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AN EVALUATION OF THE EXTERNAL FACTORS AFFECTING HRM

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Thesis statement: In order to align with the goals of the organisation and preserve its competitive edge in the market, Procter & Gamble's HRM strategy needs to be carefully assessed and responded to by HRM practitioners at both the strategic and operational levels, taking into consideration of current issues along with future trends.

1.0 Introduction

This essay will shed light on the analysis of P&G's (Procter & Gamble's) key external factors with the help of the STEELED external analysis model. A global firm that works in the consumer products sector is called Procter & Gamble (P&G). The model STEELED stands for "Social, Technological, Economic, Environmental, Political, Legal, Ethical and Demographic factors". This essay will highlight the evaluation of the HRM strategy in relation to the organisational strategy of P&G. This study also discussed some challenges which are faced by HRM practitioners at both strategic and operational levels. This assignment will also highlight and analyse some of the current trends as well as future trends which can impact P&G's HRM strategy. The essay will assess P&G's HRM strategy in light of the organisational strategy and examine how HRM practitioners react to national, and/or global issues. Some recommendation is also provided in this essay for P&G on the basis of the analysis of the whole study.

2.0 Analysis

2.1 Analysis of the key external factors affecting P&G with the help of the STEELED Model

A global firm that works in the consumer products sector is called "*Procter & Gamble*" (P&G) (Dyer et al. 2004). Numerous external elements, including economic, social, technical, legal, political, environmental, and demographic ones, have an impact on the organization's HRM strategy. The STEELED model may be used to examine these outside variables and how they affect P&G's HRM strategy.

- **Social Factors**

The social and cultural context in which an organisation function is referred to as a "**social factor**". P&G works in a socially diverse setting, thus the company's HRM strategy must take inclusion, equity, and diversity into consideration. With a goal of fostering a work environment that celebrates diversity and encourages workers to realise their full potential, P&G has developed a worldwide diversity and inclusion plan.

- **Technological Factors**

The influence that technology has on an organisation is referred to as a “**technological factor**”. P&G works in a sector that is significantly impacted by technology, thus the company needs to make technological investments to stay ahead of the competition. P&G places a high priority on innovation and spends a lot of money on R&D to develop new products and enhance existing ones.

- **Economic Factors**

The financial climate in which a company works is referred to as “**economic factors**”. Due to the sensitivity of the consumer products sector to changes in the economy, P&G's human resources management plan must take into account concerns like labour planning and cost optimisation. P&G places a high priority on efficiency and cost-cutting, and the firm periodically assesses its staff in order to make confident that it is in line with its strategic goals.

- **Environmental Factors**

“**Environmental factors**” are related to how environmental problems affect a company. P&G works in a sector with a substantial environmental effect, thus the company needs to address concerns like sustainability and conservation of the environment (Reynolds and Lancaster, 2007). P&G places a high priority on sustainability and has established challenging objectives to lessen its environmental effect. The implementation of environmentally conscious supply chains and employee participation in sustainability projects are critical components of P&G's HRM strategy.

- **Political Factors**

The effects of governmental and regulatory difficulties on an organisation are referred to as “**political factors**”. P&G works in a highly regulated sector, thus the HRM strategy for the company must take compliance and regulatory developments into account. P&G places a high priority on compliance, and the company routinely examines its policies and practices to make sure they are in line with legal and regulatory requirements.

- **Legal Factors**

“**Legal factors**” describe how legal problems affect a company. Due to the high level of regulation in the consumer products sector, P&G's human resources management approach must take into account matters like employment legislation and the protection of intellectual property. P&G places a high priority on adhering to employment laws,

and the company often examines its policies and practices to make sure they are compliant.

- **Ethical Factors**

The effect of ethical problems on an organisation is referred to as an “**ethical factor**” (Tsourvakas and Yfantidou, 2018). Due to the high ethical nature of the business in which P&G works, ethical behaviour and social responsibility must be addressed in the HRM strategy of the company. P&G places a high priority on moral conduct and accountability to society, and the company maintains a rule practises that outlines its moral tenets and values.

