**WOOLWORTH: AN ANALYSIS OF HUMAN RESOURCE SHAPING FACTORS AND STRATEGIC ORIENTATION**

Student name

University

**WOOLWORTH: AN ANALYSIS OF HUMAN RESOURCE SHAPING FACTORS AND STRATEGIC ORIENTATION**

**Preamble**

The modern era of globalisation and technological advancement has altered the traditional practices in almost every métier of life, and of course, business processes are no exception. According to the contemporary conceptual framework, Human resource Management becomes the most integral and spinal element of any business regardless of their industries, nature, and size. In this context, a few factors are immensely significant that shape the overall structure of HR and allow devising a strategic orientation by the business specifications. The following paper proffers an insight regarding the theoretical and foundation framework of subject ideas and analyses the practical implications by evaluating the HRM practices of Woolworth, the eminent superstore of Australia. Woolworths’ supermarkets that are widely known in locals as Woolies is an Australia-based grocery chain store. The chain of supermarkets and grocery stores of Woolworths was established in 1924 and deal with the selling of a wide variety of grocery items including fruits, vegetables, packaged and canned foods as well as meat. However, along with edibles, the stores offer a range of magazines, health products, cosmetics, stationery items, baby and pet goodies, and DVDs etcetera. Currently, Woolworth is operating more than 100 outlets throughout the continent. Under the nametag of Woolworths, there are about 976 supermarkets as well as 19 supplemental convenience stores.

Along with brick and mortar stores, Woolworths has established its online presence to comply with the contemporary business environment. And in this context Woolworths “HomeShop” that follows a “click and collect” process and delivers shopped items on the doorstep of the consumers. Reportedly, Woolworths has a workforce portfolio that is comprised of more than 111,000 talented employees.

The following paper discusses the strategic HRM and other relevant factors with the reference of Woolworths' practices. To collect and to analyse the data and information, different methods are used that include interviews with Woolworths’ employees. Moreover, news articles, websites, various journal articles regarding HRM strategic-orientation and observation are also utilised. However, in the due process of data collection, a few limitations were faced; the main problem was the limited awareness of sales’ personnel regarding the intricacies of HRM strategy. And therefore it was necessary to access the manager to acquire detailed information. Another limitation implied because of the organisation’s secrecy policy of not spill all the beans. But yet it is attempted to gather as much first-hand information as possible that afterwards refined under the reflection of theoretical conceptualisation.

**Theoretical and Conceptual Foundations**

**The Concept of Strategy at a Glance**

The strategy is the most common terminology that is widely used in a competitive and dynamic business environment. Strategy can be defined as an approach or a set of approaches that are devised and implemented to attain the predetermined organisational objectives. In this context, the strategy is referred to as an absolute determination that decides resource allocation, as well as the adaptability regarding the course of action, necessary for the overall achievements of the business goals (Armstrong, 2006). According to management experts, the strategy has three underlying characteristics that include:

* **An Insight for the Future Prospect:** The strategy highlights the vision and core purpose of a business and creates roadmaps to reach there by employing the accordingly developed stratagem. The very concept of strategy connects the entire framework of business with strategic Human Resource Management. At this stage, the strategy focuses on the original intent of the company and suggests how to reach there, most effectively and efficiently. Boxall (2016) explicates that strategy should be comprehended as the scaffold of decisive ends and means.
* **The Overall Structure of Resource Capability:** Such strategic characteristics evaluate the organisational potential and functional efficacy that highly depends on the available resources. Phenomenally, an organisation is known as an administrative entity that is an amalgamation of productive resources. And in this context, the business thrives on the idea of equilibrium between the utilisation of available resources in the process of developing new ones. Experts assert that the attainment of maximum competitive advantages explicitly interdependent on the exploitation of unique resources most productively and uniquely.
* **Strategic Fit To Deal With Eternal And External Organizational Environment:** The strategic fit or should say best-fit decisive characteristic based on the necessity of developing HR stratagem to attain and maintain a balance between the tackling of business’s internal and external environment. Through this standpoint, the strategy not only pivots the business practices but also elaborates the requirements of the world around it. It is believed that it is imperative for any business to create synchronisation between its specific resources’ capabilities and the opportunities offered by the external environment. The best fit that is also known as contingency or integration is the main essence of the strategic Human Resource Management.

