

Student Name: Vadym Kozlov

Student Number: 1703901

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HUMAN RESOURCE MANAGEMENT

Assessment 1

Module Tutor: Mary March

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Abstract

The objective of this study is to examine accurately the current and predicted changes in the external environment of Abbey Cars Ltd, one of the UK's largest minicabs and private hire contract operators. The study will provide an important review of relationships between external environment changes and the people resourcing strategy of Abbey Cars. The company's response to external environment changes will also be assessed and evaluated. The author of this report is an independent consultant and an Abbey Cars ex-employee.

Introduction

The author has chosen the company where he worked as a private hire driver, Abbey Cars. A short introduction to Abbey Cars. It starts as a family business which goes back to 1968. It is now one of the best-known private hire and taxi operators in Greater London and South-East Anglia area. Abbey Cars operates in several Greater London areas, including Hammersmith, Chiswick, Feltham, Dagenham, and others. At all major London airports, Abbey Cars have its own pick-up/drop off ranks. The company offers facilities ranging from minicab and chauffeur service to buses and transportation overseas. The company also has long-term operating contracts with hospitals and schools. The business workforce is presented by 4,550 self - employed drivers working as subcontractors, shift controllers, also performing duties of branch manager's assistants and managers of branches and Head Office personnel. HR Team is based in the company's Head Office in Greenwich and consists of 8 people including the manager, assistant and 6 members of staff.

Critical analysis of current and predicted changes in the external environment of Abbey Cars in the context of labour markets and HR strategy

To start analysing current and predicted changes in the external environment of Abbey Cars first let us see what external environment exactly is. CEOpedia (2019) gives this definition: "External environment or far environment includes a combination of all factors coming from the outside of the organization that affect its performance. The company itself, however, does not affect on them". Gartenstein (2019) identifies five main factors or components of organisation's external environment: competition, economical, customer needs and trends, rules and regulations, technology. The Economic Times (2020) defines labour market as: "A labour market is the place where workers and employees interact with each other. In the labour market, employers compete to hire the best, and the workers compete for the best satisfying job". It is the truly compelling definition of the labour market and in this report, the author will be establishing the connection between current changes in the external environment and their impact on the labour markets: external (UK wide) and internal (within the organisation of Abbey Cars). For that purpose, he chose economical, legal and technological sectors of external environment. HR strategy have been described by Mayhew (2018) as: "Human resources management is an essential – no, critical – function of your organization". The HR strategy is long-term and focuses on workplace

planning and forward-thinking workforce growth. Traditional HR, or personnel as it was once known, is more focused on the transactional aspect of HR, such as approving applications, holding a list of FTEs (full-time equivalents) and signing up health benefits employees.

1. *Economical component:*

Our external economic environment determines whether and how willing people are to spend money. In growing consumer spending, consumers optimism about the economy is robust, however the fear of economic uncertainty prompts them to hold on to their capital. In an economic downturn, some products and services might actually do better. The current situation around coronavirus (COVID – 19) infection is a perfect example of this. Digital retailers, businesses in hygiene products and contactless delivery systems are on the rise and, at the same time, other companies are not working at all, take the hospitality sector as an illustration. In case of Abbey Cars, the transportation of key workers became the main task to complete, however, the company drivers were not considered to be the key workers themselves, which is not fair in the author's opinion.

1.1. *Current changes:*

The coronavirus (COVID-19) heavily affected this component of the external environment with following impacts on labour markets and HR strategy:

- ✓ Slowing down the completion of economic development and thus impacting the creation of new jobs, BBC Bitesize (2020) states.
- ✓ Strong rise in unemployment figures for self-employed men (-133,500) and women (-8,900) in the last quarter of this year, compared to the same quarter of the year 2019, according to the Office for National Statistics (ONS) (2020).
- ✓ The number of men in full-time employment also fell by 80,000. However, there was a rise in employed women (+86,000), workers aged 50 or over (+47,000) and part-time workers (+74,000), all figures provided by ONS (2020).
- ✓ The number of self-employed drivers with Abbey Cars also fell by 2,200 people, according to the latest HR Team report.

The HR strategy within Abbey Cars had to be changed and being flexible during the period of uncertainty caused by COVID-19. First of all, all the employees who could work from home were sent home. Following the HR Team and government advice, lots of drivers decided to self-isolate and stay home. Some other drivers were offered parcel and food delivery jobs by the HR Team keeping the contact with local shops and suppliers. That way the company managed to save at least half of its self-employed workforce.

