand each other's needs through discussions on various work issues, which will facilitate the smooth formulation and implementation of policies. For example, employers should communicate with employees or their associations so that mutual needs and difficulties are understood before introducing any changes relating to work or employment issues.
- Examples of formal communication and consultation mechanisms:
 - Different departments to hold meetings regularly;
 - Collect employees' feedback by means of face-to-face interviews and satisfaction surveys; and
 - Conduct performance appraisals to meet and discuss with employees about their work targets and expectations.
- Examples of informal communication mechanisms:
 - Organise social activities to strengthen cohesion of employees; and
 - Set up a "Mentorship Scheme" and deploy experienced employees to help newcomers adapt to the new working environment. Direct supervisors should meet their new employees through regular tea or meal gatherings during the probation period to see how they are getting along and provide necessary assistance.
- In the event of business hardship, employers should explain to and consult with their employees through appropriate channels so that

employees get to understand the situation and the difficulties faced by the organisations and render their support and cooperation. When formulating measures against economic downturns, employers should also listen to the employees's suggestions on labour-saving and other improvement measures. To avoid labour disputes, employers should refrain from varying the employment terms unilaterally without the consent of employees.

Family-Friendly Employment Practices

Caring for employees

- Employers should adopt a humanistic approach to understand the needs of employees and implement different family-friendly employment practices accordingly. If the employees can feel the kindness and care of employers, they will be more devoted to the company.
- Examples of family-friendly employment practices:
 - Create a happy working environment for employees, such as hiring professional masseurs to provide massage services in the office to relieve employees' fatigue, showing thoughtfulness and care for employees by treating them to drinks and refreshments, as well as regularly holding meal gatherings and inviting their families to join. These practices can strengthen mutual communication, thereby increasing the employees's sense of belonging;
 - Relax the requirements for obtaining benefits such as offering additional leave benefits which are more favourable than the statutory requirements, and granting sickness allowance, maternity leave, etc. to employees who do not meet the statutory requirements;
 - Give out little gifts or red packets during festive seasons or special occasions;
 - Give priority to the employees's family members to join paid internships, and offer award schemes for the employees's children by setting up scholarships and overseas exchange scholarships for outstanding students in recognition of their excellent academic performance; and
 - Grant gratuities to the critically ill employees or on the death of the immediate family members of the employees.

Work-family/ life Balance

- Implement family-friendly employment practices to help employees maintain a balance between work and family life so that they can fulfil their work and family responsibilities simultaneously. These practices will bring about the following benefits:

- Employees can realise their potential without having worries, which is conducive to the company's business development;
 - With the relief of pressure from family commitments, employees' productivity will also be enhanced; and
 - Employees who feel valued and cared for will have a greater sense of belonging. This will increase the employees' retention rate and in turn reduce recruitment and training expenses.
- Examples of family-friendly employment practices to achieve work-family/ life balance:
- Offer non-statutory leave benefits such as marriage leave, parental leave, filial leave, compassionate leave, festival leave, birthday leave, study leave, special casual leave, etc. to meet the employees' family needs;
 - Adopt flexible work arrangements: five-day work week, flexible working hours, allowing employees to work from home, etc.;
 - Organise interest classes and sports activities such as cookery, yoga, photography, basketball teams, football teams, etc. for the employees and their families. Some companies even hire professional coaches to train their sports teams and actively take part in industry-wide sports competitions;
 - Provide daily support for employees: medical protection for employees and their families, child care services, counselling services on stress or emotion management, breast-feeding rooms, family fun days, etc.; and
 - Provide opportunities for employees and their families to travel together, such as organising excursions to the countryside or overseas tours, or offering travel allowance to outstanding employees.

Training and Performance Assessment

Training and performance assessment are equally important to the development of a company and its employees, and also relevant to its employees' promotion and succession planning. The employer should recognise the performance of employees and groom them to unleash their potential. This is not only beneficial to the employees but also conducive to the enhancement of the organisation's service quality and competitiveness.