**Integration/ Contingency/Best Fit Theory**

The contemporary business requirements infused a substantial transformation in the business structures and perspectives. And according to innovative ideology, the workforce of a business is considered as the most critical asset of an organisation. And therefore, to create harmony and integration between the most valuable assets of the company and other aspects and operations, different models and plans are developed and implemented on businesses. According to a myriad of managerial research studies, the strategic human resource is defined as a well-designed collection of administrative actions and decisions that decide the business performance standards and relevant outcomes in the long-run (Boxoll, 2016).

According to the main posit of contingency theory of management, it is affirmed that to prove flawless efficiency; Human Resource Management must have to be in synchronisation with the other external environmental aspects of the organisation. Similarly, the universal version of the very theory advocates that Human Resource Management has a direct influence of the business performance, and therefore the one-size-fits-all approach is vague and futile in this context to an exacerbated manner. The augmented organisational performance and persistent efficacy of business necessitate different and context-based Human resource practices. The overall concept of best fit theory encapsulates the idea of HRM-based contingency decisions that are comprehended from internal and external fit’s standpoint; such a strategic framework is widely known as vertical alignment. The core theoretical framework of such alignments elucidates the significance of HRM practices to best match with the business stratagem and other external environmental dimensions encountered by the organisation.

On the contrary, any failure in this regard can lead an organisation to the murkiness of downfalls and subprime performance. Several organisational strategies can be comprised of cost-effectiveness, innovation, creativity, and quality, and therefore the business should endeavour to establish best fit matching models while practising HRM. Moreover, along with vertical alignment (that is matching the HRM practices with the external environment) horizontal alignment is also indispensable, that underlines a best internal fit. The best fit theory allows an organisation to operate coherently by communicating the uniform ideas and yield desired, harmonised, meaningful and measurable outcomes (Harney, 2016).

**Factors That Affect the HR Practices**

The internal and external environments of business are laden with different factors that influence the business practices to a great extent. The internal environment can be defined as the in-house organisational environment that comprised of corporate culture, size, policies, and cost etcetera. On the other hand, the external environmental factors referred to as the elements that exist in the outside world where the business is operating. The major environmental factors are the political, economic, legal, and social aspects that affect the way a business carries on its practices and any lack of balance in this regard can impede the business progress substantially.

**Woolworth: An Analysis of HRM Strategies**

In the following, the implications and underlying results factors that shape the HRM and other strategic HRM practices (including vertical and horizontal alignments) are discussed in detail, with the example of Woolworth superstore.

**INTERNAL FACTORS THAT INFLUENCE THE MANAGEMENT CHOICES OF HRM AT WOOLWORTHS**

Woolworths is a renowned and eminent organisation in Australian retailing industry and has established a human resource department that pivots the efficacy and effectiveness of organisational employees’ management. The overall development of Woolworths is founded on the significant theories of Human Resource Management. Woolworths pursues the crucial resources throughout its procedures of recruitment, staff-matching to fill the gap according to business requirements, training, and retaining, and downsizing. There are a few certain internal factors that impact Woolworths’ selection and recruitment process that is elaborated in the following.

* **Policy and Rules for Recruitment:** Evidently, rules and regulations regarding the organisation’s recruitment signify and underline the underlying business goals of Woolworths. In turn, organisational objectives and preferred policies and recruitment resources become the factor that clarifies the necessities of recruitment and influences the overall recruitment strategy of the organisation. Woolworths’ recruitment policy proffers a detailed framework to attain recruitment prospectus. The subject recruitment program of Woolworths focuses on filling the employment gap with best and competitive candidates. Throughout the process, the incorporation of fairness and strict adherence to the devised recruitment policy is assured.
* **Organisation’s Size**: Phenomenally, the size of an organisation influence the selection and recruitment process to an exacerbated extent. For instance, if a large organisation is looking forward to expanding its operations, or to infuse another product line, in such case, it will surely increase its numbers of employees through the recruiting process. And in this context, Woolworths features a practical selection and recruitment procedural that is implemented whenever Woolworths aims for expanding its operations or launching new and innovative products into the marketplace. The well-developed rules and recruitment stratagem of superstores allow it to thrive and in successfully attracting and retaining the valuable customer base. Woolworths is a large organisation, but to compete in modern business dynamics, it always attempts to grasp the opportunity of expansion and strives to grow through the inauguration of new business ventures and product lines.
* **Cost Structure of Woolworths**: Cost is the most significant and integral fragment of any business regardless of their size, nature and industry. The cost structures and availability, in turn, affect every department’s practices and also pose an impact on recruitment and selection preferences and procedurals. At Woolworths, the recruitment and selection are cost-effective processes and therefore before conducting such exercises management carefully analyses and evaluates all interrelated intricacies of the process. Woolworths has several superstores and convenience stores, and the further expansion strategies require ongoing recruitment for new employees to fill the gap, identified by need analysis.
* **Knowledge and Skills of Employees**: Woolworths is a leading superstores chain and cherishes the idea of becoming a world-class, global name in the retailing industry. And therefore, Woolworth perpetually endeavours to accumulate an agile and smart workforce to cope with the ever-changing modern business environment. An apt and skilled workforce can support Woolworth to submerge in the depth of international business practice in an effective manner. Secondly, employees are known as the most precious and valuable asset of the organisation and their knowledge and skills areas impact the organisation performance explicitly. That is the reason Woolworths recruits best people that are evaluated and selected through their energy, merit, and experience bases and then assist Woolworths to attain its predetermined organisational objectives.
* **Human Resource Planning:** In the absence of a well-devised human resource planning, no organisation can deal with the complications of the labour market and Woolworth is no exception. Similar to all other organisations, human resource planning is imperative for Woolworths too as it assists HR management in comprehending and conducting the gap analysis. It is mentioned above that Woolworths believes in the expansion and growth strategy, and therefore the overall process of analysing available and required employees’ gap is vital for its flawless operations. The gap analysis, in turn, clarifies the picture about the need for new recruitments and internal promotions and rotation.

