

Evaluation of human resource management at virgin group



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At Virgin few objects were executed in order to be more productive at serving customers. All the employees were putting their efforts to achieve the core values of the company. Branson had persuaded all the employees to be more innovative and sustain the excellence. The people focused object was executed where by employees were very motivated and encouraged.

Virgin is employing approximately 50, 000 people across the globe which is the result of excellent and attractive culture. The Virgin's culture promotes the employee empowerment so that the work could be performed innovatively followed by the best quality service. The culture was also promoting the care for customer and value for their money that is why resources were expected to put their feet in customer's shoes in order to fulfill their expectations.

Virgin's culture communicates that all the companies globally are part of a family rather than a cascade. Employees are authorized to manage their own affairs, yet the companies help one another, and resolution to problems often come from employees. In a nut shell culture at Virgin follows shared ideas, interests, and goals where all are equally responsible for brand building like stakeholders.

The Virgin's culture was also promoting delegation amongst groups so that the employees could be developed for the next or future role. Branson delegated many projects that he had visualized himself as he had belief that individual power could produce more effective results then being a one man army.

The critical analysis demonstrates that a culture (Brand Culture) like Virgin is difficult to execute but the company's management style and skilled groups made it easy and attractive and the best place where every next person desire to work for. In addition, the existing culture at Virgin is good until it is compatible with strategic objectives and goals.

Analysis of HR Model

The HR model is crafted and executed by human resource division so that they could serve the internal and external customers along with the HR innovations in order to bring value to the business. HR model is very sensitive area where experts can only play and craft best models.

Human resource department (HRD) at Virgin was responsible to select the right people with right behavior so that job could be done productively and brand value must be achieved. Brand values constitute the team work and rewarding sales representatives on making sales. It was essential for HRD to select the people with right behavior so that brand values could be achieved which will ultimately formulate the brand culture at Virgin. People with talent, good sense of humor, and unique capabilities were welcomed by the HRD. The HR unit was also responsible to craft strategies that best suit the business model and that are why they were considered as the strategic partners.

The role of HRD included the projects that imitated the fun, quality, innovation, and customer champion in terms of service rendered. In addition, the major role of human resource department was to motivate, encourage, and develop the employees so that they could outperform and benefit the

company. HRD proved itself by empowering employees and providing various opportunities where they could prove themselves. The evidence is that all employees were collectively working to achieve values and take the company to the next level.

As per the Virgin case study, it appeared that they are following commitment based human resources where all the employees have shared goals and all work together to achieve the common goal which is perhaps brand value. A Flat structure was being followed where all are equal and equally responsible for the achievement of Virgin's core values. Based on such structure, employees were given importance and their participation was highly encouraged at various stages. In addition, the joint problem solving and planning was highly encouraged at Virgin.

HR Model

After analyzing the case study and Virgin's culture, the above outlined competence HR model best demonstrates the Virgin's actual HR model and culture. The model starts with the business which is essential part for every employee to understand in order to take further steps accordingly. At Virgin the management was keen to focus on innovation ranging from product manufacturing to customer satisfaction and in order to achieve this aim it was necessary for the management and HR to understand the required behavior so that expectations should be shared and fulfilled consequently.

Moreover, after understanding the business then the responsibility shifts to the leaders of the organization. The management is responsible to convey their expectations and get the work done accordingly. Richard Branson being

a leader communicated his expectations and thoughts so that employees could perform based on them i. e. he encouraged his employees across the globe to take risks so that they could perform out of the box and does not restrict themselves to a certain limit. This characteristic of leader certainly creates the trust among employees and forms a part of the model that is Leader.

Since the leaders can't invest most of their time in monitoring or motivating the employees, they transfer this responsibility on the shoulders of HR experts. The HR representative are responsible for formulating, communicating, and regulating the people related policies and ensures that employees expectations are dully fulfilled and they are working based on management's expectations. HR experts at Virgin were customer oriented and this was reflected from their formulated business procedure. They were hiring the person only with natural behavior who fits closely with the business.

Last but not the least; HR department is responsible to advocate the culture and people related concerns. It is the prime responsibility of HR department to get the work flow smoothly without any conflicts in the workplace. At Virgin, the ideas, and suggestions were welcomed by the management and HR not only in one country but across the globe. Employees from all the countries were sharing their ideas, suggestions and this is how the HR was advocating and protecting the culture at Virgin.

