

Strategic management of human resources essay sample

[Business](#), [Company](#)



1) How the Company Responds to a Strategic Decision to Enter a New Field in which the Company does not have any Experience

Innovative and entrepreneurial employees are one of the greatest assets of an organization that does business. This is because it is such employees who enable the company to diversify in its operations hence expand as they gain a competitive advantage in the market over their rivals. The frequent changes in developments also require any organization that is serious to keep at par with the changes and if possible initiate the changes themselves. Innovations require companies to take risks and invest in the suggested projects in spite of them not having the experience. To respond to strategic decisions to invest in a new field in which it does not have any experience, a company needs to do a market research and come up with ways that will differentiate it from the other companies that provide the same service or product. Just the way Union Fenosa Gas searched for a constant and sufficient source of gas, accordingly, the company needs to identify a constant source of its raw materials that will meet its needs in terms of volume so that it can constantly supply and provide the product to the market. The company should also ensure that it has the required equipment needed to process the product or service. Union Fenosa Gas for example ensured that they owned methane tankers to hold the sourced gas. The company has to invest in and develop the necessary infrastructure so that there will be no problems once the production starts running.

In order to build the plant, the company responds by selecting and recruiting individuals with skills and experience in that field and location. Union Fenosa

Gas for example in order to build the new plant as per its contract with Egypt, chose to recruit Gonzalo as he had experience and expertise in both the gas industry and in Africa as he had operated in the continent for some number of years. The company could also just like Union Fenosa Gas did, select and form partnership with another company that has experience in that field of investment. This is good because the experienced partners or individuals guide and advise the company how to run the business. The experienced partners also know the risks involved and could advise the company on how to manage the risks and benefit from the opportunity. The company needs to decide on a location for the plant. This location should be large enough so that it allows for future expansion. It also needs to be close to the source of raw materials for effective operation of the plant.

Once the plant has been set up, the company needs to select and recruit individuals who will safely and successfully operate the plant ensuring that they meet the company's goals and vision. The company responds to this challenge by consulting with other companies that operate the same kind of business. The company's management exchanges its experiences with the other companies and notes the kind of organizational structures they have. The management then compares and picks the best from the variety it got from consultation. The company has to hire human resource experts with experience in the particular field they have invested in so as to help in the selection and recruitment of the required employees.

The management together with the recruited human resource managers then document employment rules and regulations and management

procedures. Employer welfare policies such insurance covers, housing and loans are negotiated with providers and agreements made. Performance management systems are also established with consultation of local lawyers so that employment contracts established are in accordance with local legislation on labour. The next step after the establishment of the organizational structure is to recruit and hire professionals that will run the new plant.

The company needs to advertise the jobs in order to get applicants from which they can select from. The management ensures that the advert states the required skills and experience. It is important for the company to hire individuals with specific experience in the field it is investing in. In the event such applicants can not be pooled locally, the company will have to recruit from another locality as it can not afford to recruit individuals without experience to run a new plant. The company advertises in places with people with experience in that field. Fenosa Gas for example sourced for employees that would occupy the high posts employees from the London and the gulf as these are the countries that have gas companies in operations.

The company's human resource that is well trained goes through the applicants CVs and selects individuals with the required skills and experience. The selected individuals are then taken through training sessions and the right individuals to be recruited selected from those go through the training successfully as per the company's requirements. The hired workforce has to understand the vision and mission of the company so that they work towards achieving them. It is important for the company to

recruit a workforce that is diverse so that the team formed can have diverse solutions creating alternative decisions to problems that will be incurred.

1. Challenges the Plant likely is Likely to Face in the Future

The Fenosa Gas plant is situated in a foreign country and not all employees are from the country either. This could pose as a problem in future because of workforce diversity. For a company to work well, it needs its employees to work in teams so as to provide solutions to problems that need multiple judgements. The employees also need to work together so that they can learn from each other as they exchange skills since they have different experiences. The fact that these employees have different cultural backgrounds as they come from different countries poses a threat to such cooperation.

Culture is very crucial in team work as it influences how individuals think and act. Unless the employees are culture intelligent, it will cause a problem as they will not understand and appreciate why individuals from a culture that is different from theirs are thinking or behaving the way they do. This will cause disunity and problems especially to the employees who are not from Egypt as they are the minority in the plant. Consequently there will be lack of cooperation and coordination in the plant resulting to low product which if not controlled may cause the plant to collapse costing the company so much loses.

Other aspects of culture that could pose future problems to the plant are the customs and practices of the locals that may be different from those of the

mother company. Some of the organizational behaviour and norms that the management may adopt in the plant could conflict with the local customs hence creates problems as there will be friction between the management and some of the employees who are locals. The difference in languages could also cause a barrier in communication between the management and some of the employees which would result to lack of coordination in the plant's activities as individuals do not understand each other or the instructions from the management. This would cause crisis in the plant

The company may also face challenges with the Egyptian labour laws that favour the employees more than the employer (Business Today Egypt 2009). The Labour Act of Egypt for example has very strict rules pertaining termination of employment. Its rules and regulations on termination of employment may pose a challenge to the plant in the event it needs to lay off some of its employees. Termination of employment in the country can not be initiated by the employer (Business Today Egypt 2009). The labour unions in the country have been empowered to bargain for employees by provisions in the country's Trade Unions Act that protect their representatives and leaders against discrimination and dismissal by the employers. This could be a problem to the plant in the event it needs to make changes that are crucial due to changes in the economy that the unions are not very comfortable with. For example, if the plant faces competition or an economic crisis and needs to cut down on its cost of production so as to survive, it can not take the option of laying off some of the employees as it will go against the labour laws (Business Today Egypt 2009).

