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Table Of Contents

HR Report: Addressing HR Challenges in H&M (UK).....	2
1. Factors Affecting HR Functions	3
2. Evaluation of Contemporary HR Practices	5
3. Role of Departmental Managers	7
Conclusion and Recommendations	8
Reference List.....	9

HR Report: Addressing HR Challenges in H&M (UK)

Introduction

Human Resource Management (HRM) is important for helping organisations succeed in a fast-changing business environment. Companies such as H&M in the UK retail sector face several challenges, including rapid technological changes, difficulties in attracting and keeping employees, and increasing expectations around Diversity, Equity, and Inclusion (DEI).

H&M operates globally and relies on both store employees and office-based staff. This means its HR strategies must be flexible and up to date. This report looks at three main HR challenges: keeping up with technology, improving recruitment and retention, and promoting DEI. It also evaluates modern HR practices that can help deal with these challenges and explains how managers can make sure these practices are carried out quickly and effectively.

1. Factors Affecting HR Functions

Technological Advancement

The retail sector is experiencing rapid technological change, which is significantly influencing how organisations operate. Companies such as H&M increasingly rely on digital tools, including e-commerce platforms, mobile applications, and advanced systems for stock control and customer data management. As a result, employees are expected to possess strong digital skills to carry out their roles effectively (CIPD, 2023).

One of the main challenges linked to technological advancement is the existence of a skills gap. Not all employees have the necessary knowledge or experience to use new systems, particularly those in traditional retail roles. This creates a need for continuous training and development to ensure staff can adapt to modern technologies (Armstrong, 2020). Without this support, productivity and efficiency may be negatively affected.

Another issue is the impact of automation on employee attitudes. The introduction of automated systems may lead to concerns about job security, causing anxiety and resistance among staff. Employees may fear that technology will replace their roles, which can reduce morale and

engagement. Therefore, HR departments must manage this transition carefully by communicating clearly, providing reassurance, and offering opportunities for reskilling. Supporting employees through change is essential to maintain motivation and ensure successful adoption of modern technologies.

Talent Acquisition and Retention

Attracting and retaining employees continues to be a significant challenge for organisations operating in the UK labour market. As a well-known global retailer, H&M competes with both traditional high street brands and online businesses to recruit skilled workers, particularly in areas such as digital marketing, coordination, and e-commerce (CIPD, 2022).

In recent years, employee expectations have changed considerably. Workers are no longer focused solely on salary; they also value flexible working arrangements, opportunities for career development, and a supportive organisational culture (Deloitte, 2021). If these expectations are not met, employees may choose to leave the organisation, leading to higher staff turnover. High turnover can be costly, as it requires additional spending on recruitment, training, and onboarding, while also disrupting team performance.

Retention is also strongly influenced by job satisfaction and opportunities for progression. Employees are more likely to remain with an organisation if they feel appreciated and see clear pathways for career growth. Herzberg's Two-Factor Theory highlights that factors such as recognition, achievement, and personal development contribute to higher levels of motivation (Herzberg, 1968). If these factors are absent, employees may become disengaged and seek opportunities elsewhere.

Diversity, Equity, and Inclusion (DEI)

Diversity, Equity, and Inclusion (DEI) is an increasingly important focus for global organisations like H&M. Operating in diverse markets means the company must reflect a wide range of cultures and perspectives within its workforce. In the UK, organisations are legally required to follow equality legislation, including the Equality Act 2010, which promotes fairness and protects individuals from discrimination (Gov.uk, 2010).

Despite these requirements, several challenges remain. These include unconscious bias in recruitment and promotion processes, limited representation of diverse groups in leadership positions, and unequal access to career development opportunities (CIPD, 2023). Such issues can prevent organisations from achieving true equality and inclusion.

Creating an inclusive workplace goes beyond meeting legal requirements. It involves building a culture where all employees feel respected, valued, and able to contribute fully. This requires ongoing effort from HR and management to promote fair practices and encourage positive behaviours.

If DEI is not effectively managed, it can lead to negative outcomes such as reduced employee morale, lower engagement levels, and damage to the organisation's reputation. In contrast, a strong commitment to DEI can improve teamwork, innovation, and overall organisational performance. Therefore, HR must ensure that fairness and inclusion are embedded in all aspects of employee experience, including recruitment, training, and career progression.

2. Evaluation of Contemporary HR Practices

A key approach to managing technological change within organisations such as H&M is the use of digital learning and development (L&D) programmes. These programmes allow employees to build the digital skills needed to work effectively with new systems and technologies. Online training platforms, virtual workshops, and short learning modules provide flexibility, enabling staff to learn at their own pace and convenience. In addition, these methods are often cost-effective compared to traditional classroom training. However, their success depends on employee motivation and willingness to engage with the learning materials (Armstrong, 2020). Without active participation, the benefits of such programmes may be limited.

Another important practice is the use of HR analytics. This involves collecting and analysing employee data to support decision-making. For example, HR analytics can help identify skills shortages, predict future workforce needs, and evaluate the effectiveness of training programmes. This allows organisations to make more informed and strategic decisions. Despite its advantages, implementing HR analytics requires investment in advanced technology systems as well as skilled HR professionals who can interpret the data effectively (CIPD, 2023).

In addition, agile working practices are increasingly being adopted to improve organisational flexibility. Agile working encourages collaboration, quick decision-making, and adaptability by using cross-functional teams. This approach is particularly useful in fast-changing environments such as retail. However, introducing agile working can be challenging, as it often requires a shift in organisational culture and management style. Employees and managers may need time and support to adjust to this new way of working (Deloitte, 2021).