**Stakeholders of Woolworths That Influence the Management Choices in HRM**

Every organisation has several stakeholders that influence organizational decisions and their patterns of practices. Such stakeholders include the owner, management, employees, suppliers, customers, logistics channels, wholesalers, retailers and unions as well as society. Woolworth has some stakeholders that can directly be affected by HRM practices.

**Woolworths’ Owner**

A business owner is the most direct entity, influenced by the HRM and other business practices immediately and more than anyone else. Consequently, the owner of Woolworths impacts the HRM practices (from recruitment to training and compensation) and emphasises on the methods that cost-effective and beneficial for the business’s prosperity.

**Employees of Woolworth**

Human resource management is all about employees and all the practices, strategies and policies revolve around them. Employees’ market and labour conditions of the market affect the pay and compensation patterns. Moreover, Woolworths needs to stay vigilant regarding the competitors’ compensation and HRM practices because the lack of coherence with market best practices can cost the organisation a fortune in the form of losing experienced and skilled employees.

**Customers of Woolworths**

Every business is in business because of its customers, and in the absence of customer-base no organisation can operate successfully and may face the peril of inevitable demise. In this regard, the customers are the king in the play of trade and everyone is there to fulfil their needs and specific demands. Employees are recruited and trained according to the unique framework of business and to satisfy the customers’ requirements. Take the instance of sales’ personnel of Woolworths; if the HRM policies and practices of the organisation do not pay attention to the specific training and other aspects of employees, no customer could indulge a satisfactory customer service. And in turn, lack of assistance and another selling aptness will boost the chances of fewer repeat customers that will eventually affect the overall profits and operational efficacy of Woolworths.

**External Factors That Influence Woolworths Management Choices in HRM**

External factors have a significant and prominent effect on all the business practices and such elements influence the HR practices, pay structures, compensations, labour environment, and other legal implications to a vast extent. In the following fundamental external factors that affect Woolworths’ human resource policies, employees’ recruitment and retaining programs are explained.

