

# Royal mail's human resource strategy



## **1. The Royal Mail do have three levels of strategies:-**

**Corporate level -which deals with the overall organization.**

**Ex: Geographical regions, Market selection.**

**Business level strategy is mentioned for each type of business carried out by the Royal mail.**

**Functional level- The Finance, Human Resource Management, Production, Marketing, Research and Development comes under this section.**

The Corporate strategy of Royal mail is designed in such a way that it shows their ability to cope with the market changes in a positive and negative manner. It is the hardships of the employees and their standard customer services makes the Royal mail to get a competitive advantage over its competitors like TNT, DHL etc. Royal Mail which was once said to be the Monopolist in the field of Postal services lost the title of Monopoly in the beginning of 2006. It had 99% of the market share in its hands. Royal mail do have a view to make their corporate Strategic responsibility to become a part of their strategic management process. They are:-

## **2. Corporate Strategic responsibility includes:-**

The support of the workers from the workplace which forms the backbone of the Royal mail. The management also deals with the workers in a more friendly manner without any kind of discrimination.

Being workers said to be the assets of the firm, Royal Mail takes good care of their workers and regarding the working conditions too.

To make its actions designed to have a strong positive effect on its workers, customers and to its suppliers.

Achieve a net zero carbon footprint by 2015 and to support their clients to do their activities to have a positive advantage towards the environment and to attain a competitive advantage.

With their Corporate responsibility in mind Royal Mail wishes to be different from its competitors

Royal mail had created their corporate strategy by taking into consideration of their Organizational objectives and their achievement. It is in the Functional level the Human Resource Strategies arrives. The definition of the Human Resource strategy and the Human Resource Strategies of the Royal Mail from 2005-2010 are mentioned below.

### **3. Human Resource strategy (Definition):-**

Before moving to Human Resource Strategy we should know what is meant by the term strategy?. Strategy usually means selecting the best decision from a stream of decisions. According to “ Lundy and cowling” (1998, p16), strategy is: “ The art of war, generalship, especially the art of directing military movements so as to secure the most advantageous positions and combination of forces.” The Human Resource Management team in the Royal Mail directs the workers by motivating them and providing them proper training in order to achieve the Organizational goals and to get a competitive advantage over its rivals.

The term Human Resource Strategy is well defined as – “ Human Resource management (HRM) is a strategic approach to managing employment relations which emphasises that leverage people’s capabilities is critical to achieving sustainable competitive advantage, this being achieved through a distinctive set of integrated employment policies, programmes and practices.” [Bratton and Gold, 4e, p3]

#### **4. The Human Resource Strategies from 2005 – 2010:-**

Human Resource Management forms the most important function in an Organization as the workers are considered to be the valuable assets of the firm. The right kind of people in right position at the right time is the objective of the HR Manager. It is said that normally in a day HR Manager usually spends 20% of their working hours in dealing with the grievances of the employees without affecting the Organization’s routine activities. HR Executives should have an ability to deal with their staffs in a fair and friendly manner rather than imposing more control on them. The Royal Mail take the efforts made by their workers into good consideration and rely on the fact about their career development rather than simply a job. The Royal Mail’s Human Resource strategies in the period from 2005 to 2010 is mentioned below which includes several threats they faced and the steps undertaken to face those threats.

#### **Human Resource strategies of the Royal Mail in 2005:-**

One of the most important actions of the Royal Mail can be seen in the beginning of 2005 which employed candidates from the socially excluded groups. The candidates who were recruited performed very well in the selection process as well as in the Organization too. New recruits by this

