

Critically assess the hr similarities commerce essay



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Organization reflects the values and norms of society supplying products and services that meets the needs of the culture in which they function.

(Kim & Schneider, 2009) For effective distribution of resources organizations display a degree of Specialization, Centralization and Hierarchy.

Specialization - the division of work between individuals/ department.

Centralization - the place where the decisions are taken for procedures such as selection, development and performance measurement.

Hierarchy - the structure by which individual responsibility and authority is classified.

According to Price (2007, p. 212) culture is a combination/mixture of beliefs and values of different individuals in a group/ community.

In an organization, employees are deployed in an effective way so that the work gets done. Culture for these employees can be classified mostly into three categories:

Culture of origin

Culture within which are currently working

Corporate culture of the organization.

In 2004 Microsoft launched a community site for developers and users, titled Channel 9; it provides a wiki and an Internet forum. It is a community site that provides daily videocasts and other services (Microsoft channel 9, 2004).

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In Microsoft, a major emphasis is put on organizational structure, culture and HR management practices.

Compensation and benefits were among the best in the industry.

Recruitment and selection process offered professional training as well as skill oriented programs to encourage work-life balance.

Due to work culture, generous compensation and benefit programs, Microsoft was able to attract and retain the best talent and also promoted corporate diversity.

Some of the employee benefits included buying Microsoft's stocks for a discounted price, free healthcare services for individual and eligible dependants, corporate training courses and skill development programs to enhance the skills. The employees also went through a performance review each year, and depending upon the review they were given incentives, pay hikes, stock options and promotions.

Microsoft also provided discounts on products and services including computer and electronics, home and garden accessories, restaurant, travel and child care services. It also provided legal assistance as part of its "Group Legal Plan" which offered counselling services to employees for cases pertaining to real estate, adoption, bankruptcy, divorce, etc

Microsoft's corporate culture was characterized by its strong work ethic, casual work culture, challenging work environment, culture of risk taking and encouraging of innovation.

Employees dressed casually in the workplace, cabin doors were opened always for the new employee or middle level executives. Also, encouragement was given to employees to directly send official mails to their senior executives.

Microsoft's corporate cultures are based on six core values:

Integrity and Honesty

Openness and respect

Willingness to take on big challenges

Passion for customers, partners and technology

Accountability for commitments

Personal excellence and self improvement

(Richard Daft, 2011) As of 2010, Microsoft has a divisional organization, each division, or product group, focuses on a specific line of goods and services. Each group has its own research and development, sales and customer service staff. Daft says although this type of organization is more expensive, it allows the groups to better serve their customers. Each product group has one executive in charge who reports directly to the company's president.

In ICRC (International Committee of the Red Cross), careers evolved informally through interpersonal networks and were driven by opportunities. Most of the recruits stayed in the organization for 2-3 years, so not much effort was put into development of management.

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In 2007 - 2010, the new strategic plan made clear the challenges of HR management establishing three main priorities:

Multidisciplinary action

Greater accountability

Increased efficiency through result based management

It also made clear the role of headquarters (HQ) which should be centralized or decentralized, policies and procedures which needed to be standardized to achieve efficiency and coherence across operations while ensuring the flexibility needed to respond aptly in a competent and capable manner.

The ICRC culture was critical to upholding its mission of neutral independent humanitarian action - NIHA. This culture overrode any concerns relating to growing diversity. ICRC starts in the field to identify local needs and then begins with a bottom-to-up approach in the hierarchy.

According to Forsythe (2005) " Performance is not about profit but about survival and integrity of individuals and group of people."

The organizational structure of the ICRC is not well understood because of its organizational secrecy. The structure itself is enough mutable and has been prone to changes. The Assembly and Presidency are two stable institutions, but the Assembly Council and Directorate were created only in the latter part of the twentieth century. Decisions are often made in a collective way, so authority and power relationships are not set permanent.

