

## **MBA General Management, UWTSD**

Module: LCMB7000 Human Resource Management, Mary March

Human Resource Management – Assessment 1

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### **ASSESSMENT TASK**

- Critically analyse the current and predicted changes in the external environment as they relate to the people resourcing strategies of a specific organisation.
- Assess and evaluate how the company has responded to these changes in the external environment within their resourcing strategies.

### **Introduction**

Boxall and Purcell (2003: 1) defined Human Resource Management (HRM) as ‘all those activities associated with the management of employment relationships in the firm’. A later comprehensive definition was offered by Watson (2010: 919): HRM is the managerial utilisation of the efforts, knowledge, capabilities and committed behaviours which people contribute to an authoritatively co-ordinated human enterprise as part of an employment exchange (or more temporary contractual arrangement) to carry out work tasks in a way which enables the enterprise to continue.

Armstrong and Taylor (2014: 209) define strategic resourcing as “matching human resources to the strategic and operational requirements of the organization and ensuring the full utilization of those resources.” The objective is therefore to ensure that a company achieves competitive advantage by recruiting, retaining and developing more capable people than its rivals. It has been argued that the most effective way of achieving these objectives is through environmental scanning, conducted by PESTLE (Political, Economic, Social, Technological, Legal and Environmental) (Beevers and Rea, 2016:28) analysis, is to develop a list of diverse variables from an uncertain and complex world to offer actionable responses.

CGN (UK) is a global energy company, a leading provider of electricity and energy services, has cooperated with EDF in following three nuclear power plant projects in the UK, namely Hinkley Point C, Sizewell C and Bradwell B respectively, so as to facilitate business alignment and strategic fit.

As Schneider (1987: 450) stated ‘Organizations are the people in them; that people make the place.’ He went on to explain that: ‘Positive job attitudes for workers in an organization can be expected when the natural inclinations of the persons there are allowed to be reflected in their behaviours by the kinds of processes and structures that have evolved there.’

This paper compares the practical application, purpose, and effects of PESTLE analysis on a specific company then those external influencing factors will be responded accordingly as well. The implication of Brexit is likely to have long-term effect on CGN and the approach to arrange its human resources will be highly crucial. An attempt is made to determine how well-structured human resource strategies may best be assessed and mitigated or eliminated in construction projects.

### **PESTLE Analysis**

Unlike SWOT analysis which covers the internal organisational factors of strengths and weaknesses and the external factors of opportunities and threats (Armstrong 2014:159), PESTLE, stands for Political, Economic, Social, Technological, Legal and Environmental factors affecting the business and it is widely considered to be one of the most effective analytical tools used to analyse the impacts of external factors to the company (CIPD, 2018).

**Political Factors Affecting CGN’s Business:** The unknown future relationships after Brexit will have significant impact on CGN including an uncertainty of supply chain arrangement and international trade agreements. New deadline for Brexit “presents opportunities, complications and more uncertainty” (Guardian 2019). The potential changes in energy policy and legislations may change ongoing legal requirements for nuclear industries, for example, changes in employment law may affect the upkeep and

maintenance of the company's employee handbook and policies. The underlying shortage of skilled workers "ABC1" and the blue-collar "C2DE" might result in the inflation of prices and dissatisfaction to the government. Moreover, CGN is a Chinese government funded company so it is likely to be more complex than other private companies. Every policy and budget plan should be in consistent with those of headquarters in China.

**Economic Factors Important to CGN:** Economic conditions are external factors that directly influence CGN's revenues and business growth, as well as the industry environment. The upturn/downturn in the economy may lead to increased/decreased work and affordability of service. Changes in interest rates within the UK may reduce or increase costs and the level of profit the company may make. Uncertainty of economic growth prevails in the UK business markets and investors due to Brexit. Manufacturing sites in the UK are costly to run - consideration was being given to setting this up elsewhere globally. If employees have to relocate to somewhere, the relevant policies have been reflected on this. But with the decision to leave the EU, this factor should now be put on hold.

