

HRM ASSIGNMENT HELP

Q) ASSIGNMENT

Analyse the HR department, processes, and practices in a company of your choice and make a critical analysis in the light of the HR course content concerning the HR, the aspects to keep, to omit, to add and to those to modify.

ANSWERS

Critical Analysis of HR Processes and Practices in FedEx Corporation

Introduction

FedEx Corporation, based in the United States, is a globally renowned logistics and transportation conglomerate made up of companies that operate under the FedEx brand name - FedEx Express, FedEx Ground, FedEx Freight, FedEx Office, FedEx Custom Critical, FedEx Trade Networks and FedEx Services (FedEx Corporation, 2009). FedEx has a strong workforce of around 2,80,000 employees. FedEx is highly reputed for its top-notch service and novel and groundbreaking HR practices. This is acknowledged by the fact that its name consistently appears on the FORTUNE magazine's Lists of "World's Most Admired Companies", "America's Most Admired Companies" & "100 Best Companies to Work for in America". FedEx holds a high rank in the domains of employee motivation, retention, work diversity and compensation and benefits.

A Brief History of FedEx

FedEx Corporation was founded by Frederick W. Smith in 1971 as Federal Express. The Federal Express Corporation was formed and known as FDX Corporation in 1998. Later, in January 2000, FDX Corporation was renamed to FedEx Corporation and all its subsidiary companies were re-branded. Federal Express became FedEx Express, RPS – the small-package ground service became FedEx Ground, Roberts Express – the shipping provider became FedEx Custom Critical, Caliber Logistics & Caliber Technology were merged to form FedEx Global Logistics and FedEx Kinko – retail arm of FedEx re-branded as FedEx Office. Since its inception in 1971, FedEx has recorded a phenomenal

growth and has transformed into a true giant conglomerate as on date with impressive FY2009 revenue of \$35.5 billion. Such a colossal transformation and financial success is primarily attributed to FedEx's innovative HR practices and its People-Service-Profit (PSP) doctrine that regards human resources as key contributors to its profitability.

HR Processes and Practices in FedEx

FedEx is illustrious for its novel HR processes and practices that have greatly accounted for its success. A comprehensive study of FedEx's various HR practices is as below:

❖ **HR strategy and alignment** – Overnight delivery of myriad of packages with an impeccable service record is by no means an easy feat. Though being an early adopter of technological innovations, FedEx is able to offer excellent quality service mainly due to its loyal, motivated and trained work force. FedEx adopts a strategic approach in managing its human resources. FedEx's strategy is to “Compete collectively, Operate independently and Manager collaboratively” (Mission, Strategy, Values, 2009). By aligning its HR activities with its organizational strategy, FedEx is able to accomplish such unbelievable and great success. FedEx's **People-Service-Profit (PSP)** philosophy ascertains that FedEx takes good care of and empowers its invaluable employees – such well-cared employees in return take care of the company by offering excellent service thereby resulting in more profits to FedEx (Labovitz, Chang & Rosansky, 1994, p.34; Birla, 2005, pp.9-13). Thus the **People-Service-Profit** catchphrase forms the foundation for managerial decision making at FedEx.

FedEx's approach of putting people first through **PSP** is a noble and commendable doctrine that should be followed by other organizations too.

❖ **Recruitment and Interview** – FedEx has earned numerous accolades so far in the categories of “best employer”, “great place to work” and “most admired company”. Having garnered such awe and admiration, FedEx has no problem in attracting the best talent to work for it. Both internal and external recruitment drives are practiced in FedEx. FedEx emphasizes and celebrates team effort more than individual effort. Hence prospective candidates are expected to be good team players in order to work for FedEx. Line managers assisted by personnel department are in-charge of recruitment activities. FedEx follows an unequalled program named as **Leadership Evaluation and Awareness Process (LEAP)** to promote internal and external candidates for managerial positions (Murley, 1997, p.502).

