

# Effective HRM Enhances Organisational Performance: Looking through Telstra

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## **Introduction**

The business landscape is a minefield full of challenges that organisations need to overcome effectively in order to survive the competition (Wei, et. al., 2015). Human resource management or HRM has, therefore, assumed extreme significance for companies to respond to the changes quickly, adapt to the new situations swiftly and manage its people adeptly. Over the years, effective HRM has become one of the most celebrated aspects of business success, dealing with issues such as globalisation, workforce diversity, employee turnover, etc. (Mondy & Martocchio, 2016). This article discusses the linkage between effective HRM and organisational performance in the context of Australia's foremost telecom company, Telstra Corporation Ltd.

## **Background - Telstra**

One of Australia's most recognised brands, Telstra is a telecommunications and technology giant, providing a wide range of communications services (mobile, voice, internet, pay television, entertainment products, etc) across the nation and having a global footprint in more than 20 countries as of today (DXC Technology, 2017; Telstra website). In Australia alone, the company provides 18 million mobile services (retail), 3.7 million fixed lines and standalone data services, and 1.7 million fixed standalone voice services (retail) (Telstra website).

However, the telecom industry in Australia has gone through rapid changes over the last few years, with newer technologies replacing the old even before consumers could get used to it.

Fixed-line telephones disappeared, fixed-line broadband services also lost its lustre.

Gradually, wireless broadband gained popularity as much as technologies like VDSL with Fibre-to-the-Node (FttN), Voice over Long-term evolution (VoLTE), LTE mobile broadband, etc. (Harpur, 2018). The fixed-line services began generating little to no revenue for telecom companies. Instead, revenue started to flow from broadband, data and IP facilities, cloud computing, business services and applications, etc. (Harpur, 2018). Price competition is high in the telecom industry and the market is fairly saturated (Harpur, 2018). Hence, performance pressure is high on the telecom companies and they keep strategising newer ways to survive in the market.

Telstra is a big player in the Australian telecom sector. But there is tough competition to deal with from names like Optus, Vodafone, Vocus, TPG, VHA, iiNet and Macquarie Telecom. According to Harpur (2018), the major organisations like Optus, Telstra and Vodafone are substantially investing on their networks every year in order to remain competitive. Telstra also has its own set of challenges to remain among the telecom top-runners.

A Deloitte report (2019) foresees huge transformations in the telecom sector in 2019 with significant roll-outs of 5G technologies, which is set to create fresh revenue potential for the telecom companies worldwide. Telstra, being one of the market leaders, needs to be prepared to meet the new trends and consumer preferences. HRM, therefore, assumes strategic importance in the context to usher in positive developments in the organisational performance.

### **Telstra - At a Glance Now**

The supreme goal of Telstra Corporation Ltd. is to "create a brilliant connected future for everyone" (Telstra website). To work towards this goal, Telstra constantly aligns itself to the changing landscape of the telecom industry. It is aware that telecom is about to witness

enormous growth with ever-evolving digital technologies. That is why Telstra's future plan includes a \$3 billion investment on new digital platforms (Telstra website). The company wants to continue leading the Australian market by enhancing the customer experiences with smarter products that can address the end-users' pain points. It wishes to establish a standalone infrastructure business unit to bolster performance and it also has plans to simplify its organisational structure and operations to empower its people (Telstra website). To this end, the company has already started striking strategic partnerships with other companies to benefit from the liaison. For example, it has partnered with DXC to rebuild its inept and outdated HR and payroll systems (DXC Technology, 2017). As a part of its Telstra2022 Strategic plan, it also plans to reduce its workforce to a large extent and focus on a smaller talent pool to generate higher customer satisfaction (HRD, 2018).

Telstra's products keep evolving with changing customer trends. In 2018, Telstra achieved huge business success with its Sports Live users, second generation Telstra TV (with free-to-air, pay TV and on-demand-streaming) services, mobile services, app users, 5G-enabled Wi-Fi hotspots, and also with fixed broadband services and retail bundles (Telstra Annual Report, 2018). In spite of these growth in customer base, the company faces lower Average Revenue Per User (ARPU) (Telstra Annual Report, 2018). Therefore, Telstra2022 is of strategic importance to Telstra and it banks on its HRM to manage the planned transformations or changes.

### **Challenges before Telstra's HRM**

In a period of transformation and digital disruption, challenges are common. Most of these challenges can be overcome with effective HRM, as they deal with people, the most important assets of any company. The people need to be managed, optimised, directed, trained and guided well in such times so that their individual performances align with the

greater organisational goal (Armstrong, 2012). The company's HRM system is primarily responsible for ensuring that its people and processes are optimally utilised, content and motivated to perform. However, ensuring all of that is often difficult. Telstra's HRM faces many problems related to its people and processes, of which five areas are chosen for discussion in this report. These are:

- Training
- Culture
- Payroll
- Hiring & Retention
- Workforce Diversity

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