

UNIVERSITY OF WALES TRINITY SAINT DAVID
LONDON CAMPUS

ASSIGNMENT Number 1

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Module Title : HUMAN RESOURCE MANAGEMENT

Modules code : LCMB 7000

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SUBMISSION Deadline: 14 April 2020

CASE STUDY ("PQRS Ltd")

INTRODUCTION:

The current as well as the predicted changes in the external environment have a great impact on the people resourcing strategies. The current state and function of human resource management in a modern business set up is quite dynamic because the labour market keeps changing in the way labour could be recruited/employed, assigned, replaced, motivated, trained and also effectively applied. This is vital not just to increase and maintain a high productivity of labour but also to create incentives for the current labour force of the company to remain loyal. In other words try to prevent or reduce turnover of labour.

The strategic role of the Human Resource Management will be to march resources to the future needs of the organisation.

Labour market and people resource has evolved over the years as labour has become very mobile and there is a huge turn over as people are prepaid to change jobs or companies they work for. Unlike in the past where people would work for one and the same company or organisation and try to stay there for the rest of their working lives or for as long as they could ,for the sake of job security, labour is in today's world very prepaid to change jobs and location. This is even more so in the Information Technology sector. They are more prepared to move because there is a very high demand for Information Technology specialists. This sector of the labour force is made up mainly of young people who are also mostly male and companies offer them more incentives to switch.

Some scholars like Delany K. and Tregaski O. argue that the Human Resource Management should take a more strategic role in the company. They however outline that their survey shows that only in 19 out of the 69 organizations studied have the Human resource management taken a more strategic role. For them the Human Resource department should have both strategic and operational roles. They argue that this is vital because it would be crucial as to enable the business leader support, look for strategic opportunity, create a better human capital management infrastructure as well as establish strategic Human resource competencies. 1

The mentioned perspectives are vital in the function of a modern Human Resource because the job of the HR today is also among others to be conversant in all areas of people management , trusted by vital stake holders, capable of carrying out wide consulting skills, analyse the risk as well as bring other management and communication skills.

According to Delany and Tregaski good Human Resource Management policy should be a strategic partner to the organisation in order to be able to recognise and propose solutions to the challenges facing the company. This would include proposals of enhancing effectivity of operations, developing people management capabilities of line managers as well as reviewing HR policies and processes and professional development strategies.2

1.Dr. Delany, K. and Pr. Tregaski, O. " The building blocks for a " more strategic" role for HR"

University of east Anglia, Norwich Busines School.

CIPD Applied Research Conference Paper. Pg. (1). Article on 21th June 2019

2. Ibid

When there is a shortage of certain skills like in our case study, concerning the Information Technology experts faced with the high demand for such professionals, how does a good HR practice help minimise the problems? How does good HR principle help organise the company so strategically so that there is less turnover, more training opportunities, proper structure, increased productivity and efficiency of the employees, proper motivation of staff as well as meet up with diversity.

Good HR strategies could then be exercised in identifying the problems faced by the company also using the ERIC model (Eliminate, Reduce, Isolate, Control) to point out the problems and propose/work out solutions to fix them.

Fixing such problems could include better incentives to curb turnover or prevent current staff from leaving, include flexible working hours ,try to diversify the work force not reserved only for young males but to recruit women and even older people as well as people from diversified cultural background. Better change management objectives could be implemented in which the HR could better plan, ahead on what to do when certain employers leave the company.

With regards to our case study company: "PQRS Ltd", we realise that there are so many problems with the peoples resourcing strategies. They seem to have a high turnover, employees leaving, there is a lack of development prospects, tight availability of funds, low incentives and that is one reason why IT experts are leaving for better paid positions elsewhere. Workers are not happy because they are working long hours and under pressure among other reasons.

Other external factors affecting the company PQRS Ltd are the composition of the labour force which is mainly young male who are highly skilled IT specialist/programmers. There is a high demand for their services while the experts in this field are not many to go around. So, there is high competition to recruit them. There is a lack of motivation among the employees in PQRS Ltd.