* + **Economic Factors:** Woolworths’ financial dimensions and other marketing operations affected by the economic factors and similarly the HR department has to consider the economic implications throughout its practices. The economy plays a vital and crucial role in devising recruiting and selection processes and their underlying outcomes. The economic situation of Australia is explicitly interconnected with the prosperity or loss of Woolworths. And all the recruitment and other HR practices, as well as expansion and growth stratagem of Woolworths, need to concern the economic situation of Australia before making any substantial decision.
  + **Social Factors:** Similar to economic dynamics, social factors too have a substantial effect on the selection and recruitment and other HRM process of Woolworths. Socially Woolworths necessitates a well-established, value-based and esteemed corporate culture. Moreover, externally, the social factors assert an utter need to establish a fair, merit-based policy so every candidate could explore a prejudice-free job opportunity at Woolworths. Besides, the idea of equal opportunity employers is also indispensable in this regard, because through such notion Woolworths can assure racism and sexism-free HR framework that is highly regarded in the societal perspective. Such factors develop loyal and long-lasting customers and employee base for an organisation and reflect on its profits radiantly.
  + **Legal Factors**: All business departments and of course the Department of Human Resource Management is bound to abide by the regulations, laws, and governmentally provided rules and regulations. Australia has its own body of legalisation that proffers an insight regarding labour and company laws and defines safety and procurement rules and highlights remedies in case of a breach. All the labour laws and international legal HR practices elaborate on the imperativeness of safe and equality-based organisational culture. Moreover, the labour laws of Australia assure privacy protection and legally safe working environment where data, necessary documentation, and other personal information of employees are safe and secured with the top management. Furthermore, the legal framework sustains that a workplace should be free of any discrimination in terms of genders and races, and in this context, all employees should be treated fairly and paid equally. Australian labour laws have set standard industry rates for underlying pays and wages and assure that all employees are getting paid with the applicable rate and frequency.
  + **Political Factors:** all the organisation either local or multinational are working within a particular external environment of a country. And every country features substantial and unavoidable political factors that play an integral rather spinal role in the practices of a business. In several cases, political influences tarnish the HRM practices of an organisation and the recruitment and selection process fall prey to the nepotism, and the company becomes an unfair job opportunity provider. Therefore, it is believed that in order to operate a smooth, fair, and just business, organisational HR should avoid the infiltration of politics into business. Woolworth practices a flat HR policy that is not contaminated by undue political influence and in due course all political aspects, legal regulations and laws are abided by the guideline provided by the government. Woolworths needs a smart, agile, and expert workforce team to enhance and expand its business operations and to launch new product lines. Therefore, it evades the peril of nepotism and recruits and selects employees only on pure merit basis.

**Vertical Alignment Analysis of Woolworths Human Resource Practices**

Human resource practices with the organisational strategic management process. Through the implication of vertical best-fit practices, an organisation strives to direct the efforts of Human resources practices in the direction of key initiatives of the business. Moreover, the core idea affirms the significance of the Human Resource System that is substantially interconnected with the contingency-based theory. The very conceptualisation, in turn, develops a general fit of different and diverse management strategies including HRS and aims for the attainment of long-term objectives. Woolworths pursues a comprehensive vertical alignment as its strategic management process is in perfect harmony with HR practices. Take the instance of its growth and expansion strategy, and it becomes evident that Woolworths recruits, selects, rewards compensate and trains its employees to fill the gap and to access the epitome of success through tireless performances.

On the other hand, the strategy of retaining and attracting customers is also associated with the overall HR process of Woolworths. Woolworths believes that employees and customers are both indispensable for its business and therefore it has developed a strategy to satisfy the needs of both factions. A satisfied and content employee, in turn, makes his ultimate efforts to fulfil the unique and particular demands of customers. The cycle, in turn, reflects on the asset’s gaining side of the balance sheet and boosts the popularity of business throughout the relevant industry and region.

**Horizontal Alignment Analysis of Woolworths Human Resource Practices**

Horizontal fit is the second most significant congruence of any business environment. Horizontal alignment asserts the need for concord between different human resource practices. Such harmonisation between homogenous activities can be achieved through a substantial allocation of resources. Phenomenally, horizontal fit implies that all the planning and actions of human resource department and management of resources have to be handy at the time of implementation so a vertical fit can be observed in an excessively successful manner. Woolworths performs a thorough gap analysis, as well as training needs analysis through which actual and required performances and the number of employees can be estimated almost accurately. Such analyses, in turn, allow Woolworths to generate employees’ inventory on the estimated required time and to train the current employees to cope with the upcoming challenges. The coherence among HR practices strengthens the overall business framework and sustains the vertical alignment that in turn makes Woolworths a flourish and leading business throughout the Australian retailing industry.

**Conclusion**

By analysing all the theoretical aspects and conceptualisation of factors that shape human resource management and strategic management, it becomes evident that vertical and horizontal alignments are important ideas in a business environment. The contemporary epoch of technological advancement and globalisation has altered and transformed the traditional and outdated business practices to their entirety. And the inclusion of Human Resource Management in the business framework has implicated several intricacies which are indispensable to address in order to attain maximum competitive advantages and to become a market leader in the industry. Human resource department is similar to other business departments such as marketing, financing, and logistic etcetera and therefore, carries similar importance in the overall development of an organisation. Without a strategy that binds all the functions, operations, and departments and practices of an organisation, no business can cope with the ever-changing dynamics of a highly competitive environment.