The Directorate is the executive body of the Committee attends the daily management of the ICRC. The Directorate consists of a Director-General and five directors in the areas of “ Operations”, “ Human Resources”, “ Financial Resources and Logistics “, “ Communication and Information Management”, and “ International Law and Cooperation within the Movement”. The members of the Directorate are appointed by the Assembly to serve for four years. The Director-General has assumed more personal responsibility in recent years, much like a CEO, where he was formerly more of a first among equals at the Directorate.

The Red Cross reflects the Swiss values such as autonomy, egalitarian and consensus seeking. The ICRC achieves its mission through three main field activities Protection, Assistance and Prevention.

Q2. Critically evaluate the reliability and validity of HR practices/ methods being used

Assessment methods including personality questionnaires, ability assessments, interviews, or any other assessment method are valid to the extent that the assessment method measures what it was designed to measure.

Reliability is defined as the extent to which a questionnaire, test, observation or any measurement procedure produces the same results on repeated trials. In short, it is the stability or consistency of scores over time. Keeping in mind that reliability pertains to scores not people. Thus, in research we would never say that someone was reliable. As an example, consider judges in a platform diving competition. The extent to which they agree on the

scores for each contestant is an indication of reliability. Similarly, the degree to which an individual's responses (i. e., their scores) on a survey would stay the same over time is also a sign of reliability.

Validity is the variation between what a test measures generally and what it is basically supposed to measure.

This variation occurs when:

The design is insufficient for the intended purpose, and

The test is used in a context or fashion which was not intended in the design.

For example, a test that is used to screen applicants for a job is valid if its scores are directly related to future job performance. There are many different types of validity, including: content validity, face validity, criterion-related validity (or predictive validity), construct validity, factorial validity, concurrent validity, convergent validity and divergent validity (Allen, 1979).

Content Validity pertains to the degree to which the instrument fully assesses or measures the construct of interest. For example, say we are interested in evaluating employees' attitudes toward a training program within an organization. We would want to ensure that our questions fully represent the domain of attitudes toward the training program.

Face Validity is a component of content validity and is established when an individual reviewing the instrument concludes that it measures the characteristic or trait of interest. For instance, if a quiz in this class comprised items that asked questions pertaining to research methods you

would most likely conclude that it was face valid. In short, it looks as if it is indeed measuring what it is designed to measure.

Criterion-related Validity is assessed when one is interested in determining the relationship of scores on a test to a specific criterion. An example is that scores on an admissions test for graduate school should be related to relevant criteria such as grade point average or completion of the program. Conversely, an instrument that measured your hat size would most assuredly demonstrate very poor criterion-related validity with respect to success in graduate school

Construct Validity is the degree to which an instrument measures the trait or theoretical construct that it is intended to measure. For example, if one were to develop an instrument to measure intelligence that does indeed measure IQ, then this test is constructed valid. Construct validity is very much an ongoing process as one refines a theory, if necessary, in order to make predictions about test scores in various settings and situations.

Reliability is necessary but not sufficient for validity. That is, for something to be valid it must be reliable but it must also measure what it is intended to measure (Nunnally & Bernstein, 1994).

According to Alfred (1929, p. 259) psychological tests fall into 2 main categories:

Achievement and aptitude tests and

Intelligence test or IQ tests

Achievement and aptitude tests are usually seen in educational or employment sectors. These tests attempt to measure how much a person knows about a particular topic (e. g. achieving knowledge in mathematics or grammar) or how much ability it takes to master a material in a certain area (e. g. about mechanical relationships).

Intelligence or IQ tests attempt to measure the basic understanding of the world around, assimilating it's functioning, and applying this knowledge to enhance the quality of an individual's life.

It enables the individual to profit by error without being slaughtered by it. Intelligence, therefore, is a measure of a potential, not a measure of what you have learned and so it is supposed to be independent of culture.

Q3. Advise both companies as to how they may benefit by adopting competency and diversity based employee resourcing policies and practices.

