

Case study of shrm

Business



**ASSIGN
BUSTER**

HER strategy at Wall-Mart. Part 2: The analysis of HER policies at Walter and its integration with Corporate Strategy. Part 3: the role of the HER manager in this company? Part 4: some advices to improve the employment practices at Walter.

Conclusion Introduction: Michael E. Porter (1980) In his famous book said there are three basic competitive strategies for a company, which are overall cost leadership; differentiation and focus strategy.

Companies use these competitive strategies to achieve competitive advantage. In this case, Walter Company is obviously taking the cost leadership strategy, that is to say, it aims to become the low-cost leader in the retail industry. Walter maintains its competitive advantage through its satellite-based distribution system, and by keeping store location costs too minimum by placing stores on low- cost land outside small to medium-sized towns, no matter in the US or in its abroad affiliations.

Part 1: the analysis of corporate strategy and HER strategy at Wall-Mart.

From this case material we could also see that Walter purchased massive annuities of items from its suppliers to form scale economy, and with the efficient stock control system helping make its operating costs lower than those of its competitors. It also Imported many goods from China, “ the world factory’ for Its low cost. So In a word the company-level strategy of Walter is low cost and low cost, with little differentiation strategy. Managers engage in three levels of strategic planning (Gary Desire, 2005): the corporate-level strategy; the business-level strategy and the function-level strategy.

The functional strategy should serve the verbal company strategy so the corporate strategy could be implemented more effectively and efficiently.

As for Walter, Its corporate-level strategy and business- level strategy, as we analyzed above, is the low cost leadership. Then well focus on Its functional strategy, especially Its HER strategy. Besides the above factors, Walter builds its low cost leader on employment policies that help it to achieve extraordinarily low employment costs. Through low-cost HER activities, Walter tried to maintain its predominate competitive advantage.

Part 2: The analysis of HER policies at Walter and its integration with Corporate Strategy.

The basic premise that underlying SHRUG Is that organizations adopting a particular strategy require HER practices that are different from those required by organizations adopting alternative strategies (Jackson, 1995). Generally, there are three SHRUG theoretical models in the study of this discipline: the universalistic best practices, the contingency perspective of “ best fit” and the resource-based configuration perspective.

Here I would not deliberate on all these three models to examine the HER practices at Walter, but just choose the contingency perspective of “ best fit’. With his view, the Individual HER practices will be selected based on the contingency of the special context AT a company . LIKe ten Walter NAS Deterrent corporate strategy Witt those retailers with differentiation strategy, which actually cultivates the primary contingency factor in the SHRUG literature.

What's more, we should be reminded that the individual HER practices will interact with firm strategy to result in organizational performance, and just for this interaction effects make the “universal best practices” may not apply so well in a specific company.

In the above part we have put great emphasis in identifying and analyzing the primary contingency factor of Walter's corporate strategy, so in the following part we'll examine the “fitness” of HER practices in Walter with this theoretical model, which is obviously also the integration process of HER practices with the contingency variables to some extent.

As there are the HER policies and activities (such as how the company recruits, selects, and trains and rewards employees) that comprise the HER system itself, here we could illustrate the integration just by the sequence of the HER activities. From the recruitment Walter has tried its best to reduce the cost considering so big number of its employees. For example, the New York Times (January 2004) reported on an internal Walter audit which found “extensive violations of child-labor laws and state regulations requiring time for breaks and meals. The cheap price of children labors and minors make it earn more cost competitive advantage over other companies.

Walter also faced a barrage of lawsuits alleging that the company discriminates against workers with disabilities, for the recruitment of these guys means providing more facilities for them and the loss of efficiency to some extent. From training perspective, Walter refers to its employees as “associates”, and encourages managers to think of themselves as “servant

leaders”, that is, to encourage them to serve others while staying focused on achieving results in line with the organization’s values and integrity.

An organization’s strategy necessitates behavioral requirement for success, and the use of HER practices in the organization can reward and control employee behavior, therefore the organization should implement HER practices that encourage the employee behaviors that are consistent with the organization’s strategy (Dealer, John E; Dotty, D Harold, 1996). Through this training and encouragement, Walter tried to adjust the employee behaviors and competencies to what the company’s strategy requires, that is to low down cost more.