However something could be done to alleviate the situation with a better and efficient Human Resource strategy like introducing flexible working hours, working from home, part time work, better training of the current employees and the recruitment of a work force without IT knowledge and training them to do the job. This could include older people, more women, younger people and people who are still in school who could be trained while still at school as well lowering the threshold for recruitment.

PART 1: CHANGES TAKING PLACE IN THE PEOPLES RESOURCING STRATEGIES

A good Human Resource Management must have a good strategy and strategic planning for the business or organisation to meet up with the changing environment.

Boxhall and Purcell argue that there is a difference between strategy and strategic planning. They define strategy as the behaviour of the organisation and how it attempts to cope with its environment while strategic planning on the other hand is seen as the formal process that takes place usually in bigger companies, stipulating how things will be done.³

3. Boxhall , P. and Purcell, J (2003) " The strategy and Human Resource Management ".

Basingstoke: Palgrave Macmillan.

There are a series of aspects that are associated with the current and perspective environment of peoples resourcing strategies.

***Globalisation and the mobility of labour:**

With globalisation, labour has become quite mobile and people are able and willing to move and change jobs and employment without much difficulty. This is because many countries are opening up their job markets for qualified and specialist/experts in many areas including and especially in the field of Information Technology. With modern means of transport and faster planes people could easily go to work in different countries at different times and change employers more frequently.

In our specific case IT specialist could leave Scotland to work in say the USA for better pay or in Australia due to the nice weather that enables good work and social balance.

***The Impact of the European Union on the labour force and Resourcing strategies.**

With the free movement policy of the European Union labour could move from Scotland to any corner of the Union and vis versa. Though the United Kingdom has left the European Union this freedom of movement will continue till the end of the transition period at the end of 2020.

This means companies with better incentives and Rewards in the EU could easily entice IT specialist from PQRS Ltd in Scotland to switch. More so workers who originate from the European Union could move back easily from PQRS Ltd in Scotland to the European Union. The number of EU workers in the UK (including Scotland) fell in the 2000s by 154,000 . The number of migrant workers from the EU continue to decline till date and has accelerated following Brexit

***Flexibility of Working pattern.**

In the past it was necessary for employees to go to the company/workplace physically to do their job. With modern technology employees could flexibly work from home. This means a person could be seating in say Australia and work for a company in Glasgow or London. So too could flexibility be in terms of the number of hours that an employee works per day or part time and or even freelancing. The introduction of the so-called “ zero-hour-contract” could also be a way out whereby employees are only paid for the time the actually put in work.

These are all methods that a company could use as good HR strategy to enhance the effectivity and deployment of its workforce as well as improve cost effectivity.

***The Role of incentives in the working environment**

Reward and incentives are a very vital part in exercising good HR Practice and strategy. Labour market refers and reacts to demand and supply of labour. There are not enough people to go around. Employers have less and less people to select from especially in the field of IT. Because of this scarcity of IT specialists companies who are able to offer more incentives and reward have the better chances of recruiting the best available IT specialists. Such incentives could be in the form of better flexible working hours, possibility to work from home, opportunities to progress to senior

positions, more training and more reward in monetary terms. Monetary rewards are only helpful and effective if they do not bring the finances of the organization under stress.

Offering young people a job with good perspective and while they are still at school could also be of help if they sign in to work for the company after they finish school. They could encourage them by paying say part of their fees. However, such and any incentive must be cost-effective. So too must there be a justification for increased payment and salaries alongside the cost-effectiveness.

*Implication of development and progression at the workplace and the lack of them on people and HR strategies.

Where there is a lack of the prospect for development and progression, employees will always look around for other employers who can provide them with an opportunity to develop in their jobs and areas of specialisation as well as progress to senior positions including management roles in the organisation for which they work.

That said, the strategic role of the Human Resource Management in an organisation is to ensure its effectiveness through “undertaking of all those activities affecting the behaviour of individuals in their efforts to formulate and implement the strategic needs of the business”.⁵

*Ensuring that changes reflect both strategic goals of the organisation as well as the motivation, Development and fulfilment goals of the employees.

