

Human Resource LCMB7000

Assignment 1



Student Number: 2009797

Student Name: David Pérez Moreno

Lecture Name: Doctor Gladius Kulothungan

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Introduction

Treating with a multinational company as Adidas is, I will analyze how the company reacts to the external factor and the other way around, how the factors can influence our company but first let's get knowledge of what can be included as an external factor, by an external factor I understand that is it everything out of the company that can change or not the way how the company will act **(Strategic and Management)** . There are five relevant factors like economics, law, technology, customer needs, and competitors all of them got a particular impact on Adidas, that's why I will introduce them by individual descriptions and how the company reacts to fight them. By this dates the COVID-19 is being another factor that is affecting the whole world but is no considered an external factor as it is a passenger factor which hopefully will end very soon but we have to include into this report because at the moment it is the main thing that it is influencing on everything **(Challenges of COVID 19)**.

After this analysis, I will describe in detail how the human resources are going through this outbreak by deep details of different components of it and to finalize I will make a description of the result obtained from the work and some recommendations for the company in order to improve in the future.

Background

Adidas is a multinational corporation, founded and headquartered in Herzogenaurach, Germany, that designs and sells shoes, clothing, and accessories. It is the largest sportswear manufacturer in Europe, and the second-largest in the world, after Nike.

The company was created by Adolf Dassler in his house; he was joined by his older brother Rudolf in 1924 under the name Gebrüder Dassler Schuhfabrik ("Dassler Brothers Shoe Factory"), for the following years both brothers were leader the company but after the Second World War, they had a personal breach between them which was the reason to divide the company in two: Rudi's company was eventually called Puma, while Adi's became Adidas which name is an abbreviation of the name of founder Adolf ("Adi") Dassler.

By the 90s century, Adidas was owned by French business executive Bernard Tapie, who failed to revive it. The company was sold to investors who brought in another Frenchman, Robert Louis-Dreyfus, as chief executive officer and chairman. Under his leadership, Adidas acquired the Salomon Group in 1997 which owner the TaylorMade.

However, in 2005 Adidas sold Salomon but held on to the TaylorMade brand. The following year the corporate name was changed back to Adidas AG. Adidas's later acquisitions included the Reebok company (2006), which owned the Rockport brand of shoes, and Five Ten (2011), maker of outdoor-sports shoes.

From that time being until now, Adidas keeps making new progress as a successful company and fighting with the other brand to make Adidas the most important brand in the market.

After this background of Adidas, I will describe the external factors that will influence the Human Resource but I will analyze just three of them as the other two are no relevant in people resourcing by individual description because they have a different impact on the organization.

External Factors

After this background of Adidas, I will describe three external factors that will influence the HRM and the people resourcing strategies but the other factors will not have a relevant impact on it, following the previous definition of external factor only the economic, legislation and technology will impact on HRM and people resourcing strategy as I will analyze.

1. Economy

This factor can be affected directly to the company as reduce the volume of sportswear that they were produced previously at this outbreak of COVID 19 but also can be indirectly affected to the company as their customers are being reduced their incomes. In order of at the direct effect that the economy has been changed at Adidas such as a promise to pay for all fulfilled or pending orders and helping our strategic partners access funding from major banks, to sustain their company activities and liquidity,

1.1 Adidas react

Adidas build preventive strategies and safety recommendations for our suppliers, to ensure consistency of pay for workers during the closure period, we have provided vendors with thorough advice, including migrant workers who were unable to travel to their place. As a result in these days, no one of the employees of the company has been infected by the COVID 19 in collaboration with the chain suppliers, however, this situation can change anytime as the virus still spreading around the world(**Adidas Support COVID 19**)

Following this delicate situation by the effect of COVID 19, Adidas company has not closed any single plant, which means that all staff will stay in the same positions but in those countries where the stores have provisionally closed their workers will be covered under the compensation that the governments give to any worker for this extraordinary moment that we are going through.