Competency Based Employee Resourcing:

Competencies: " The behaviours and technical abilities that individuals must have, or must acquire, to effectively perform work" (CIPD 2012)

Competency based Resourcing (CBR): Resourcing/recruiting on the basis of each individual's competencies. The main role of an organisation's CBR is to manage employees all the way from " hire to fire/ retire"

However, this type of resourcing is common to many companies worldwide but what has been gradually become the significant point is how these

companies apply these CBR approach across various HR activities (See Exhibit 1)

Microsoft Corporation: One of the key advantages of Microsoft has been the quality of employees. The firm adopts extraordinary measures to recruit it`s staff that possess strong skills, knowledge and intellects. It always strives to find smart individuals who know the technology and the company (Davenport. T, 1997) They need extremely top level competencies due to fast growing technology and competitors. Several other IT companies have always been strong competitors for Microsoft since beginning. The strategic planning and organising aided Microsoft to remain as the “ Highly successful global software firm” (Davenport. T, 1997) It has believed in efficient staff right from the start to ensure its stability. Now, the company uses a project called Skills Planning “ und” Development (termed as “ SPuD”) led by Susan Convey, Program Manager at Microsoft. SPuD is focussed on competencies required and acquired to stay on a leading edge of workplace. The SPuD’s initiative is supported by another group called “ Learning and communication resources” (LCR) which manages the training and development of IT staff

Concepts to the SPuD project:

- Building the structure of competency types and levels
- Determining competencies required for particular jobs
- Rating performance of staff in their tasks depending on competencies
- Implementing knowledge competencies in an online portal

- Linking of model towards learning offerings (Davenport. T, 1997)

The ultimate objective of this model is not just to test it but to transfer and build knowledge of the staff. Thus, when employees are aware of what competencies are expected from them, then their interest in educational offerings within Microsoft and outside is boosted. (Davenport. T, 1997)

The International Committee of the Red Cross (ICRC): A neutral, independent organisation supporting humanitarian protection and assistance for victims of war and internal violence based in 80 countries and active since 1863.

(Geneva Business News 2009)

Being a humanitarian organisation, ICRC concentrates more on personal qualities and/or “ soft skills” while recruiting staff. It focuses on qualities like motivation, attitude, stress management and leadership abilities. Skills like team work, adaptation, negotiating and analysing etc. As competencies here are more of personal qualities rather than technical, their ways of evaluation, selection, training & development varies.

During early stages, ICRC recruited French speaking Swiss degree holders in their early 20`s whose degree was basically in political science/law/economics. The new recruits are in late 20`s speaking more languages and possess a specialised degree. (Kim & Schneider, 2009)

According to me, Not much CBR found during ICRC`s initial stages but this gradually changed along with global expansion and international partners. Now ICRC follows an effective CBR due to increasing needs and is benefitted in various criteria like ensuring appropriate staff at appropriate time and

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location, obtaining international funding, creating new opportunities and encouraging new people to join.

Diversity Based Employee Resourcing:

Diversity: Similarities and differences among employees in terms of many diversity dimensions like age, cultural background, ethnicity, race, religion, income, marital and parental status, physical abilities, experience and qualification, sex, and sexual orientation (Foot hill-De Anza Community College District, 2004)

Equality: It is that the people must be treated equally regardless of the above dimensions.

Diversity gains importance when it is utilised as a source of success.

Microsoft Corporation: Microsoft has always been promoting and integrating global diversity across all levels within the organisation.

“ Microsoft strives to understand value and incorporate differences each employee brings to the company so that it can build the greatest multicultural workplace in technology and reflect the growing diversity and inclusion of its communities and the global marketplace.”(Microsoft Diversity Mission Statement)

“ Microsoft’s executives are committed in ensuring that diversity and inclusion is a part of their business, from acquiring and retaining talent to serving customers and developing products. They see diversity and inclusion

as a long-term strategy that will help in success of the company. (Microsoft, 2012)

To ensure the Global Diversity and Inclusion strategy works, the company has Employee Resource Groups (ERG) and Employee Networks (EN). They work collectively ensuring diverse features are included in business marketing, operations and product development areas. According to the company`s data, they comprise of several ERG groups e. g. Asians ERG, Blacks ERG, Disabled ERG, Gay, lesbian, transgender ERG etc.

