



## **Certificate of Higher Education in Skills for the Workplace**

### **Task 2**

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**Introduction:**

The purpose of this report is to provide a brief description of the reasons why employees are not promoted and deprived of self-improvement in a company and its impact on employees. To intensify the discussion the report includes a PESTLE analysis, its cause-effect, SWOT analysis, and alternative solutions discussion along with how to solve it using PMI tools. The report also showcases a SMART plan analysis, ways of communicating the solution plans with stakeholders, a complete strategy for review and monitoring etc. Employees are the capital of a company who improve the company by increasing the productivity of the company but the employees have some basic needs of the company which if not met reduce the productivity of the employees. One of these basic needs is to increase the quality of work and get a promotion by increasing one's knowledge. Therefore, the topic serves critical relevance to the following discussion.

**Overview of a complex existing at the workplace:**

Here Zara company is chosen for discussion. Due to the poor improvement of the employees, there is an impact on the workers and their work is also significantly impacted. Employees of Zara company give their best performance in the company while at the same time they seek for return of some enlightenment from the company. The issue which is persistent at the company is the lack of scope for the development of the workers. For example, Zara's managers do not treat their subordinates well so its effect on employee performance and promotion. According to Glassdoor, (2017) the company's ethics is poor and as per the experienced of workers the promotion is not given properly and the whole issue is poorly managed by the managers at the company's stores. There are some good as well as some bad aspects of the HRM department in Zara company such as the underdeveloped strategy of hrm leads to disruption of communication between employees and effect on the work of employees thereby hindering their career development.

## **PESTLE Analysis of the workplace regarding the issue:**

- **Political factors:**

Due to political factors such as inflation, increase in taxes, and increase in the price of raw materials, Zara company's profit is not affected. However, the promotion of employees are postponed because if it takes place, the expenses for the employees will be increased, which will affect the company's profit.(Impact International. 2021).

- **Economical factors:**

Zara has been facing economic fluctuations for several years and hence has taken several steps to maintain its financial stability, one of which is to postpone the promotion of employees, as the company cannot improve economically due to the cost of employee training, cost of salary increase etc. along with promotion. But this has a negative effect on the employees' work. The net revenue of Zara was 20 billion euros in 2021 (Statista. 2022).

- **Socio-cultural factors:**

The culture at Inditex boasts the practice of rising together with all communities and workers (INDITEX. 2022). Zara makes products with social culture in mind and since Zara is not seeing profit due to a few years of low sales, it is selling products at low prices or purchase prices to attract customers which has an effect on employee promotion and performance.

- **Technological factors:**

Currently, the demand for technology among consumers has increased as consumers prefer to make purchases using applications, which has resulted in reduced customer-related tasks for employees, reduced productivity, hindering their promotion, and as a result, employees feel demotivated to work.

- **Legal factors:**

In the current situation Zara has to face some difficulties according to the laws of the country to do business so they have to pay tax to recover those difficulties due to the slowdown in the cost-effective economy Zara has suspended the promotion of the employees which affects the employees.

- **Environmental factors:**

Keeping in mind the social improvement, Zara has reduced their overproduction to reduce the amount of waste coming out of the factory, resulting in less work for the workers and hindering their promotion and affecting their desired work.

**Analysis of the cause and effect regarding the problem which can initiate better decision-making:**

The biggest reason for this problem is that Zara is **facing financial problems** for several years which is not allowing the company's profits to increase and since employee promotion is a non-negotiable issue because they have to pay for training, increments, so the company has suspended the promotion of employees. The effect of this is on the performance of the employees causing them to become reluctant towards their work which is harmful for the company as the progress of the company depends on the performance of the employees. Since Zara **has no originality** and is based on other company's designs, Zara's acceptance is rushing to common people and it is also affecting Zara's economy, as discussed earlier how it affects employee promotion and company promotion. **Poor HRM practices** at Zara is another reason behind limited employee growth, as the work quality of the human resource department is poor (Bilan *et al.* 2020). As the demand for **technology increases**, the common man is giving priority to online shopping, resulting in a rush of employees' skills like customer handling, which is affecting their promotion, losing their confidence, and losing their productivity, which is also affecting the company's profits. Since, **GAP is Zara's biggest competitor**, the GAP's excessive demand is affecting Zara's market (Wang, 2018).