Moreover, it is evident that without considering all the internal and external factors it is impossible to augment or even sustain the efficacy of a business. The implication of these management principles is elaborated with the help of a practical example of an Australian giant retailing company Woolworths, that has a myriad of super and convenience stores and still follows a strong stratagem to expand its business through new ventures and launching of new and innovative products. It has also established its online presence along with a wide range of brick and mortars shopping spots. And such perpetual and persistent expansion requires an endless and adequate supply of relevant talent to deal with the newly established operations. And at such point, emerges the concept of effective and efficient human resource practices that provide workable and pragmatic tactics to develop a talent inventory in fulfilling the personnel requirements of Woolworths. Without the incorporation of human resource practices, Woolworths cannot be competitive effectively and determinedly in the industry and eventually will become a failure. Moreover, in this regard, it is vital to remember the idea of vertical and horizontal alignment that creates a harmony between internal and external factors of a business and establish the opportunity to attain maximum competitive advantages. The best fit and best practices in the area of Human resource provide the organisation with a chance to align all the business activity and direct them towards the achievement of a uniform goal of the business.

In a nutshell, it can be concluded that a business is like a ship and every individual and resource available on the vessel is purely dedicated to reaching a uniform destination. And to achieve a single, uniform, and harmonised objective, all departments of business should depict perfect binding and collaboration both on vertical and horizontal levels. Woolworths is religiously following the tactics of HRM practices and endeavouring to implement all agile and modern methods to its operations and human resource department that in turn substantiating it to become the market leader in the retailing industry. If Woolworths abides with the similar strategy in upcoming years, it will emerge as a global giant superstore business because it is pursuing the modern framework of success and thriving that will pay it off in the form of sheer fruition.

**Reference**

Armstrong, M. (2006). *Handbook of Human Resource Management Practice*. London: Kogan Page.

Alnabhan, O., & Alnabhan, O. (2006). The Different Models of Strategic HRM. https://www.academia.edu/11189754/The\_Different\_Models\_of\_Strategic\_HRM

OUR STRATEGY. (2019). <https://www.woolworthsholdings.co.za/overview/our-strategy/>

Beer, M., Boselie, P., & Brewster, C. (2015). Back to the future: Implications for the field of HRM of the multistakeholder perspective proposed 30 years ago. Human Resource Management, 54(3), 427-438.

Chapter 3: Strategic HRM: ‘best fit’ or ‘best practice’. In Boxall, P. & Purcell, J. (2016). *Strategy and humanresource management* (4th ed.). Hampshire, UK: Palgrave Macmillan.

Chapter 3: The more fits the better. In Paauwe, J., &Farndale, E. (2017). *Strategy, HRM, and performance: a contextual approach*. Oxford University Press. (This book is available in eBook format.)

Clinton, M. & Guest, D.E. (2013). Testing universalistic and contingency HRM assumptions across job levels. *Personnel Review, 42*(5), 529-551.

Gratton, L. & Truss, C. (2003). The three-dimensional people strategy: Putting human resources policies into action. Academy of Management Executive, 17(3), 74-86. (Available on Blackboard – See Module 1)

Paauwe, J., &Boselie, P. (2003). Challenging 'strategic HRM' and the relevance of the institutional setting. *Human Resource Management Journal*, 13(3), 56-70.

Richey, T. (2013, February 15). Vertical vs. Horizontal Integration. https://www.youtube.com/watch?v=6e-s9c35igU

Samnani, A., & Singh, P. (2011). Stop-chasing best practices: Focus on fit for your HR function. *People and Strategy, 34*(1), 34-36.

Vaiman, V., & Brewster, C. (2015). How far do cultural differences explain the differences between nations? Implications for HRM.*The International Journal of Human Resource Management, 26(2), 151-164.*

The best fit. (2006, June 23). <https://economictimes.indiatimes.com/the-best-> fit/articleshow/1672521.cms?from=mdr

Lundy, O. & Cowling, A.G., 2004. *Strategic human resource management*, London: Thomson Learning.

Harney, B. (2016) “Contingency Theory” in Johnstone, S. and Wilkinson, A. (2016) An Encyclopedia of Human Resource Management, Cheltenham: Edward Elgar, pp. 72-73

Harney, B. (2016) ‘Contingency theory’ in Johnstone, S. and Wilkinson, A. (2016) An Encyclopedia of

Human Resource Management, Cheltenham: Edward Elgar, pp. 72-73

Harney, B. (2016) ‘Contingency theory’ in Johnstone, S. and Wilkinson, A. (2016) An Encyclopedia of

Human Resource Management, Cheltenham: Edward Elgar, pp. 72-73

Harney, B. (2016) ‘Contingency theory’ in Johnstone, S. and Wilkinson, A. (2016) An Encyclopedia of

Human Resource Management, Cheltenham: Edward Elgar, pp. 72-73