

# Royal mail group: human resource structure



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The Royal Mail group belongs to the UK government. It is a public limited company which has seen lot of success in past years. The degree of success was clearly reflected in the account of its annual turnover. In spite of its success in the past, Royal Mail group have also witnessed higher degree of competition through its years. As it is not the time when King Henry (eight) established Royal Mail back in 1860s, it was very much necessary for the company to grow with the new advancement and sophisticated technology. The strategy they made and implemented was restructured according to the new level of demand and necessity of their customers. It was in 2006 the company first introduced the online postage system in which the customers can pay online. The stiff competition from the competitors sided by the change in status of the monopoly which the company have enjoyed before 2006 weakened the strength of the company. Modernisation was a major necessity to defend the pressure of competition from the competitors but company was not able to procure much fund for restructuring. Company have seen deficits in pension funds too. In 2003, a part of the Royal Mail group was privatised. In 2006, about 14 private operators were allowed to participate in the working of the company.

## **HUMAN RESOURCE STRUCTURE**

An organisation should hold the unique strength of efficient recruiting which steps it out to a new level of development. It should involve group coordination sided by developing leading power and talent. Innovative ideas should be given room for development and should create an environment to develop that culture. As this sort of organisation requires lot of effort from their staffs to stick on to their strict time lines, HR management should be

the top priority management agenda. A company with good reputation helps it to attract the cream of the labour market. Identification of the core requirements by the Royal Mail enabled them to frame a new set of HR strategies from 2005,

HR management in Royal Mail is mainly divided into 3 functional areas. It worked with People and Organisational Development Services.

The organisation mainly focused on developing the prior HRM skills such as leadership quality, diversity and developing the organising talent. Business partners were the HR managers and they were assigned to different business locations. Combining with the strength of HR strategy, Royal Mail believed that they can reap the benefits of identification of the areas where the improvements should be made. Current state of the organisation can be closely studied with evidence based HR management approach.

Employee assessments have been made and their performance was made into account. The findings were as follows which turned to be the organisation's HR strategy;

1. HR functions should include some "hard skills" relating to finance. It is essentially a quantitative aspect of human resource management. HR manager should be successful in knowing the operations which is being done in an organisation. This focuses mainly on calculative aspects. HR manager should prove his credibility in business development too. He should have the ability to manage the employees in a rational manner.
2. Basic HR function should possess some "soft skills" which is essentially a qualitative aspect of human resource management. It is mainly

confined with employee feedbacks, assessing works and reporting their performance. Good leadership is an essential characteristic of soft skill. Good communication with the workers boosts the relationship of manager to the workers to a great extent. Soft skills help to achieve higher work motivation and commitment. Congruence or a state of agreement should be present in the organisation as the workers in the Royal Mail should be fully content with their positions.

## **MODE OF RECRUITMENT**

The criteria used by Royal Mail organisation for selecting a suitable candidate are as follows;

1. Through advertisements job vacancies are communicated. Each job has a reference number. In Royal Mail website, using this reference C. V can be uploaded.
2. If the reference number is unknown then candidate can search through and find out the suitable post to apply.

If there is no job available at a certain point of time, provision for dropping of email id is given as when such vacancies are open, candidates are communicated through mail. It is cheap, focussed and quick mode of selection.

By this method applications are selected, screened and interview is conducted by HR managers for recruitment.

Human resource strategies developed by Royal Mail organisation was subtle. Professional development is given more importance with the effective use of business tools and technical skills. Hence training of the employees is done

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and performance is monitored. Performance appraisal is regarded as one of the top agenda of HR management. Training is structured in such a way that it includes class room training, seminars, teaching and the specialised coaching of encouraging the employees to understand their potential and hence upgrade their skills.