Analysis of the required skills and provision of training

- It is advisable for organisations to formulate systematic induction and on-the-job-training programmes by analysing the functions of all the

posts based on its current and future business and evaluating the employees's performance, skills and career development needs. For example, the following arrangements can be made for the employees:

- proper induction training to familiarise new recruits with the company's structure, operation, working environment and workflow, and brief them on the company's policies and employees' rights and obligations;
 - other work-related training to cater to business needs and address the employees's weaknesses;
 - training in safety and health at work;
 - subsidies to encourage employees to attend suitable training courses in their spare time; and
 - assignment of managerial or experienced employees as on-the-job mentors to provide regular guidance and advice on employees' performance and attitude; and provision of job functions observation as well as opportunities for employees to participate in cross-team projects to enrich their work experience and on-the-job training, so that they can get to know their strengths and areas for improvement.
- Employees with potential and outstanding performance should be groomed to enhance their work skills and core competencies. They can gain management experience and exposure and broaden their horizons through deployment to different managerial posts. In addition, successors of managerial posts can be nurtured and offered with a career ladder for advancement.

Performance review and promotion

- Employers may implement a suitable recognition programme for work standards by referring to objective standards (such as the Qualifications Framework), and then assess every employee by analysing the performance of employees of different levels and functions according to the adopted work standards. Performance reviews should be conducted regularly, with priority accorded to outstanding internal employees to fill vacancies when promotion opportunities arise. This mechanism can boost employees' morale and provide employees with more career development opportunities.
- Promotion policies, academic qualifications and training requirements for all posts at the supervisory level or above as well as arrangements for promotion interviews and examinations should be stated clearly so that the employees can plan their career path.

Reference

Implementation of Qualifications Framework (QF) in the Retail Industry

- Set up by the Education Bureau in 2010, the Retail Industry Training Advisory Committee aims at establishing a platform for promoting lifelong learning and enhancing the competitiveness of the practitioners in the local retail industry;
- The QF, under which qualifications are divided into seven levels ranging from the most basic Level 1 to the highest Level 7, covers qualifications in the academic, vocational and professional education and training, as well as continuing education sectors. It also provides a platform for articulation among qualifications;
- The Specification of Competency Standards (SCS) for the retail industry sets out the competency standards of 8 major functional areas of the industry, i.e. the actual knowledge and skill requirements in different functional areas of the industry. The 8 major functional areas are:
 - Merchandising and Supply Chain Management;
 - Human Resource Management and Development;
 - Strategic Management;
 - Sales and Marketing;
 - Customer Services;
 - Information Technology;
 - Store Operations; and
 - Product Knowledge.
- Also, 4 major functional areas are set out in the SCS for the e-business branch of the retail industry. They are:
 - Planning and Operation;
 - Internet Marketing;
 - System Development and Maintenance; and
 - Corporate Management.
- Practitioners in the retail industry may enrol for related SCS-based courses to obtain qualifications recognised under the QF. Those who have substantial work experience but lack formal academic qualifications may apply for recognition of their acquired experience, knowledge and skills through the Recognition of Prior Learning (RPL) mechanism;
- The RPL mechanism is applicable for recognising abilities of Levels 1 to 4. Its assessment methods include:

- Documentary proof;
- Interview;
- Trade test;
- Written test; or
- A combination of the above methods.

Level to be Recognised	Years of Service within Relevant Industry	Relevant Work Experience Required	Recognition Criteria
Level 4	6 years	Depending on the specific requirements of respective areas of expertise (No more than the years of service required)	Documentary proof and assessment
Level 3	5 years		
Level 2	3 years		
Level 1	1 year		

- Employers may promote the RPL mechanism within their organisations, explain the mechanism to their employees, and encourage them to apply for RPL;
- Throughout the process of application, employers may provide their employees with appropriate assistance by issuing related documents of proof to them, helping them arrange an appointment and fix a date for the interview, allowing them to take paid leaves to make preparations and organising “preparatory classes” and mock interview classes for them, etc.
- All RPL applicants may apply for full reimbursement of assessment fees after obtaining the Statement of Attainment.
- Increasingly, more employers, education and training providers, professional associations and government departments have considered granting RPL qualifications some degree of recognition for various purposes as follows:
 - Human resource management: in areas such as employees’ recruitment, promotion and further training;
 - Professional designation requirements: as one of the criteria for obtaining professional designations;

- Continuing education: as one of the criteria for course admission or even credit/module exemption;
- Training/tender requirements of government departments: RPL qualification is accepted as one of the training/tender requirements;
- Award Scheme for Learning Experiences under QF: RPL qualification is accepted as meeting one of the application criteria.

