

Hrm at starbucks and ritz carlton management essay



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Employees are considered to be an important source of competitive advantage for firms and it is important that organisations adopt HRM practices to make best use of its employees. This trend leads to increased interest in the impact of HRM on organisational performance and numbers of studies have found a positive relationship between so called “ High Performance Work Practices” (Huselid, 1995).

High Commitment Human Resource Management (HCHRM) is a means of stimulating organisational performance by improving employee attitudes, lowering the levels of absenteeism and labour turnover and increasing the levels of productivity, quality and customer service in all types of organisations. HCHRM is considered as the most effective and efficient method of achieving any objective or goal. What constitutes best practice can be determined through a process of benchmarking. An organisation can move toward achieving best practice, either across the whole organisation or in a specific area, through continuous improvement. In production-based organisations, world class manufacturing is a related concept. More generally, a market or sector leader may be described as best-in-class.

HRM researchers always focused on demonstrating that more complex HRM system can create more economic growth. These sophisticated HRM systems are called “ Best Practice” or “ HR Bundles” or “ High performance” systems. Thus, “ Best Practice” is a range of HRM practices, used in such combination or bundles, which can achieve synergetic benefits through interactive and mutually reinforcing impact.

In recent years, there is been an increase in the interest of “ High commitment HRM” or “ Best Practice HRM”. We can not underestimate work done by Pfeffer, who contributed a lot in identifying the idea of “ Best Practice HRM” and along with the contribution of many US and UK researchers.

Pfeffer (1998) gave an account of the components of best practice/HCHRM as an employee security and internal labour markets. Different interpretations have been laid down for employment security. For instance, on one hand, Welsh Water contends that partnerships give employment security whereas on the other hand, the European Commission considers that flexibility and security (flexicurity) in organisations. The organisation should enable employees to master new productive needs, skills, maintain their jobs, progress in working life, find new employment, provide adequate unemployment benefits to facilitate transition and encompass people with training opportunities. Pfeffer (1998) suggested some alternates to compulsory lay-offs with regard to employment security as: reducing working hours to distribute the burden of high employment costs across the workforce; reduce wages to reduce labour costs; ttttttttttttttttttttttttyyrfreezing recruitment to prevent over staffing and putting production workers into sales to build up the demand.

Selective hiring and sophisticated selection

Recruiting and training outstanding people and capturing a stock of exceptional human talent (Boxall and Purcell 2008) can be seen as an effective way to achieve sustained competitive advantage. Wood and de

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Menezes (1998) describe social and team working skills as selection criteria. Wood, Albanese (1995) and Hoque (1999) sought trainability and commitment as appropriate tools.

Some of the proxies used for selective hiring include: number of applicants per position (Delaney and Huselid 1996); proportion administered an employment test prior to hiring (Huselid 1995, Guest et al 2003) and sophistication of the selection process, such as use of psychometric tests in the US (Patterson et al 1997), graphology in France, etc. However, it may be impossible to attract skilled applicants in sectors such as health and education due to skills shortage.

According to a case study of Ritz Carlton, the company did not 'hire' its employees, it 'selected' them. The selection process was laid out very clearly, and Ritz Carlton used what could be called 'benchmarking' in selecting ideal employees. The company studied top performers at different positions in its hotel chain and in other comparable organisations to prepare the ideal profile for each position. Based on the profile, the job description and detailed qualification requirements were prepared. This not only ensured that the companies got the people with the best qualifications but was able to match personality traits with jobs to obtain the best fit. This was thought to be one of the reasons for Ritz Carlton's low attrition rate (Regani 2007).

Extensive training, learning and development

Boxall (1996) views this as one element in 'organisational process advantage', the idea that employers' aim to synergise the contribution of talented and exceptional employees. West et al (2002) use multiple <https://assignbuster.com/hrm-at-starbucks-and-ritz-carlton-management-essay/>

measures to access training in the study of NHS hospitals, each related to amount of money spent, whereas Guest et al (2003) focused instead on the amount of training received by workers. However, most of the employees were overqualified for the jobs (Grugulis 2003) and it ignored the quality. Questions have been asked about whether or not longer term budget safeguards are established so as to protect training provision or whether training is tied in to 'increased promotability within the organisation' (Delary and Doty 1996).

As per Ritz Carlton, all new recruits had to undergo a 2 day orientation programme before they were assigned to their jobs. Each Ritz Carlton hotel had a full time director of training and organisational effectiveness who was responsible for managing all the training activities at the hotel (other hotel chains typically had one vice president of training for 15-20 hotels). The fact that the initial orientation was conducted by the members of the top management was meant to indicate to the employees the importance that Ritz Carlton attached to the activity. Although, some people felt that it was not necessary for the general manager to spend so much time orienting their junior employees, Ritz Carlton believed that it was time well spent as it allowed the new recruits to be introduced to the company's culture by a reliable person. After the initial orientation, each new recruit was assigned to a departmental trainer, who was usually an experienced employee from the recruits own department, for 3 weeks of on the job training. The trainers were expected to help the recruits familiarise themselves with the job duties to observe how the job was carried out (Regani 2007).