They have given many supports and services like performance related pay bonuses and pension scheme. They have failed in the implementation of strategies due to the following reasons;

1. Pressure from the trade unions.
2. Deficits in pension fund.
3. Bad communication.
4. lack of fund to pay salaries.
5. Inefficiency in managing work force.
6. Redtapism

## **EMPLOYEE BENEFIT RELATED ORGANISATIONAL FUNCTION**

To improve the commitment and psychological satisfaction of the work group, monetary considerations were channelized in such a way that it improved the motivation and role perception. Employees are given opportunity to pursue academic study which is seemed to be helpful for their position. They are paid in their study leave too. Financial support is given for the study.

Independent support is provided by the organisation for health of employees in relation to the job, traumas, debt etc. Employee consideration was taken into account while framing the HR strategy.

As one of the topmost organisation in UK, employees got discounts and offers in a wide range of products and services.

The Royal Mail is located in easy location which helps the employees to come to work very easily. While working, some roles are paid shift allowances and mostly in flexible hours.

Pension plan was developed and employees were made to contribute. Based on contribution, employee pension was paid by the organisation.

After joining the Royal Mail, an employee is entitled to 4.5 weeks paid holidays per year and 8 bank holidays for the first five years. Option for purchasing extra holiday is given to employee to raise the entitlement upto 6 week maximum. By framing this sort of relaxation avenues, employees are likely to be more productive in work life devoid of stress.

Flexible timing is developed by the organisation in which the employee can choose the timings as it allows them to adapt the time to meet their family needs too.

The remuneration for the employees was not a standard one as per employee reviews as there was protest from the part of union regarding pay, modernisation and conditions in the organisation.

Apart from the HRM core issues, secondary issues like health and safety, employee welfare etc should be taken into consideration while framing the HR strategies of the organisation. For gaining good competitive advantage, the satisfaction of employees should be reaped and this should be attached to the corporate plans while framing a HR strategy. Royal Mail was not very successful in reaping these benefits due to inefficient strategy formulation and lack of finance. For example: deficits in pension fund made the existing employees very much concerned about their future in the company. Belief in the organisation tends to decline which resulted in lack of motivation and commitment to work. Employee relation based on expectation and understanding failed.

## **CHANGES IN HR PLANNING**

Human resource is the vital component of an organisation. The approach taken for the implementation of HRM should be adapted according to the business environment rather than a traditional defensive mode taken by the Royal Mail organisation as before. According to the economic view of implementation of human resources, Labour input cannot be measured purely in terms of workers employed in a particular job. It is not at all necessary that the labour input is directly proportional to the quantity produced in a production scenario as there is law of diminishing returns.

To acquire the full efficiency of human resources in the organisation, there was some HR planning put into effect in 2005. The organisation was very successful in reducing the money spend on human resources by fifty seven million pounds in just 2 years. It was framed as a part of business transformation which included reducing absence rates, slashing head counts

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in HR etc. There was a significant improvement in HR to employee ratio from 1: 75 to 1: 130.

HR planning was fruitfully implemented in the area of education sided with training and improvement in sickness absence. A three point plan was framed to prevent inefficiencies and introducing HR business partners into each area. The job description development and person specification is found to be the unavoidable part of HR planning. The repetition of tasks were monitored and prevented. A central shared service was created which brought all the experts towards the head office human resource team to point on strategies.

The HR structure was restructured with business partnership and management change. In 2008, the Royal Mail organisation has become the toughest arm by employing 200000 plus workers.

## **RIVALS AND COMPETITION**

Royal Mail was facing competition for many years. Counting from DHL , TNT the Royal Mail organisation has got a long list of rivals. Common complaints about the Royal Mail organisation were the unsatisfaction with the delays of the couriers, very short working hours, low level of customer service and unplanned delivery without a proper tracking system. The competitors in the field utilised these drawbacks and worked on it to made it as their main advantage. They concentrated in building up a business structure which was mainly build upon the basement of customer satisfaction and identification of their need. The work force in the company was trained and developed in such a way that the blend of HR ideas reflected in their working. Group



coordination and subtle implementation of business strategy made them more powerful in capturing the market share more easily. Many of large organisations were looking for a better service provider so that their packages are delivered in a better and safe way. This became a concern to Royal Mail. For example, TNT managed to get high profile esteemed customers like Centrica and BT within a short span of just 6 years. It is continuously investing more funds in the sorting and processing technology.