HR Model with respect to Recruitment

Recruitment is one of the basic function / activity of HR department where by talented pool of candidates is formed to fill the vacancy or any new position. The recruitment process should be attractive that stimulates and encourage the candidates to apply for the offered / announced job. Like any other company Virgin's HR was also expected to hire the right people for the right job where they best fit in. Unfortunately, this is one of the drawback of Virgin's HR department to focus only and mainly on the behavior of the candidate. Since the HR was responsible to align strategies with business model therefore it was prime responsibility of HR to hire people with desired skills set. To perform a job it is very essential to focus on the skills, knowledge, and ability (SKA) of the candidate which actually matters. The recruitment process based on Virgin's activities is as follows;

Recruitment Process

The following steps will closely evaluate the recruitment process of Virgin based on their actual activities;

Discussion on the initiation of recruitment

It is clearly outlined in the case study that whenever the establishment of new venture was planned, they were hiring the talented people to run the venture. However, throughout the recruitment process the focus was on behavior rather than capabilities of the candidate. The behavior, communication skills all count under the soft skills of the candidate but what about the technical skills of the candidate which actually matters to perform

the job. This is one of the drawbacks of their understanding regarding the decision whether recruitment is necessary or not.

Formulation of Job Description

Job description is the basic document which should be formulated to understand the purpose of existence of the job. The critical analysis represents that Virgin did not have maintained job descriptions which they use at the time of recruitment and that is the reason their main focus was on the behavior of the candidate.

Preparation of Job specification

It is reflected from the case study that Virgin's HR department was not focusing on the skills and abilities of the candidate except their behavioral role. Specifications were not highlighted for the jobs. It is essential for every HR unit to formulate the specifications for the particular job in order to hire the person with required skill set. Being a virgin person, three attributes were required but that can't be judged based on structured questionnaire. A proper was not maintained at Virgin which is also one of the drawbacks.

Short listing of applications

The short listings of applicants were done based on the compatibility of their behavior with the job. It was compulsory for the HR department to hire and evaluate the candidates based on their behavior. However, this is the wrong perception that candidates with appropriate behavior will perform the job better no matter what the other job requirements are.

Reference Checking

The Virgin HR did not realize the need of reference checking as they were having confidence regarding the person they were hiring on board. This could be considered as the drawback because reference checking provides you the complete information regarding the corporate history of the candidate.

Candidates Interview

As far as selection is concerned, the Virgin HR unit did not have outlined the elaborate selection process as they were directly inviting the candidates for interview. The candidates were then evaluated at the time of interviews through the traditional questions.

As the Virgin policy communicates that they hire different and unique people in their organization but through the traditional way of recruitment they can't hire the person with desired attributes and skills even in the absence of job descriptions even for various countries they serve. There are chances that an employee gets de-motivated when his/her different ideas are not heard or accepted. This will harm the brand culture at Virgin.

HR model with reference to training

The training and development procedure was very remarkable at Virgin as the Richard Branson himself was keen on delegating the responsibility to capable employees so that they develop themselves for future roles. Even he had delegated the project which he had initiated himself. Also, in order to get the work done the major focus of Virgin HR was on training and development in order to make people more innovative or polishing their current skills so that they give their best shot. The HR team was considered as the strategic

partners for the Virgin business and training was the integrated strategy in order to foster the customer services which is directly associated with the success or failure of the organization. The successful training will benefit the Virgin in following way;

Productivity

Training and development certainly helps the companies in increasing their productivity. At Virgin, the training was considered as the essential part of HR strategy that is reason it has expanded the business in almost 30 countries worldwide. All the employees get the proper training specifically on customer services which directly impact the brand culture. Team Spirit

Training and development enhances the team spirit and relationship. At Virgin, the brand culture was based on shared values and beliefs which is the result of high team spirit and collaboration. This is one of rationale that people had been considering Virgin as a big company and best place to work because they heavily invest in training and development and ultimately this has created the enthusiasm among employees.

Organization Culture

In order to promote brand culture all the employees were getting proper training as to how to achieve the brand values at Virgin being Virgin people. Training and Development had been one of the success factors as far as brand culture is concern.

Quality

The basic purpose of training is to improve the quality of work so that customer could get the quality service. The employees at Virgin were properly trained as to sustain the quality of work and delight the customers through better services. Profitability

After the strategic implementation of training plans, the employees gets trained and become more efficient and productive for the company they serve. Same is the scenario at Virgin, and the evidence is the expanded business and large product lines.

HR model with reference to role of leadership

A leader should understand the needs and characteristics of all the employees or groups in order to deal with everyone as individual and award with respect, and provide possible opportunities to grow. This is how leader build the trust and confidence among all employees in order to get the work done in desired way. One cannot be a leader without the leadership skills. For instance, one can use his/her power, it's immediate. However, responsiveness charisma takes more time but is more influential. The model succeeded through hold of leadership.

