

EVALUATING HOW ENVIRONMENTAL FACTORS INFLUENCE HR MANAGERS' EFFECTIVENESS IN NETFLIX:

PESTLE and HR Architecture Perspective

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Introduction

Human resource managers have an impact on how well multinational corporations mobilise personnel to carry out strategy, adhere to regulations, and maintain performance across markets. The effectiveness of HR managers at Netflix, a global entertainment company whose people practices are connected to a performance-focused culture that emphasises excellence, accountability, and 'people over process', is evaluated in this report based on both internal and external environmental factors (Netflix Jobs, n.d.). The research blends internal alignment analysis using HR architecture with environmental scanning using the PESTLE model to examine these forces holistically.

"Human resource management (HRM) is concerned with managing work and the employment relationship" (Bratton et al., 2021, p. 19). The four interconnected functions of HR effectiveness are as follows: hiring and selection ensure that the company has the skills it needs; training and development close skills gaps and facilitate adaptation; performance management aligns expectations and facilitates fair evaluation; and employee relations sustain engagement and encourage fair, ethical and legal treatment. Trade-offs are also involved in HR decisions: speed versus compliance, global uniformity versus local response, and flexibility versus security. According to Boxall and Purcell (2022), comprehending the significance of these objectives as well as the conflicts and trade-offs related to them enables us to recognise the ways in which HRM has a strategic influence on organisational performance.

The report is organised as follows: Organisation Application (Netflix overview and HR practices); Internal and External Environment (model usefulness and limits); Application of the Model (country variations and environmental effects); and Conclusion (main conclusions and future implications for HR in international organisations).

Internal and External Environment

PESTLE is used in this study to evaluate the impact of environmental factors on the effectiveness of HR managers. According to Armstrong (2014), PESTLE analysis is an environmental scanning method that addresses the political, economic, social, technical, legal, and environmental aspects.

While acknowledging that HRM has strategic intent, it does not always have strategic power, the model helps HR translate macro-level demands into people priorities spanning recruiting, learning and development, performance management, and employee relations. “In theory, designating HRM as strategic potentially elevates HR professionals to the top management decision-making cabal. But in practice, data suggests HR professionals rarely play a major role in formulating business strategies.” (Bratton et al., 2021, p. 61)

Evidence indicates that HR specialists seldom have a significant influence on corporate strategy formulation (Bratton et al., 2021). Therefore, even in situations where HR has little control over strategy creation, PESTLE is helpful as an organised method for HR to predict external risks and coordinate execution choices. In global firms like Netflix, this model supports this environmental awareness by translating macro forces into HR execution priorities.

In competitive markets, HRM's survival and economic reasoning align with PESTLE, which states that "HRM is always located in an economic context" (Boxall and Purcell, 2022, p. 10). The primary challenge for managers is how to guarantee the company's financial viability in the markets it competes in. Nonetheless, scanning has certain limitations because we are unable to fully understand our surroundings or readily control more than a few essential concepts in a problem-solving scenario Boxall and Purcell, 2022.

Organisation Application: Netflix

Netflix is a well-known international entertainment company that produces and streams content. HR must manage people activities across various legal regulations, labour markets, and cultural norms since it works internationally. In practice, HR managers must uphold uniform values (such as fair treatment, development, and quality hiring) while adjusting implementation to local laws, labour market availability, and cultural norms in each nation. As a result, there are constant trade-offs between local responsiveness and global uniformity, particularly in employee relations and performance procedures where expectations and compliance standards vary by region. Additionally, Netflix conveys a distinct internal people philosophy that emphasises high responsibility and "people over process" (Netflix Jobs, n.d.).

However, the degree to which HR policy may be implemented consistently differs depending on the region, since managers may encounter varying compliance restrictions, employee expectations, and talent availability. Thus, the effectiveness of HR is determined by the consistency of internal business processes. This is consistent with the HR architectural methodology, which is a thorough depiction of every aspect of HRM (Armstrong and Taylor, 2023). Furthermore, as Armstrong and Taylor (2023) stated, it includes the HR function's members' contributions, the responsibilities and conduct of managers and employees in general, and the HR system of policies and practices.

Recruitment must support organisational goals and shifting global demands. One definition of recruitment is the practice of finding sources from which employees can be hired and encouraging them to apply for jobs (Sharma, 2023). "A good recruitment policy should be in conformity with the organisation's objectives" (Sharma, 2023, p. 171), and it should be sufficiently flexible to accommodate an organisation's evolving demands (Sharma, 2023). Value fit should also be considered during the hiring process, as "Increasingly, values and ensuring a good values match is also a vital part of the employer/candidate matching process" (Torrington et al., 2020, p. 169).

Learning and development should follow a structured cycle. Four phases make up an organisation's learning and development process: analyse, plan, implement, and evaluate (Armstrong and Taylor, 2023). While employee relations involve ethical norms including well-being, equal chances, complaints, and job security (Armstrong, 2014), performance management must be in accordance with company objectives and legal requirements (Stone et al., 2024).

Application of PESTLE Model

PESTLE's application to Netflix highlights that HR effectiveness depends on internal alignment across practices rather than isolated actions (Becker and Gerhart, 1996, cited in Armstrong and Taylor, 2023, p. 3). Even with the best HR system, if individual policies are to have an impact on company performance, they must be compatible with the HR architecture and aligned with each other, regardless of the bundles or configurations of rules put in place. Because "the entire concept of SHRM is predicated on the belief that HR strategies should be integrated with corporate or business strategies" (Armstrong, 2014, p.