EN`s are more specific to country such as Africans at Microsoft, Japanese at Microsoft, Chinese at Microsoft, Singaporeans at Microsoft etc. These groups provided mentoring, networking and community outreach. Microsoft in 2009 was named as one of the 100 Best Companies for working Mothers by Working Mother (working mother magazine 2009)

After they acquire diverse work groups it is very important to retain them. The differences in workplace have to be dissolved and valued to ensure everyone`s needs are met. Greater the value given to diverse groups, greater could be the output as the stress and discrimination are minimised. Microsoft hosts several events and other programs such as career breaks, flexible work arrangements, legal assistance, medical care, diversity education etc. to provide its staff a better environment.

Finally according to me, Microsoft has always been a great place to work for many people across the world. The company has strived to encourage the new talent, no matter where they belong from. When the organisation

adopts an effective diversity management strategy as Microsoft does then there is definitely a chance of leading the global market.

The International Committee of the Red Cross (ICRC):

Diversity has been an issue for ICRC. As a global organisation, there is always a great need of diversity. In the early 1990's the expatriates were mainly Swiss. The Headquarters at Geneva even today is composed of very few Non-Swiss staff. However, development of international relations has reduced the need for exclusively Swiss expatriates. Then ICRC developed a policy of open recruitment. In 2003, 49% of newly hired delegates were not Swiss. Among expatriate staff, 52% are Swiss and 48% came from 94 other countries. (ICRC, 2004)

“ Diversity is an asset; we need to make the most of it as the emergency situations vary in nature and magnitude that pose varied humanitarian needs. Thus, the diversity of staff improves the flexibility and the appropriateness of response. There is no “ one size fits all” (Gnaedinger. A 2006)

Gender: Delegations and top management personnel are male dominated. Though there is major increase in the number of women recruits, higher the hierarchy level, fewer the women. (Exhibit 4)

Since late 1980's, efforts have been continuing to promote gender equality. Depending on the situations, they send females to the field as there are many situations where males are needed during war and other emergencies. However ICRC is now looking into overcoming this gender diversity and look forward for its objectives.

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Q4. Compare and contrast the Human Resource challenges facing these companies dealing with global and local markets

Human Resource (HR) is affected by wide range of issues due to the fluctuations in the local and global market. In the case study of Microsoft and International Committee of the Red Cross (ICRC) several challenges for HR management were revealed. However, the research has shown that the HR managers have to meet a series of challenges.

Microsoft Corporation:

At Microsoft, the HR department is made accountable for maximising the value of their people asset to drive business success. Employees at Microsoft are recognised as the intellectual fuel and are provided with an assortment of benefit plans and resources that are designed to retain them. Recent changes that have happened at Microsoft, sometimes attributed to recession, indicate a move that could change the way Microsoft is looked at.

Some of the significant challenges faced by Microsoft are given below.

Retrenchment Strategy

Microsoft blamed the “ deterioration of global economic conditions” for cuts, which left shares in Microsoft down by 6. 4% in early trading in New York. (The Telegraph, 2009) “ Economic activity and IT spend slowed beyond our expectations in the quarter, and we acted quickly to reduce our cost structure and mitigate its impact,” said chief financial officer Chris Liddell, adding that the company expects the difficult trading environment to persist until at least the end of June.

In addition to the staff costs, Microsoft has also planned to reduce its spending elsewhere in the business. Chief executive Steve Ballmer had also informed its 91, 000 employees in year 2009 through letters that the company will cut its travel cost by 20%, and will reduce expenses on vendors and what he called “ contingent staff.” Microsoft adopted this retrenchment strategy during the year 2009 and had scaled backed the expansion of its Puget Sound site in Washington state, and had also reduced its marketing spending.

These retrenchment strategies have emerged as a challenge for HR. Cost cutting adopted by the company was not truly a remedy to the problems but instead it created a low employee morale and motivation.

Invest in leadership development

Microsoft’s success is based on the effectiveness of their employees.

(Forbes, 2012) “ Whether you believe leaders are born or made, companies still needs to invest in their best employees to develop and sustain leadership qualities. Real leadership training involves exposing your best employees to an immersive leadership environment.” It all involves a huge investment and a long-term planning by the HR department to build a best team and to invest in them to make them better. Investment in leadership is a continuous challenge for HR as they have to adopt innovative techniques so that their workforce is appropriately skilled.