Richard Branson had firm conviction in leadership by example and that is the reason employees had trust and confidence in him. Being a role model for the staff, he lived up to the expectations of employees in order to get the work done accordingly. Before executing anything he used to follow the same himself with a belief that staff will not follow the desired way unless they observe their superiors living up to what is said. Being a leader, Branson

had provided many career development opportunities to all employees based on their performance as he was famous for his risk taking characteristic. He encouraged Virgin people to take risk in order to explore new and innovative way of improving business and similarly thinking out of the box. Branson was a leader who thought not only for employees but also for the customers and understood the value for their money. For this, he was encouraging and promoting the innovation accompanied by brand culture.

Leadership attributes followed by Richard Branson

Keeping in view the HR model, Branson followed the above mentioned attributes in order to be the best leader. Initially he created the trust and confidence amongst the team members for engaging all with each other. In addition, employee satisfaction survey was also the approach executed by HR department to measure the satisfaction of employees. After engaging the Virgin people, he used to craft the business strategies as he had dedicated most of his time in the improvisation of business.

With reference to expanded business, Richard has “ Delegation” leadership style for all the businesses he had. With this style he permitted the employees to take risk and make the decisions themselves in order to be more productive and innovative. However, he was still responsible for the decisions which are made. Being a Delegation leader, he had trust in his employees and that is the reason he was delegating certain tasks to people who were able to analyze and mould the situations. In addition, this style of leadership is followed when the leader has trust in his employees.

In a nut shell being a leader he was fulfilling all his responsibilities which should be performed in order to enhance the effectiveness of HR model.

Richard Branson and his approach to the management of people

The case study draw round the management of Virgin Company which was like a dream come true for its founder Richard Branson. The way he started and tackled the various problematic situations is the learning for all the readers of case study. Besides that in economical downturn the decision he had taken to safeguard his company was remarkable and a message for all the business shareholders.

The management and leadership style at Virgin is Delegation as to provide opportunities to all employees to grow in the areas of their interest also by sharing suggestions, ideas, and their expertise. The Delegation style also had assisted the management / managers in succession planning based on how people met the assigned responsibilities. The evidence for the delegation is the no of projects that Richard had handed over to talented people that he had visualized. This is how Richard developed the managers along with the authority of taking risks i. e. empowerment.

Richard's approach was to do the things first before expecting others to abide by the same in order to be the role model for entire Virgin's employees. Since he himself was famous for risk taking approach, which is why he encouraged others to take the risk so that they could not limit themselves to any extent. Such characteristic of Richard motivated almost

all the employees at Virgin and created the curiosity among people which later had benefited him more than his words could.

Furthermore, the Delegative management style was applicable for all the managers worldwide in order to remain align with the policies and strategies demonstrated by strategic partners. The entire Virgin people were paid based on their performance via transparent compensation approach, in short pay for the performance.

This is how he managed his expanded company, his employees, and his family. The risk taking ability and grasping the opportunities has become the recipe of his success.

Recommendation and Conclusion

It is recommended for the Virgin's strategic partners to gauge the engagement of entire virgin people through employee engagement survey. This will benefit the company in two way fold; On one side the results will communicate how engaged environment Virgin have and the alarming areas will be highlighted which will signal the strategic partners to take immediate action(s). On the other side of coin the results will also highlight the areas which will be associated with the business model of the Virgin i. e. the areas like business knowledge, understanding of company strategies etc.

Other than the engagement survey, the Virgin strategic partners need to redefine the recruitment process in order to hire the desired candidates for the company. The development of selection package / tool could be used to increase the hiring productivity. The selection tool must highlight the

technical skills along with soft skills / behavioral skills required to do the job
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accompanied by the scoring of each defined area. The interviewer should be trained as how to conduct the interview via selection tool. The engagement survey will ultimately be the responsibility of the respective managers which will give the overview of quality of managers.

Last but not the least, it is not the responsibility of CEO to motivate the employees and foster the internal branding. However, it is the responsibility of HR department to ensure that employees are well aware of culture and code of conduct accompanies by the respective head of the department(s). In addition, both the departments can seek the assistance of CEO in this regard but mainly HR department will be held responsible for the motivation of employees. Since HR department at Virgin is serving as the strategic partners therefore they should formulate the procedures of retaining the employees and should know how to control attrition of the company.

It is concluded from the entire case study that it is very essential to consider the human resources as the real assets of the company because they are responsible for the quality service and to delight the customers. Also, the leader's responsibility is to provide as much career growth opportunities as they can in order to ensure the employees that company is concern about their respective needs and goals.