<https://assignbuster.com/royal-mails-human-resource-strategy/>

process were placed in position as post man, delivery van drivers, letter sorting who were ex-service men or those who are homeless. This Pilot program helped the Royal Mail in lowering the cost and labour turnovers and proved as the firm with best employee satisfaction. The employees thus had a long term commitment and had a self motivated approach to work hard for the firm to achieve its goals. The employer expectation of high commitment and the employee expectation of taking care of their social needs made the workers of the Royal Mail to be loyal to the firm and improved the ratio of trust towards the firm. The voluntary organizations like the Royal Association of Disabled and Rehabilitation, Business action on Homelessness etc helped the Royal Mail to get candidates of socially excluded groups. The Human Resource team played a very important function in sorting out the list of disabled candidates and selecting the best candidates through a standard selection process. The Human Resource Manager who have the Management as an art aspect means having inborn talents will have those skills to recruit those people who can contribute to the maximum of their extend towards their Organization. The Royal mail team supervised by Mr. Adam Crozier made record annual profits in 2005 which helped to give 1074 pounds of bonuses to its workers. These were achieved by the employee performance, better customer service by properly trained staff and their performance related pay strategy of the Human Resource team.

### **Human Resource strategies of the Royal Mail in 2006:-**

The Human Resource team in the Royal Mail were able to provide instant solutions to the grievances of the employees. The starting of the year 2006 was not as good for the Royal Mail as it faced a postal strike in Belfast.

Nearly 200 postal workers stopped their work for 2 weeks which made a very negative impact on the Royal Mail's services to the customers. The customers were said to contact the office directly for any important matters and most of the letters and documents were blocked in some places remained undelivered. The Communication Workers Union says that the strike was due to the bad and unfair practices of the managers towards the workers in Belfast and the core issue is not accepted by the Royal Mail. Important delivery including specialized services were stopped temporarily and the management took immediate action to solve the problem. The Workers in strike were assured that they will not be treated badly when they return to their work and necessary actions will be taken against those who were found guilty. The Human Resource team in the Royal Mail took the issue seriously and they guaranteed that the workers will be treated fairly and without any discrimination. The psychological contract which says high motivation and high commitment should be taken into consideration which made the Human Resource Manager to deal with the situation in a friendly and wise manner. It was this year the Royal Mail lost its position as a Monopoly in the postal Industry and started facing wide spread competition. The management agreed that there will be no reduction in the work force, high job security will be provided with raise in pay scales to the staffs. The Christmas season of 2006 also made the customers of the Royal Mail to suffer due to the strike of 800 workers which caused huge volume of undelivered documents in the office. The management's decision to change some full time post to part time when a job opening arises was objected by the trade union by saying that it is against the National agreement. The matter was raised very seriously and the Royal Mail responded to it by

<https://assignbuster.com/royal-mails-human-resource-strategy/>

saying that the decision will be with the consent of the worker agreement. The strike was stopped by reaching to the point that the new job openings in the Royal Mail will be carried out by the management with the combined hands of the trade union to make decision regarding whether to treat the vacancy full time or part time and the management assured that no staff will be forced to change his full time job status to part time. The closing of the sorting office in Paddington, London in the same year was explained by the Royal Mail as a step taken in order to improve their customer satisfaction and productivity against the wide spread rumours about some illegal actions of the postal workers. The 950 workers who worked there were temporarily kept away from their duties and some of them were given transfer offers. The workers commitment in a firm not only depend on their salary but also on other factors like work atmosphere, employee- employer relationship, colleague character etc. The sacking of 5 workers who treated their women colleague very badly in one of the Royal Mail branch shows the immediate response taken by the Human Resource team in those matters which affects an employee to perform well in an Organization and to reduce those activities which affects the reputation of the firm. The Human Resource team has made recently certain improvements in the health and safety measures for the workers due to the huge fine the firm had to pay regarding the death of an employee, which was made as a health and safety issue by the court.

### **Human Resource strategies of the Royal Mail in 2007:-**

The Privatization of the Royal Mail was the main problem discussed by the Human Resource team in the Royal Mail and the workers point of trust towards the firm tends to decrease day by day affecting their performance in

the work. The Communication Workers Union was opposing the issue but some managers say the Privatization will help the future of the Royal Mail.