1.2 Future Plans

Adidas had a great situation in the business market like getting on the E-commerce but before this happen the company was launching its first app to make it easier for the customers, by this lockdown that we are getting around the world the sales have been reduced but the E-commerce is still on the place as it is the future business that all the companies trying to achieve. From the times being as the market has changed by the way that the customer buying the products, Adidas is making efforts in people and human resources to reallocated workers in the E-commerce as such probably as the customer that they started to do their shopping online they will remain on it, this is why the company needs to respond and modified his organization on HRM depending how the environment is changing by any external factor(**Exploring Corporate Strategy**).

2. Law Factor

Currently, Adidas is following the different legalization that leads in all countries around the world as it works, so leaving the other cities in one location and being the focus in the United Kingdom, I can concentrate on the fact that at the moment the Brexit is the most relevant legal factor that can influence Adidas favorably or unfavorably. By Brexit, it includes the process that being started a years ago to leave The European Union and it will be concluded by the next year with UK being without the EU, means in terms of human resources Adidas and other companies with a diversity of nationality whose may not get the right to stay at the country.

2.1 Adidas React

Internally Adidas has their own rules by following the International Labour Organisation (ILO) where Adidas has her basic in freedom of speech Non-discrimination, child labor, and juvenile workers in unions and collective bargaining on the work side(Adidas Workplace Standards) these elements are fundamental to make her company works that is why when one of them is being broke the company needs to react as happened recently when the main responsible from Human resource at the organizations do a racist speech that ends with her being fired from Adidas(**Adidas Labour Rights**)

2.2 Future Plans

Every five years, Adidas as a company reviews the workplace criteria to provide their workers with the best conditions than any other place, even in the identification and retention of business associates who pursue business strategies aligned with our policies and values. The Workplace Guidelines can help define future concerns as a set of guiding principles in people resource, then Adidas in collaboration with our corporate leaders will resolve any issues.

3. Technology Impact

By technology impact, it includes all the new ways to produce and deliver all the purchase to the customer(**Globalizing HRM**) on those days when the company is substitutions the human factor by the machine that will be affected directly to the humans' resource of the company as the company will be able to disregards of their worker especially on the factory because a machine will delivery the same result however this factor can create a new jobs position where the human resource will be determinate.

3.1 Adidas react

Adidas is growing at the digitalization but not just at the customer side which I mentioned before with the E-commerce where the company is getting great results, at the supply side Adidas in a short time, in all of the stages of the supply chain: architecture, production, and delivery, Adidas has been exploring digitalization ideas by improving digitalization is surely the long-term aim of the organization but it seems uncertain to achieve it.

3.2 Future Plans

Adidas has reacted to this new movement or a new way of the business by adapting every single stage of their supply chain, at design, Adidas invests in data processing to minimize design time while increasing precision. It acquired Runtastic, a mobile fitness startup, in 2015, acquiring access to 70 million users' info. The recently released AM4 series was also created based on data from athletes and an open-source co-creation.

Referring to manufacturing Adidas is testing "SpeedFactories" for development. The first factory, with a limited capacity of 500,000 pairs of trainers each year, was installed in Germany with highly automated and modular equipment, like 3D printing machines, although more than 90% of the production of trainers by the company is mostly manual and based in Asia.

And the last steps of the supply chain Adidas on delivery have concentrated through its E-commerce to allow online shoppers to search store inventory, shop online, and collect in-store. The company is using tablets in India to provide access to the full range of items on the e-commerce website for the customers of the stores. By these innovations, Adidas minimizes the times in terms of purchase to the customers but on the other hand as the globalization is growing around the world that is affecting the HRM and the people resourcing by many aspects like the way that the work comes to any employee since the globalization has started the work can meet any worker around the world, other aspects that are relevant to Adidas is that E-commerce is eliminating the role intermediate between the workers as the customer can make their purchase online without any assistance (**Globalizing HRM**)

