

# Human resources management in marks and spencer | research



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## **Background**

Marks & Spencer is one of the leading retailers of the UK. About 21 million people visit their stores every week. They operate around 895 stores around the globe. 600 of these stores are in UK while 295 of these stores are operated in countries outside UK.

The first Marks & Spencer store was opened in the year 1894 at 21 Cheetham Hill Road, Manchester. The company was formed by a partnership between Michael Marks and Thomas Spencer. Marks were a Litvak Jew from Poland and Spencer was a cashier from Yorkshire.

Marks & Spencer is the largest clothing retailer in United Kingdom. It is also an upmarket food retailer. It is the 43rd largest retailer in the world. Now Marks & Spencer has diversified into homewares, furniture and technology.

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In the year 1998, Marks & Spencer posted a pre-tax profit of GBP 1 billion. This was the first time that a British retailer was able to do so. Marks & Spencer is listed on the London Stock exchange.

Since the beginning of the 21st century, Marks & Spencer has managed to have a turnaround. It posted substantial profits over the last five years. In the year 2008 the Time magazine ranked Marks & Spencer as seventeenth in the list of top 100 graduate employers.

Marks & Spencer believes in the philosophy that the customer is always and completely right. Most stores of Marks & Spencer also feature some sort of hospitality offering like M & S café and Espresso bars.

Post the economic crisis, Marks & Spencer has renewed its focus on cutting costs and improving efficiency. The company closed down many of its unprofitable stores , like the ones at Ripon and Balham, in early 2009 as part of cost-cutting measures.

The human resources management plays a great role in achieving such cost efficiencies. After the financial crisis, the consumers in many developed markets of Marks& Spencer have become prudent. Savings have increased and the extravagant, reckless consumption seems to be a thing of the past. In such a scenario, retailers aim at capturing a greater share of the customers' consumption.

The United Kingdom, which is the domestic and the most important market of Marks & Spencer, was severely hit by the economic recession. The U. K. economy has still not come out of the throes of recession.

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The dissertation will look into the effectiveness of human resources management in Marks & Spencer. How has the human resources management at Marks & Spencer helped in the achievement of the objectives of the organization?

How has human resources management contributed to the creation of value for the stakeholders of the organization? Has the human resources management at Marks & Spencer achieved the objectives of the human resources function?

Does the human resources management at Marks & Spencer follow a strategic approach to human resources management? This dissertation will explore in depth the role of human resources management in Marks & Spencer.

In the intensely competitive and dynamic retail industry the importance of employees as human resources is increased significantly. The employees act as the interface of the company with the customers. If they fail to satisfy the customers then the organization will fail to exploit the lifetime value of the customers.

The human resources management strategy at an organization like Marks & Spencer is an interesting subject for academic research. This topic is very important from an empirical point of view. The human resources management function in organizations is changing. From a transactional function it is evolving into a strategic one.

My personal reason for choosing this topic was that I wanted to understand the role that human resources management plays in a retail organization. The human resources management of such an organization will be effective only if it is able to achieve its objectives.

The main objective of this research will be to determine the degree of effectiveness of the human resources management at Marks & Spencer. The research will achieve this objective by investigating into the following questions:

Q1) To what extent has the human resources management at Marks & Spencer helped in enabling the company to perform well on all the parameters of its balanced scorecard?

Q2) Does the human resources management at Marks & Spencer strategic in its approach?

Q3) Has Marks & Spencer succeeded in transforming its human resources management into a source of competitive advantage?

Q4) What are the strategies that the organization predominantly uses in its human resources management?

Q5) How effective has been the human resources management at Marks & Spencer in creating value for all the stakeholders of the organization?

Through the above questions the dissertation will strive for achieving the objectives of the research. The human resources management at Marks &

Spencer will be deemed to be effective if it makes a significant positive contribution to the achievement of the objectives of the organization.

This can only be done if the human resources management is able to contribute to stakeholder value creation process of Marks & Spencer. The main stakeholders of Marks & Spencer are: customers, employees, shareholders, suppliers, community and the state.

Human resources management in the retail industry can become a source of much needed competitive advantage. The human resources management strategies also need to be tailored according to the marketing strategy of the organization.

The choice of the human resources strategy is also influenced by the choice of the competitive strategy. Employees are the most important link in the chain of implementation of the competitive strategy of the organization. The human resources and the human resources management are therefore in every aspect of the organizational performance.

## **Literature Review**

Human Resources Management is the management of the human resources of the organization. The earlier avatar of human resources management was personnel management. But the nomenclature was changed to human resources management when it was realized that the employees are one of the most important resources of any organization.