- **Demographic Factors**

“**Demographic factors**” describe how a company is affected by a changing population. P&G works in a varied demographic setting, thus the company's HRM strategy has to take talent management and workforce diversity into consideration. P&G places a high priority on workplace diversity and routinely evaluates its talent management procedures to make sure they are in line with corporate goals.

P&G operates in a dynamic environment that requires the organization to be responsive to external factors (Slater *et al.* 2008). By analyzing these factors using the STEELED model, P&G can develop a comprehensive HRM strategy that aligns with the company's objectives and maintains its competitive edge in the industry.

2.2 Highlight the effect of vital external factors on P&G's HRM Strategy

The external factors discovered by the STEELED model significantly affect P&G's HRM strategy.

- “**Social factors**” like diversity and inclusion have an impact on P&G's human resource management strategy by fostering an inclusive culture that appreciates people with a range of experiences and backgrounds. In order to recruit, maintain, and grow an ethnically diverse staff that can foster innovation and creativity, P&G's HRM strategy incorporates diversity and inclusion programmes.
- “**Technological factors**” in robotics and artificial intelligence, for example, have an effect on P&G's human resource management approach by encouraging a culture of continual learning and growth. P&G's HRM strategy involves training and development initiatives to make certain staff members have the abilities needed to adopt new technologies and boost productivity.

- **“Economic factors”**, including changes in customer behaviour and economic volatility, have an impact on P&G's human resources management approach by encouraging an atmosphere of effectiveness and cost reduction. The workforce planning activities included in P&G's HRM strategy make sure that the organisation is prepared to adapt to economic changes and is in line with its strategic goals (DuBois and Dubois, 2012).
- **“Environmental factors”** like sustainability and responsibility for the environment have an impact on P&G's HRM strategy by encouraging an environmentally conscious culture. P&G's human resources management (HRM) plan includes sustainability efforts that support the growth of environmentally friendly supply chains and encourage workers to act in an ecologically responsible manner.
- P&G's HRM strategy is impacted by **“political and legal factors”** including regulatory adjustments and adherence to employment legislation, through encouraging a culture of risk and compliance management. Programmes for ensuring that the company complies with regulatory and legal requirements are part of P&G's HRM strategy.
- By encouraging a culture of growth in talent and management, **“demographic factors”** like employee diversity and management of talent have an impact on P&G's human resource management approach. The talent management efforts included in P&G's HRM strategy are aimed at luring, keeping, and developing outstanding personnel from a variety of backgrounds and experiences.

By encouraging a culture of inclusion, ongoing education, efficiency, responsibility for the environment, compliance, and talent management, these external variables have a substantial influence on P&G's HRM strategy. P&G can preserve its edge over competitors and accomplish its strategic goals by efficiently handling these variables (Sandholm *et al.* 2006).

2.3 Analyze P&G's HRM strategy and analyse P&G's HRM strategy contributions to the achievement of the organization's goals

The organization's focus on creativity, environmental consciousness, and client engagement is closely aligned with P&G's HRM strategy. In order to foster innovation and creativity, as well as sustainable practises and customer happiness, P&G's HRM strategy is to build a workforce that is inclusive and diverse.

- P&G's HRM strategy entails a number of activities, including diversity and inclusion programmes, training and development programmes, workforce planning efforts, and sustainability initiatives, among others, to meet these objectives. For instance, P&G has a strong diversity and inclusion programme that aims to draw in, keep, and develop

outstanding individuals with a range of experiences and backgrounds (Davidson, 2011). The business also provides a variety of development and training programmes to guarantee that staff members have the knowledge and abilities needed to adopt new technologies and increase production.