A deal was agreed between the management and the labour union in 2007 followed by stopping the workers strike. The new policies changed the working time and new technologies were introduced which was implemented in each and every branch of the Royal Mail improved the productivity and performance of the workers. The new modern way of thinking and acting was successful in the Royal Mail. Also Mr. Mark Higson the managing director of the Royal Mail added that the future of the Royal Mail Pension scheme will not form any part of the agreement. The Human Resource Strategy of making the employees feel they are a part of the firm made the management to come to a point of distributing around 20% of its shares to the employees was opposed by the Government and the plan was turned down. The Human Resource team and the other managing partners have plan to explore the unused markets and to identify new opportunities to make the Royal Mail to offer quick and friendly based customer services. The Human Resource Department also do have plans to provide Occupational pension schemes for their employees in future. The Human Resource Manager also responded to the worst situation of poor quality service by the Royal Mail in Scotland and he promised to provide better customer service the coming year. The contract lose with the online service provider “ Amazon” hits very badly towards the Royal Mail and its bad position to face more rigorous competition.



## **Human Resource strategies of the Royal Mail in 2008:-**

In order to face the competition and the consideration of the future of the Royal Mail, the Human Resource Department made plans to reduce the number of workers and providing better benefits for those who remains. The Workers and the union feared about the reduction of the full time jobs and including more part time workers. The Privatization of the Royal Mail which the British public doesn't like was also considered as the main issue by the trade unions and the management. The Privatization will cause more job losses says the union members but the Royal Mail needs finance to support its future plans says the Management. The Management also planned to change the offices from old buildings to new ones in which the trade unions responded and they said that the change of offices will cause problems in sorting of letters, loosing some customers and they feared about loosing jobs too. Also plans were prepared by the Human Resource team to raise the salary scale of the executive Directors of the Royal Mail who are the main key players in obtaining maximum profit. The " Devanna" model which shows performance appraisal, Human resource development and reward systems should be given due consideration. Many office branches of the Royal Mail were shut down and the remaining workers should be motivated by their performance and the management should create trust from the side of the workers which in turn gives high commitment. The " Soft HRM" feature of high commitment and high motivation as well as the " Hard HRM" feature of managing the workforce in a more rational way should be undertaken by the Royal Mail.

## **Human Resource strategies of the Royal Mail in 2009:-**

To Prevent the customers complaint about the closing of the post offices the Human Resources team implemented a plan to provide mobile post office services to the customers by Van. The Royal Mail's plan to make 30% privatization was opposed by the public and the Government continuously, if privatized it will cause raise in prices, job losses and the customers as well as the workers trust in the Royal Mail will reduce. The Human Resources team introduced new uniforms to the workers which is suitable for the climate and having big pockets to place the hand held computers which the customers prefers to sign and trace items was considered as a part of the improvement in the delivery system of the Royal Mail. The year also faced a strike on the pay cuts, salary freeze of the workers. The Communication Workers Union said that even cutting the wages or freezing the salary will not help the Royal Mail instead it should implement new ideas in technology and new advanced machinery to support the workers. All over the strike is making the customers to move away from receiving the services from the Royal Mail. In the matter of improving their services, the Royal Mail and the Microsoft had joined hands to hands by introducing the “ new e-mailing service without having computers”. The HR strategy of how to compete with their rivals has made the above decision to implement in the Royal Mail.

## **Human Resource strategies of the Royal Mail in 2010:-**

The Privatization of the Royal Mail is the main consideration of the Royal Mail as the firm is running out of Finance, huge pension deficits and inefficiency in operations. The private fund is needed for the smooth function of the Organization, says the Managing director of the Royal Mail. The Human

Resource Manager is taking keen steps in promoting the existing workers with good training but most of the workers had lost the trust with the Royal Mail. The privatization will cause more job losses, price for the products will be raised and the top level managers will get more benefits; a trade union leader says in a meeting. The workers says that if the new management can help them in providing benefits and good promotional appraisal packages to them, it is better to get privatized. The natural constraints like volcano ashes also affected the Royal Mail's service in some part of the United Kingdom. The Psychological contract between the employee and the employer is broken. The employees social and other needs are not fully met and the huge sacking of employees made them to lose commitment towards the firm which leads to inefficiency, reduced services, low productivity and down turn of profits. The Royal Mail is still considered as the provider of the best service among the European nations with lowest service charges. The Human Resource team have plans to increase the state pension age for men.