Another definition of human resources management defines it as a set of processes that employ people, develop their capacities and manages them

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so that they are able to fulfill the requirements of the job and the organization.

There is a link between human resources management and the organizational performance. This gives a strategic twist to the role that human resources management plays in organizations. It is not limited to transactional role.

The objective of any transactional function is to be as efficient as possible i. e. they aim for lowest costs. On the other hand a strategic function also aims to be effective. Effectiveness means doing the right things.

An effective human resources management is one that is able to contribute positively to the organizational performance. An effective human resources management influences the performance of the organization on all the parameters of its balanced scorecard [Becker, B. and Gerhart, B. (1996)].

The strategic human resources management plays an important role in boosting the productivity of the employees. This enhanced productivity of employees is translated into enhanced organizational productivity which results in greater shareholder wealth and more stakeholder value (Paauwe, 2009).

Pfeffer (1994) says that there are seven best practices for achieving competitive advantage through people and building profits by putting people first. According to Pfeffer these seven practices are:

1. Providing employee security.

2. Selective Hiring.

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3. Training.
4. Sharing of information.
5. Self-managed teams.
6. High pay based on the organizational performance.
7. Reduction of status differentials.

If the human resources management of the organization follows the above seven best practices, it will become a source of competitive advantage for the organization [ Pfeffer, 1994]. Pfeffer approach is the best practice approach to strategic management.

Organizational performance will be improved if there is a close vertical fit between the human resources management practices and the strategy of the company. This is the best fit approach to human resources management.

The lifecycle approaches to human resources management propound that HR practices, policies and processes can be mapped onto the stage of an organization's development or lifecycle (Kochan & Barocci, 1985).

Different human resources management strategies suit different stages of the organizational lifecycle. A growing organization needs a different human resources strategy from an organization that has matured (Storey, 2007).

Different competitive strategies also require different human resources strategy. There should be a ' best fit' between the competitive strategy and human resources strategy of the organization (Paauwe, 2009).

The configurational theory argues for an approach that involves a close examination of the organization's strategy so as to determine the



appropriate human resources strategy for the organization. (Delery & Doty, 1996)

The human resources strategy is drawn from the strategy of the organization. This forms the crux of strategic human resources management. The Resource Based View (RBV) considers human resources as the internal resources of the organization.

The human resources can be used to create a sustainable competitive advantage for the organization that is difficult to imitate by the competitors. The human resources management plays the pivotal role in the management of the human resources of the organization.

The objective of human resources management in every organization is to attract and retain the best employees so that the organization can be effective in achieving its objectives. Dave Ulrich (1996) defines human resources management in terms of its four dimensions.

The four dimensions of human resources management, according to Ulrich are: change management, employee champion, administration and strategic business partner. It is in the role of strategic business partner that human resources makes the greatest contribution to the organizational effectiveness.

The human resources management of an organization will be considered to be effective if it enables an organization to perform well on all the four parameters of the balanced scorecard. These parameters of the balanced scorecard are:

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- The customer perspective.
- The employee perspective.
- The financial perspective.
- Internal processes perspective.

The human resources management directly and indirectly influences all the above four parameters of an organization's performance. An organization cannot sustain in the long run if it fails to perform on all of the above parameters.

An effective human resources management plays a proactive role rather than a reactive one. The human resources management strategy also varies with the sector of the organization. The human resources management strategy of an organization like Marks & Spencer that operates in the retail sector may vary from the human resources management strategy of an organization like Boeing that operates in the aviation sector.

The human resources strategy of the organization plays a critical role in the success or failure of any organization. Most successful corporations, like Google, have effectively used human resources management to create value.

Before deciding on the human resources strategy of an organization, a detailed industry analysis should be done. This industry analysis can be done using models like Porter's five forces model.

Effective human resources management collaborates with the other functions like finance and marketing to enhance the overall performance of

the organization. Human resources management should not operate in isolation.

The successful implementation of the human resources strategy of the organization is dependent on many other factors like the size of the organization, the nature of the industry, nature of the industry and the organizational culture.

The efficiency and effectiveness of human resources management is critical for the success of an organization like Marks & Spencer that operates in a highly competitive environment.

The retail sector is one where the differentiation between the different competitors is little or null. Employees play a very important role because they act as the point of interface of the company with the customers. They also implement the strategies of the organization.

## **Research Methodology**

The main objective if this dissertation is to determine the effectiveness of human resources management at Marks & Spencer. The research will investigate into the following questions:

- The degree of effectiveness of the human resources management at Marks & Spencer.
- To what extent does human resources management at Marks & Spencer influence the performance of the company on all the parameters (customer, employees, financial, internal processes) of its balanced scorecard.