19), it also depends on strategic integration. However, PESTLE is constrained by its relatively static nature, which prevents it from capturing the dynamic interactions between internal systems and rapidly shifting external influences.

Political factors.

Politically, international operations create the growth of international HRM and "it has enhanced the role and authority of international HR functions" (Armstrong, 2014, p. 500). Political constraints affect how multinational firms manage HR across national borders. Standardisation, however, cannot presume that national expectations are the same; "A more measured assessment would see globalisation as just one of a series of forces that shape HRM." (Marchington et al., 2025, p. 46).

Economic factors.

Hiring practices, compensation plans, and capabilities investments are all influenced by the state of the economy. Because "HRM is always located in an economic context," (Boxall and Purcell, 2022, p. 10) this is crucial. How to ensure the company's financial sustainability in the marketplaces it competes in is the main issue managers face. These forces link HR decisions to competitiveness since surviving firms are constantly working to develop and protect competitive advantages that can increase their profitability (Boxall and Purcell, 2022).

To address this, recruiting policies must be adaptable and consistent with the organisation's goals. They must also be flexible enough to accommodate an organisation's evolving needs (Sharma, 2023). Non-financial compensation is an essential motivator for employees, in particular in conditions where the company has serious financial limits (Boselie and van der Heijden, 2024). Because employee traits like engagement, dedication, drive, and skill may be directly impacted by HR policies, improving these traits will also increase organisational performance, which enhances performance through people outcomes. Armstrong (2014).

Social factors.

Social expectations have an impact on employee interactions, values, and inclusivity. Inclusion is still challenging: HR is essential to achieving the aim of equality through increased diversity and inclusion, which is still a work in progress (Marchington et al., 2025). Another prerequisite for selection is value fit: A crucial component of the employer-candidate matching process is increasingly guaranteeing a strong values match (Torrington et al., 2020). For multinational teams to be successful, they must possess cultural competence. Working in an international or mixed-cultural team necessitates adherence to both the team's adopted cultural norms of behaviour and external work regulations (Bannikova and Mykhaylyova, 2023).

Coordination is made easier by cultural competence, which serves as a sort of bridge. However, misalignment can impair performance: Professional activity is less effective when cultural factors like time perception, personal space, or symbolic communication are out of sync (Bannikova and Mykhaylyova, 2023).

Technological factors.

Technology changes the nature of work and the skills needed. When hiring, digital needs must be taken into account as According to Bannikova and Mykhaylyova (2023), modern recruitment procedures address economic problems, technology requirements, managerial competencies, and other pertinent issues in addition to merely filling job vacancies. There are four steps in an organisation's learning and development process. As a result, development should remain structured around the four steps (Armstrong and Taylor, 2023). Remote work has an impact on performance management as well. For remote workers, the conventional methods of performance management, which include yearly evaluations and ratings, are no longer suitable. "They need to be replaced by more frequent 'check-ins' and narrative assessments." (Armstrong and Taylor, 2023, p. 313).

Development assistance is strengthened because performance management procedures allow managers and individual team members to collaborate to identify any areas where skills or knowledge need to be improved (Armstrong and Taylor, 2023).

Legal factors.

Legal defensibility is crucial because businesses must take into account the legal ramifications of their performance appraisal system in order to defend their choices in the event that they are questioned, according to Stone et al. (2024). This is especially important for HR managers in performance management, as the results of appraisals can affect compensation, possibilities for growth, and choices about termination, raising the possibility of formal dispute and scrutiny.

Environmental/Ethical factors.

HR decisions on matters like job security, redundancy, equal chances, and well-being are guided by ethical norms, which also influence how employees are treated (Armstrong, 2014). Under non-traditional labour arrangements, these issues grow more complicated. Non-standard arrangements might increase stress and impair consistent HR support since autonomous employment challenges many typical HR beliefs and practices (Cross and Swart, 2022). Because good HRM practices can promote mental health, job satisfaction, productivity, motivation, and workplace safety, well-being results continue to be crucial (Azizi et al., 2021).

Country differences.

HR techniques might not be universally applicable: "Management by objectives (MBO) is a technique whereby the manager and the subordinate mutually identify common goals..." However, "the effectiveness of an MBO program may depend on national culture" (Stone et al., 2024, p. 295). Since we cannot fully understand our surroundings, uncertainty also restricts HR choices (Boxall and Purcell, 2022).

Conclusion

This study has shown that the effectiveness of HR managers in multinational corporations depends on their capacity to maintain internal coherence in the areas of hiring, learning and development, performance management, and employee relations while adjusting to external influences. The foundation of HRM is work and the employment relationship. Key pressures include legal defensibility in appraisal and employment decisions, international

inclusion and cultural expectations, technological change in performance practices, and economic constraints linked to competition

In the future, HR managers will have to deal with uncertainty and time restrictions.

Organisations cannot fully understand their environment. Therefore, the future effectiveness of HR will depend on how well multinational companies like Netflix are able to integrate technology, flexibility, and inclusiveness into ethically acceptable and globally unified HR systems.

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