

# Pepsico human resources strategy



## **The Strategic Human Resource Model (SHRM)**

Organizations are consistently faced with challenges from the legal, economic, technological, demographic and cultural aspects today and human resources practices have very strong influence and effects on each of these challenges.

The Strategic HR Model provides an overview guide to organization's Human Resource (HR) team to help in the planning, developing and implementing of the HR strategies, ensuring the ultimate goal is to play a part in achieving the overall organization's goals. SHRM focuses on the organization performance and also emphasizes the role of HR management systems as solutions to business problems (Becker and Huselid, 2006). The whole model can be classified into three parts: assessment, implementation and follow-up.

### Assessment

This area focuses mainly on defining and understanding the organization as a whole. It is necessary to know what are the external environmental factors and internal strength, weaknesses, goals, organizations strategies and directions so as to ensure alignment of human resource strategies to aid the organization to success.

### Implementation

Implementation focused on the planning, developing and implementing the HR strategies with analysis of the Assessment section in mind. The choice and implementation of HR strategies should focus on the HR functions while

tying in the proper systems and processes to ensure smooth and successful implementation of the HR strategies.

Follow-up

HR department will have to look at the effectiveness on the strategies implemented thru evaluation. The choice and decision of evaluation process, procedures and method adopted should not be based on popularity but suitability to the needs of the organization. HR department must have in mind what is the area of focus and ensure that the evaluation method adopted must be able to satisfy the requirements. Evaluation process must be a continuous effort over a period of time and review of the processes and methods may change depending on the need.

## **Pepsi Co International Pte Ltd**

PepsiCo's Work Life Quality was launched in 2008 in organisation's best interest to enable talented employees to be effective in work and respecting their personal lives.

PepsiCo believes strongly in engaging greater flexibility to be one of the preferred employers in attracting the best and brightest talent therefore doing their best job possible to promote work/life balance and flexibility in the business.

## **Assessment Part**

Environmental Analysis

The Pest Analysis identifies the political, economic, social and technological influences on an organization.

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## **(P)olitical**

PepsiCo products are subjected to various laws such as Food, Drug and Cosmetic Act, Occupational Safety and Health Act depending on the country that the product will be launched. The international businesses are subjected to Government stability in the countries where PepsiCo is trying to get into and businesses are expected to be subjected to taxation policy in individual country where they are operating including underdeveloped markets.

Taking into account that PepsiCo is trying to introduce itself in underdeveloped markets, they have to be careful with the possible problems with the governments of this countries, and with the problems could rise from PepsiCo act with the people of this countries.

## **(E)conomic**

PepsiCo companies are subjected to the harvest of raw materials that are used in their food and beverages. Due to the reliance of trucks to move and distribute many of their products, PepsiCo is subjected to fuel price fluctuation.

Operating in International Markets involves exposure to volatile movements in foreign exchange rates. The economic impact of foreign exchange rates movements on them is complex because such changes are often linked to variability in real growth, inflation, interest rates, governmental actions and other factors. – PepsiCo is also subject to other economic factors like money supply, energy availability and cost, business cycles, etc.

## **(S)ocial**

Pepsi is subjected to lifestyle changes and therefore, Pepsi's advertising campaigns is dependent in a concrete kind of people with special lifestyle and for that, PepsiCo is paying special attention on lifestyle changes. In the United States, Pepsi drinkers are very defined and there are people who drinks Coca-cola and it is of great importance that PepsiCo pays attention to consumer needs and not losing a possible market.

## **(T)echnology**

PepsiCo used new techniques of manufacturing in their business sectors; snacks, juices and soft drinks.

## **SWOT**

### **(S)trengths**

- Creating a balance between work and personal lives.
- Flexibility in making own arrangements

### **(W)eakness**

- Errant employees may abuse the flexibility given to them.
- Employees may neglect work resulting in inefficiency.

### **(O)pportunities**

- In creating a healthy work life environment. Employees would be better motivated to work harder and not feel strained.
- Company is able to retain and hire valuable employees

## **(T)hreat**

- With errant employees abusing the system, this would lower their productivity. The company will than suffer.