Financial Loss

For the first time ever in its history as a public company, Microsoft has reported a loss per share. (Kulbir Bora, 2012) “ Microsoft posted a net loss of

\$492 million announced during its financial results quarter ending June 30, 2012, despite posting record revenue of \$18.06 billion. The Redmond Company confronted the loss due to the write-down it took because of its failed aQuantive acquisition, an advertising business Microsoft acquired in an effort to catch up with Google's ad business."

Financial situations like this can send a bad message out in public and can create a fear and insecurity in the minds of stakeholders. This can create further challenges for the management. During these hard economic times, Microsoft may have to lay off more employees. Situations like this can create more challenge for HR department as they may lose a huge pool of most talented individuals.

The International Committee of the Red Cross (ICRC)

There are enormous challenges that HR management is facing in ICRC. Most of these challenges differ that from Microsoft. HR policies used by ICRC are no more sustainable in current climate. HR management in ICRC is not as effective as of Microsoft. HR professionals in ICRC cannot ignore these challenges. Senior management must take some concrete steps to overcome these challenges. By doing so they will bring values to the organization and their contribution will definitely make difference in the performance of HR activities.

HR challenges of ICRC:

clarifying roles and responsibilities

putting in place a result-based management system

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increasing the number of staff available for rapid deployment

reinforcing the geographical and hierarchical mobility for staff members

to provide management development and career planning to align individual interests and competencies (with organizational needs and priorities)

growing diversity, particularly with regard to promoting women to top management positions

Following are the tough challenges for HR in ICRC.

Developing and Retaining Employees

The ICRC operations success mostly depends upon the appropriate use of HR. The skills required by the ICRC employees are quite different from that of Microsoft employees. There is always a shortage of qualified workers both in local and global market who are ready to work for ICRC. The HR scarcity thus results in delays in recruiting suitable candidates. The tendency is to fill some positions on the basis of who is available, rather than who is appropriate for the task.

The challenge for ICRC HR management does not stop only with recruiting the right people but also with how they are going to measure the performance of their employees. To create a performance culture is also a challenge for the HR managers.

Funding

Funding is a lifeline for ICRC. Funding has been becoming a major issue for ICRC as several main donor States have been hit by the world economic

crisis. (Annual Report, 2011) Fallen funding has forced ICRC to reduce its initial field budget for 2011 by 80 million Swiss francs, a reduction of 7.6 per cent from the originally budgeted amount of 1.046 billion francs. These budgetary challenges lead to staff reductions and left HR department under tremendous pressure, putting its existing way of functioning under severe strain.

Conclusion

The findings clearly highlight the HR challenges faced by both companies in their operations. In Conclusion, it is essential that organizations develop their people-based strategies in order to achieve long-term economic performance. Microsoft and Red Cross will face several challenges of HR in the coming millennium. How well they manage in an increasingly global and local market will impact how well their organization does in the marketplace.

Appendices:

Exhibit 1

Recruitment and selection

Training and development

Career growth

Performance management

HR planning and organising

Organisations future goals and objectives

(Source: CIPD 2012)

Exhibit 2

Types of competencies used in SPuD's model :

(Source: Davenport. T, 1997)

Exhibit 3

ICRC personnel in 2009:

12, 184 staff members in over 80 countries

Expatriates: 1, 453 people

Men: 56%; Women: 44%

Over 100 different nationalities

Delegation employees: 9, 908 people

823 staff at headquarters in Geneva

(Source: ICRC, 2010)

Exhibit 4:

Gender balance at ICRC

Geneva and field: All expatriate staff

1998

2003

2008

Women

45%

45%

45%

Men

55%

55%

55%

Field: Heads of office, heads of sub delegation, heads of delegation

1998

2003

2008

Women

20%

20%

32%

Men

80%

80%

68%

HQ: directors, general delegates, heads of operation, heads of division

1998

2003

2008

Women

16%

26%

29%

Men

84%

74%

71%

(Source: Kim & Schneider, 2009)