

Human Resource Management – Assessment 1

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Introduction

In the modern era of business world success of an organization directly depends on having the right employees in the right position (Härtel, 2015). The skills and abilities of the employees with organisational practice influence the expected efforts and outcomes of the staff and organisation. On the other hand, the business environment is continuously changing. Changes of the external factors have a direct and indirect impact on human resource practice of a business organisation. In this regard, human resource management follows an integrated process of hiring, managing, developing and satisfying the demand of both the employees and employer (Armstrong M. 2012) to understand the dynamic human resource management practice in line with the changing external environmental factors.

The report will explore the implication of different human resource management strategies on the British supermarket retailer – ASDA, as they relate to the people resourcing strategies in the area of HR current and predicted changes in the external environment. It will also explore the response of ASDA to these changes in external environmental factors.

Human Resource Management

According to Bratton (2017), human resource management is an integrated function of numerous activities, including recruitment, selection, motivation, performance evaluation, compensation, training and developing skills, development and evaluation, ensuring safety and good health and ensuring equal employment opportunity (EEO) in the workplace. The human resource (HR) department has one of the most critical functions in an organisation and when it comes to human resource management (HRM), there are several issues and different decisions and actions that affect the nature of the relationship between the organisation and employees as well as the day-to-day operations of the resource strategies (Gold J, et. al. 2013). Due to the accelerating changes in human resource activities, most of the multinationals need to implement their new strategies by modifying the classical ones. Business managers must continually monitor internal and external environmental factors and adjust human resource strategy (HRS) appropriately. For this reason, it is important to know how the external factors can affect the human resource practice.

Company overview

ASDA is one of the largest supermarket chains operating in the United Kingdom. It offers a variety of merchandise including food, apparels, housewares, leisure things, etc. It was founded in 1949 and was acquired by the supermarket chain giant Wal-Mart in the 90s. It has 642 outlets and around 165,000 employees working in UK. It has 16.4% of the total market share of the grocery industry after Tesco and Sainsbury's. It is popularly known for its quality service and lower price with a higher level of employee involvement. Due to its sophisticated human resourcing strategies, it becomes one of the 100 best organisations in the UK as a work place (Dew, 2018). It has always focused on the dynamic human resourcing strategy in response to the change in external business environmental factors.

External environmental factors and ASDA

External environmental factors include economic factors, political factors, social factors, legal factors, technological factors, and environmental factors. These factors are changing continually over the years. ASDA is also responding very quickly in terms of people resourcing strategy. As a business organisation, it always tries to make their human resource competent and sustainable with the change of external environmental factors (Dew, 2018).

Response to the changes in economic forces in people resourcing

Changes in economic forces

Economic conditions of a country directly control the business activities and overall management of human resource. In the unstable economy businesses operations become harder and create uncertain situations for the people living under the umbrella of the economy. In a thither economic conditions, it is expected that the growth will be decreased, and the turnover of businesses will be also decreased (Härtel, 2015). As a result, the unemployment rate raises, wage and salary decrease, the social status of the employees goes down and employees' bargaining power decreases as well.

On the other hand, a sustainable economy results in the opposite picture of a recessionary economy. In a sustainable economy unemployment rate decreases, wage and salary raises, the social status of the employees goes up, and employees' bargaining power increases as well.

Response to the economic changes

Organisations use their bargaining power in a tighter economy while hiring employees. After 2012, the unemployment rate in the UK has started to decrease. It is now nearly 5% and it is considered as a natural level of unemployment. Due to the continuous growth of the economy, demand for the employees is also raising. As a result, the bargaining power of the employees is rising very rapidly as well. On the other hand, the *Brexit* issue is causing a large shift of the international employees. Therefore, demand for the internal employees will further increase in the upcoming years. This demand actually comes from the large structural change of the economy in UK in 2017-18. Currently, ASDA has 165,000 employees and it has recruited an additional 2500 employees in the last 2018 (ASDA Business Strategy, 2019). However, they have little bargaining power in recruiting new employees because of a lower level of unemployment rate in the economy. The organisation needs to focus on strengthening the job descriptions to recruit the most competent employees.

As a result, we can say that the economic condition of a country directly affects the HR practices of an organisation. In this regard, ASDA has used internal source for employee requirement (Dew, 2018). They have increased the extra benefits and non-monetary appraisals. In that time, they have also increased the level of training and development cost.

