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Human Resource Management Report: Environmental Influences on HR Effectiveness within GSK PLC

Introduction

Human Resource Management, or HRM, as underlined by Coursera (2024), is a key component of an organisation's movement towards its goals by coordination, managing, and allocation of employees within the organisation. The human resources management has as primary focus the investment within employees, ensuring their safety, and managing all the aspects of candidates employed, from hire to compensation and development within the organisation. Through HRM, organisations seek to establish a business culture and ensure that the overall goals and objectives are achieved.

In order for a global organisation to ensure success, HRM is a crucial strategic component. According to Indeed Editorial Team (2025), for a worker to be matched with an organizational goal, the core HR functions, such as recruitment, compensation, performance evaluation, employee engagement, training and development, employee rights, health and safety, general administration, and labour law compliance are crucial. Access to highly qualified personnel is guaranteed by recruitment, which is especially important in knowledge-intensive sectors like pharmaceuticals, being paired with continuous upskilling made possible by training and development, which fosters creativity and flexibility. While good employee interactions promote engagement, motivation, and retention, performance management systems match the individual contributions with organizational objectives.

HR managers operate within a complex and dynamic environment shaped by both internal and external factors, especially within organisations that operate globally, having these challenges amplified by operating across multiple countries with different institutional frameworks.

This report critically evaluates how environmental factors influence Human Resource Managers' effectiveness through the application of the PESTLE analysis model. It examines how the macro-environmental forces shape an organisation's human resourcing practices and influence their decisions. The report focuses on GSK PLC, a global pharmaceutical organisation, to demonstrate how these environmental pressures manifest in practice, with the use of real organisational data and examples, it will provide a critical analysis of the opportunities and constraints faced by HR managers, and finally, it reflects on future implications, highlighting the increasing need for adaptation.

Internal and External Environment

Business Environment Model: PESTLE

A PESTLE analysis, as underlined by CIPD (2025), is an important tool utilised by organisational management in understanding factors that are external to the organisation, but still influence the overall chosen strategy and organisational decision making. The PESTLE framework is used in analysing the macro-environmental factors which encompasses Political, Economic, Social, Technological, Legal, and Environmental factors, and providing a structured approach to understanding external influences.

According to Talent Management Institute (2024a), the PESTLE framework is valuable due to the emphasizing how the external forces shape workforce-related decisions. For example, legal regulations directly influence and shape the employment contracts and recruitment processes, while the technological advancements transform the training methods. In higher regulated industries, such as pharmaceuticals, the political and legal factors are especially significant.

The PESTLE framework does have a critical limitation, as underlined by Buehring (2021), and that consists of it being very descriptive rather than analytical, identifying the external factors, but does not explain the complex interactions between them or provide strategic solutions. Furthermore, without the PESTLE framework being paired with the SWOT analysis, which analyses the internal factors of an organization, the dynamics of leadership styles and organisational culture can be affected, which in turn can affect the effectiveness of human resourcing. Therefore, while PESTLE is useful as a diagnostic tool, its explanatory power is limited, unless combined with a deeper organisational analysis.

Link to HR Functions (Critical Evaluation)

As underlined by Talent Management Institute (2024b), the relationship between the external environmental factors and human resourcing functions, are both direct and complex. For example, the political factors can impact HR strategies and planning, which can also impact the budgeting of the organisation considering the changes within the minimum wage brackets; the economic environment impacts the companies strategies of resource allocation, inflation management, and interest rates; the social factors influence directly the labour supply and ability of talent retention due to changes in demographics and lifestyle preferences; the technological factors influence and transform continuously operational processes and requirement for upskilled workers, including giving the opportunity for HR to identify opportunities of workflow optimization and adaptation to new automation systems; the legal factors influence the companies compliance with employment laws and health and safety regulations, as well as contractual accountability, and identification of potential risk mitigations and audit areas; and the environmental factors influence an organisation's operations due to increasing sustainability responsibilities, giving HR the ability to make informed decisions regarding the businesses' environmental impact through implementation of remote work to reduce pollution, and promoting a lower carbon footprint.

Organisation GSK PLC

Organisation introduction

GSK PLC is a UK-based global healthcare organisation with operations in over 75 countries, with approximately 65 thousand employees worldwide. The company operates within the

pharmaceutical industry with a high focus on respiratory, immunology and inflammation sector, oncology sector, HIV sector, and infectious diseases sector. (GSK, 2024)

According to GSK (2022), the main purpose of this gigantic global biopharma company is to unite talented candidates with science and technology to overcome diseases, aiming to positively impact the health of 2.5 billion people by the end of the decade. The organisation also considers that their purpose is empowered by the diverse workforce culture that they foster, making it a place where people can grow professionally.

HR Practices with Real Examples

According to GSK (2025a), the organisation adopts a strategic approach towards human resource management by emphasizing merit-based hiring and equal opportunity reflecting a structured and ethical recruitment strategy, by investing heavily in developing workers that stand out and building capabilities to support innovation, making it critical to maintaining competitiveness within the pharmaceutical sector and the research and development department, by identifying underperformance, having only approximately 5% of employees not reaching expectations, underlining a performance-driven culture, and by periodically testing the employee engagement, priding in always maintaining an over 80% engagement score, which underlines strong workforce satisfaction.