This logic also is embodied in its “ lock-in” of its night time shift in various stores. Through this enforced policy, Walter tried to prevent “ shrinkage” behavior of its employees, to eliminate unauthorized cigarette breaks or quick trips home.

From the performance management perspective, Walter made very high demanding standards and Job designs. The New York Times reported Walter had extensive violations of state isolations requiring time for breaks and meals.

And there are so many instances of minors working too late, during school hours, or for too many hours in a day, for the performance appraising just force them to do so. In the Career management, Walter also goes great lengths to reduce cost, there are many cases that women sued Walter for its discriminated policy against women by systematically denying them promotions and paying them less than men. Women are pushed into “

female” departments and are demoted if they complain about unequal treatment just for more cost reduction against its competitors.

From the compensation management perspective, Walter has also showed very aggressive HER policies and activities to fit only for the strategic consideration of supplier chain economy, but also Walter has some factories in China, whose products are branded with Walter name.

With this method, Walter pays much less to Chinese labors in this “world-factory” and earn some advantages, so we could just see how the Walter corporate strategy is just intensely integrated with its HER policy. In 2002, operating costs for Walter were just 16.6 percent of total sales, compared to a 20.6 percent average for the retail industry as a whole, which supported greatly the overall strategy. Walter workers in California earn on average 31 percent less than workers employed in large retail as a whole. Actually, with other operating and inventory costs set by higher level management, store managers must turn to wages to increase profits, and Walter expects the labor costs to be cut by two-tenths of a percentage point each year.

So these aggressive HER policies, are just the most “fittest”. From the employee benefit and safety perspective, Walter’s HER policies are also well aligned with the corporate-level strategy.

At Walter, workers eligible for benefits such as health insurance must pay over the odds for them. In 1999, employees paid 36 percent of the costs. In 2001, the employee burden rose to 42 percent. While in the US, large-firm employees pay on average 16 percent of the premium for health insurance.

Unionized supermarket workers typically pay nothing. Walter was frequently accused of not providing employees with affordable access to health care, but the top managers and HER managers know their focus was just to try their most to implement the “ low-cost” strategy.

Finally, from the labor relations perspective, Walter couldn't have done utter to show us how the contingency model of “ best fitness” works. Sam Walton sought to bring great value through aggressive discounting to customers, to implement its low-cost strategy. Because unionized supermarket workers typically pay nothing, Walter has strong anti-union policy. Allegations of firing workers sympathetic to labor organizations have been made, all new employees are shown a propaganda video tape which said Joining a union would have bad implication for them, and the employees should never sign a union card.

In the I-J it was reported in the Guardian that Walter is facing the prospect of a bruising legal battle with the GM trade union in a row over collective bargaining rights, for the union would not accepting Walter withdrew a 10% pay offer to more than 700 workers after they rejected a new package of terms and conditions, which included giving up rights to collective pay bargaining. Here there may be some doubt why Walter has recently allowed unionization in their stores in China, where unionization is mandatory.

But actually this mandatory rule is made a long time before Walter walk into china, so why Walter give up its persistence in not having a some unions, and its former season to China government is that it did not have any unions in its global working. So how do we see Walter's compromise if that

constitutes a “ compromise”? It has been argued that doing business in China is particularly difficult because of the higher relative importance of personal relationships (Guiana), as opposed to the specification and enforcement of contracts in the West (Davies et al, 1995).

Walter China has tried every effort to develop good relationships with China government and other influence groups. So Walter made this exception of have unionization is just in accordance with its corporate strategy and HER strategy.

If it ignores the essence governments Tell rule, Its cost would Just outline want It would save Day organizing no unions in its labor relations management. And also it forgets not its basic corporate and HER strategy, for in china Walter provides little power for workers and the unions are controlled by the state.

So from this we could further understand how Walter would adjust its HER policies and activities to fit its corporate strategy contingency. Part 3: the role of the HER manager in this company? So in the above part we have assessed how various human resource practices and yester of Walter “ fit” the organization’s competitive corporate strategy. Then what the role of HER managers in this company, who are HER professionals with strategic and other skills required to build a strategy-oriented HER system.