Talent Acquisition and Retention Practices

To attract and retain skilled employees, organisations rely on effective employer branding. This involves promoting the company's values, culture, and work environment through channels such as social media and career websites. For a global brand like H&M, strong employer branding can make the organisation more attractive to potential candidates, particularly younger workers. However, it is important that the image presented is accurate and consistent with actual employee experiences, as misleading information can damage trust (Backhaus and Tikoo, 2004).

Another widely used practice is flexible working arrangements. Offering flexible hours, part-time roles, or hybrid working options can improve employee satisfaction and work- applications can help ensure that candidates are selected based on their skills and experience rather than personal characteristics (Gov.uk, 2019). However, these practices alone are not enough. They must be supported by an inclusive organisational culture where all employees feel welcomed and valued.

Finally, inclusive leadership training is essential for creating a supportive and respectful work environment. This type of training equips managers with the skills needed to lead diverse teams effectively, manage conflict, and promote equality. When managers demonstrate inclusive behaviours, it can improve employee engagement, teamwork, and overall performance. However, successful implementation requires strong commitment from the organisation, as well as ongoing support and monitoring.

Life balance, which in turn supports retention (CIPD, 2022). However, in the retail sector, flexibility may be more difficult to implement for store-based employees who are required to work fixed shifts. This can create challenges in ensuring fairness across different roles within the organisation.

Training and development programmes also play a significant role in retaining employees. Providing opportunities for learning, career progression, and personal growth can increase motivation and commitment. According to Maslow's Hierarchy of Needs, individuals are more motivated when their higher-level needs, such as personal development and achievement, are met (Maslow, 1943). While these programmes are beneficial, they require continuous investment and careful planning to ensure they meet both employee and organisational needs.

Diversity, Equity, and Inclusion (DEI) Practices

A common approach to improving workplace equality is unconscious bias training. This type of training helps employees and managers recognise hidden biases that may influence their decisions, particularly in recruitment and promotion. While it can raise awareness and encourage fairer behaviour, its long-term effectiveness depends on regular reinforcement and integration into everyday practices (CIPD, 2023).

Another important strategy is the use of inclusive recruitment practices, such as anonymised CVs or diverse interview panels. These methods aim to reduce bias and increase diversity within the workforce.

3. Role of Departmental Managers

Departmental managers play a vital role in ensuring that HR practices are successfully carried out within everyday business activities. Although HR departments are responsible for designing policies and strategies, it is the managers who apply these in practice and make sure they are effective at an operational level. Without strong managerial involvement, even well-designed HR initiatives may fail to deliver results.

One of the key responsibilities of managers is to act as leaders of change, particularly when new technologies or systems are introduced. In organisations such as H&M, adapting to digital tools and modern retail systems requires employees to develop new skills. Managers must therefore encourage staff to participate in training programmes and support them throughout the transition process. By clearly explaining the benefits of change and addressing employee concerns, managers can reduce resistance and improve acceptance (Kotter, 1996).

In addition to managing change, departmental managers must integrate HR practices into their daily management routines. This includes carrying out regular performance reviews, providing

constructive feedback, and supporting employee development. These activities help to improve employee engagement, motivation, and overall performance. When managers consistently apply these practices, employees are more likely to feel valued and supported, which can lead to higher levels of job satisfaction and productivity (Armstrong, 2020).

Another important aspect is accountability. Managers should be held responsible for key HR outcomes, such as employee retention, engagement levels, and diversity of targets. Linking these outcomes to performance evaluations ensures that managers take HR responsibilities seriously and align their actions with organisational goals. For example, measuring turnover rates or team diversity can highlight whether HR strategies are being effectively implemented (CIPD, 2023).

However, managers often face several challenges when implementing HR practices. These may include limited time, lack of training, or competing operational priorities. In a fast-paced retail environment, managers may focus more on meeting sales targets than on people's management. To overcome these issues, HR departments must provide adequate support, including training programmes, clear guidelines, and access to necessary resources. This enables managers to carry out their HR responsibilities more confidently and effectively.

Effective communication between HR and departmental managers is also essential. Regular meetings, updates, and feedback sessions help ensure that both parties are aligned with their objectives. Open communication allows managers to raise concerns, share experiences, and receive guidance on implementing HR practices. This collaborative approach improves consistency across the organisation.

Finally, the role of senior leadership is crucial in driving urgency and commitment. When senior leaders prioritize HR initiatives and demonstrate their importance, departmental managers are more likely to follow suit. A strong organisational culture that values people management encourages managers to implement HR practices promptly and effectively.

In conclusion, departmental managers are key to the successful delivery of HR strategies. By acting as change leaders, embedding HR practices into daily work, maintaining accountability, and communicating effectively, they ensure that HR initiatives are not only implemented but also sustained over time.

Conclusion and Recommendations

H&M continues to face significant HR challenges in relation to technological change, attracting and retaining talent, and promoting Diversity, Equity, and Inclusion (DEI). Although a range of modern HR practices are available to address these issues, their overall effectiveness relies heavily on how well they are implemented at the managerial level. Without consistent application and support from managers, these strategies may not achieve their intended outcomes.

Recommendations

To address these challenges, H&M should invest in continuous digital skills training to support workforce development (CIPD, 2023). Strengthening employer branding will help attract high-quality candidates (Backhaus and Tikoo, 2004). The organisation should also provide flexible working options where possible (CIPD, 2022). Promoting DEI through inclusive policies and training is essential (Gov.uk, 2010). Additionally, managers should be supported with training and resources (Kotter, 1996), and clear performance measures should be used to track HR success.

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