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MODULE CODE: LCMB7000

HUMAN RESOURCE MANAGEMENT

ASSESSMENT 1

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MBA IN GENERAL MANAGEMENT

LONDON, DECEMBER 2020

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ABSTRACT

The purpose of this essay is to analyze the current and predicted changes in the external political, economic, social, technological environment as they relate to the people resourcing strategies of a book publishing and retailer company. In addition to the emerging changes and implications, the resourcing policies that need to be adopted by the HR are being highlighted.

1. INTRODUCTION

Human Resources Management is the administrative function of the company that plans and implements all activities related to the management of human resources of a company, emphasizing the importance of the human factor as the main competitive advantage for achieving the goals of the company (Armstrong & Taylor, 2020).

What characterizes our time, the so-called fourth industrial revolution, is not so much the rapid and uninterrupted changes due to technological and social developments, but mainly the unprecedented pace of these changes. In this volatile changing world, HR is required to reevaluate most of human resource management practices; from talent recruitment and training to the concept of work itself (Deloitte, 2017).

In achieving this, HR should assess and comprehend the current and predicted changes in the external environment; the forces that are outside the company boundaries which contribute and significantly impact the realization of its goal. HR should mobilise in scanning of the new and future landscape of the social, economic, political, technological, and cultural forces that shape it (Mathis & Jackson, 2014; Dessler, 2016). These external factors may both present advantages and disadvantages in the operation of an organization. However, overlooking or failing to address the external environmental context in which human resources operate can lead to irreversible consequences for the business. A very interesting study by Credit Suisse (2017) shows that due to digital transformation the average life expectancy of businesses has been steadily declining over the last 60 years, from 61 years in 1958 to only 18 years in 2011.

The purpose of this essay is to discuss the current and predicted changes in the external environment of a book publisher and retailer, as they relate to the people resourcing strategies of an organization. Moreover, an evaluation on the company's response to these changes within their resourcing strategies is analyzed.

2. A ROLE MODEL COMPANY – IANOS BOOKSTORE/ PUBLISHING HOUSE

IANOS SA is a retailer of books, music, and art, and a publishing house with cultural multipurpose spaces in the two major cities in Greece. Ianos took its name from Janus - the Roman god, being one of the oldest bookstores in Thessaloniki. Since then, it consists of nine concept-stores, a publishing house, cultural event venues, an internet radio and online website selling books, CDs, vinyls and art objects. The continuous development of new activities contributed in IANOS being recognized as one of the most innovative, dynamic, and impactful companies in the field of books and culture (Karatzas, 2019).

In the last 40 years, IANOS has hosted 10,121 cultural events; 37% book presentations, 25% gigs, 8% children days, 12% press conferences, 5% art exhibitions/installations, and 7% were classes. In the last three years, more than 2,153 events took place, 453 authors discussed their books, 328 musicians took the stage, and 350 different visual artists exhibited their works while 149,892 people attended the events (Ianos, 2020). IANOS annual revenue has risen from €4.5 million euros in 2003 to €10.2 in 2018 (GGECE, 2018). It represents more than 14% of the total bookstores sales in Greece, and as of 2010 the total number of visitors was estimated to be approximately 1 million per year. At present, the company employs more than 200 people (Ianos, 2019), from shop assistants and managers to curators, illustrators, translators, and typographers. As a publishing house prints books, a literature magazine, and calendars, with its publications comprising more than 170 titles with more than 20 new titles published every year (Ianos, 2020).

The book industry - Europe's largest cultural industry - plays a critical role in the economic, social, political, ethical, educational, artistic, and scientific development (FEP, 2017). Therefore, this type of company incorporates all those features for a comprehensive impact analysis of current and projected changes of the external environment.

3. CURRENT & PREDICTED CHANGES IN THE EXTERNAL ENVIRONMENT

3.1 POLITICAL / LEGAL ENVIRONMENT

As a Greek based company, it operates in a stable political environment, without any turmoil or extreme political phenomena. The political environment concerns the regulations, government bodies and lobbies that may affect the book industry people resourcing either directly or indirectly. The legal environment contains the laws according to which the business operates; the addition or removal of a regulatory restriction may create significant strategic threats as well as opportunities. For instance, labor collective agreements, alteration in taxation and corporate laws etc (Armstrong & Taylor, 2020).

- VAT reduction on e-books and other digital publications was agreed by the European Union in 2018, to equate them with low taxation already applicable in printed versions. The agreement signed allows member states to apply reduced or zero VAT rates in electronic publications - in Greece from 23% to 6% (EU, 2020).

Thus, the cost of books for the consumer as well as the company's tax contributions will be reduced, resulting in financial relief and increase of profits. More likely, jobs will be retained, more people will be hired, and part of the profits could contribute further to employee training

- Revised pension scheme legislation with effect from 2021 that altered further the provisional retirement age. Ten years ago, this limit was at 63 years old and currently is set at 67 years. Based on the revised legislation, in the not-so-distant 2036 the retirement age will rise further to 69 years, and by 2066 it will have reach 72 years of age (NAAG-EU, 2018).