The Royal Mail is trying in many ways to improve its services by providing different varieties of stamps, weekend services, superior customer service but the competition and its bad financial position is weakening its movements to go forward. Even though it is known that the entry of new firms into the Postal Industry is very difficult due to entry restrictions, the Royal Mail is facing very tough competition. The firms like TNT, DHL and many of the online services are serious treats to the Royal Mail. The day when the Royal Mail lost its Monopoly in 2006 marked the beginning of competition as a headache to the Royal Mail. Another problem which the

Royal Mail faces is the reduction in the volume of the letters but the postal workers tells that the number is increasing day by day.

The Royal Mail like all other firms had undergone a “ SWOT ANALYSIS” to understand its positives and Negatives internally and Externally. The” SWOT analysis” is done to identify their threats and opportunities, strengths and weaknesses.

## **5. SWOT ANALYSIS:-**

The Swot Analysis is usually conducted by the management which gives the Royal Mail a good indication of its Strength and Weakness internally and its Opportunities and Treats in the outside market.

The highly skilled hard working staffs having high commitment motivated by the efficient management and the firms large and other financial resources forms the Strength of the Royal Mail.

Some complaints have been raised regarding the letters not reaching the destination and stealing of the letters/parcels by its staffs affects the Royal Mail’s prestige and the strikes which are made by the trade unions in Royal Mail forms its major weaknesses which hardly hits its reputation and directly states that employees are not satisfied with the management actions.

The Royal Mail do have new opportunities to identify more customers and Business clients and providing support to them which will have a competitive advantage over its rivals.

The Competitors like TNT, DHL, UKMAIL and the possibility of more rivals to enter the Industry forms the main threats for the Royal Mail. The wide usage

of internet, online banking, online delivery and e-mailing has reduced its number of customers to a large extent has made huge reduction in the volume of mails in the Royal Mail is also considered as big threats.

The Royal Mail still stands as the Standard postal service in the United Kingdom with its valuable staffs and its improved services like First class service, weekend service etc. Royal Mail also provides online supports and International postal services. The Administration of the Royal Mail includes series of committees like The Audit and Risk committee, The Management board, Pensions committee, Remuneration committee, Nomination committee and Social and Responsibility Committee. The new Human Resource Strategy and policies are being Introduced by the Royal Mail in order to face these threats and for the motivation of the workers.

## **6. The new Human Resource strategy to support the Royal Mail in the present bad condition:-**

Steps have been taken in the all the levels of the Organization to support the firm from the credit crunch and competition.

### **To the workers:-**

Workers are provided with improved new range of training and guaranteed performance related pays.

The employees who are considered as a valuable assets in the Royal Mail were provided with revised employee policies and procedures and long term job security and motivation. In order to improve its reputation and to obtain

a good employee- employer relationship some additional steps were also taken. They are:-

The new plan for temporary redundancy and early retirement are going to be enforced as soon as possible.

Existing contracts will be renewed and new standardized contracts will be provided to the employees.

The introduction of new machinery and techniques helps the workers to achieve world class standard in performance.

The new revised Pension scheme plans are going to implement for those employees in the Royal Mail pension scheme.

The working hours, the minimum wages are also revised. The safety of the staffs are taken in great consideration. Improved working conditions, first aid facilities, stress relief exercises, changing their job tasks over a period of time, self appraisal process, promotional and increments are also introduced to the new plan.

### **To the firm:-**

The modernization of the firm with improved customer service support is the main objective of the firm.

The co-operation of the Management with the workers and the trade union added with signing an agreement in new policies and procedures of the firm supported by the trade union is going to happen.

The improved efficiency and productivity with unmatched competition by providing lower price and better quality services to its clients.

### **To the Trade Union:-**

The firm will give suitable position for the trade union in its management activities.

Support from the trade union in motivating the workers to cope with the Organizational rules and regulations and to achieve a sustainable competitive advantage.

To develop new communication levels between the trade union and the management.