- To what extent is the human resources management strategic in approach?
- What are the predominant human resources strategies at Marks & Spencer?
- Is Human resources management contributing to the competitive advantage of Marks & Spencer?

The research methodology will use both primary research and secondary research. Primary research uses first hand primary sources of information. The primary research is original in nature. The main advantages of primary research are:

Primary research is often more valid than secondary research since it is tailored for the purposes of the research.

Primary research can throw up really new and potent insights.

The main disadvantages of primary research are:

- It requires a lot of resources.
- It is very time-consuming.
- Primary research is often difficult to conduct as primary sources are difficult to find.

Secondary research uses secondary sources of data and information.

Secondary sources are those that already exist. Examples of secondary sources are internet, journals, government agencies' publications etc.

The main advantages of secondary research are:

- There are large numbers of sources of secondary research available on the internet and relevant publications.
- It is easier to conduct and does not require too many resources.
- The main disadvantages of secondary research are:
- Information collected from secondary sources may often be not relevant or valid for the objectives of the research.
- It lacks originality.

This research will be predominantly qualitative in nature. The qualitative research will be supplemented by simple quantitative research using simple statistical models.

## **Research Methods**

Primary research will involve interviewing the employees of the stores of Marks & Spencer. These interviews will prove to be a source of great insight in understanding the employees' perspective of Marks & Spencer.

The customers of the Marks & Spencer stores will be interviewed to determine their level of satisfaction and dissatisfaction with the service of Marks & Spencer. This will help in determining the impact of human resources management on customer satisfaction, customer loyalty etc.

The secondary research will be intensive and extensive. It will analyze the financial statements of Marks & Spencer and compare it with its rivals. The role that human resources management has played in the financial performance of Marks & Spencer will be determined through this.

The secondary research will also focus on all the aspects of the human resources management at Marks & Spencer to determine its effectiveness.

After the research is complete the data and information collected will be analyzed. Wherever quantitative analysis is required it will be done?

Qualitative analysis will be as objective as possible.

The findings of the research will be based on the above analysis. The findings will be followed by conclusions and reflections. The conclusions will determine the degree of effectiveness of the human resources management at Marks & Spencer.

The reflections will be the subjective opinion of the research scholar. It will recommend the ways in which the effectiveness of the human resources management can be enhanced so as to create more value for all the stakeholders of Marks & Spencer.

The research methodology will suffice in achieving the objectives of the research. The sample size for the purposes of the primary research will be 50. Secondary research will also include industry analysis of the retail industry. This will help in determining the position of Marks & Spencer vis-à-vis its competitors.

The competitive strategy of Marks & Spencer will be linked to the human resources strategy to determine whether the choice of the human resources strategy is influenced by the choice of the competitive strategy of the organization.

The research will be a valid one. A valid research is that which measures what it intended to words. In other words, a research is valid if it is able to achieve all its objectives. The research methodology will ensure the validity of this research.

A reliable research is one which gives consistent results when repeated. Reliability is a measure of the credibility of the findings of the research. Intensive research and objective analysis will ensure the validity of this research.

## **Timescale**

There is sufficient slack in the time estimated for the completion of each activity. This will ensure that the dissertation is submitted in time and achieves its objectives even if some unforeseen contingencies crop up during its course.

The time estimated for the various activities are as follows:

Submission and approval of the research proposal: 1 week.

Primary research: 2 weeks.

Secondary research: 2 weeks.

Analysis of the data and information collected: 2 weeks.

Conclusions and Reflection: 1 week.

Finishing and editing of the dissertations: 2 weeks.

## **Suitability**

My academic requirements, qualifications and my aptitude make me suitable for this research. The topic of the proposal will be of great practical use for my future roles. I have all the capabilities and resources that are needed for the successful completion of this research.

I have good knowledge of the subject of human resources management. This knowledge can be put to application during the course of this research. It will increase my understanding of the subject and bridge the gap between the theoretical and empirical.

The primary research will present the challenge and the opportunity to do some fulfilling field work. The secondary research will throw up fresh perspectives, new ideas and new insights on the subject of human resources management.

I have always felt that organizations and their human resources management strategies still do not give due importance to the employees as an invaluable source of competitive advantage for the organization. This research will enable me to see if an organization like Marks & Spencer actually has human resources management strategies that are effective in harnessing this very valuable resource.

## **Ethics**

Plagiarism is against the values of the research scholar. It will be totally shunned in this dissertation. The extracts from the works of other



researchers and writers on the subject have been used only in the literature review section.

Wherever they will be used they will be extensively referenced. The subjects used in the primary research will be informed about the objectives of their research. Their participation in the primary research will have no harmful affect on them. The whole research process will be ethical and transparent.

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