FedEx disregards gender, age and racial discriminations during screenings, interviews or promotions and thereby assures equal employment opportunities to all. FedEx is famous for its fair practice of selecting diverse, competent and culturally fit individuals. Recruitment process is exhaustive and rigorous in order to ensure fairness.

Interviews are structured in such a manner as to facilitate the interviewer to ascertain if the interviewee will identify with and fulfill the holistic needs of the company. The interviewee's behavioral traits are also examined along with the technical skills (Fedex Focuses, 2002).

FedEx's recruitment drives, both internal and external are adequate in themselves and should be followed the way they are.

- ❖ **Orientation** – In 2000, FedEx faced a serious problem of high rate of employee turnover. Such a crisis occurred due to the then ineffective or rather non-existent orientation – employee's first day at work. FedEx devised a new effective orientation program with the objective of making new employee on-boarding a pleasant and memorable experience and eventually reducing employee turnover. This new program consisted of a **New Hire Orientation Kit** that had a letter from the CEO, checklists, a welcome letter that can be signed and personalized by the managers, a schedule for the employee's first day / first week / during the year. This program also includes a 30-minute “Welcome to Our World” videotape featuring the benefits, facilities and features of FedEx (Connor, 2003).

FedEx though was plagued with employee turnover issue at one point of time, introspected its procedures and revamped its new employee orientation program completely in order to reduce the employee turnover.

- ❖ **Internal Communication** – FedEx allows for two-way communication between the management and the employees. It practices Open-Door Policy (ODP), Guaranteed Fair Treatment Program (GFTP) and Survey-Feedback-Action (SFA) to enable such two-way communication.
 - **Open-Door Policy (ODP)** – ODP empowers the employees to question or complain about the various company policies – hiring, career, benefits, compensation, etc. Such complaints are submitted to the open door forum and are subsequently forwarded to the concerned official to be addressed (Frock, 2006, p.204).
 - **Guaranteed Fair Treatment Program (GFTP)** – FedEx with its mammoth work force had to have a professional grievance handling

mechanism. GFTP fulfilled this need. GFTP enabled employees to register their grievances and complaints on various issues such as disciplinary actions, performance appraisals, layoffs, downsizings and placements. Such grievances and complaints are handled at three hierarchical levels of managers – 1) at first level, the employee's immediate superior re-examines the issue, 2) any dissatisfaction at this level allows for the grievance / complaint to be reviewed by the vice president of the section, 3) at the third and final level, the grievance / complaint is taken up by the FedEx Supreme Court steered by Smith (Frock, 2006, p.207).

- ***Survey-Feedback-Action (SFA)*** – The intent of SFA is to augment employee management relationships. Employees are split into work groups and the representatives from such groups are made to fill up questionnaires on various management views and higher-ups. With technological advancement, FedEx has started conducting on-line SFAs to provide easy access to its global work force (Frock, 2006, p.206).

FedEx's two-way communication allows for openness and transparency in the way things operate and hence should be lauded for the same.

- ❖ **Training and Development** – New recruits successfully complete the orientation program and are given adequate on-the-job training in order to enable them to acquire job-oriented skills and competencies. More emphasis is given on the orientation program in order to make the newly hired employees comfortable with the work environment and stay committed to the organization. FedEx fosters a continuous learning environment by making training a continuous process for the already existing employees. This continual learning hones the job-related skills of the employees. Evaluation process is also conducted once every six months to assess the job specific knowledge and skills of the employees and the results are recorded in the employees' online database known as **Personnel Records Information System (PRISM)** (Stahl & Grigsby, 1997, p.211). Every year, 40 hours of ongoing management training is provided (Schneier & et. al., 1994, pp.461-462). This training is aimed at making the employees conversant with the policy and procedural changes in the company and also helps them in acquiring people skills.

FedEx's training and development programs are consummate and hence should be lauded for the same.

- ❖ **Employee Motivation** – FedEx has instituted several awards detailed as below to recognize and motivate exceptionally talented employees (Mehra & Shashidhar, 2002). Such awards and recognition greatly help in inspiring the

employees to perform better and set high standards for themselves as individuals and as teams.