## **Strengths**

### **Creating a balance between work and personal lives.**

- PepsiCo believes in creating a balance between work and personal lives. As such by creating a working environment where the employees have the flexibility of working from home or office this would create

### **Flexibility in making own arrangements**

- PepsiCo flexible working scheme allows employee to choose the number of hours they work.

<http://www.changeboard.com/profile/pepsico/csr/>

<http://economictimes.indiatimes.com/news/news-by-company/corporate-trends/Cos-push-staff-to-balance-life-work/articleshow/2417503.cms>

<http://www.pepsico.co.uk/purpose/people/people-factsheets/pepsico-talent-sustainability>

## **Adeline**

Organizational Mission and Goals Analysis

## **Mission**

Our mission is to be the world's premier consumer products company focused on convenient foods and beverages. We seek to produce financial rewards to investors as we provide opportunities for growth and enrichment

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to our employees, our business partners and the communities in which we operate. And in everything we do, we strive for honesty, fairness and integrity.

## **Vision**

“ PepsiCo’s responsibility is to continually improve all aspects of the world in which we operate – environment, social, economic – creating a better tomorrow than today.”

Our vision is put into action through programs and a focus on environmental stewardship, activities to benefit society, and a commitment to build shareholder value by making PepsiCo a truly sustainable company.

Analysis of Organizational Strength and Culture

## **Adeline**

Analysis of Organizational Strategies

In terms of Flexi Work hours structure (Lead Lag? Lag Lead? Match Current Market Practice?)

## **Recommendations:**

### **Recruitment and Selection**

Recruitment and selection can be a challenge in a flexible work environment. Employee will get away from the traditional mindset that they got to be at their desk and being watched over the whole time in the flexible workforce. Hiring the right person is important as it will affect the company financial performance, productivity and staff turnover if candidate fail to deliver.

Finding the right person requires careful planning, organizing, directing and controlling prior to the interviewing process.

Company need to ensure that the people hired are trusted; have good proven track records and good communication skills. Company need to have an effective pre-interview screening. Interviewer can conduct a phone interview for short listing candidate to see if candidate has good verbal communication. Interviewer would ask for clarification on the information in the resume to ensure that candidate has the relevant qualifications and experience before meeting the candidate in person.

Company can use certain assessment tools to help determine the candidate suitability before arranging for interview as it can accurately predict how the employee will behave months or years later. Some of the techniques include ability/aptitude test, personality questionnaire and role play exercise.

Company can also add in more testes (e. g: Computer knowledge, English test etc) to test employee competency.

During interview, company must asked various type of interviewing questions in order to and provide information in order to see if Candidate should sound confident and tone should be audible at all times. Candidates in the flexible workforce need to honour their commitments and not compromise business standards and work performance. Those on flexibility programs are to remain contactable during core hours with some forms of established routine for a little check-and-balance within the flexibility.

Company can asked candidate to submit payslip and understand their achievement to their previous employers.



It is important to conduct reference check to gather factual evidence from third parties who have observed the candidate at work. A diversity of background information will lead to a more accurate assessment of the candidates. Asking the right question and seeking facts is a good reference checking. Besides checking on the employee behavior, the recruiter should also check on the employee's competency to satisfy on what was told are accurate. Questions like “ does the company practice flexi hours” or “ is the employee allowed to work from home” will be able to verify if employees have experience in a flexible workforce.

The induction and orientation program are equally important as it gives the new employee a “ jump start”. Employee should only be able to enjoy the flexi work arrangement after 3 months of service

## **Performance Management**

Performance management is an essential tool for business success. As a must for productivity enhancement, performance management is a continuous and on-going function in an organization. Besides, performance management helps an organization to identify the right competencies and retain the competitive knowledge in order to have sustainable future. With the purpose of develop an effective performance management in Pepsi Co, there are some recommendations in each phases of performance management process in flexible workforce. The first phase is planning. (A guiding to Performance Management, 2008) Pepsi Co must have strategic plan in the flexible workforce. HR must clearly mention the job description, total time to be work per week or per month, and the personal or the group's goals are related to the organization's goal.

