

Understanding the Human Resource Business environment

Course: BA Business Management

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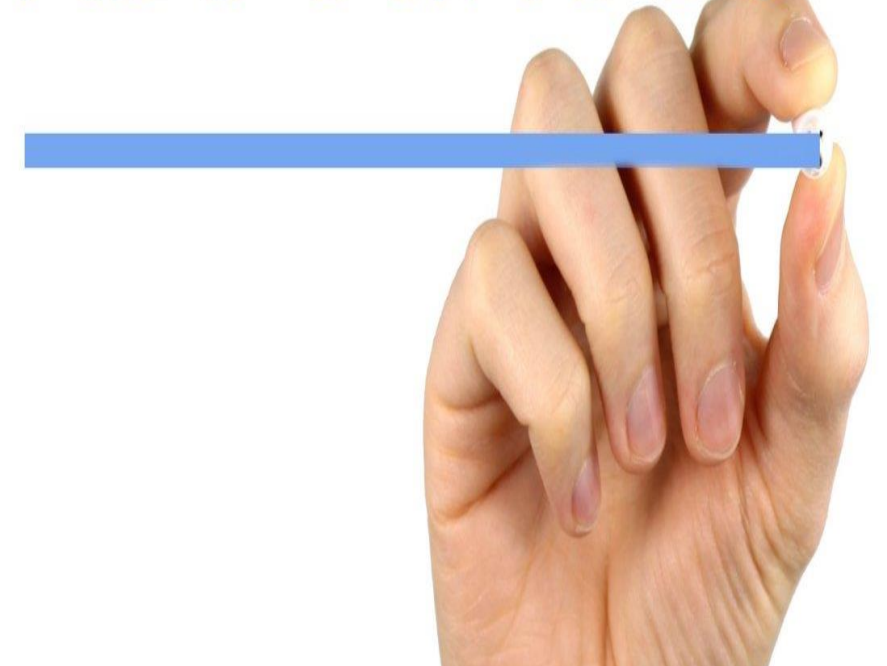
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Introduction

- ❑ The business environment within which personnel professionals work is complex and dynamic.
- ❑ The management of resourcing an organization is influenced by various internal and external factors (Armstrong & Taylor, 2019)
- ❑ This presentation aims to critically understand the business environment and analyze the factors that impact the management of resourcing an organization.

HUMAN
RESOURCES



Hard Rock Café (UK) Limited

- The company recorded impairment costs of £13.6 million during the year (compared to £1.4 million in 2020), which were somewhat offset by an increase in operations. All of our locations had to close because of the pandemic at the start of 2021 and for the majority of 2020, and they gradually started to return to their pre-pandemic levels during the year. As a result, the company's restaurant and retail transaction volumes climbed year over year by 56% and 5%, respectively, while operational costs reduced by 5%. For the next two years, our goal is to raise revenues to pre-pandemic levels through continued growth.
- The company also received subsidies from HMRC totaling £16,500, the Eat Out to Help Out programme worth £0.2M, and the Business Rates Relief worth £1.3M in 2021.



Internal Factors & External Factors

❑ Internal factors are those that are within the control of the organization. The internal factors include:

- ✓ Organizational culture and structure
- ✓ Management and leadership style and practices
- ✓ Workforce demographics
- ✓ Budget and financial resources
- ✓ Technological capabilities
- ✓ Employee engagement and satisfaction

➤ External factors are those over which an organization has no direct control. They include:

- a. Economic conditions and labor market.
- b. Demographic Changes- The aging of the population, the rise of women in the workforce, and the rise of ethnic and cultural diversity are just a few examples
- c. Globalization- it involves the integration of economies, cultures, and societies through the exchange of goods, services, and ideas
- d. Legal and regulatory environment- These frameworks include employment laws, health and safety regulations, and immigration policies
- e. Technological advancements- new technologies can change the nature of work, create new job roles, and increase productivity

Economic Conditions and Labor Market

- Economic conditions are external elements that influence the management of an organization's resourcing.
- Economic conditions, including as recessions and economic growth, can affect the availability of talent as well as the ability to attract and retain people.
- During a recession, there may be more contenders for job opportunities, but the organization's resources to hire new personnel may be constrained.
- If there is a shortage of competent individuals during economic expansion, the firm may need to provide higher compensation and perks to attract and retain staff.
- While establishing HR strategy, personnel experts must grasp the economic conditions and their impact on the labor market.



Legal and Regulatory Environment

- Legal and regulatory frameworks are external factors that impact the management of resourcing an organization.
- These frameworks include employment laws, health and safety regulations, and immigration policies.
- These frameworks can impact the recruitment, retention, and development of employees.
- Personnel professionals need to understand the legal and regulatory frameworks and ensure that HR strategies comply with them(Budhwar et. al, 2019)
- They may also need to stay up-to-date with changes in the legal and regulatory environment and adapt HR strategies accordingly





Social and Cultural Trends

- Demographic changes are external factors that impact the management of resourcing an organization.
- These changes include the ageing population, the increase in women in the workforce, and the increase in ethnic and cultural diversity.
- Demographic changes can impact the availability of talent and the diversity of the workforce.
- Personnel professionals need to understand demographic changes and their impact on the workforce when developing HR strategies(Budhwar et. al, 2019)
- They may need to consider new recruitment strategies to attract a more diverse workforce and develop training and development programs that meet the needs of different demographic groups

Technological Advancements

- Technological advancements are external factors that impact the management of resourcing an organization.
- New technologies can change the nature of work, create new job roles, and increase productivity (Budhwar et. al, 2019)
- For example, the adoption of artificial intelligence (AI) can automate routine tasks, freeing up employees to focus on more complex tasks.
- Personnel professionals need to understand technological advancements and their impact on the workforce when developing HR strategies.



Political and Environmental Factors

► These factors include

1. Government policies and regulations
2. Environmental sustainability practices
3. Corporate social responsibility initiatives
4. Economic stability and geopolitical risks
5. Natural disasters and climate change
6. Public opinion and media scrutiny



POLITICAL FACTORS

Talent Acquisition Strategies

❑ Short-Term Talent Acquisition Strategies:

- ❖ Referral programs reward current workers for introducing eligible recruits.
- ❖ Internships and Co-Ops: Hiring students or new graduates for temporary work in order to assess their suitability for future roles.
- ❖ Employing temporary or contract labor for short-term projects or to fill workforce shortfalls

❑ .Long-Term Talent Acquisition Strategies:

- ❖ Succession planning is the process of developing and cultivating internal candidates for future leadership positions.
- ❖ Employer Branding is the process of developing a favorable reputation and image in order to recruit top personnel in the long run.
- ❖ Developing relationships with potential candidates through networking, events, and constant communication is referred to as talent pipelinelining.

Incentive Methods

- ❑ Monetary Incentive Methods: Signing Bonuses:
 - Giving new recruits a one-time bonus to entice them to join the firm.
 - Employees are rewarded for accomplishing particular goals or targets through performance-based bonuses.
- ❑ Non-Monetary Incentive Methods:
 - Career Development Opportunities: To inspire employees, provide training, coaching, or possibilities for progress.
 - Flexible Work Arrangements: Providing options such as telecommuting, flexible schedules, or job-sharing to improve work-life balance.





Conclusion

- The business environment in which personnel experts work is complicated and dynamic, and the management of an organization's resourcing is influenced by a variety of internal and external factors.
- Personnel specialists must critically grasp the business environment and analyze the factors that influence an organization's resourcing management.
- By doing so, they may create effective HR strategies that attract, retain, and develop top personnel while also contributing to the organization's success.

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