Response to the changes in political forces in people resourcing

Changes in political forces

Political factors refer to the activities of different political parties with the change of government policies. Government mainly focuses on the sustainable employment rate with a minimum or natural unemployment rate. Thus, with the change of economic factors government policies also change. For example, in 2012, the UK witnessed a very higher level the of unemployment rate of almost 9%. There was a harsh decreased trend of per capita income and GDP resulting in a higher interest rate and inflation rate. As a result, total production and turnover of business organizations including ASDA were decreased sharply. As a result, on that time organisations had to take downsizing strategies. In recent years, due to the *Brexit* issue, different challenges were brought for the business organisations in the UK. This issue will result in a large shift of employment from the European country to the UK and from UK to the European country. As a result, they need to manage the harsh unwilling turnover.

Almost 30% of the employees of ASDA have come from outside the UK and almost 15% of the total employees are considering leaving ASDA in the upcoming year. It becomes one of the major concerns for the HR managers and it arises from the political issue (Hegazy, 2018).

In this kind of large political change organisations should develop an internal policy in favour of their employees. They should take the strategy to minimize the transfer rate of the skilled and experienced employee.

Response to the political changes

Political factors are the leading indicators that cause sweeping economic globalisation and create changes in the international workplace. Governance and political systems of the UK always respond to the demands of both the public and private organisations by introducing strategic policies over the allocation of resources, values, and services. The government also controls the appraisals and benefits what individuals and organisations receive, when, and how, and what can be delivered in what contexts (Hegazy, 2018). In this regard, ASDA always focuses on changing government policies including some major issues like working hour, minimum payment, legal, and ethical obligations. *Brexit* issue is expected to make the international governance stricter (Ayris, P. 2017). As a result, ASDA is concerned with the human resourcing between nations and global security and orders while hiring overseas employees.

ASDA actually is passing through a continuous process of changing ownership. As a result, their HR practice largely depends on the willingness of the parent company. With the response to the government policy in 2008, ASDA was managing their internal structure and focused on buying Irish retailer 'Dunnes Stores'. On that time, they focused on internal human resource portfolio and training and development programs (Dew, 2018). They hired some experienced employees to manage the worst performance that time. But afterwards, Wal-Mart actually sold ASDA for £6.9 billion to their Leeds-based investment subsidiary Corinth Services Limited (Hegazy, 2018)

Due to the *Brexit* issue, there might cause a mass structural change in the human resourcing of ASDA. The mass shift of employment will affect all the groceries. With response to the policy ASDA is considering hiring 2,500 employees in 2018. The *Brexit* issue also opens the door for African and Asian human resource market. ASDA can hire employees from these continents in convenient way. Recruitment strategy must consider the skilled and technical employees of these new HR markets as well. The company is also considering and evaluating this issue very carefully.

They have stated that there may be a shift of approximately 15% of total employees due to *Brexit*. But ASDA is developing strategies to reduce the expected turnover and providing employees the best aid to retain them. They will simply use their website to attract employees from diversified sources.

Response to the changes in technological forces

Changes in the technological forces

In the last decade, technology has evolved drastically. Technology awareness, adoption rates, automation of the processes, technologically developed products are some of the major indications of technological change. It helps to reach mass customers within the shortest period of time. As a result, there is a continuous growth in total turnover. Therefore, firms require more employees within the continuous improvement of technology. Firms require updating their recruitment process in line with the technological change (Foot, 2016). They should focus on different social media, online base recruitment agencies and websites such as LinkedIn to hire employees. ASDA is also increasing their technology involvement in people resourcing strategy.

Response to the technological changes

From the beginning of the recruitment and selection process, ASDA uses screening software to make a shortlist of applications that are submitted in their website. Besides, technological advancement also raises customer demand for technology-based services. In this regard, ASDA is focusing on rising e-commerce involvement. Click & Collect service is increasing in the UK. As a result, the customer can easily order products online and collect products from local outlets (Stuart-Wilson, 2018). Within this change, ASDA is also recruiting more technical and technologically advanced employees. Their job specifications often ask for employees having intense skills in technology development. Besides, they have also arranged numerous training and development program based on technological advancement. Moreover, their recruitment and selection processes are a fully online based. After the acquisition by Wal-Mart, it also provides employees who are experts in technology, especially in e-commerce (Hegazy, 2018). The HR also use different technology-based performance measurements and evaluation tools that help them to select the best motivational packages for their employees.

Along with the numerous benefits, technological changes also bring some challenges for ASDA. It raises the security concern of personal data of the employees. For example, different unethical personnel hackers, crackers, kidders can use modern technology to steal employee's data. They can use employees' personal data for different unethical practices. Besides, there are some experienced employees in ASDA who are not willing to change them with the change of technology. As a result, managing them with the same tools used for the new generation gets more and more complex.

