Strategic Role Of Human Resource Management (HRM)

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Introduction

Human Resource Management (HRM) significantly contributes to the identification and management of major employee-related issues in the workplace, which helps HR managers to deploy appropriate strategies accordingly (Collins, 2020). These strategies, if successfully utilized, ensure the effectiveness of the workplace, which directly influences the organization's productivity and growth. Also, a significant number of HRM models and theories are available that assist HR managers in efficiently organizing employees and using their expertise for continuous improvement in the workplace environment.

However, businesses face many challenges in their working environment due to various internal and external factors, which can cause potential threats to the overall organization's structure, especially by influencing the existing models of human resource management. For example, natural crises such as COVID-19 and economic recessions, along with political factors, abruptly bring changes in the company's core values and, consequently, its business model and resource planning. These unforeseen and uncertain circumstances pose a great challenge for HRM in addressing and resolving employee issues due to many financial, social, and political restrictions (Obrenovic et al., 2020).

For a better understanding of such challenges in human resource management, the following study critically analyses the strategic role of HRM by incorporating an Australian small company. Sydney Ferries is an example of a company's response to certain COVID-19 impacts on the mutual relationship between employers and employees. Moreover, current challenges for effective human resource management are identified, and recommendations are provided for an efficient human resource planning approach.

Critically Analysis Of Key Human Resource Management Challenges And Recommendations

Business Response to COVID-19

Sydney Ferries business is based on a public transport network that operates in Sydney Harbor. COVID-19 has a very significant impact on all businesses. However, the transport sector has been affected mainly due to the imposed lockdown and shutdown of any kind of transport (Obrenovic et al.

2020). Therefore, as a result of this socio-economic change, the company's workplace culture has completely changed according to its transport network from Sydney Harbor to the Parramatta River. Since this route is used by many people on a daily basis, its operations cannot be stopped completely (Banks et al., 2016). However, the telecommunication work culture adopted by the employees of the office staff made it difficult to monitor the operations properly. Therefore, the HR managers of Sydney Ferries experienced many issues in monitoring the performance of employees when virtual teams were developed to bring the whole workforce on one platform. In this regard, the flexible "work from home" has been effective only for office work, but to operate the ferry on the route, the employees need to be physically present.

According to Tam and Gray (2016), the organizational life cycle theory successfully explains the life cycle periods of an organization from its creation to termination, which includes an unexpected event that brings an advanced change. In light of this theory, COVID-19 can be considered a sudden change in the business operations of Sydney Ferries. As explained earlier, the shutdown of the company's operations was not possible; therefore, all transport-related activities are being conducted using the complete standard operating procedures (SOPs). Therefore, it provides one-time services due to the fact that there are no other options for people to cross that route. However, the ticketing process has become completely digital now, which is considered a positive step for Sydney Ferries. Moreover, employees now have to deal with customers through the online platform, but this telecommunication has disturbed the tracking process of employees' timing (Urick, 2020). The delay in the issuance of the salary of employees due to minimized operations in response to COVID-19 has also impacted the mutual relationship between employees and employers. All these changes can be extensively described in light of the institutional theory, considering the resilient aspects identified in the social structure of the company.

In short, the contemporary changes in the workplace have received a negative response concerning different HRM practices and business operations. However, the virtual team of the company is to make its utmost efforts to maintain effective communication with each other.

Impact of COVID-19

Sydney Ferries used to provide training to the employees of the public transport system weekly because the primary focus of HR professionals in the current case makes them aware of their key responsibilities and provides training to prevent any human or system error that can lead to an accident (Ramos-Torres, 2017). Therefore, the company has a very good record in terms of the number of accidents annually. However, the inconsistent training due to aftereffects of the pandemic has negatively impacted the performance of employees. Moreover, the changes in virtual teamwork and telecommunication affected the revenue generated by the company every month. Therefore, both profit and revenue dropped because of the lack of operations for a certain time period, along with the reduced number of passengers. This has led to the inability of Sydney Ferries to provide wages similar to those of the employees. Moreover, the HR managers also had to look for the retention of certain employees and take back different employment advantages and incentives. In response, the company is now looking for new ways of employee training. The main focus of HR is to balance the organization and employee rights, but in a pandemic situation, the analysis criteria changed.

Significant Current Issues In Business

The following are the significant challenges faced by Sydney Ferries as the Australian workplace during the pandemic.

Operational restriction

The complete lockdown in Australia had initially completely stopped the operations of the business due to the lockdown by the government. However, at Sydney Ferries, the HRM immediately focused on setting up the telecommuting system for the employees (Kendrick, Bartram, Cavanagh, and Burgess, 2019). According to the contingency theory of HRM, the emphasis has to be on the task which needs to be performed to resolve the issues and in this regard, the focus was on the issues of Sydney Ferries employees to revive the operations of public transport (McGrandle, 2016). Moreover, the HRM has to look for certain ways of revenue generation so that the financial failure of the company can be prevented. Although the lockdown has been partially ended, the restricted SOPs of social distancing still need to be followed in the public transport business. For the Sydney Ferries business, this change is reducing customer engagement.