Murtaza

Chapter 2

Literature Review

Marketing analysts have shown that consumers can be characterized based on their brand purchasing patterns within a product class (Morrison 1966).

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For example, some consumers' purchase behavior can be characterized as reinforcing, i. e., a tendency to repurchase the last brand bought (Morrison 1966) while other consumers' purchase behavior can be characterized as variety-seeking, i. e., a tendency to shift away from the last brand purchased (Givon, Kahn, Kalwani & Morrison 1986). These characterizations of choice behavior have managerial implications if these different types of consumers react differently to marketing mix variables. For example, previous studies have shown how market share can be improved for variety-seeking consumers by changing the positioning strategy of the brand, e. g., making the brand more unique vis-a-vis the competitors (Feinberg, Kahn and McAlister 1990), or by changing the patterning of price promotions to coincide with consumers' intrinsic purchasing patterns (Kahn & Louie 1990).

Price is unquestionably one of the most important marketplace cues. The pervasive influence of price is due, in part, to the fact that the price cue is present in all purchase situations and, at a minimum, represents to all consumers the amount of economic outlay that must be sacrificed in order to engage in a given purchase transaction. Perceived strictly in this way, price represents the amount of money that must be given up, and therefore higher prices negatively affect purchase probabilities. However, several researchers have noted that price is a complex stimulus and many consumers perceive price more broadly than strictly in its "negative role" as an outlay of economic resources. For example, numerous studies have provided evidence that many consumers use the price cue as a signal to indicate product quality. To the degree price is perceived in this "positive role," higher prices positively affect purchase probabilities (Erickson &

Johansson 1985) modeled the dual role of the price cue within a single study and found that price-level perceptions had a direct negative effect on purchase intentions and an indirect positive effect on purchase intentions via product quality perceptions (Lichtenstein, Bloch & Black 1988)

PRICE PERCEPTION CONSTRUCTS

To identify the number of ways consumers may attend and react to price and price promotions, we performed an extensive review of the pricing and sales promotion literature. Additionally, a pilot study was conducted in a classroom setting in which 94 students majoring in business responded to open-ended questions about how they perceive, and may be influenced by, price information in the marketplace. Five constructs consistent with a perception of price in its negative role and two constructs consistent with a perception of price in its positive role were identified. These constructs are discussed next.

Positive Role of Price

Price-quality schema. For some consumers, the price cue may be perceived in a positive role because of an inference that the level of the price cue is related positively to the level of product quality (Erickson & Johansson 1985). To the degree consumers perceive price in this way, they view higher prices more favorably because of perceptions of increases in product quality for additional monetary outlays (Lichtenstein, Bloch & Black 1988). In fact, because consumers who perceive price in this way actually prefer paying higher prices, their behavior has been referred to as “price seeking” (Tellis & Gaeth 1990). Though evidence suggests that the use of price as a

surrogate indicator of product quality varies across situations and products
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being evaluated (Monroe & Krishnan 1985), findings from several studies also support the notion that some consumers are simply more likely than others to use price as a general indicator of quality across situations and products (Lichtenstein, Burton, Peterson & Wilson 1985). Consequently, in this study we focus on the generalizable construct of a positive association between price and perceived quality and define price-quality schema as the generalized belief across product categories that the level of the price cue is related positively to the quality level of the product. Prestige sensitivity. Similar to perceptions of the price cue based on what it signals to the purchaser about product quality (i. e., a price-quality schema) are perceptions of the price cue due to inferences about what it signals to other people about the purchaser. For example, to the degree a consumer purchases an expensive wine not because of quality perceptions per se, but because of his or her perception that others will perceive the high price as reflective of internal traits of the purchaser (e. g., being a “ big spender”)- that is, a correspondent inference attribution (Calder, Burnkrant, Jones & Davis 1965)-the positive perception of the price cue is based on perceptions of what it signals to others in a social sense. Therefore, we define prestige sensitivity as favorable perceptions of the price cue based on feelings of prominence and status that higher prices signal to other people about the purchaser (Gaeth & Zeithaml 1988).