The Royal Mail have introduced the online stamp systems as a part of modernisation but the studies on customer reviews made it clear that the idea was subtle but the steps or the procedures involved in the purchase process is horrible. Improper implementation of ideas also counts very bad in the world of business. As now TNT handles more than 270 million items in a month and it is looking for more efficiency by building up a centralised distribution hub. As in the case of Royal Mail, a well established organisation which have a good history is still working on to improve its efficiency in all aspects of its working. Developing a competitive work force was the only solution for Royal Mail to raise from the edge of disaster.

New HR strategies were framed and the focus fall upon the workforce. The need of transformation was identified and HR was a priority for them. Recruiting was done to get the competitive work force and training was given to them to make them adaptable to the changing environment. Expert team was employed to know the weaknesses. The main weakness which was figured out was the lack of customer focus and the dissatisfaction of them derived as a result.

## **WITHSTANDING RIVAL COMPETITIONS**

The quality of work and the scalability of costs were discussed among the executive committee.

The pressure of competition was well known by the Royal Mail groups. To better their current position the trade off between the quality and efficiency were pointed out in the organisation and greater care was invested to perform the task specifically by taking into consideration the scopes and the risk involved in the business.

It was leadership which was given importance to asses and develop operational managers. As a reform to introduce more technical tools, a computer based operational organisation simulation was set up. It identified the needs for development and the steps needed for improving the existing plan or replace the current plan with some other advanced plan.

Next step was the design of leadership workshops which involved mainly scoping the identification of the current market situation and industrial relation for this time. Changes in the business plan of Royal Mail sided by the change in the management approaches and their practical implication was pointed out. These steps which were taken provided the foundation of the approaches they have taken later.

Knowledge about the business and its new scope has to communicated with the managers. In spite of great competition and regulation, the need for the managers to become more creative and make them ready to face the challenges was necessary.

The operation manager played an important role in the management structure. They are actual backbone of performance. For stimulating high performance in the organisation, more concern was given to capability of the managers. Further concern was focussed on whether they are able to work with the surroundings if they are good in doing their job in high standard. So the need of making the workers more supportive with group coordination was also given attention. New performance standard was set up through lot of research and assessment. The priority was given to regain the operational control. they were investing their time to get the best output.

Assessment is often a tough task in a management structure. There are various tools and methods to find it out. However, the Royal Mail was very much careful in the process as it wanted to be fit “ for the purpose” and should involve realistic time demand both for the people involving in assessment and the people who asseses.

The final step was to develop a selection process to fetch new managers as per vacancies. The key qualities was identified and developed. Performance appraisal was well designed to assess the performance level too.

Some sort of changes in approach taken by organisation were as follows,

- Protection of the universal service – The need of the customers was taken into consideration and covered issues which ranged from the services provided to customers, its affordability to them the quality of service through efficient use of human resources.
- Market analysis – investigation of existence of any failure in operation of organisation.

- Regulatory safeguards – Giving more concern to the necessary protections for the people and the other companies in the same field.

## **OPERATIONAL PERFORMANCE**

Royal Mail made a performance improvement programme which was sponsored by its management and union. Root cause for the operational failure was closely analysed and studied. Based on the studies new methods and approach which has to be used in the three years programme to put in track the new action plans jointly by the Royal Mail group and the union to contribute to greater performance in the working.

Training the internal project teams in the working process was made to build up models for efficient working. Strategic HR solutions was developed in the organisational development, learning and managing talent, development which gives light to business plans. Front line managers, staffs and union members were involved in the business meetings. This contributed to make the employees feel like they are the vital part of organisation which in turn boosted their commitment to the organisation and greater motivation level in working with the group.

A new corporate strategy function was created and implemented. This mainly involved:

1. coaching of directors.
2. Planning and integration in the strategic programmes
3. conducting capability testing on a pilot basis in divisions of management.