Cut down on employee salary decisions.

HRM always needs to make immediate decisions based on situational analysis. The decision to increase employee salaries leads to the increasing challenge of employee demotivation and a decrease in job satisfaction. However, it changes the behaviour of employees towards the job, affecting the quality of the work, which can further negatively impact the organizational performance of Sydney Ferries. As explained in the hard model of HRM, this department has to focus on strategic control according to the demands of the situation and maintain the organizational and economic structure (Truss et al. 1997). Therefore, the Sydney Ferries company has to look for a solution in which the cut down of employees' salaries could not impact their motivation and job satisfaction. Moreover, the brand image also needs to be maintained by HRM in terms of maintaining a relationship between employer and employee (Mitchell, Obeidat, and Bray, 2013). In this regard, the resource-based theory of HRM also draws attention to the strategic value of the workforce for the identification of workplace issues and team development (Collins, 2020). In contrast, it is also possible that Sydney Ferries, which is a small company with limited employees in every department, might leave their jobs due to the salary cut-down issue caused by HR.

Employee retention decision

The decision-making of HRM for employee retention in a few departments of Sydney Ferries has become a challenge. However, the increased period of lockdown in Australia demands that HRM make this decision. The Department of Public Transport drivers, Customer Service, marketing, accounting, and Finance is actively operational only at Sydney Ferries. However, there are a total of 600 employees currently working at Sydney Ferries Company, and according to HRM, the company cannot support the salaries of this huge number of employees due to a decrease in revenue. The administration and office cleaning employees have to be listed for retention as the physical office work is not happening currently. Moreover, partial retention from other department employees also needs to be done as per the requirement, including public transport drivers, customer service, marketing, accounting, and finance. Thus, HRM's decision can help the company regain its position in the business market, and a decreased rate of revenue cannot affect the financial condition of the company. However, the brand image of Sydney Ferries might be impacted, and the remaining employees might get demotivated by this HRM action. As every employee becomes fearful of retention, the overall performance of Sydney Ferries might be affected.

Human Resource Planning Approach

Sydney Ferries is seeking new ways to get out of current challenges, as discussed above, which needs HRM to deploy an effective human resource planning approach. The company analyzed that during the pandemic, customer behaviour changed toward shopping for products and services. Therefore, HR focused on the changing mobility trends for public transport and compared them with the current baseline. In this regard, the company has utilized its trends and customer engagement standards to identify its future activity planning (Neis, Neil, and Lippel, 2020). The government in Australia had allowed 12 people to travel in one vehicle, for which the Sydney Ferries had maintained their operations. However, due to the company's ongoing poor financial conditions, it did not recruit new employees. Employee retention was avoided because this company is already too small. However, it might impact their future growth, so HR made the decision not to pay the salaries of a few unneeded staff for a few months during the lockdown period and then retain their salaries afterwards when the restrictions were removed. Therefore, this action can maintain a relationship between employer and employees and also impact the organizational financial condition. The employees would not lose their jobs and look for another job in a pandemic situation.

Conclusion

To conclude, the decision-making and strategic role of HRM plays a major role in maintaining the employer and employee relationship along with controlling the organizational situation. The employees are the assets of every company, and the current situation leads every company to the position of making decisions about employee retention and salary cuts. As discussed in the report, the

Sydney Ferries transport operations were stopped due to the lockdown period in Australia, for which HRM needs to take measures. However, the major challenges faced by Sydney Ferries are employee retention, operational restrictions for an unknown period, and salary cut-down impact on employees. HRM's strategic role contributes to ensuring the employees retain complete salaries of the extra employees after the lockdown period, and until then, they engage them with the company. Moreover, allowances and benefits are not provided, and this can help balance the financial situation of Sydney Ferries. Such decision-making of HRM needs to maintain the work culture of an organization and contribute to protecting the company from financial downfall.

Recommendations

According to the Australian work culture analysis, HRM has recommended cutting the benefits allowances and bonuses of employees from the higher position of CEO to the junior employee position. Therefore, it can help to save the cost of maintaining the company's revenue loss. Moreover, the employees should be explained the financial condition of the company so that they can stay in support of HRM decisions rather than getting demotivated. The experienced employee should not loosen in the retention process because of the pandemic situation. However, on employee willingness, the salaries and working of partial employees have to be stopped. The pay raise needs to be ensured by the company as soon as operations resume again after the lockdown period in Australia. The safety of customers is needed to ensure the quick opening of operations. HR also needs to focus on providing online training classes to employees to keep them motivated and elevate their job satisfaction.

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