This involves the overall strategy to make the organisation more attractive, get a diverse work force to be able to recruit the desired workforce. Diverse in the composition to include not just young male but more female, older work force, and even students. The threshold could also be reduced to employ candidates without the necessary level of qualification who would then be trained by the company to get the necessary qualification. Getting the right form of diversity is good for the company as it does not only get for the company the work force it requires but also improves the image of the organization.

It could be a great motivation for the employees when they are given a stake in the organization through shares for example, vouchers to attend events or purchase items among others. Such measures could only be carried out if they are cost-effective.

For strategic reasons, the company may allow some employees to work from home, work part-time or work on a flexible working hours basis as long as that does not hinder the operational goals of the organization. It is essential in doing so to have in sight of not the balance with the fulfilment feeling of the employee. This is so because only a happy and fulfilled and motivated employer would be able to work effectively with a higher productivity which can only in turn be to the interest of the company. Where the employee has the feeling that the employer does not care about the employee, the motivation at work can not be high. And where motivation is not high, there will be low productivity which is not in the strategic interest of the organization.

5. Schuler, R. S. (1992) “Strategic Human Resource Management : Linking people with the needs of the business”.

The overall goal of a good Human resource practice would be as in the case of “PQRS Ltd” like any other company reflect the strategic and operational goals of the organization in creating a strong and effective work force and leaders in a credible business, pre-empting foreseeable problems and creating proactive solutions and policies that could easily be applied to ensure the effective and continuous functioning of the organization.

PART 2: HOW THESE CHANGES HAVE CREATED PROBLEMS FOR “PQRS Ltd”. WHAT ARE THESE PROBLEMS/FACTORS.

The issues that affect the company negatively as a result of predicted changes in people resourcing strategies could be internal and external. By internal we are referring to issues relating to the internal structure of the company, the functioning, operational and organisation of the particular organization. In this case we shall be referring to the internal issues in “ PQRS Ltd”. On the other hand external factors would be issues over which the organization has almost no control over but could only react to meet its needs and strategic goal.

*External factors affecting “PQRS Ltd”:

There is a High competition for the recruitment for IT specialists who form the bulk of (3/4) of the PQRS Ltd’s work force. This has caused a high staff turn over from “ PQRS Ltd” . The departure of IT staff at the company has reached 45% in just a year as result of competitors taking over employees from the company. There is an escalation of salary scale in the field of IT specialists in particular and the skilled labour market in general. This has led to good sales people leaving the company as well though not in the numbers like the IT experts.

*Internal Factors/Problems affecting “PQRS Ltd”:

There is a large turn over, employee or IT specialists leaving the organisation causing a real shortages in IT experts man power in the company. Sales people are also leaving because there is a relatively high market demand for them as well.

The prospects for personal development in the company are not good. They are also not able to increase the salaries of employees/IT experts due to budget constraints. The company was only able to afford a 15% pay rise as incentives to encourage IT specialist to stay but it is deemed not enough as compared to what other employers are prepared to pay IT specialists.

There is an organisational deficit in the company as the company does not seem to have a process in place on how to replace departing staff. This in turn has caused a gap in company-customer contact/relations as long serving staff leave and the company is finding it difficult to get replacements.

A problem of diversity also exist as the IT work force is mainly young Caucasian males. Why is there less gender equality there as well as racial equality in the work force?

PART 3: RECOMMENDATIONS ON HOW “ PQRS Ltd” COULD MITIGATE THESE PROBLEMS/LABOUR MARKET ISSUES WITH GOOD HUMAN RESOURCE /PEOPLE RESOURCE STRATEGIES

A qualified and efficient Human Resource Management system in “PQRS Ltd” would be a good step forward as a first step to ensuring better peoples resource strategies. This is because a qualified and efficient HR would be able to put an effective structure in place to optimise the recruitment, deployment and allocation of the labour force, increase productivity as well as create a working environment where employees could reach their individual goals of fulfilment, development, progression, earn a better income while enabling the organization achieve its strategic goals at the same time. How could this be done in our specific case of “PQRS Ltd”? That could be done by introducing clear strategic selection/recruitment process, adapt to the theories of the labour market, establish a diversity programme to recruit more people from different genders, race and age.

