

M5X01921 Personnel Resourcing and Development Assignment

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Submission date: 07-Mar-2020 03:48PM (UTC+0000)

Submission ID: 121454903

File name:

15590_Mohamed_Ahmed_M5X01921_Personnel_Resourcing_and_Development_Assignment_239573_1095607697.docx
(24.31K)

Word count: 1721

Character count: 9527

M5X01921 Personnel Resourcing and Development Assignment**PESTLE ANALYSIS**

PESTEL is an acronym for a framework used to describe the different environmental factors which affect an organisation. A PESTEL analysis can be carried out on an organisation to describe the following factors: Political, Economic, Sociological, Technological, Legal and Environmental. A PESTLE analysis will be carried out on Hotel DeBrett which is located in Auckland, New Zealand.

Hotel DeBrett is located on the High Street of Auckland. It is a luxury boutique hotel with an atypical architectural design, offering a 5-star accommodation facility to its guests. The hotel industry in New Zealand can be described as quite disjointed due to the fact that its controlled by guests and the ability to attract these guests. 5-star hotels are competing with one another, based on the unique services provided and prices charged per night. (Rawlings-Way & Lonely Planet Publication, 2010).

Political factors

In the hotel industry, the political environment that exists can greatly affect the performance of an organisation. Not only does politics affect the daily lives of citizens in New Zealand, but businesses and organisations also need to continuously come up with plans to manage new political situations which arise. As New Zealand is a country which deals with a lot of tourism, this can be greatly affected by the political approach taken by the country which affects the number of local visitors and their ability to travel around the country. As stated previously, the hotel industry in Auckland is largely dependent on its international and domestic guests. Therefore, the political stance taken by New Zealand will affect the number of foreign tourists visiting the country.

The labor party has adopted a political approach which has continuously made the country a haven for international tourists. Other political factors which affect the performance of hotel DeBrett includes the nature of competitive regulation in the country. New Zealand has many fair play regulations and laws in place to ensure that every business operates in an equal playing field. This is to make sure that success depends on individual incentives and not any unfair practices. Like other developed countries, New Zealand has strict employment laws that are aimed at ensuring that employers do not take advantage of employees.

Economic factors

The second factor that affects the operations and performance of hotel DeBrett are economic ones. The economy of New Zealand is largely dependent on trade with its traditional and new trade partners that include Australia, China, South Korea, the United States, European Union, and Japan among others. Unlike other countries in the region, New Zealand has a relatively small manufacturing sector and its main economic focus is on primary industries and tourism (Gully, 2008). Over the years, the government in conjunction with the World Bank has carried out thorough economic reforms aimed at doing away with barriers that stood in the way of foreign

investments. These reforms have transformed New Zealand into the most business-friendly countries in the world ahead of Singapore.

The first economic factor in New Zealand that affects the performance of hotel DeBrett is the average income in the country. The economy of the country has continued to grow over the years after economic reforms were carried out in the country. According to the Australian Bureau of Statistics, the average household income in New Zealand stands at \$ 67,000. This is a clear indication that the country's economy is doing good and that people have the purchasing power to buy the available products and services. This is encouraging because it means that the country and the hotel sector do not have to rely on foreign tourists only, but also can serve local tourists. Notably, in many countries, hotels mostly serve foreigners because the locals do not have the financial ability to purchase the services.

The second economic factor that affects the performance of businesses in New Zealand is the inflation rate. The country recorded an inflation rate of 0.70 percent, which was considered one of the lowest inflation rates in the world. This was an immense achievement keeping in mind the recent economic crisis in many countries. A strong local currency is especially valuable for players in the hotel industry because they mostly handle many foreign currencies. Unlike other countries in the region, New Zealand boasts one of the lowest unemployment rates.