4. Creating more realistic and practical approach to alter the working in various division.

## **EFFECT OF RECESSION**

Royal Mail had seen a dramatic down trading in its business in the country. Customers began to abandon the first class post as it was not affordable in recession. Even the Royal Mail organisation had admitted the truth. The recession trends shown the volume of customers sending letters began to shrink at a steady rate or switching on from first class services to second class postal services. The situation had become even worse as the customers were switching on to emails and internet based social networking sites. In addition to the chaos created by the strikes, the recession made the organisation's position even worse. However a combination of modernisation which accounted in cost reduction and slight price changes sided by good product mix helped the company to increase its profit.

As the company was undergoing a very tight financial position, it was not possible to increase the wages. The reward system existed at the time was unlikely to change. In 2008, the mail market in United Kingdom fell by eight percent. Royal Mail was intending to cut up 16, 000 jobs as a part of huge cost cutting plan. Quality of service of the organisation would be hampered by such a plan.

## **WITHSTANDING RECESSION'S EFFECT**

Royal Mail organisation planned to raise the price of the first class and second class stamps. Another important decision was to cut down the

middlemen's commission. These decisions were prone to pressure from four walls which made the condition of organisation even worse.

The recession had given opportunities for organisational development in the company. The professional development was made possible. Flexibility and the knowledge of the employees was boosted. Training was given to employees at the time of recession so that they got time for skill updating.

Many new developed sorting machines were introduced by which more than eighty percent of the mail were sorted automatically.

Modernisation was given priority which resulted in installation of intelligent letter sorting machines. New technology was introduced to sort more A-4 sized mail which also included magazines and some catalogues. Hand held scanners were introduced which recorded the confirmation of delivery within a short span of time. Reading of bar codes of special delivery was made possible with these scanners.

As a part of nurturing development Heathrow world wide distribution centre was set up which involved high technology facility for the mailing services. The importing and exporting of the mail was done systematically removing the unsatisfaction of the customers which existed before. Flexible working hours was designed so that the workers get greater commitment to work as they get time for their family too. This enhanced their motivation level.

## SWOT ANALYSIS

SWOT is the method used to evaluate the strength, weakness, opportunity and threat an organisation possess. SWOT analysis of Royal Mail carves out the following attributes;

- Strength – Monopoly it has enjoyed for 350 years count its goodwill and brand name. Good location of organisation, good benefits package that is being provided to the employees.
- Weakness – Inefficient senior management, too much politics, bad communication, bad delivery, delay in delivery due to inefficiency, lack of control.
- Opportunity – Lack of opportunity of business development in post mail market. The number of people depending on mail services decline at a faster rate.
- Threat – High competition from strong competitors like TNT, DHL etc. Modernisation remained as a question mark as there were deficits in fund for paying salary and pensions.

The financial position of the Royal Mail has become more worse in the time span of 2005 to 2010. It was in 2008, one of the high profile human resource director, Kevin Green walked away from the Royal Mail organisation.

Previously it was Tony McCarthy. Lack of healthy interaction with the trade unions resulted in poor industrial relation. Every employee seeks to improve their returns from the organisation and when such promotional aspects are absent in an organisation it is more likely that the employee move from one organisation to another. This might be the thing what happened in Green's case. Privitisation of the Royal Mail has become a necessity as the mail

volumes were falling at a faster pace, low investment, low efficiency and there was huge deficits in the pension fund too. In march 2009 the defecits in the pension had been figured around 10 billion pounds. At the time organisation had about 176000 employees.

The sorting and delivery process were decided to be handled by a new independent firm. It was obvious that outside investors maintained majority of share and the rest was given as a share to Royal Mail staff. This was a good practical application of HR strategy as it helped the employees to work more efficiently as they have to work for their own company. CWU trade unions opposed the privatisation decision as they feared that the plan would devastate the services given by Royal Mail. The trade union was even more concerned about privatisation as there were possibility of job losses for staffs and more pricing for the customers. Still chaos continuous in the Organisation.