### **7. The Royal Mail's respond to the Competition and to the recent Credit Crunch:-**

The Royal mail which was once called as a Monopoly firm now faces serious competition and holds a bad reputation due to its continuous strikes , shutting down of the offices and complaints regarding its employees. Even though any firm can compete with its rivals in two ways, one way by reducing its prices and the other is by improving its quality of service/product. The Royal Mail provides high quality service to its customers and also the lower service/product price compared with its competitors helps the Royal Mail to attain a sustainable competitive advantage. The Human Resource team is making its level best efforts to prevent such issues but the employees relationship with the management is unclear. One of the main issues is the privatization of the Royal Mail which make the staffs to loose trust towards the firm making them de-motivated. The corporate strategy is

well defined and the Human resource planning and its strategical process is some what following the corporate strategy.

Making a friendly relation with the CWU and a strong psychological contract between the workers and the Management is very much needed for the smooth functioning of the Royal Mail. The recent credit crunch has made the Royal Mail to close most of its offices and to sack many of its employees. The economic downturn in the UK is being faced by the Royal Mail in some extend due to its highly skilled, flexible core employees. The peripheral workers who were highly skilled were also taken into good consideration by the Royal Mail. The customers still rely on the Royal Mail due to its better quality services and lowest prices compared to its competitors the TNT, DHL, UKMail etc.

The name of the above model is “ The Five Forces Framework” which is developed by “[Porter 1980]” shows the fact – from where does the competition come from?.

We can combine this model with the Royal Mail’s competitive nature. It has elements like

1. Potential entrants mentioned as new competitors of the Royal Mail.
2. Rivalry from existing firms like TNT, DHL etc which are faced by the Royal Mail with its high quality products/services and of its highly skilled workforce who are trained and developed by their talented Human Resource team.

The substitutes can be shown as the e-mail, online transfers and online mail ordering groups.

<https://assignbuster.com/royal-mails-human-resource-strategy/>



Threat from the customers in the form of bargaining power, their change of demand, their potential for forward integration (which is implemented by the firm with the availability of suitable Human Resources).

Threat from the Suppliers includes their bargaining power, switching costs, market dominance of the suppliers, the potential for backward integration (which is implemented by the firm with the availability of suitable Human Resources). The suppliers include the printing and stationery, technology, clothes, transport and travel agents.

The Royal Mail uses the “ Generic Strategies” frame work of “ Mr. Porter(1985)” to define how they faced these competitions. The basic idea which is derived from the framework is:-

Any firm can compete with other by lowering their prices

Competing in the matter of quality makes each firm different

Focusing on the main market and its customers can gain competitive advantage over its rivals.

The Human Resource strategy of identifying the competitive areas and setting plans for how to compete helped the Royal Mail to face all types of competition and to gain a competitive advantage over its rivals. The Human Resource Management team of the Royal Mail have a good background from the Top Ranked Business Schools added with their inborn talents and experience helps the Royal Mail to compete with their rivals in a more technical way which is difficult for the competitors to identify and which makes the Royal Mail to have a strong base in the UK postal industry. “ The <https://assignbuster.com/royal-mails-human-resource-strategy/>

top quality products/services with the top quality employees makes the Royal Mail to move forward with confidence". The Human Resource strategy of implementing new techniques and training services with the performance related pay aspect for the workers can be seen in the Royal Mail. Last year the Royal Mail received three bronze awards from the World Class Manufacturing Association for its performance, health and safety care of its workers. The Royal Mail consider each and every worker in the matter of safety and performance and they say that if they can make one worker to perform well, it will make another to perform well and it goes on and the whole workers will perform well gives high productivity and profits to the firm.

## **8. Conclusion:-**

The essay can be concluded by stating that the Royal Mail have to face the credit crunch and the present difficulties in order to hold a strong position in the UK postal Industry. The Royal Mail do have a strong corporate responsibility strategy and Human Resource strategy which is properly planned and helpful to the employees as well as the to the firm for further development. The Human Resource Strategy from 2005 - 2010 shows the problems faced by the Royal Mail and the Strategies used by them to solve these problems. The privatization and the pension deficits are the main problems faced currently by the Royal Mail in which the management have certain plans to overcome the situation. The new entrants and the present rivals are competing very roughly with the Royal Mail and they are faced by the Royal Mail by its good quality services and its lowest service/product prices.