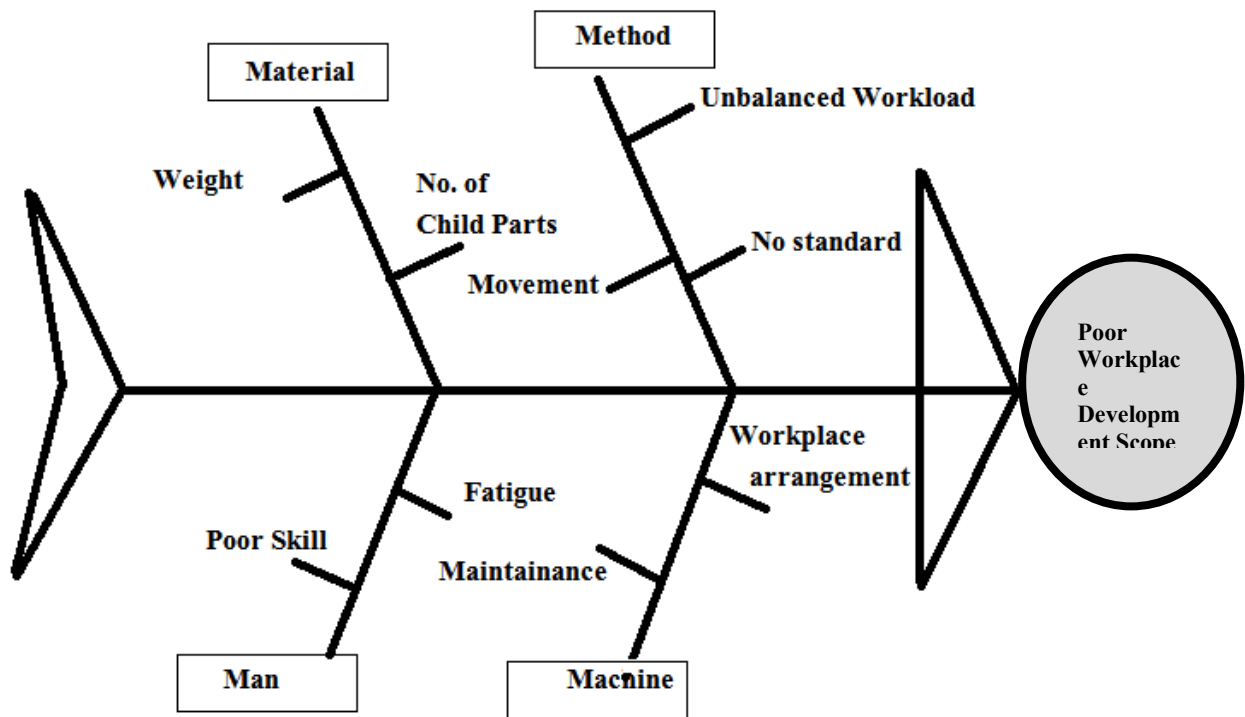


**Figure 1: Fishbone Analysis Of The Workers' Development Issue**  
 (Source: Created By Learner)

**SWOT analysis of the company on basis of the issue:**

|                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>STRENGTH-</b></p> <ul style="list-style-type: none"> <li>• Zara's stores are expanding in the world of luxury and those who are investing handsome money and even time for this expansion (Duoyan, 2021).</li> <li>• One of Zara's strengths is the affordable prices of its products that attract customers and increase sales, as well as employee benefits as the company grows.</li> </ul> | <p><b>WEAKNESS-</b></p> <ul style="list-style-type: none"> <li>• One of the major weaknesses of Zara is that it does not invest any money or time in its brand promotion, so the general public has very little knowledge of Zara's products, so customers buy less and its business is hampered (Duoyan, 2021).</li> <li>• One of the weaknesses of Zara is that there is no identity in the Zara brand, i.e., Zara follows other brands and is not aware of the changes in market demand and trends.</li> </ul> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>OPPORTUNITIES-</b></p> <ul style="list-style-type: none"> <li>• The biggest opportunity for Zara is that Zara can adapt to the geographical environment of the UK and open more stores to meet people's needs, i.e., grow the business (Yin, 2022). It will help create new jobs at multiple locations.</li> <li>• Along with the UK, Zara has the opportunity to enter four more continents of the world and open new stores and become more acceptable to people.</li> </ul> | <p><b>THREAT -</b></p> <ul style="list-style-type: none"> <li>• When a company collaborates with international designers, young customers feel more interested and comfortable to shop but Zara does not collaborate with any international designers which can prove to be a big threat for Zara.</li> <li>• Since Zara has expanded globally, not only locally, it has to face competition from various companies worldwide, which can prove to be a very big threat, but the biggest threat of Zara is a GAP, which is constantly challenging Zara (Wang, 2018).</li> </ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Table 1: SWOT Analysis**  
**(Source: Created by Learner)**

**Alternative solutions to mitigate the issue:**

Non-promotion in the workplace has a significant impact on the work and morale of the employees but there are some solutions to this problem which can be implemented to bring back the rhythm in the workplace.