The second phase is developing. (A guiding to Performance Management, 2008) Pepsi Co should ensure the employees developing performance standard and meet the organization's expectation. Even in a flexible workforce, as an ethic issue, Pepsi Co must inform to those new hired employees how their jobs to be performed and capability to meet organization's expectations will be evaluate as work performance later. The following phase is monitoring. (A guiding to Performance Management, 2008) Pepsi Co should monitor the employees' job performance and give them a basic feedback. Pepsi Co can use observation and noticeable actions, behavior, and results to provide a feedback to the employees in order to improve and maintain their work performance standard.

The most important phase is rating. (A guiding to Performance Management, 2008) In order to fairly evaluate employees' job performance in a flexible workforce, Pepsi Co must conduct proper assessment. Pepsi Co can have a clear and balance score card for each flexible employees. (Smith et. al, 2002) The performance can be measure by internal, external, and financial measurement or rather named as 360 degree appraisal. (Johnston et. al, 2002) To avoid exist biases appraisal system, evaluation not only done by supervisor, but also suppliers, customers, and colleagues. The employees who successfully completed projects will be get a score for their performance if they able to meet the due date. Furthermore, performance appraisal which base on outcome will help the organization evaluate their flexible employees with more accurate. Pepsi co can evaluate the performance depend on the effectiveness and efficiency the employees handle and complete their tasks.

The final phase is developing planning. (A guiding to Performance Management, 2008) Pepsi Co need to establish plans for improve work related skills or knowledge for the employees. In addition, Pepsi Co can encourage employees grow their performance standard and quality of work in order to meet organization's goals.

Pay Structure, incentives and benefits – Cheryl

Reporting Structure – Elsie

## **Training and Career Development**

Currently, employees in Pepsi Co do not have a proper training and career development system in place. There are plans on career development for employees, however, most of the time its mainly thru verbal communication and there are no proper documentation to help employee know what they will need to achieve or lack of to close the gap and move up the line.

It is strongly recommended that:

## **Implications**

### **Recruitment & Selection**

More than four in 10 job seekers falsify their resume and candidates are more likely to exaggerate their skill set and remuneration as they seek to secure promotion to more senior roles. Company can get candidate to certify that whatever information stated in their resume and application form is true and company reserves the right to take disciplinary action or to terminate the contract. (Saifulbahri I, 2010)

Assessment center can be relatively expensive thus screening is necessary to identify if applicants have relevant qualification, training, experience and skills to the job requirement.

The Company can establish an employee referral scheme where staff can refer friends and family members for suitable positions. This will allow employees to “ screen” the candidate suitability and provide candidate with knowledge on company culture. This increases the chances of a positive “ job fit” between recruit and organization. (Tommy N, 2010)

## **Performance Management**

The implication for implement performance management in flexible workforce is there might existing free rider in the group projects who take advantage for the performance score in the success completed projects. Not all individual are contribute the same level of effort to the projects had been done. (Performance Management) Hence, Pepsi Co must carefully analyze each employee’s contribution. In addition, it may be inaccurate if just focus on specific projects that have been done, whereby Pepsi Co should review the performance entire of period where the appraisal cover.

The manager might be evaluating an employee base on its own feeling, length of service, irrelevant criteria to rate the employees’ performance. (Performance Management) Furthermore, the manager may rush through the appraisal process which might not be able to record the accurate information that truly reflects the employee’s performance. (Performance Management) Lack of proper or accurate appraisal system will mislead Pepsi Co planning and it is costly for the organization. (Madar, 2007) This will also

cause stumbling stone for the organization to strengthen its business competitiveness.

### **Follow-up Part**

No matter how successful the current HR strategies might be, its relevance and effectiveness can never be the same at the rate that change is taking place. HR Strategies has to be reviewed and evaluate periodically to be able to ensure that the strategies are still relevance with the constantly changing external factors that has impact on internal factors. Pepsi Co needs to work towards a review and evaluation system plans that allows proactive HRM strategies so as to be able to anticipate any possible issues arising. This will be of great importance to help the organization to achieve its goals.