1.2. *Predicted changes:*

Slowly recovering from the consequences of the coronavirus (COVID – 19) will affect the possibility of economic growth, reducing unemployment and customers purchasing power. The labour market will go through a lot of rethinking and restructuring. However, Costa Dias (2020) is warning against taking radical changes in the HR policy as many measures taking the place now in the labour markets are provisional: "To find a way of reallocating some workers in temporarily shut down sectors to those sectors facing temporary labour shortages, whilst still allowing them to return seamlessly to their original work once the crisis is over".

2. Rules and regulations (legal) component:

Our company works in a legal and regulatory framework that defines what we can and cannot do. Licences, permits and parking fees can be costly, contributing to our business costs. New environmental laws relating to the use of electric and hybrid vehicles in the modern cities can be very expensive to follow, especially when companies such as Abbey Cars still use a fleet of diesel and petrol cars. Therefore, only businesses with solid financial background and assistance will be able to survive the costs of upgrading their fleet.

2.1. Current changes:

The author summarised the most important current changes here with some help from research conducted by Niblett (2019):

- ✓ Ongoing court case Keller Lenkner UK Ltd vs Uber in respect of payment of minimum wages and holidays paid.
- ✓ The consequences of Brexit.
- ✓ Tighter regulations on the climate are coming into effect.
- ✓ Implemented the UK Government's National Minimum Requirements, including in-vehicle video recording, policy on previous criminal convictions, length of licence.
- ✓ Standard training for drivers on disability, equalities and recognising symptoms of children and vulnerable adults being exploited or abused.

2.2. Predicted changes:

The outcome of the court case Keller Lenkner UK Ltd vs Uber could have an impact on the whole taxi and private hire industry. The change in employment status of Uber employees will affect the whole industry and the labour market will also be affected. The Brexit consequences could see the reduction of the workforce coming from Europe, this gap would have to be filled by the people employed locally. That would change the recruitment policies currently imposed by taxi and minicab companies. New environmental laws would see the increase of the fleet operating costs and this could trigger the rise of basic job fares. New National Minimum Requirements would also affect the industry labour market as more strict vetting controls will be enforced.

3. Technological component:

The technology and taxi industries complement each other and are obtaining traction every day. According to Mahtaj (2019), the taxi industry caters for around 10 million commuters a day, including workers, school kids, and women. It is critical to use the most recent GPS navigation tools when it comes to bringing people and products around. The same is true with modern computerised booking systems and smartphone applications. However, all that novelty can be very costly to purchase and to maintain. Abbey Cars are capable to do so, but some smaller private hire businesses, especially local minicab offices had to close recently due to inability to keep up with the digital progress.

3.1. Current changes:

Based on Mahtaj (2019) research and the author's, there are four major changes caused by the technological factor in the Abbey Cars external environment:

- ✓ Minicab can be booked any time of the day, the same applies to advanced reservations.
- ✓ Minicab can be booked from our desktop, laptop or tablet, there is no longer any need to chat to the tired night shift manager.
- ✓ Booking cancellation is as simple as making the booking.
- ✓ The travel information can be shared with our friends or relatives.
- ✓ Labour market is overfilled with old school drivers being unable to catch up with new technologies, they will be struggling with finding new jobs unless they will take some relevant training. The language barrier is also an agenda on the labour market as many drivers were employed through family connections before and they spoke very little or no English at all.

3.2. Predicted changes:

More comprehensive creation of the mobile apps would reduce the number of calls to controllers. Mobile on-demand applications can provide more effective customer support and minimise conflict between drivers and passengers. Quick cashless payment methods would fully remove the need to bring cash for both the drivers and passengers, making the trip much safer. The need for skilled workers being able to understand and operate mobile devices will be one of the major agendas for HR strategy of Abbey Cars recruitment team in the future.

