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A study on HR practices in gold and jewelry industry, Tamil Nadu and Kerala

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Presented at the 8th IGPC-IIMA Annual Gold & Gold Markets Conference 2025
organized by

India Gold Policy Centre at IIM Ahmedabad
March 3-4, 2025

Venue: Bharat Mandapam, Pragati Maidan, New Delhi

Introduction

- The nature of industry influences the Human Resources (HR) practices of hiring, training and compensating.
- For example, in the FMCG or Pharma sectors, selling roles has attractive commissions.
- In the app-based business (swiggy, flipkart), the delivery executives' compensation is directly tied to the products they deliver.
- In manufacturing sectors, safety training, compliance of labor law and industrial relations occupies the major part of the HR function.
- The gold and jewelry industry is unique due to its high-value inventory, specialized nature of the work, and high-net-worth or affluent customers. Here, the human capital needs to be trustworthy, committed, and customer friendly with industry knowledge.
- Moreover, traditionally the sector has been dominated by caste-based families and gold artisans.
- In post 90s, the sector witnessed the growth of corporate / brands
- Thus a transition from family owned business to the corporate owned
- Its essential to understand the evolution of HR practices in corporate gold show rooms.

Literature review

- Though a significant number of business organizations in India are owned and run by family, the HR research into India's family business, particularly the gold jewellery selling firms, is still in its infancy
- The nature of HR practices in a family-managed firm is significantly influenced by the founder or his / her family (Ganguly, 2020).
- Researchers have also acknowledged that it would be difficult for the family owned organizations to undergo a transition from the traditional to a modern and professional firm without compromising the deeply-rooted values, practices of the family (Sinha et al., 2017).
- Drawing from agency theory (Jensen, & Meckling, 1976), we contend that the family member who owns the business (acting as principal) recruits the manager (playing the role of agent) to carry out the work (under their guidance).
- The family head and the members were part of the business. As long as the owner and manager are the same, the need for separation of role as well as delegation obviously doesn't arise (Steier, 2003).
- This system may not have the structure and elements of formal organization as there is no 'trust issue' between the owner(s) and worker(s). Hence, there is no need for a formal employment agreement or contract or formal managerial practices.
- But as the family owned firms evolve into a corporate form, the traditional management practices need to be replaced with professional HR practices. This (HR) aspect of the family business is not examined, particularly in the gold jewellery industry, in the existing literature

Objective and Research Methods

- This study intends to examine the HR practices (hiring, training, compensation and employee benefits) in the gold showrooms of TN and Kerala.
- The paper will document the evolution of the management, particularly the HR practices, of the gold jewellery selling firms.
- Further, as the majority of the gold firms operating in India are family-run firms, it becomes necessary to find the role of family owners in the development of HR practices and strategies.
- The research methods will be a case study approach
- Data collection methodology involves interviewing an HR manager or any other authority (who has decision making power in managing people) in the gold and jewelry shop.

Sampling

- There are three types of gold shops
- Corporate showrooms
 - pan Indian presence
 - E.g Bhima Jewellery / Joy Allukas
- Family owned Shops that evolved to corporate showrooms
 - One or more show rooms
 - Presence is restricted to few cities
- Family owned shops
- The study intends to examine the HR practices of first two

Case study: SRK Jewelry, Madurai

- As part of this study I have interviewed an entrepreneur of SRK jewellery
- The founder is from a small town near Madurai, joined as an employee in a gold shop, Madurai.
- He was involved in all aspects of the gold business: meeting the traders, buying gold, giving orders to the gold artisans, taking orders from the customers, and delivering to them.
- So he gained knowledge about the business during his tenure as an employee.
- **Early stage**
- Later, he started his own shop which equals 10*10 sq ft in the market. He was the only person in the shop during the initial days. Later his own brothers also joined the business but no salaried people.
- Then he moved the shop to a 500 sq ft where he employed a few people from his own village.
- During that time the intention of employing gold shops was two fold: for the employee it's an opportunity to earn money and to learn the business. They will be more committed as their objective will be to start the same in a few years. For the employer, they need a trusted employee as the business is capital intensive and the product is highly valuable.
- The compensation was very simple. Monthly salary only. During festival time, they will be given clothes and other required items.

Evolved to a corporate showroom

- The founder in the year 2010, expanded to a big, corporate model of showroom. In less than a few years, the showroom expanded to 4 more places in and around Madurai.
- They are employing 100 plus staff in their showrooms
- Now they are in need of professional manpower with trained skills to work in the showrooms and need to account for their business professionally.
- *Professional division of labour*
 - marketing analytics to predict the demand, have softwares to estimate the price and values.
- *Hiring*
 - *Social media / employee referrals*
- *Training*
 - *Etiquette / technical details*
- *Performance appraisal*
 - *Sales / schemes enrolled / in shop behavior*
- *Compensation*
 - *For every percentage of gold / silver sold, certain % is to the digital marketing team, team leader and the respective sales person*

Conclusion

- When the traditional business model evolve into a professional business, the role of HRM also increases.
- The founder relies on the professional agents to get the work done, when the scale of business increases.
- The traditional way of managing the people is replaced with the professional system
- Hiring is no longer limited to the relatives / family circle alone
- Simple monthly salary is added with performance based incentive system
- On the job training is complemented with professional training
- Yet to interview few more such showrooms and compare with the corporate showrooms that is present pan India.