**Sociological Factors Influencing CGN's Business Environment:** Social macro-environmental factors reflect changes in people behaviours that affect CGN's business performance. Increasing development of Chinese owned companies within the UK may raise some concerns. Some people may seek UK first. While the concept of renewable energy becomes more acceptable, it remains debatable whether to adopt more traditional energy resources such as nuclear instead. The cultural diversity and preferences are another topic, especially for a foreign company like CGN. How to recruit local people to work for a Chinese energy company, keep work-life balance, achieve their career expectations and most importantly successfully complete the three projects on time. In addition, the ageing workforce challenge- the bias against older workers who are less flexible, less motivated, too slow, etc. To avoid those stereotypes, CGN has to consider how to utilise aging workforce to transfer their knowledge and experience to their younger colleagues.

**Technological Factors in CGN's Business:** Technological macro-environmental factors affect CGN's technological resources in the industry environment. The workplace is becoming more automated and digital transformation is likely to be taking hold. Modern technology is vital to satisfy the criteria of changing environment, sustainability and energy security. The implication of ICT in the nuclear sector has increased, especially BIM. It is 3D digital modelling of a built facility describing its physical and functional aspects, creating more visible and versatile design and cost data that can unlock efficiencies and improvements technology presenting a single platform for capturing and utilising knowledge of assets will improve efficiency and safety visualisation (British Standards Institute, 2019). Is our technology fit for purpose now and for the future? Will new technologies replace current workforce? Technology is evolving faster than we are ready for and is CGN equipped to cope with the pace of change? The compliance with GDPR regulations has taken into effect since May 2018 and entities, who need to process and store data, have been obliged to the related regulations.

**Legal Factors in CGN's Industry Environment:** Legal macro-environmental factors influence the business performance of CGN and the situation of relevant industry environments. The export/import control regulations after Brexit will directly affect CGN as most suppliers in nuclear supply chain are from the EU, therefore thorough and detailed policies to mitigate the potential risks are essential. The post-Brexit policies and regulations will have impact on EU workers as well when it comes to the rights to work and immigration rules. Additionally, women and men should be entitled to equal pay for doing equal work is grounded in European Union law. In considering equal pay claims under the Equality Act 2010, British courts and tribunals must take into account the relevant provisions of the Treaty, relevant Directives and decisions of the Court of Justice of the European Union and probably the new implication of post-Brexit.

Health and Safety is especially crucial to a nuclear company CGN. It introduces measures to promote improvements in the health and safety of employees at work. It comprises several principles on the detection, assessment, and mitigation or elimination of risk and accident factors, the protection of health

and safety, and the balanced participation and training of workers and their representatives (Vogel, 1994: 89). It therefore requires equal level of safety and health of all workers, defines the role and important elements of risk assessment, and imposes obligations on employers to take appropriate steps to improve health and safety at work (Hart, 2011: 2852-2853).

**Environmental Factors influencing CGN:** Ecological macro-environmental factors affect CGN and its industry environment in terms of natural resources used in business. Action on climate change is one reason that nuclear is becoming an ethical choice for the public. On the one hand the rise in ethically and environmentally conscious consumers will benefit CGN by executing the projects, but on the other some concerns about the potential safety risks in nuclear industries will create the difficulties of conducting the projects. Some issues on nuclear facility decommissioning, radioactive waste safety, hazardous industrial waste, etc. need to be dealt with properly once the projects started. CGN has invested significant resources in CSR (Corporate social responsibility) as CGN introduced and publicised ethical sourcing policy and CSR intentions.

### **Achieving Better Solutions**

**Solution to the Political Factors Affecting CGN's Business:** To achieve a better result for the projects and avoid inevitable risks, CGN have started cooperating with suppliers from the EU and set up several offices in France and Germany to support CGN UK's business while both still play leading roles among EU countries. No matter where the post-Brexit policy will be landed, CGN has prepared for it. As for human resource plans of CGN UK, some are expatriates from China, some are seconded from EDF, some are engaged on contract basis and a few joined as permanent employees directly. By analysing this HR structure, CGN can effectively control its expenses on recruitment if the projects don't go well or was not successful and maximise the practical participation in the projects.