Sociological factors

Hotel DeBrett in Auckland, New Zealand is popular with both local and international visitors to the city. Factually, customer opinions about a product or service offered by a company may affect its image. One of the key social factors that are affecting the performance of hotel DeBrett is upcoming trends in consumer lifestyles. In the past, hotels could cook any food, sell it to customers, and get away with it. However, this has changed as more people have become conscious about the food they eat. This means that hotels come up with measures of dealing with the ever-changing tastes of customers. Unlike other countries in the region, New Zealand is mainly an urban country with 72% of the population living in urban centers. Additionally, 52% of the country's total populations of 4.5 million people live in the four largest cities namely Auckland, Christchurch, Wellington, and Hamilton (Business, 2012). The presence of large populations in the urban centers offers Hotel DeBrett additional customer. Therefore, it does not have to rely on foreign tourists only.

New Zealand is one of the countries with the youngest populations in the world. According to figures released by the country's national census bureau, it has the youngest population among all industrialized nations. Twenty percent of the country's total population is 24 years old or younger. However, it is predicted that these figures may change by 2050. For example, the total population of New Zealand is projected to rise from the current for 4.5 people to 5.3 million by 2050. Additionally, the country's median age is expected to rise from 36 years to 43 years (Business, 2012). This means that businesses will need to readjust their strategic

plans to accommodate these demographic changes. Additionally, the population increase in some of the world's emerging markets like Brazil, China, and India are additional factors that affect the hotel industry in New Zealand.

Technological factors

The adoption of technology in the hotel industry is largely determined by the amount that customers are willing to pay for. Technology enables hotels and other players in the hospitality industry to store relevant information about their customers. As a popular destination for international tourists, Auckland hotels have been under pressure to upgrade their operations up to international standards in the recent in order to keep up with the expectations of customers. There has been an increase in the need for hotels to automate their bookings so that customers can book from the comfort of their homes via the internet. This requires hotels to invest significant amounts of money in coming up with automated booking and room services. Additionally, the need for affordable energy makes it necessary for hotels in Auckland to invest more funds. Adoption of technology in hotels in New Zealand is a key factor that managers should consider because it involves large sums of money.

Environmental factors

Hotels and other players in the hospitality industry have come under increased criticism all over the world for environmental degradation. This has been worsened by the fact that some hotels are situated in areas most frequented by tourists like national parks, forests, historical sites, and beaches among others. Additionally, hotels located in capital cities have also come under increased criticism as well for carbon emissions that contribute to global warming. Consequently, hotels like DeBrett are being subjected to tighter environmental regulations to operate their business in New Zealand (Gully, 2008). Consequently, these environmental regulations are predictably increasing the operational costs of many hotels and other players in the hospitality industry. Additionally, New Zealand as a member of the Asia-Pacific Economic Cooperation, the operations of hotel DeBrett is further affected by relevant jurisdictions passed by the organization.

Legal factors

Legal factors refer to laws and regulations enacted in New Zealand and their impact on the performance of DeBrett hotel. They include union laws, employment laws, fair trade laws, licensing laws, and other laws that affect a business. Currently, there are union negotiations in New Zealand and the outcome will determine the responsibility of hotels towards their employees. Additionally, the country has a 90-day trial period in its employment law, which gives companies authority to employ people who are best suited to a position (Gully, 2008). Additionally, laws concerning the acquisition of visas can also determine the ease of foreign tourists to travel to New Zealand.

Performance Management

There is a need to introduce performance schemes for employees in the hotel because its services involve interaction between employees and guests. Strategies to manage performance must be agreed upon jointly between employees and the hotel. To increase the effectiveness of its employees, the hotel should consider introducing wage reviews and individual salaries among other incentives. The Hotel DeBrett should also consider introducing free Wi-Fi services in its rooms in order to keep up with international standards of five-star hotels. Additionally, Hotel DeBrett should put come up with measures to reduce its carbon emission. This will help it improve its public image, therefore, attracting customers who are environmentally conscious. The hotel should also enact measures to accommodate the expected increase in the country's total population. Such measures may include adding more rooms and increasing the general capacity of the hotel.

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