The company needs to ensure a better performance management system with clear staffing, administrative and change-management objectives. This is vital because only with a clear vision and strategy can the major problems like key peoples issues, enforcing of the company rules, taking care of malpractices at work, motivating the employees and introducing ethical dimensions in the company of “PQRS Ltd” could the company succeed and meet its strategic goals.

The problem of staff turnover which has reached 45% at “PQRS Ltd” could be mitigated by creating clear replacement strategy to recruit women, elderly and young people who are still at school and train them as IT experts.

A 15% increase in wages in “PQRS Ltd” as a form of incentive for staff to remain loyal to the company is not enough as in the branch , much higher rewards and incentives are paid to IT experts to either stay in the company or entice them to switch.

Though “PQRS Ltd” is working on a tight budget, it could increase the incentive and reward above the 15% but only as long as it remains cost effective. This can only be done if there is a full package in the whole strategy that would involve flexible working hours, part time work and working from home possibilities .Getting some to freelance for the company may also be helpful to reduce cost as those freelancing may only get some slight compensation of no fixed sum. The gig economy is also a way of cutting cost as employees may be paid on a “zero-hours-contract” bases by which the employee is only paid for the specific number or hours of actual input .

Technology has so much improved that in the working environment today it is no longer very necessary to go to an office to work. It is very easy to work from home. This a cost-effective way to work as it saves time and money that would otherwise have been spent travelling and in traffic congestions going to work in an office. So too could meetings be facilitated through video conferences. This is one of the lessons learnt from the current crisis and tragedy caused by the corona virus as it has exposed that many could actually work from home.

“PQRS Ltd” needs to ensure proper structure, proper planning, better succession - planning as well as staff augmentation. This is vital because replacement is needed for employees who are leaving.

Progression opportunities need to be established so that IT specialists could view a clear path for them to progress to management positions also.

The company needs to refrain from unnecessary legal battles with its employees and former employees. Legal proceedings are normally quite expensive therefore only increasing the expenses of the company. A situation that must not happen as the company needs to reduce expenditure in order to stay in business. Legal proceedings that do not serve the strategic goal of the company or would generate high costs have to be avoided.

A performance-related pay could also be introduced at "PQRS Ltd" by which the management could exercise management control through the promotion of individual employment relation instead of the collective with rewards and incentives given to high performing employees without necessarily promoting the particular employee.

A moral and ethical perspective also needs to be implemented at "PQRS Ltd" by which the work force must be inclusive. If a person has disability but could do the job, then they should be given a fair chance.

We could sum it up to say that good HR Management must plan the deployment of human resources to enable the organization to achieve its strategic goals.⁶

CONCLUSION:

The evolution and changes in the external environment of companies' people resourcing strategies has created quite some obstacles and created some good opportunities or advantages. There are problems for the companies in terms of retaining their employees because labour is quite mobile. Staffing problems caused by the lack of enough skilled workers in certain skilled labour areas like IT to fill all the available positions is quite an issue at "PQRS Ltd".

The company needs to create a long term strategy in which it invests in a recruitment process strategy, retention of its work force, the reward mechanism that encourages commitment and loyalty to the organization. This is very important as it would help in retaining its IT experts who are desperately needed and also help in attracting replacement for departing staff.

Training is very essential on the job as it keeps the employees in general conversant with new development in their field of their expertise because that enables them to be able to cope with the current and prospective changes in working evolutions. They work, learn and gain new skills to keep themselves up to date. Good HR practice can only be practiced if it manages Human Resources to support long-term business goals and perspective with a strategic component of the organization.

6. Wright, P.M. and MC Mahan, G. C. (1992) "Theoretical Perspective for SHRM Journal of Management". March pp 215-247

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