As managers in one of the functional departments of Walter, they have tried their best to “ fit” the corporate strategy to low down cost.

They made some rules and policies, for example, they implement anti-union policy in its stores to reduce extra-costs from union workers; they help implement “ lock-in” policies; they tried to resist disability people or the efficiency loss; they discriminate women by giving them much fewer money and opportunities to be promoted, and actually the male workers in Walter also got much lower salary compared with industry average level.

Walter HER managers also tried to adjust the employee behaviors and competencies to what the company’s strategy requires through the actions and policies of the firm’s strategy-supporting HER system, and some of which we have listed. So in the above paragraph, we have analyzed the role of HER managers in Walter using the “ best fit” model, in the next we would attempt to analyze their role from two other models.

Hussein’s (1995) work reflects what has come to be known as the “ universalistic” or “ best practice” approach to SHRUG, which assumes that there are certain “ best” HARM practices that will contribute to increased financial performance, regardless of the strategic goals of the firm. In this case, for example, Walter HER managers refers to its employees as “ associates”, and encourages managers to think of themselves as “ servant leaders”, that is, to encourage them to serve others while staying focused on achieving results in line with the organization’s values and integrity.

All such kinds of HER policies Just are universal best practices adopted by HER department in all good companies. No matter Walter adopted low-cost strategy or differentiation strategy, these policies and practices would bring no extra cost, but would motivate employees to contribute more to the

corporate, and even help to form even good corporate culture, to reduce much more lawsuits and form good relationships with the community and government.

And then there is also a call for a configuration approach to SHRUG, and this theoretical model argues that there are specific “ideal types” of HARM systems that provide both horizontal and vertical fit of HARM practices to organizational structure and strategic goals. More specifically, there are certain, specific systems of HARM practices that result in the highest internal consistency and complementarity (horizontal fit), as well as congruence with organizational goals (vertical fit).

In the part 2, we have seen how Walter HER managers have coordinated a systematic type of HARM policies to complement each other, to be congruent with organizational goals (Gerald R.

Ferris, 1999). Part 4: some advices to improve the employment practices at Walter. Actually from the above analysis of the role of HER managers, we knew from different theoretical SHRUG models, there are still many things for HER managers to improve. I need resource-Dates blew Touches on Tell resources Tanat can De sources AT competitive advantage within the industry.

Three basic types of resources can provide this competitive advantage (Barney, 1991). Human capital resources include such things as the skills, judgment, and intelligence of the firm's employees.

So from the case material we just most information concerning how Walter exploited its workers by various HER policies to low down the cost to the minimum level, which loud certainly reduce the loyalty and dedication of those human resource in the company.

And besides referring to its employees as “ associates”, and encourages managers to think of themselves as “ servant leaders”, there seems little training and other activities taken to develop its valuable human resources, while human capital and learning could be a core source of sustainable competitive advantage (Nile & Jeffrey, 2004). As for the specific training and develop methods and forms, it would depend upon the specific and proper time, place and the right store.

But what’s Roth mention is the HER managers should pay more dynamic and long-term attention when it calculates the future benefits of such HER practices. As for the present employment practices, even with the “ contingency model of best fit”, there may still many opportunities for improvement. It’s really hard to be measure whether Walter’s aggressive actions to bring cost down really get its strategy in the long term.

The workers are complaining its discrimination and low compensation policies, and they bring many charges against Walter in the world.

The government and other communities are just turning more and more sensitive to Walter’s way of aggressive acting, all these bring big damage, or even bigger cost, to Walter’s reputation and may very well affect its ability of long-term profitability. It imported so much goods from China, and it even possess some sweat shops in less developed countries to produce products

with Walter brand, which cultivate many problems such as business ethics, followed by the opposition of its consumers, the final source of profit.

So it seems Walter HER professional would harvest more by seeing the long-term potential cost, and with more advanced management tools. Conclusion: So from all those above content we know the human resource management is of strategic importance to Walter, which is also the definition of SHRUG.

So the top managers besides the HER executive should pay more attention to the everyday employment management, after all, the issues that are related with employment are what they must face everyday.