- ***The Five Star Award*** – This is the highest and best recognition award at FedEx and is given to employees who contributed greatly to enhance teamwork, customer service quality and profitability.
- ***Super Star Award*** – Consistent achievers are given Super Star awards.
- ***Bravo Zulu*** – US Navy's slang for “well done”. This is awarded to employees whose performance has been truly exceptional.
- ***Circle of Excellence*** – This is aimed at encouraging team effort and hence is given to excellent teams that perform exceedingly well.
- ***Golden Falcon award*** – This is given to employees who served customers by surpassing their expectations.

FedEx thus has ample exciting motivation means that should gratify the employees.

- ❖ **Employee Evaluation and Assessment** – FedEx strives in its endeavor to align its strategy with its mission, goals, beliefs and values. The final objectives desired from this endeavor are enhanced productivity, better service quality, increased customer satisfaction and work-life balance. FedEx adopts various practices to nurture such high performance. FedEx has incorporated a pay-for-knowledge system to implement a high-performance work system. FedEx employees are mostly trained through interactive video media. This system rewards employees who finish video training and clear the job skill tests. The FedEx performance management system facilitates in assessing employees’ service performance. Also employees can use Survey-Feedback-Action (SFA) process to classify and rank their superior’s leadership capabilities and propose suggestions as well (Desimone, Werner & Harris, 2002, p.13).
- ❖ **Performance Appraisal** – Pay hikes are directly linked to employee’s performance. Appraisals are conducted annually and employees are reviewed based on various criterion comprising customer orientation, team player skills, commitment, and technical know-how (Cook, 2008, p.205).
- ❖ **Coaching and Mentoring** – Mentoring though complex and difficult to implement, facilitates in creating a continual learning environment in an organization. FedEx has a well-defined formal mentoring program designed in place. Such a program allows for formally pairing and acknowledging the

mentor and his / her protégés and providing the necessary support for such a relationship (Lean, 1983).

- ❖ **Compensation & Benefits** – FedEx also offers various attractive perquisites and benefits such as 1) Tuition reimbursement (which shows how much FedEx cares for its employees); 2) Travel discounts and 3) Jump-seat availability (employees can fly free in the cockpit of a freight plane). Also the FedEx offers a highly lucrative pay package. FedEx also provides 10% of profits in a profit-sharing plan. Part-time workers are also entitled health coverage. Owing to such enticing compensation and benefits package, FedEx always enjoys a position in the FORTUNE magazine’s list of “50 top in diversity”.
- ❖ **Growth Opportunities & Succession Planning** – FedEx has firm belief in nurturing in-house talent and promoting them to higher rungs of management. Survey-Feedback-Action (SFA) facilitates the management in decision making process with respect to the promotions. But this was used only to the extent of assessing the managerial employees’ performance. FedEx also offers opportunities for non-managerial employees to be promoted to the managerial positions. **Leadership Evaluation and Awareness Process (LEAP)** (Murley, 1997, p.502) was formulated in the year 1988 to empower the non-managerial employees to take up the managerial positions. This program consists of evaluation of the leadership skills and competencies of the employee, a report by the manager associated with the employee and an assessment of the employee.

FedEx posts job requirements in its on-line job portal known as “Job Change Applicant Tracking System” (JCATS). Through this, temporary employees as well as regular employees can post their applications thereby attempting change in job or a transfer to a new location.

- ❖ **Leadership Development** – FedEx formed the “**Leadership Development Institute**” (LDI) that formulated various management training programs for employees at managerial hierarchical levels. LDIs conducted training courses in three areas – core management concepts, outdoor learning and electives. Managing directors, managers at senior positions don the roles of faculty at the LDI (Murley, 1997, p.503).

Conclusion

After analyzing the currently adopted strategic and operational HR practices and processes adopted at FedEx Corporation in detail, it is clearly evident that

FedEx Corporation is indeed heading in the right direction. We can arrive also at a conclusion that FedEx Corporation - by adopting such highly efficacious practices - serves as an exemplary paragon of success and excellence for its competitors to emulate.

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