According to a case study of Starbucks, when a partner was hired to work in one of Starbucks' North American retail stores, he or she had to undergo two types of training. The first type focussed on hard skills such as learning how to use the cash register and learning how to mix drinks. Most Starbucks beverages were hand-crafted, and to ensure product quality, there was a pre-specified process associated with each drink. Making an espresso beverage, for example required 7 specific steps. The other type of training focussed on soft skills. Allying contends, " In our training manual, we explicitly teach partners to connect with customers - to enthusiastically welcome them to the stores, to establish eye contact, to smile, and to try to remember their names and orders if they are regulars. We also encourage partners to create conversations with customers using question which require more than a yes or no answer." (Lovelock and Wirtz 2007; p. 502.)

Employee involvement and participation (EIP): worker voice

There are a number of reasons why EIP is an essential component of the high commitment paradigm (Marchington and Wilkinson 2005). Firstly, it promotes open communication with regard to financial matters, strategy and operational matters. Secondly, it equips the workers with sufficient information to offer suggestions to improve organisational performance. Thirdly, it ensures the legitimacy for actions by inculcating worker participation. Finally, it is important to have EIP to voice grievances, both to give workers an opportunity to express their opinion and also as this may allow discontent to be channelled through formal procedures (Marchington 2007).

As per Ritz Carlton, employees were required to take personal responsibilities for cleanliness throughout the hotel. In addition, they were encouraged to play an active role in designing their jobs and participating in decision making in their departments. " We believed that to create pride and joy in the workplace, you must involve the employees. And to create that pride and joy by making employees feel like they are a part of Ritz Carlton. We are here to provide service, but we are not servants. We are professionals in our field. Everything happens because the employees are so committed," said Theo Gilbert-Jamison, Vice president of leadership development at the Ritz Carlton (Regani 2007). Such empowerment meant that employees were motivated to take personal responsibility for all that was happening at the hotel. Any complaint from any guest had to be dealt with immediately, regardless of the position or department that an employee belonged to.

According to Starbucks case study, all Starbucks employees were called as ' partners'. Allying remarked, " From day one, Howard has made clear his belief that partner satisfaction leads to customer satisfaction. This belief is part of Howards (Chairman) DNA, and because it has been pounded into each and every one of us, it has become part of our DNA too."(Lovelock and Wirtz 2007 p. 503-504)

There are numerous measures to assess team working namely: proportion of workers in teams (MacDuffie 1995, West et al 2002); use of formal teams (Patterson et al 1997) or the deliberate design of jobs to make use of workers abilities (Hoque 1999). But, these measures do not indicate if the teams are self managed or act as autonomous groups. (Frobel and <https://assignbuster.com/hrm-at-starbucks-and-ritz-carlton-management-essay/>

Marchington 2005). e. g. many US companies allow their teams and group members to participate in decision making and working with other teams. Like Lawson Mardon Packaging, what they have tried, is to have teams themselves define the team competencies, job requirements, decision making and how team members would be measured.

High compensation contingent on performance helps organisations to attract and retain high quality labour. There are two main elements to this practice which were outlined by Pfeffer – higher-than-average compensation and performance-related reward. The UK study focuses on merit and performance-related structure. According to the WERS survey, forms of performance-related scheme operated in 40 % of workplace in 2004 and it is been applied to both management and non-managerial staff. Huselid (1995) includes two measures for its evaluation: the proportion of workers with access to company incentive schemes and the proportion of employees whose performance appraisals are used to determine their compensation.

Implementing individual HR practice is nothing more than a short-term practice and it can easily be dismissed. And it is argued that there is a contradiction between HR practices while forming bundles and the reason is the difference between firms, sectors and different countries. It is been hard to find out the perfect bundle which can be table and implemented in organisations without any difficulty. Researchers assumed that synergies are achievable with the implementation of all practices and if, there is one factor missing it can affect and destroy the whole system. And this approach is called as " multiplicative or synergistic". For instance, employment security is conditional on agreement that pay rates can be reduced.

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Many authors argued that there are issues concerning employment security. Pfeffer (1998: 183) tends to view compulsory lay-offs and downsizing as undermining employment security. Security is offered if it is convenient to employer.

It is been argued that self-managed teams are difficult to implement in practice because there is lack of interest to take advantage of the opportunities for greater involvement. According to Pfeffer, (1998a, p. 74) “Organizing people into self-managed teams is a critical component of virtually all high performance management systems.” Self-managed teams substitute peer-based control for hierarchical control of work. This facilitates the removal of layers of the hierarchy and permits employees to pool their ideas in order to produce better or more creative solutions to work problems. Similarly, if we talk about team working, it is complex to determine whether the teams would be able to manage themselves and it relies upon decisions concerning responsibility for organizing work schedules and control over quality. Arguments are made regarding training and development. It is crucial to know what type of training should be given and who will take benefits from it. Regarding high compensation contingent on performance it is been found that many researchers have criticized performance-related pay system in the US. In the UK, they are much more critical about the value of incentive pay and which is better to include the whole reward package.

Employees' involvement and participation is also one of the main targets of criticism for management has more power than workers and due to which there is a big gap between employees and the management within one organisation.

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Many authors have suggested proxies for different practices and it is been proved that these HR practices and its proxies can not work in any organisation according to its different organisational context, environment and cultural differences.

The study of best practice HRM brings about few methodological issues which are associated to the components of HRM. It is been found that there were difficulties in adopting appropriate measures of performance due to the reason of variants in organisations, like some firms implement incentive schemes and some use performance appraisals to determine the turnover, satisfaction, profits, etc.

The main problem is that there are various components and it is hard to choose the right one, apart from that, proxies are used to measure those components. There are different ways of collecting data and using self-report is one of the main issues. Besides that, most of research done by the WERS and CIPD which is limited only around the US and the UK.