Negative Role of Price Value consciousness

Perception of the price cue for some consumers can be characterized by a concern with the ratio of quality received to price paid in a purchase transaction. Several researchers have defined the concept of “ value” in

terms consistent with this perspective (Lichtenstein, Netemeyer & Burton 1990). Consequently, value consciousness is conceptualized here as reflecting a concern for price paid relative to quality received. Price consciousness. Perception of the price cue for some consumers can be characterized more narrowly as reflecting price consciousness. Though the term “ price consciousness” has been used by different researchers to refer to a variety of price-related cognitions (Zeithaml 1984), we use the term in a very narrow sense to refer to the degree to which the consumer focuses exclusively on paying low prices. This definition is also consistent with those employed by several researchers (Erickson & Johansson 1985) Lichtenstein, Bloch & Black 1988) (Monroe & Petrosius 1981)(Tellis & Gaeth 1990).

Coupon proneness. Perception of the price cue in its negative role may also be related to the form in which the price cue is presented. Consistent with this perspective, several researchers have argued that a price reduction in coupon form may produce an increase in consumer response beyond that which would result from an equivalent lower noncoupon price (Lichtenstein, Netemeyer & Burton 1990). (Cotton & Babb & Schindler 1990) found empirical support for this notion. These findings imply that the increase in sales resulting from a price offered in coupon form over the increase that would result from an equivalent lower noncoupon price seemingly must be due to an increased sensitivity to price in its negative role when it is offered in coupon form.(Lichtenstein, Netemeyer & Burton 1990) referred to this heightened sensitivity as reflecting “ coupon proneness” and defined the construct as “ an in- creased propensity to respond to a purchase offer because the coupon form of the purchase offer positively affects purchase

evaluations.” The same conceptualization appears appropriate for the present study and is employed here (Tellis & Gaeth 1990).

Sale proneness. A rationale very similar to that for coupon proneness suggests that for some consumers, an increased sensitivity to price in its negative role is related to the price being in sale form, that is, a discount from the regular selling price (e. g., “ regular price \$1. 99, sale price \$1. 29”). Advertising a sale price with an accompanying reference price (i. e., a comparative price advertisement) has been found to increase perceptions of value over the level that would result from an equivalent purchase price not presented in sale form (Monroe & Chapman 1987). Because of the more favorable price evaluations caused by a purchase price being in sale form, we characterize such consumers’ perception of price in its negative role as reflecting sale proneness. Consequently, on the basis of the deal proneness conceptualization of (Lichtenstein, Netemeyer & Burton 1990), we define sale proneness as “ an increased propensity to respond to a purchase offer because the sale form in which the price is presented positively affects purchase evaluations.”

Price mavenism. The perception of price in its negative role may be related to a desire to be informed about marketplace prices in order to transmit such information to other people. Support for this notion is provided by (Feick & Price 1987), who show that some consumers can be described as “ market mavens” because of their desire to be informed about the marketplace so that they can transmit information to others. Because of the general salience of price information in the marketplace, and consistent with the focus of the present study, we take a narrower perspective of the market maven by considering only one piece of

marketplace information, price. That is, a sensitivity to price in its negative role for some consumers may reflect a desire to be a “ price maven,” a source of low price information for other people. By modifying the definition of the market maven provided by (Feick & Price 1987), we define price mavenism as the degree to which an individual is a source for price information for many kinds of products and places to shop for the lowest prices, initiates discussions with consumers, and responds to requests from consumers for marketplace price information. (Erickson & Johansson 1985).

Price promotions and pre-purchase goals

As we have argued, goals play a fundamental role in influencing how information in a

promotion message will be processed (Shavitt 1994). When individuals have

multiple information processing strategies available, they select among them on the

basis of goals, motives, and the environmental context (Taylor 1998). Thus, by

definition information regarding a specific product attracts more attention

when consumers have a pre-purchase goal for that product category compared to

when consumers do not have a pre-purchase goal. Price promotions usually provide

consumers with monetary savings on specific products. If consumers are in a store

intentionally searching for these specific products, then it is expected that they would

find promotions on such products more attractive compared to those consumers who

are in the store but do not have a prior purchase goal for a promoted product.

Therefore, the purchase likelihood is higher. In addition to this main effect, consumers

may react to different promotion characteristics in different ways given the existence

or absence of a pre-purchase goal. For example, (Howard & Kerin 2006) found that

consumers with different levels of involvement, operationalized by whether they are in

the market for a particular product, have different information processing styles and

hence respond to different price promotion cues (Taylor 1998).

Price promotion characteristics can be grouped into four categories: price presentation,

deal characteristics, situation factors, and study effect (Krishna 2002). Price

presentation research examines whether consumers' perceptions of a promotion are

influenced by how the promotion is communicated, e. g. framing. Research on deal

characteristics studies the influence of factors such as deal percentage, free gift value, and

size of the bundle. Situation factors refer to the overall situation of the price promotion

including types of stores, brands and whether the pro