The main way to solve this problem is to promote the workers but before that, **the management's communication with the workers needs to be improved** (Lyu *et al.* 2018). The management should talk to them face to face and listen to their problems and understand the problems that the current Zara company is going through and make them understand that if the company is profitable, overall everyone is profitable.

In addition to this, **by identifying the excess costs of the company and reducing them**, it is possible to increase the productivity of the employees so that the employees realize the benefits and can focus again on the work.

Apart from reducing unnecessary costs by **providing proper training to employees and helping them improve themselves in the workplace** (Lyu *et al.* 2018).

#### Implementing PMI Tool for the identification of viable solution:

| Decisions                                          | Plus                                                                                        | Minus                                                                                                                                   | Interesting                                                     |
|----------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| Management should treat all employees equally      | Employees will feel respected and focus on work                                             | Everyone will forget the distinction of their position and do whatever they want, resulting in a loss of workplace culture              | There will be equality in the workplace, no one will feel low   |
| Promotion is based on the performance of employees | Employees will feel motivated to work and look to increase the quantity and quality of work | Since in this case employees will be rewarded based on different performance, internal competition will be created among the employees. | Employees will be more productive and increase their efficiency |

|                                                |                                                               |                                                                                                |                                                                          |
|------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| Training employees to make necessary decisions | Employees will feel independent and even responsible for work | In all cases, employees will want to make decisions and feel that they are the ones in control | By taking small decisions, the confidence of the employees will increase |
|------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|

**Table 2: PMI Tool Implementation**

**(Source: Created by Learner)**

**SMART objective to make the solution workable:**

| <b>SMART</b>      | <b>Goals</b>                                                                                                                           | <b>How it helps</b>                                                                             | <b>How to implement</b>                                                                                                               | <b>Time Frame</b> |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| <b>SPECIFIC</b>   | Providing specific and necessary training for every employee                                                                           | It will increase employee satisfaction and help in better performance                           | Since hrn has most of the responsibilities of the company, HRM has to provide appropriate training to the employees                   | 4 Months          |
| <b>MEASURABLE</b> | Establish direct communication between management and employees, at least so that they can express their advantages and disadvantages. | Employees will not suffer from a lack of guardianship and will focus on work with peace of mind | In this case also HRM plays a role in the communication of employees with management or team leaders can play an active role in this. | 1 Month           |

|                   |                                                                       |                                                                                            |                                                                                                                                              |          |
|-------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <b>ACHIEVABLE</b> | Establishing respectful behaviour of superiors with employees         | Employees will also feel respected and show respect to the work and the company            | HRM should also look into the use of management and team leaders to be fair and if necessary, provide them with training on usage education. | 1 Month  |
| <b>RELEVANT</b>   | Allowing employees to make some decisions about their own work        | Employees will not suffer from loss of independence and will be responsible for their work | Confidence should be created among the employees through various trainings                                                                   | 3 Months |
| <b>TIME FRAME</b> | Incentivize them by giving specific rewards for specific quality work | Employees will get motivated at work and be more productive                                | After 6 months employees can be formally awarded by judging their performance                                                                | 6 Months |

**Table 3: SMART Plan**  
**(Source: Created By Learner)**

### **Communicating the solution planning with the stakeholders:**

Employees are the capital as well as stakeholders are very important for Zara company and despite the impact of stakeholders' work on the growth of the company, the current problem of non-promotion of employees in Zara company can be found an authentic solution by discussing with the stakeholders. Zara can discuss the problem orally with its stakeholders or through meetings managers can discuss it with all the stakeholders like – employees, investors, and HRM. Also, since technology is so advanced now, managers can discuss through mail or WhatsApp groups or by individual messaging. Managers can also communicate with stakeholders through the use of their own CRM platform (Mendy, Stewart and VanAkin, 2020).

### **Reviewing and monitoring the overall technique:**

Currently, one of the headache problems of Zara company is the lack of promotion of employees in the workplace, which has a detrimental effect on their work, but Zara also has methods that can be used to solve the problems, but it is not enough to apply the methods in the right way. It should be monitored from time to time whether it is being applied and whether it is effective. After implementing the procedures, employees should review the impact it is having on them and proceed with the procedures accordingly. Management teams can recruit leaders, use 360-degree and 540-degree tools, and even increase direct communication with employees to get their feedback (Thuan, 2021). Management can get authentic reviews by using these methods of monitoring.

### **Conclusion:**

As getting a promotion at the workplace is the basic need of employees, if promotion is disrupted, the productivity of employees is disrupted and even if there is no self-development at the workplace, employees' confidence decreases and they show reluctance towards the workplace. Through this discussion, it can be concluded that by pestle, swot, smart analysis of a company and by applying PMI tools, by analyzing the internal and external situation of the company, the current problems and solutions of the

company can be found and even some alternative solutions can be found. Through monitoring, problems can be solved authentically.

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