Response to the changes in regulatory and ethical requirements

Although there are no harsh changes in the regulatory requirements in the UK, some new perceptions and considerations regarding the management of human resource have arisen in the UK. Providing equal benefits with safe workplace environment are the basic legal and ethical requirements nowadays (Foot, 2016).

ASDA is a large retailer chain and every year it needs to recruit thousands of employees and manage internal promotion and reward system in the non-discriminatory process. ASDA believes in diversity, equal opportunities, and prevention of all forms of discrimination in HR practice (Dew, 2018).

It has eliminated all forms of discrimination including race, gender, skin colour, sexual orientation, age, religion, nationality, political affiliation, marital status, physical or mental disability, or any other personal characteristics that can raise discriminatory behaviour in the HR practices. ASDA has also ensured equitable payment system for different level of skills, knowledge, and experiences.

ASDA treats diversity in the workplace as the most valuable wealth. In 2017, almost 47% of the total employees were female and were from different cultures, religions, ages or skin colours. HRM have ensured equal pay for the same level of competencies, experiences, and skills in response to the legal requirement. They also maintain a standard pay scale with incremental benefits (Bratton, 2017).

ASDA has also the response to the government policy regarding the employment of the special guests/disables. They have developed a straight strategy for employing people with disabilities. Recent statistics show that more than 400 disabled employees are working for ASDA in a non-

discriminatory manner (Hegazy, 2018). ASDA ensures proper incentive and appraisal of these special employees. So, it can be said that ASDA is very conscious and focused on the compliance of legal requirements, ethical standards, and principles while practicing human resource management.

Response to the environmental changes

Environmental consciousness is rising dramatically. Voice for the green world and green economy is the most desired in the current status of the global environment. In this regard, the minimization of pollution, waste management, green economy, and organic foods are very crucial for ASDA. The UK government is also creating a significant amount of pressure on the business organisations in the UK (Foot, 2016). The compliance of environmental issues has some direct and indirect impact on people resourcing strategy of ASDA.

In this regard, ASDA is focusing on hiring employees using their online recruitment system without wasting any natural resources including classical recruitment using resources such as paper (Dew, 2018). As a result, ASDA can be demonstrated as an environmentally friendly company while managing their human resources.

Changes in social factors in HR practice and response of ASDA

Changes in social factors in HR practice

Social factors include among others the social culture, lifestyle, beliefs, and value aging population of a society. Social factors open the door to introduce new products and services in the society. As a result, there will be an increased demand for new employees. A society that is closer to the entire world, firms in that culture are expected to follow HR practice in line with the global characteristics.

The UK is continuously improving their cultural aspects and getting the more and more global standard. They are getting more and more positive and are appropriately reducing cultural gaps. However, they are still respecting their own culture and are following their traditions. There are also differences in culture, values, beliefs, and lifestyle in different regions. In this regard, ASDA should consider hiring the best matching employees for a particular area who might have direct access on the behaviour of local customers.

Response to the change

While hiring, ASDA considers social factors very consciously because of the involvement of public sentiment. ASDA focuses on social status, social mobility, lifestyle, and quality of life while hiring. They offer health care service, job security, safety, equal rights, and privacy of employees. They have also eliminated different discriminatory issues including gender, racism, religion, etc. when hiring employees (Foot, 2016). In summary, social changes, the aging population, celebrity following, and a healthy lifestyle are important for ASDA. Understanding social factors helps ASDA to control them and minimize the negative impact on human resourcing strategy.

Conclusions

Finally, we can conclude that the perception and people resourcing strategies are changing very rapidly with the change of external environmental factors. ASDA follows a very careful and competent strategy in updating their human resource in line with the changing technology, economic conditions, legal requirements, political and environmental issues, and social demand. They should always consider the HR functional statement to develop and implement relevant HR hiring policies and practices. Internal comparison to establish the best practices, using continuously updated HR database, can be highly effective for ASDA and its HR management even in the tight external environment.

Recommendations

There is no doubt that ASDA is following one of the sophisticated human resource management practices in the UK. But while managing dynamic human resources they should further aware of the following factors while adapting with the changing external factors:

ASDA should always prepare for the changing requirements coming from internal or external forces.

They should develop a proper strategy regarding employee retention. The *Brexit* issue may bring tremendous challenges for ASDA in the short run. But they need to convert the challenges into opportunities using their human capital and shifting skilled employees from Wal-Mart. They should use the HR portfolio of Wal-Mart as the most competent source of the employee (Stuart-Wilson, 2018).

They need to be very productive by honing the skills of the current workforce in order to move into new ideas (Armstrong M. 2012).

They also need to focus on critical skills while managing the growth of the employees and hiring employees from diversified sources.

They should also adapt faster to the introduction of advanced technology and automation while managing a human resource portfolio of 165,000.

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