- With the goal of minimising the company's environmental impact and supporting environmentally friendly supply chains, P&G's HRM strategy places a strong emphasis on sustainability and environmental responsibility. Achieving zero trash to landfills and lowering the release of greenhouse gases by 30% through 2030 are only two of the company's lofty environmental targets. P&G's HRM strategy incorporates sustainability efforts that support the growth of sustainable supply chains and encourage workers to act in an ecologically responsible manner.
- P&G's HRM strategy works well in accomplishing the goals of the company. Because of the company's emphasis on diversity and inclusion, its employees are more engaged, which boosts their productivity and creativity. P&G's development and training programmes have aided in upskilling the employees, making sure that the company is ready to adapt to new technological developments.
- In addition to lowering P&G's environmental impact, sustainability measures have raised consumer happiness and increased the company's standing as a brand. Numerous honours and distinctions have been given to the company in recognition of its sustainability efforts, including the title of one of the most sustainable businesses in the world by "Corporate Knights" (Apte and Sheth, 2016).
- P&G's HRM strategy might be strengthened in several areas. The business may, for instance, emphasise employee well-being more, which would increase staff engagement and retention. P&G may also do more to address challenges relating to racial fairness and social justice, even if the company's HRM strategy places a strong emphasis on diversity and inclusion.

The company's goals have been successfully attained thanks to P&G's HRM strategy, which is tightly aligned with the organization's overall plan. P&G has developed a highly engaged and effective workforce that is ready to take on novel difficulties and possibilities by putting a strong emphasis on creativity, environmental responsibility, and customer-centricity. However, there is definitely potential for growth, particularly when it comes to tackling problems with racial fairness and social justice as well as employee well-being.

¹ **2.4 P&G HRM practitioners' response to national and international factors at an operational and strategic level**

The HRM professionals at P&G have an understanding of how local, national, and worldwide issues affect the HRM strategy of the company, and they react to these elements both tactically and strategically.

- **At the operational level:**

P&G's HR practitioners keep an eye on economic developments, legislative shifts, and labour market trends to make sure that their staff is competitive and flexible. For instance, P&G adopted a number of precautions to safeguard the well-being and security of its employees during the COVID-19 epidemic, such as arrangements for remote employment and improved cleaning practices (Varshney, 2021).

- **At the strategic level:**

P&G HR practitioners are also knowledgeable of how local, national, and global variables affect the company's long-term objectives and goals (Goessling, 2017). For instance, P&G has an international presence and has developed an HRM strategy to make sure that the workforce is inclusive and varied, mirroring the company's global position. P&G places a high priority on sustainability as part of its HRM strategy because it understands how crucial this problem is on a global and national scale.

P&G HRM practitioners must overcome a variety of obstacles in order to adapt to local and international factors.

- Making sure that the company's HRM strategy is in line with local laws and standards of conduct in many nations is one of the primary concerns. For instance, P&G operates in nations with various labour laws and practises, therefore the company's HRM strategies must be modified to local circumstances while yet upholding worldwide consistency.
- Making sure that the staff of the company has the expertise and necessary knowledge for survival in a fast-changing world is another problem addressed by HRM professionals at P&G (Hatun, 2016). To keep personnel abreast of the most recent technical developments and market trends, it is necessary to continuously focus on development and training programmes.
- P&G HR professionals struggle with managing multicultural and international staff. This necessitates an emphasis on cultural competency and an appreciation of the particular demands and viewpoints of workers with diverse experiences and

backgrounds. For instance, P&G has an inclusion and diversity programme that aims to draw in, keep, and develop outstanding individuals with a range of experiences and backgrounds.

The HRM professionals at P&G are aware of how local, national, and worldwide issues affect the HRM strategy of the company, and they react to these elements both tactically and strategically (Cascio and Boudreau, 2012). To address these issues, they must, among other things, make sure that the workforce is up to speed with the most recent business trends and manage a varied and international workforce. These difficulties include matching the company's HRM strategy with regional laws and cultural norms. P&G's initiatives in the areas of sustainability, diversity and inclusion, and educational opportunities are a few examples of how the company has addressed these issues.