In practice, employees will stay for longer in the company, thus increasing the liabilities for insurance contributions, and responsibility for health and welfare benefits. Also, the workforce will require constant upgrading of their skills to adapt in the quick paced digital era.

- The imminent UK exit from the European Union (Brexit) and the respective implications raises severe concerns to Greek exportation. Especially without a bilateral agreement, EU import tariffs and the potential devaluation of the British

pound will lead to Greek books becoming less attractive, as they will automatically become more expensive, whilst consumption from the UK will decrease (House of Lords, 2017).

This change will cause a significant loss in turnover, may cause losses of positions, due to the revenue reduction.

3.2 ECONOMIC ENVIRONMENT

One of the most important external variables is the economic environment in which the company operates; recession, GDP, inflation, interest rates, supply-demand, unemployment etc.

- Financial recession in Greece (2009-present). The Greek financial crisis was the inability of the government to borrow at low interest rates from international markets, resulting in inability to meet obligations and repay the debt. This resulted in a significant rise in unemployment, prices, and poverty, while living standards and incomes decreased by 1/3 (Andriopoulou et al., 2017).

Books are not considered essential goods, and therefore revenue of the company was substantially decreased, leading to a renegotiation between the HR and employees. This resulted in wage cuts and alternative employment contract models (zero contact hour/part time) (ICAP, 2011). The company immediately launched bargain sales policy to retain part of the income, and positions.

- Due to recession, unemployment skyrocketed and employment relations changed. The unemployment rate in 2008 was 7.8%, while in 2013 it raised to 27.3% and today amounts of 15.5% (Andriopoulou et al., 2017).

When compared to the pre-crisis era, there are estimates of around 60% reduction of the number of people working in the book industry. More fixed-term or part-time contracts, and rolling shifts are being enforced by the company.

- Covid-19; The most important factor that determines the economic developments worldwide in 2020 is the coronavirus pandemic. Citizens and businesses around the world are in lockdown and the economy is in recession. The decline in Greek GDP and employment is estimated both at 7%, and total imports at 12% (Rodousakis & Soklis, 2020).

Bookstores were forced to suspend their physical operations. During the lockdown period, the e-shop department and virtual events were further strengthened and upgraded with resources and features. This move proved to be of strategic importance since revenues increased and customers were satisfied. 60% of the employees worked as normal in alternative positions and/or remotely, while the rest joined the fairlough scheme (lanos, 2020).

3.3 SOCIAL ENVIRONMENT

The socio-cultural environment represents the set of values, and other characteristics that distinguish members of one group from another. The most important of these changes that may affect resourcing are demographics, psychographics, lifestyle, social perceptions and classes etc.

- Enhancement of women's role in society, equal pay, and work opportunities. Even though, modern societies are far away from a zero-gender gap, there has been a lot of improvement, due to push from society itself. The gender employment gap was 11.7% (2019), with 79% male workers across the EU compared with 67.3 % of female workers (EU, 2020).
- Multicultural societies: People of different nationalities and cultural backgrounds engage in most aspects of current everyday life. Enhancing diversity within an organization has been proven to strengthen the long and short-term competitive advantage (Dowling et al., 2017). The employment of people from different social groups contributes to a better prognosis of the upcoming challenges and to an expansion of the proposed solutions.

lanos is required to follow transparency, meritocracy and objectivity resourcing practices. Thus, provides equal growth opportunities to all employees regardless of their gender, cultural background or other diversity, and implements an equal opportunity policy; 45% of all employees are women and 55% are men.

- Change in people's engagement with information and knowledge sources. Nowadays, mobile phones, tablets and digital reading gadgets have become integral parts of everyday information. There, they stay informed, read, socialized, have fun.

The company turned to the e-book market and will continue to publish most titles in digital format. They have also launched a podcast series. Training of existing employees with enhanced digital skills, and specialized workforce hiring is of strategic importance.

3.4 TECHNOLOGICAL ENVIRONMENT

This external environment concerns the technological trends and achievements in the market, that influence the business strategy. The technological aspects include those activities with regards to the creation and transfer of new knowledge to innovative products, practices, materials, etc. (Armstrong & Taylor, 2020). The publishing industry has been significantly affected in recent years due to the rapid technological developments. The development of the Internet, the possibility of access to the global market of books and articles, as well as the appearance of entertainment platforms, have significantly influenced people's leisure time.

- Production automation. In terms of the production process, modern technology enables publishers to undertake less manual work when publishing and promoting a book (Thompson, et al., 2013). According to World Economic Forum (2020), automation is expected to eliminate 85 million jobs by 2025, whereas will create 97 million new jobs.

This enables the company to reduce costs by using a smaller number of staff.

- Rapid technological developments: The digital transition in the publishing industry sets a new environment in the dynamics, relationships, as well as the economic and cultural models of book publishing.
- Lack of relevant professional skills: The growth of the services sector requires employees with different skills and mentalities and this need is addressed by the HRM. To date, only 6% of adults between 25-34 years old, which in ten years' time will be at the peak of their career, have high level computing skills (SEV, 2018).