**Solution to the Economic Factors Important to CGN:** As for the cost of living in the UK, CGN has compensated those expatriates from China all extra expenses and provided enough accommodation to take care of them. The Employees can also claim difference of currency exchange if any. CGN has provided satisfying salary with bonus packages for those who would like to relocate. Regarding the labour costs, as mentioned above, the human resource plan of CGN is adopting different mechanism to minimise the potential risks on labour costs and to mitigate any unpredicted situation.

**Solution to the Sociological Factors Influencing CGN's Business Environment:** There will be internal/external trainings for employees of CGN to meet all types of needs in terms of HR, legal, technological and construction knowledge. To create a friendly working environment to welcome people from different background and respect them equally. CGN UK is a start-up, but it creates platforms where we can learn from the experienced. By working together with both young and old employees, we can see the tremendous added value that aging workforce has for CGN. The use of technology and employee training, for instance, can be very helpful in this regard.

**Solution to the Technological Factors in CGN's Business:** The influence of automation or new technology on CGN has positive results and we share our user experiences to maximise our efficiency and successfully meet the deadlines. We use BIM to incorporate all information in one platform and design, amend, execute the projects on it. CGN is embracing change so are the employees. CGN has provided employees opportunities of any internal/external trainings to develop the right skills and explore their internal capability. CGN is a data controller under the definition of GDPR, therefore, the IT and legal department have designed specific policies to reflect these changes. It will be a win-win situation with the advent of new technology.

**Legal Factors in CGN's Industry Environment:** There are several routes to hire employees, as mentioned above, to mitigate the reliance on one single source and to keep the projects being executed without delay. Even the immigration rules will be amended, the EU offices in Germany and France will

support CGN UK promptly. To cope with the uncertain Brexit policies and to manage the supply chain responsively, CGN has engaged with two Import/Export controllers to collaborate with authorities and CGN's EU offices and make sure no delay of goods. Moreover, the employer is expected to have a thorough knowledge of the all risks inherent in all activities at the workplace. This is no doubt a daunting task for the employer. That is why in the UK he is required to appoint a health and safety officer to assist in ensuring that the employer fulfils his health and safety obligations (Bailey, 2011: 1357.). However, in the pre-construction phase of a project, the employer will be required to undertake the task given that the obligation is imposed upon him.

The mandatory nature of the health and safety obligations is reflected in the law. In the UK, the 1992 Regulations implementing the Framework Directive were enacted under section 15 of the HSWA, and section 33(1) of the Act provides that contravening any health and safety regulations is an offence. This implies that an employer must at any time during the life-cycle of the project assess and mitigate or eliminate all risks related to health and safety else he will be prosecuted or liable to pay damages. CGN now has three Health and Safety Managers on site to supervise and execute these health and safety requirements.

**Environmental Factors influencing CGN:** The increasing complexity of waste disposal is considered to require costly changes in business operations. However, the same factor creates an opportunity for the company to improve its sustainability through suitable changes in its activities. The external factors in this analysis of CGN push managers to implement strategies for business growth based on ecological opportunities in the industry environment. Also, CGN has conducted several marine and ecological studies with academic institutions in the UK to find a suitable site for the projects and provide an environmentally friendly solution. To achieve these, the HR department has constantly worked with procurement department, from evaluation of suppliers, negotiation of terms and conditions, contracts awarding and execution processes.

## **Conclusion**

To facilitate human resource strategies of CGN, the PESTLE analysis can be adopted. The Political Factors Affecting CGN's Business is under the risk of Brexit and well-prepared arrangement to mitigate the risks has been executed with the cooperation with the EU. The Economic issues can be mitigated by providing better benefits for the employees and publishing up-to-date company's policies. The Sociological influence will be properly addressed with the assistance of creating a friendly working environment and providing varieties of training opportunities. With regards to the implication of Technology, it will have a win-win situation and enhance the efficiency at work. Legal Factors of immigrations rules and health and safety will be in consistent with the government's policies but CGN has prepared for other arrangement in advance. CGN has its internal procedures to maintain an eco-friendly Environment and take the Corporate Social Responsibility to reach a balance between corporate operation and environment protection.

However, given the uncertainty of Brexit deals, it may be important to ensure that the employer plays a more active role in the assessment of PESTLE factors, as well as human resource strategies in all phases of the project.

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