2.5 Upcoming Trends and Current Issues in P&G's HRM Strategy

Future Trends:

1. **Artificial Intelligence (AI) and Automation:** HRM professionals at P&G must get ready for the rise of automation and AI in the workplace as technology develops. HRM professionals may benefit from AI in a variety of ways, including automating administrative chores and anticipating and resolving employee requirements. HRM professionals must make sure that the staff is ready for these changes because the deployment of automation and artificial intelligence may also necessitate retraining for some personnel.
2. **Remote Work:** HRM professionals at P&G must get ready for a day when remote work is increasingly typical since the “*COVID-19 epidemic*” has expedited the trend (Baryshnikova *et al.* 2021). In order to do this, adjustments may need to be made to the company's HR policies and procedures, including the creation of fresh plans for supervising remote teams and fostering employee engagement.
3. **Talent Management:** HRM professionals at P&G must create new plans for attracting, retaining, and developing personnel as the battle for top talent intensifies. This might involve employing cutting-edge hiring techniques, creating fresh training and development initiatives, and using data analytics to pinpoint top performers.

Current Issues:

1. **Diversity, Equity, and Inclusion (DEI):** DEI is a crucial issue for organisations, particularly P&G, and HRM professionals need to make sure that the HRM strategy of the firm is in line with its DEI objectives. This can entail creating fresh methods for

hiring and retaining employees, putting training and development plans in place that deal with DEI challenges, and cultivating a culture that promotes diversity and inclusion.

2. **Work-Life Balance:** HRM professionals at P&G must make sure that the company's HR policies and practises reflecting the growing importance of work-life balance for workers. This might involve creating flexible work schedules, including job sharing and telecommuting, as well as creating regulations that promote staff health and wellness.
3. **Employee Engagement:** Employee motivation and engagement are essential for organisational success, thus P&G HRM professionals must devise plans to make sure this happens (Harrison, 2005). This might entail creating recognition and incentive systems, putting training and development plans in place that encourage career advancement, and creating a culture that appreciates staff suggestions and input.

HRM practitioners at P&G may take the following actions to get ready for these future trends or issues:

1. **Develop a strategic plan:** P&G HRM professionals may create a strategy plan that explains the company's HRM objectives and goals and specifies the tools and tactics needed to meet them.
2. **Embrace innovation:** HRM professionals at P&G may investigate cutting-edge technologies, such as "*chatbots*" and "*predictive analytics*", that can assist automate administrative work and enhance the employee experience in order to get ready for the growing usage of AI and automation (Marwan, 2020).
3. **Build a diverse and inclusive workforce:** HRM professionals at P&G may create new retention and recruiting strategies that encourage diversity and inclusion as well as put in place training and development initiatives that address DEI concerns to solve the issue of DEI.
4. **Prioritize employee well-being:** P&G HRM professionals should prioritise employee well-being by creating work schedules and policies that promote employee health and well-being to address the problem of work-life balance.

3.0 Recommendations

1. P&G needs to think about implementing a more adaptable human resource management plan that can adjust to the changing external environment. Helping employees become

more adaptable to changing conditions, might entail making investments in their training and development.

2. P&G should think about implementing a more inclusive and varied talent management strategy to make sure it can draw in and keep the top individuals from various backgrounds (Cheese *et al.* 2007).
3. To keep its HRM strategy in line with the organization's goals and ready to address new trends and problems, P&G should regularly monitor and assess it.

3.1 Conclusion

In conclusion, this article applied the STEEPLED model to analyse the key external factors that have an impact on P&G's HRM strategy. Additionally, it assessed the efficiency of P&G's HRM strategy in accomplishing the organization's goals and how well it aligned with the organization's overall strategy. The essay further discussed the difficulties faced by P&G HRM professionals as they adapt to regional, global, and industry-specific elements. It also included instances of businesses that have effectively handled related trends and problems. On the basis of the study and assessment done for the essay, it also examined potential future trends and present problems that may affect P&G's HRM strategy and offered suggestions for P&G's HRM strategy. This paper emphasises the significance of comprehending the primary external elements that have an impact on the company's HRM strategy since doing so may assist HRM practitioners in creating an adaptable and adaptable HRM strategy that can be in line with the organization's goals and react to new trends and concerns.

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