This requires the adaptation of workforce to new, fast evolving applications to avoid marginalization of several employees. Nowadays, the company needs to invest in employees retraining to improve skills in digital book publications, social media marketing, virtual events, and online sales.

4. HRM STRATEGY RESPONSE TO THE CURRENT & EMERGING CHANGES

(Bratton & Gold, 2017; Deloitte, 2017; Dowling, et al., 2017)

In order for Ianos company to respond to the current and emerging changes within its resourcing strategies should orient HR towards:

- **Agility** is at the heart of the business as there is a need to replace their hierarchical structures with hubs and team networks that will have decision-making power. The question is no longer "who do you work for" but "who do you work with".
- **Training** and always-on learning and development are crucial to upgrade digital skills and adjust to new career models. IANOS joined the European financial scheme "Digital Leap" with a budget of € 51.6 million. The program aims at the digital transformation of business resources. The company with this investment aims to upgrade digital skills of employees (digital advertising, digital security, GDPR), creating / maintaining quality jobs. Finally, it will aid in specialized software, e-shop services, and web site development.
- **Cognitive recruitment**, HR will utilize social media, analytics, artificial intelligence as well as cognitive tools to identify talent in new ways and diagnose who best fits which team or position. The new generation of cognitive technologies transforms the recruitment process in a revolutionary way.
- **Culture & Engagement**, Business focus on providing the best experience and integrated journeys for their employees. Emphasizing both culture and engagement. New technologies (feedback tools, wellness & fitness apps, self-service tools), as well as new methods such as design mindset, and employee 'journey maps' allow HR to comprehend and enhance the employee experience.
- **Performance management**. The company should step away from annual assessment and pilot new performance management methods; agile targeting, continuous feedback, and coaching, as it has been proven to contribute to increased productivity and satisfaction.
- **Digitalization**. HR's role in the digital business is crucial, as it is called upon to lead its digital transformation of the most critical part, the human capital. The goal is not "do digital", but "be digital". In addition to digitalizing its own tools, HR needs to

develop a new business culture, and design a work environment that serves an expanded and diverse workforce, fosters collaboration, teamwork, productivity, and innovation.

- **Diversity** and equal integration of individuals is part of the HR agenda which encourages empowerment, open dialogue, and flexible working arrangements. Diversity is an integral part of HR's talent strategy, should not be treated as typical obligation but should extend substantially across the organization. Time has come for HR to take an active role towards this direction.

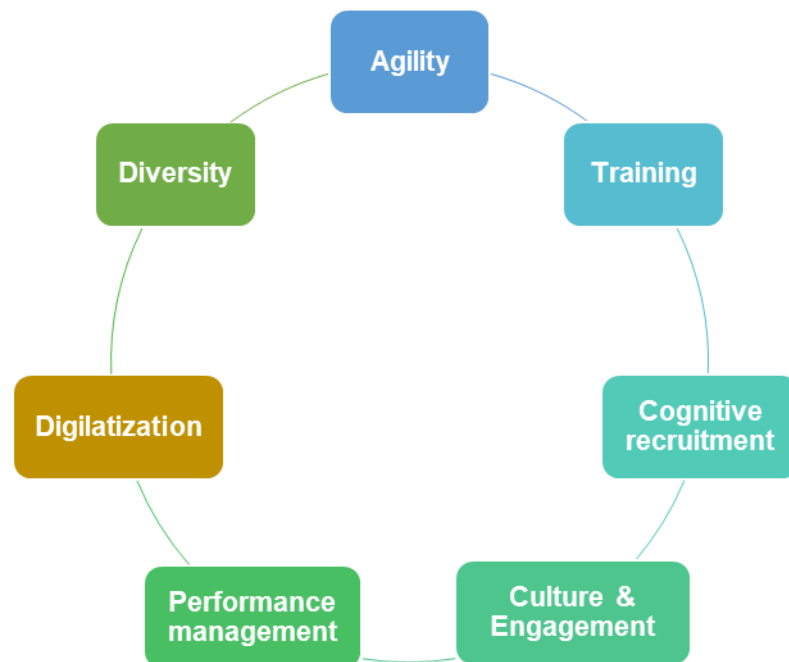


Figure 1: Key recruitment strategies for current and emerging changes.

5. CONCLUSION

HR is called upon to manage diverse human resources: global, dispersed, digital, familiar with automation, and social platforms. In addition, HR needs to develop new procedures and tools to offer value to the company in the long run. The external environmental changes present a unique opportunity for the book industry: to familiarise itself with the digital era, to assist human resources in the new working models, and finally to encourage change at a societal, cultural and policy level. Above all, HR is called upon to reinvent their role to guide, perhaps, the most significant change in the

labor force we have experienced to date. Looking in the future, the necessity to adapt, adjust and adopt will be even more crucial than in the past.

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