The plant could also face language problems as the Egyptian contracts need to be written in Arabic yet the management of the plant is not entirely Egyptian or Arabic. The language barrier could cause problems as not every thing will be clear to the management creating opportunities for mistakes to occur which could be costly to the plant. Some of the definitions of the Egyptian contracts could also cause problems for the plant. The labour laws of the country for example state that the probation period can not last more than three months. This poses future problems for the plant especially in the event that the three months lapse before an individual on probation grasps what he is supposed to. The plant will be forced to employ the individual even though he has not yet gained the required skills. Egypt has two kinds of labour contracts, permanent and temporary. The plant is likely to face challenges with these contracts especially the temporary one in which any small error by the plant's management causes the contract to immediately become permanent. This contract makes it impossible for the employer to terminate employment even if the employee's performance is not satisfactory. The Egyptian dismissal systems are such that the employee can not be dismissed at the employer's initiative unless they have committed some very serious offences that have been described by the Labour act.

The plant could also face safety problems in future. This is because it is dealing with gases that are flammable. In the event that an accident occurs or out of malice a fire is set up, the consequences can only be left to our imagination because of the nature of the kind of gas the plant is processing. This implies that the plant's safety faces more risks than other types of plants

that do not deal with natural gas. In the event that problems arise in the social and political relationships between Egypt and Spain, the plant is likely to be affected. It could result to the Egyptian government being biased and discriminative of the plant as it is Spanish owned. These actions could hurt the plant causing it to collapse. The plant also stands to encounter challenges in the event that Egypt experiences political instability. This is because political instability always has a negative impact on a countries economy hence hurts investors.

3. The Strengths, Weaknesses, Opportunities and Threats the Company will Encounter

Some of the strengths the company will encounter include the strategic position of the location of the plant. Apart from the plant being located close to the source of raw materials it also is close to the sea port which reduces cost of transportation that would have been incurred if it was located much more inland. This makes it easy for the liquefied gas to be packed and loaded on the ships for transportation to the gasification plants and the various international destinations for marketing. The location of the plant is also large enough providing space for future expansion which seems to be really close as there is there is increased demand for natural gas due to the rise in oil prices.

The weaknesses the company will encounter are the location of the plant which is not very close to the mother company. This could make it hard to control as the management of this distant plant has been delegated. The

company also is not very familiar with in this field hence is prone to making mistakes that could jeopardize its establishment.

The many the fluctuations in oil prices which sometimes become too high, the Kyoto protocol, the environmental safety and the greater energy sufficiency of natural gas as compared to alternative sources of energy have caused many consumers to prefer hence turn to using natural gas as a source of energy. This will create a great opportunity for the company as it will be able to supply the needed gas to all international markets without any constraints as it has placed its plants in strategic locations and ensured that it has a sufficient and constant supply.

The threats the company will encounter is lack of market in the event that other alternative sources of energy prove to be cheaper and more environmental friendly. The company also faces competition from other companies that are well established and have more experience in this field.

4. The Ethical Underpinnings of the Case Using Schumann's Ethical Framework and the Impact of these Decisions the stakeholders

According to Schumann's utilitarian Principle of what action does the most good and less harm to all that are affected, this case is ethically right as it does good to everyone that is involved (Schumann 2001). It introduces an alternative source of energy that is cheaper and safer to the environment hence benefiting the entire world, has created job opportunities for the employees and has potential of increasing the profits for the company owners. The decisions of this case hence have positive impact on all the

stakeholders involved that is the company owners, the employees and the consumers of the gas. This case if all the risks are managed will create most benefits and least costs to all the stakeholders involved.

According to the Rights Principal, the case also is morally right. The decision taken by Elias Velasco to persuade the company to invest in this field was right. The case meets the reversibility, universalizability and the respect and free consent principles. All the stakeholders' moral rights were met as there were no conflicting among the moral rights of the stake holders. The case treats everyone with respect and would be applied to Elias Velasco as the innovator and initiator by someone else.

The case does meet the distributive justice principal as the benefits are distributed fairly to all the stakeholders (Schumann 2001). This is supported by the fact that the company offered competitive salaries to the employees of the plant as they were recruiting them. The case specifically meets the socialism, libertarianism and capitaliism aspect of this principle as it ensures that benefits are distributed based on the need of consumers to have a cheaper and more effective alternative source of energy and distributes the costs based on the ability of the employees to be able to safely run the new investment.

The case also meets the caring and virtue principles as it displays care for all the stakeholders (Schumann 2001). The case also displayed fairness and honesty in the recruiting of employees hence is virtuous. This case seeks to provide a source of energy that is cheap and friendly to the environment.

This implies that it cares for the universe as a whole. All the moral principles

in this case reach the same conclusion hence the case is morally and ethically right according to Schumann's Ethical Framework (Schumann 2001).

References

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