Reference website:



www.hkqf.gov.hk/en/home/index.html

Occupational Safety and Health

- It is the responsibility of a good employer to provide and maintain a working environment for its employees that is, so far as reasonably practicable, safe and without risks to health to ensure their occupational safety and health (OSH) at work;
- Promote OSH culture, including providing safety information, instruction and training to employees; organise award schemes such as OSH slogan design/ short video competitions/ quiz; and encourage employees to participate in various OSH competitions to enhance their OSH awareness;
- Formulate safety and health policies, provide and maintain a safe system of work as well as set up a relevant safety committee to study, recommend and improve relevant OSH measures;
- Appoint competent persons to conduct task-specific risk assessment, and formulate safe method statements as well as adopt proper safety measures according to the results of the risk assessment so as to safeguard the employees' safety and health at work;
- Formulate and implement relevant supervision and management systems to ensure that safety measures are strictly complied with, such as establishing a monitoring mechanism and a monitoring team to conduct regular assessments on equipment used by employees and workplace facilities to ensure compliance with the statutory requirements of OSH legislation;
- Develop emergency plans and conduct regular emergency drills to enhance the employees' response capabilities; and
- Where resources permit, provide longer rest periods, as well as spacious rest and activity areas so as to suitably relieve the stress of employees.

Law-Abiding

Relevant Labour Legislation

Law-abiding is one of the basic principles of good human resource management. Requirements relating to different aspects of employment relations are stipulated in the relevant legislation for compliance by employers. Major legislation relating to employment relations are as follows:

- Employment Ordinance (Chapter 57);
- Employees' Compensation Ordinance (Chapter 282);
- Minimum Wage Ordinance (Chapter 608);
- Occupational Safety and Health Ordinance (Chapter 509) and subsidiary regulations;
- Factories and Industrial Undertakings Ordinance (Chapter 59) and subsidiary regulations;
- Boilers and Pressure Vessels Ordinance (Chapter 56);
- Mandatory Provident Fund Schemes Ordinance (Chapter 485);
- Sex Discrimination Ordinance (Chapter 480);
- Disability Discrimination Ordinance (Chapter 487);
- Family Status Discrimination Ordinance (Chapter 527);
- Race Discrimination Ordinance (Chapter 602);
- Personal Data (Privacy) Ordinance (Chapter 486).

(It should be noted that the Ordinances themselves remain the sole authority for the provisions of the law explained. For details, please visit the Hong Kong e-Legislation of the Department of Justice website at www.elegislation.gov.hk. For enquiries about the respective Ordinances, please use the following enquiry services.)



Besides, the Labour Department has produced publications and audio-visual materials under different categories and themes to foster labour relations and promote good human resource management for employers' reference, which are available at www.labour.gov.hk/eng/public/gpm_1.htm.

Enquiry

Enquiry Hotline : 2717 1771 (the hotline is handled by “1823”)

Homepage Address : www.labour.gov.hk



Enquiry about Labour Relations
www.labour.gov.hk/eng/tele/lr1.htm

Enquiry about Occupational Safety and Health

Occupational Safety and Health Branch of the Labour Department
Consulting telephone service

Tel : 2559 2297

Fax : 2915 1410

www.labour.gov.hk/eng/tele/osh.htm



Enquiry about Mandatory Provident Fund
Mandatory Provident Fund Schemes Authority
Tel : 2918 0102
Fax : 2259 8806

www.mpfa.org.hk/eng/main/contact_us/enquiries/general_form.jsp

Enquiry about Personal Data of Employees

Office of the Privacy Commissioner for Personal Data

Tel : 2827 2827

Fax : 2877 7026

www.pcpd.org.hk/english/resources_centre/publications/forms/enqform.html



Enquiry about Equal Opportunities
Equal Opportunities Commission
Tel : 2511 8211
Fax : 2511 8142

www.eoc.org.hk/eoc/graphicsfolder/enquiries.aspx



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