Human Resources

First of all Human resources in a multinational company is more than hiring new employees for the company, in this particular area of the company it includes many different and relevant matters that will define our strategy in people resources like management, organization, performance, development, wellness, safety, benefits, and communication. As a definition of HRM, it is the different strategy that any company uses to approach a better workforce or workplace where the employees will deliver efficiently and effectively to increase production and achieve the organization goals (**Armstrong M Handbook of HRM**)

Following this definition of HRM in a multinational company as Adidas is by spreading their activities and operations around the world which will affect an uncountable number of countries, that is why in this subject by having big organizations within policies and practices which will help to satisfy overall organizations objectives.

On the Human Resource, they have different aspects that the company can use to make the organization more successful on their goals so let is describe one by one(**Strategic HRM Change Environment**)

1. Job Advertising and Social Media

As a job advertising is all the roles that Adidas has available where the company include a brief discriptions of the possible benefit, earnings and the requirements that they are looking in a candidate for that role, Adidas with the current situation has reduced to the minumum this element to select a new cadidates.

2. Flexibility

Flexibility is a factor that in these times affects a company's operations and in the same way HRM and people resourcing as employees have to adapt to the changes that the company is undergoing in the external envirnoment. In the case of Adidas, the company has seen a significant reduction in its productivity this has created a new people resource strategy at the company by re orientation the HRM to a new goals like keeping the more values workes that are already in the organization.

3. Optimased Hiring Process

Over this matter, Adidas includes new vias to do the interviews that are being more in use since the pandemic started it like for example to interview with someone who is in another country so the interview face to face could no possible but now Adidas is using more frequently the interviews via video call which is speeding up the people resource process by reducing the times that was necessary previously.

HRM Strategy

The best way to help the company achieve their goals is having a strong structure in Human Resourcing and defined strategy which will decide the way how the organization is doing(Exploring Corporate Strategy), the organization in this case Adidas has to fit their strategy into the company goals but never go over the HRM and people resourcing capacity that It will definelty delivery the wong decisions in a long period of time, so that is why the HRM must choice the right strategy to make the people valuable so they will provide their best qualities to help the company on their targets(HRM Practice).

Over the years the process on HRM has been changed because of the external environment where the organization or company need to deal, Adidas organization has recently established their strategy into the rule of the three C which are creative, collaboration and cooperation behind that rule Adidas has focused their effort on 4 pillars the attraction and retention of the right talents, role model leadership, diversity and inclusion, and unique corporate culture.

Adidas called “The New” (Adidas Annual Report) as the model of people resource strategy which is using, from the first pillar Adidas is trying to get the best talent by offering to the candidates personal choices or experiences and individual careers that is why the company is offering different ways to get into the organization to ensure future careers, at the second pillar; the role model leadership where Adidas is giving a portfolio of leadership developments and programs to become future leaders or key players into the company also Adidas believe that the diversification and inclusion are crucial values for the success of our company to have a diverse workforce comprised of individuals with different ideas, strengths, interests, and backgrounds by the end, the last pillar is the unique culture which Adidas is working to develop the best of the three Cs as high performance.

Conclusion

To conclude this study work I would like to include some recommendations for my company Adidas so that I can join forces to overcome the impact of all those external factors on HRM, for this, I should summarize their strengths and weaknesses from which I will get the best advice for Adidas. As for strengths of Adidas in HRM, the company has a defined strategy which I have described before and has made Adidas stay at the top of the ranking of multinationals together with Nike, regarding the weaknesses in these times Adidas shows in the HRM field such as in less developed countries it keeps its workers under very undesirable conditions but in other countries as it is the strongest legislation it can not happen because it will cause the closure of some of its factories. Putting these two aspects together, I can see some recommendations or opportunities that Adidas should use to take advantage of its competitors, such as trying to equalize the working conditions for all its employees, regardless of where Adidas carries out its activities.

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