Considering it critically, while these practices demonstrate a strong HR system, they also highlight the potential tensions that can build up between performance pressure and the employee wellbeing.

Application of PESTLE

PESTLE Impact on GSK PLC

Political factors

According to Jolly (2025), GSK PLC, due to being part of a highly regulated industry, the government policies strongly influence human resourcing practices. For example, changes within the United States of America political regulations led to the organisation to review and adjust its diversity policies. This underlines how the political pressure can directly constrain human resourcing strategies, limiting the organisations' autonomy. Human resourcing managers must therefore adapt and try to balance compliance with maintaining the organisational values and culture.

Economic factors

GSK PLC's global revenue and its dependence on the international market implies that economic fluctuations significantly affect human resourcing decisions. Pressure imposed by different economical structures within multiple countries can lead to restructures, cost-cutting, or freezes on hiring in certain areas or departments. As these measures do improve efficiency and demonstrate the company's ability to adapt, they can also negatively impact employee morale, and job security, creating tension between financial performance and employee wellbeing, underlining one of the key challenges of a human resource manager.

Social factors

Underlined by GSK (2021), their social expectations around diversity and inclusion have had a significant impact on the organisations' HR practices. The company declared that they set

high targets regarding diversity, inclusive of having an increase in female representation in senior roles to 45%, however, as stated by Grapevine (2025), the changes to their diversity strategies, influenced by the political factors within United States of America, have led the company to incur a dramatic fall within the diversity rankings, from 7th place, to the 224th place in Europe. This illustrates how progressive human resourcing policies can be altered by external pressure, damaging the employee trust and employer reputation. Human resourcing managers must restore alignment between organisational values and actual practices.

Technological factors

GSK (2025b) has stated that they rely heavily on advanced technology, including the use of artificial intelligence and machine learning tools, along with human genetics and functional genomics for their research and development departments. This has direct implications for the human resourcing department, implying the need to recruit highly skilled talent, and implementations of continuous training and development programmes for current employed members.

A critical challenge within the technological factors is the speed with which the technology advances, so HR managers must ensure that employees remain up to date, which can be resource intensive. Additionally, technological automation may reduce certain job roles, creating ethical and organisational challenges.

Legal factors

Legal compliance is in particularly complex at GSK PLC due to not only operating globally, but also within a highly regulated industry. The different countries that the organisation operates within have different employment laws, health and safety standards, and labour protections. For example, stricter labour laws in certain countries within Europe may limit flexibility compared to other regions.

As compliance ensures ethical standards, this can also increase the administrative burden on the organisation, reducing the HR department's response time. With that taken in consideration, the HR managers must therefore develop and implement region-specific strategies, while maintaining global consistency.

Environmental factors

Sustainability is becoming increasingly important, as underlined by GSK (2023), and particularly in relation to supply chain management and corporate responsibility, claiming that only 6% of their carbon footprint comes from their own direct operations. The human resourcing department has the responsibility to embed environmental awareness within the organisation's culture. However, integrating sustainability within the HR practices can be challenging, at times requiring additional training and behavioural change.

Country Differences

The impact of the environmental factors on the organisation do vary significantly across countries. There are cultural differences in which the HR department needs to adapt to a country's cultural norms. For example, hierarchical cultures may require different leadership approaches, as opposed to a more egalitarian society.

There are legal differences regarding labour within different countries that can affect a HR's decision. For example, European labour laws provide a stronger protection towards the employee, limiting the flexibility compared to other regions.

There are also economic differences between different countries, where some markets may offer cost advantages on buildings, spaces, raw materials, and labour, but it requires extra investment in skills development. This creates a fundamental challenge for the organisation, by trying to find a balance between global consistency and local responsiveness. While standardisation improves efficiency, it may not be effective across all contexts. HR managers have the duty to develop and implement a balancing approach between global strategies and local adaptation.

Conclusion

Summary

This report has critically examined the role of HR managers and the influence of environmental factors on HR effectiveness. Core HR functions are essential for organisational success, but they are significantly shaped and influenced by external factors such as political, economic, social, technological, legal, and environmental factors.

The PESTLE framework provides an understanding of these influences, although being limited in providing internal dynamics explanation. The case of GSK PLC demonstrates how environmental factors can create both opportunities, and constraints for HR managers. Real examples, such as changes in diversity policies, and technological advancements, do underline the complexity of managing a Human Resource Department within a global context.

Future Implications

Looking within the future, Human Resourcing Managers must become increasingly strategic and adapt to any given situation. The rapid growth of technology, evolving workspace expectations, and increasing regulatory pressures will continue to shape and form how HR will be practiced.

HR managers must move beyond administrative roles and act as strategic partners, ensuring that balance between organisational performance and wellbeing and ethical considerations. Within global organisations, such as GSK PLC, success is equally proportional to the organisation's ability to navigate complex environments while maintaining consistency, fairness, and innovation.

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