Critical analysis of relations between changes in the external environment and company's people resourcing strategy

In this part of the report, the author will be analysing the relations between changes in the external environment of Abbey Cars and company's people resourcing strategy or strategic human resource management (SHRM). Armstrong and Brown (2019) are stating that there are many definitions of SHRM. One of the best by their opinion is this by Wright and McMahan (1999:298): "The pattern of planned human resource deployments and activities intended to enable an organisation to achieve its goals". The other very detailed definition is provided by Sabry (2017): "Strategic resourcing aims to ensure that the organization has the people it needs to achieve its business goals". After defining the meaning of SHRM the author will try to analyse which resourcing strategies are currently in use within the organisation of Abbey Cars and how they will be related and affected by the current and predicted changes in the company's external environment. Based on the author's research and help from relevant article by Guest (2018), the following diagram was created, showing 5 key recruitment strategies of Abbey Cars HR Team:



Diagram 1: 5 key recruitment strategies of Abbey Cars, based on source: (Author's research and Guest, 2018)

A brief description of each strategy and its relation to the Abbey Cars external environment changes is given below:

1. Job advertising:

Creating a smart job advertisement, mentioning the job profile and requirements, company history and culture, possible benefits and earnings is a vital component of the recruitment strategy. The current job adverts posted by Abbey Cars HR Team are reflecting the changes in the external environment. The crucial points in those adverts include “helping key workers to commute”, “being flexible within your shift pattern” and “being able to use modern navigation devices, mobile apps and mobile payment terminals”.

2. Flexibility:

As it was mentioned before it is one of the main requirements to all the candidates wishing to join Abbey Cars workforce, including branch managers. Traditional working pattern “9 to 5” does not apply to the operational environment of the company. Current lockdown events affected the flexibility of some workers and management; therefore, Abbey Cars have reduced their operational ability by 50%.

3. Social media promotion:

The HR Team of Abbey Cars is actively using social media resources to attract new workforce. Apart from advertising jobs and various promotions, they are also opening dedicated groups to discuss current changes in the taxi and minicab industry. One of the most popular groups currently being opened is the discussion about the Keller Lenkner UK Ltd vs Uber ongoing court case and its possible implications to the whole industry and external labour market.

4. Employee referral program:

This program was widely used by Abbey Cars in the near past to attract new drivers and to keep the existing employees happy. However, due to recent changes in the UK law and new government guidelines in regards to English Knowledge Test assessments and more strict vetting procedures being enforced this program was closed until further notice.

5. Optimised hiring process:

Reduced processing times for the new applicants were introduced by the HR Team of Abbey Cars last year and it was a great success. Coronavirus (COVID – 19) outbreak has changed it, unfortunately. Cancellation of the face – to – face job interviews, slow speeds of verification and vetting procedures has made the whole idea of optimisation not working fully. However, the introduction of online interviews and new coming government verification sites as Digidentity and Post Office Verify will improve and speed up the hiring process.

Critical assessment and evaluation of Abbey Cars response to the changes in the external environment in the context of SHRM policy

In this part of the report, the author will be critically assessing and evaluating how the company of Abbey Cars has responded to the current changes in the external environment by adjusting their strategic HRM. According to Akech (2014), a response strategy is environmentally driven. Using his research and some help from a journal article by Hassija (2014) the author has established two main points in changing of the SHRM policy of Abbey Cars for the nearest future:

1. The rise of unemployment would not last forever, but it will bring the more available workforce to choose from. Therefore, the selection process must be reviewed, refined and refocused on finding people legitimate for work in the UK with all the paperwork already done, including vetting and referencing. Job skills requirement should be focusing on digital literacy and the ability to operate mobile devices without additional training. Also, the location of the candidates would be an advantage, the closer to the branch, the better. However, that kind of selection could bring the equality issues such as choosing the locally living candidate with moderate working skills over the well-qualified worker living far away but willing travel to work at his or her expense. In this case, the individual approach and assessment will be required to choose the best of the best.
2. Depending on the outcome of Keller Lenkner UK Ltd vs Uber ongoing court case the company should be prepared to offer to pay minimum wages and paid holidays to their workers which would require to change their status from self-employed to employed. Not all the members of staff would agree to that and that could create lots of people leaving the company, so the database of the potential candidates needs to be created to quickly fulfil vacant positions.

Conclusion

In this report, the author researched and analysed current and predicted changes in the external environment of the chosen company of Abbey Cars. He also highlighted the relations of those changes to the labour markets and the HR strategy of the selected organisation. Fair attempt to analyse the possible response of Abbey Cars to changes in the external environment in the context of their SHRM policy was also made, and the author hopes that this report will help the company to improve people resourcing strategy in the near future. During the writing of the report, the relevant online research was completed combined with online and home studies.

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Web links

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