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**Executive Summary**

The report takes into account the case of Coffee Shack and the key HR challenges faced by the company over the years. It partakes a case study approach to highlight the most important HR priorities that require prompt attention, such as employee satisfaction and engagement, untrained managerial staff, and understaffing. Next, it discusses how the HR strategy should be linked with the business strategy to overcome low employee satisfaction, motivation and morale at the organisation. The report also proposes utilising the principles of transformational leadership to achieve four main organisational targets.

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**TASK 1. HR Priorities**

Based on the findings of the case study, the most significant HR priorities for Coffee Shack are discussed below:

**1. Employee Satisfaction and Engagement**

Employee satisfaction takes into account a variety of factors of the work experience including the company culture, compensation and monetary rewards, work-life balance, and career advancement opportunities (Hudson & Shen, 2015). One of the key concerns for Coffee Shack’s HR is improving employee satisfaction and engagement. Based on the reviews, there are little to no opportunities for advancement for employees. Another employee reported that the experience of working at Coffee Shack was ‘soul-destroying’ due to the ill-treatment by managerial staff in front of customers and insufficient pay-rates. O’Connor et al. (2011) report that employees with high job satisfaction are intrinsically motivated to excel in their roles and responsibilities. They feel supported and valued by their manager which leads to higher innovation and productivity. The HR manager should thus consider factors that improve employee satisfaction and well-being so that they are better equipped to tackle workplace challenges, feel less stressed and more motivated about working at Coffee Shack (Holbeche, 2022).

**2. Understaffing**

The issue of understaffing is at a rise in Coffee Shack, as employees complain about ‘never having enough staff on a shift’. On average, an employee is asked to work for 8 – 9 hours, without having any breaks or knowing when the shift will end. Coffee Shack is struggling with a regularly overworked workforce, which is likely to have a negative impact on employees’ productivity and well-being (Mudor, 2011). Understaffing can lead to cyclical problems and employee burnout (Hudson & Shen, 2015).

It is crucial for the HR department to conduct a rigorous assessment of each department’s staffing requirements (Cherniack, 2015). Some of the alternatives that can be considered include outsourcing, cross-train staff members, introduce upskilling and reskilling ventures, and foster a collaborative culture of teamwork (O’Connor et al., 2017). It is also significant to ensure that employees can manage a work-life balance by recognising their contributions and communicating with them positively and optimistically.

**3. Undertrained Managerial Staff**

The employee reviews report that managerial staff at Coffee Shack is underqualified, untrained, and incompetent. Not only do these problems pose a threat to operational efficiency, but also jeopardises quality of service and workplace safety for employees (Gary, 2011). Inadequate practices such as bullying by managers, micromanaging employees, setting unrealistic milestones leads to higher employee dissatisfaction and turnover. (Dessler, 2020)

It is significant for the HR manager to introduce comprehensive training programs for managers, set out clear guidelines for performance evaluations that prioritise employee wellbeing and operational goals, and introduce strategies for rewarding long-serving staff to promote a culture of retention and appreciation (Mudor, 2011). Additionally, HR should facilitate open communication channels for employees to voice their concerns and grievances, ensuring that issues are promptly addressed and resolved to cultivate a supportive and inclusive work environment (Dessler, 2020).

**TASK 2. The Difference between Business Strategy and HR Strategy**

Holbeche (2022) explains a business strategy as all the actions and decisions made to fulfil the all-encompassing vision of the company. Gaining a deep understanding of the business strategy and how to execute it adequately allows businesses to acquire greater market shares and become market leaders. The strategy serves as the business’ backbone, implying that failure to comply with it could let the business deviate from its mission and goals (Minbaeva, 2021). The business strategy takes into account a variety of external and internal factors and aids strategic decision-making. The external factors comprise the variables which can affect politics, economy, society, culture, technology, and environment business activities (Wall, 2021). On the other hand, internal factors include the business’ vision, mission, and the organisational structure.

The business strategy entails a human dimension, which links to human resource management, fostering employee relations and exploiting their potential to fulfil the strategic goals (Bilan et al., 2020). The HR strategy comprises a well-defined statement of the business goals and objectives, and how the human resource will be utilised in accomplishing them (Holbeche, 2022). Strategic HRM plays a crucial role in recognising and evaluating the internal and external threats for the business, as well as opportunities for advancement. It provides a significant influence on recruiting and selecting the right talent with suitable skill-sets to capitalise their potential within the organisation (Bilan et al., 2020).

One of the main components of linking Coffee Shack’s business strategy with human resource management is to foster a culture of clear communication and trust with its employees. The employees have repeatedly complained for having little to no advancement opportunities (Sparrow & Cooper, 2012). The pay-rate policies should be adjusted in a way that hard working employees are rewarded slightly higher than the ones with lesser roles and responsibilities (Agostini & Filippini, 2019). A fair and equitable system of rewarding employees should be set because one employee complained of ‘unfair practices’. Coffee Shack managers are criticised for having perks and benefits if the employee is on friendly terms with them. Otherwise, most employees are subject to humiliation and offensive comments.

**TASK 3. Implementing Transformational Leadership**

Pooja can be advised to implement the principles of transformational leadership and tackle the challenges of managing her team leaders: John, Salim, and Maya. Ghasabeh et al. (2015) explain transformational leadership as a strategy that inspires, promotes and motivates team-members to continually innovate and adopt change in achieving future success for the business. A transformational leader excels at motivating and enthusing his team without micromanaging their activities. The process entails trusted trained employees to make choices and undergo decision-making within their job capacity (Ghafoor et al., 2011). Not only this, transformational leadership can allow Pooja to inspire her team towards thinking strategically and creatively to come up with solutions to deep-rooted problems in the workplace (Abolnasser et al., 2023).

**a) Establishing Measurable Levels of Staff Engagement**

To improve employee engagement, it is significant to recognise and address the expectations of employees which can be found through Glassdoor’s reviews. The strategic leadership should conduct a comprehensive survey to assess the current levels of staff engagement, identifying key areas for improvement (Stein et al., 2021). Analysing employee feedback, turnover rates, and performance metrics is crucial to understand the underlying factors contributing to low engagement.

McManus & Mosca (2015) explain that paying attention to the individual and team-based needs fosters the creation of a supportive and favourable working environment. It is also recommended to provide a variety of leadership opportunities to employees, such as rotating the team leaders regularly, to empower them further. Pooja and her team leaders should establish key performance indicators (KPIs) to measure staff engagement, such as employee satisfaction surveys, retention rates, and participation levels in company initiatives (Stein et al., 2023). Once the employee engagement initiatives are set, the team should continuously evaluate the effectiveness of transformational leadership and adjust strategies as needed to drive sustained improvements in staff engagement (Osborne & Hammoud, 2017). Feedback should be solicited from employees, and should be incorporated into the future planning and decision-making processes for Coffee Shack.

**b) Reducing Employee Turnover**

Multiple studies report the effectiveness of transformational leadership in mitigating high employee turnover rates (da Silva & Shinyashiki, 2014). Pooja should work towards addressing the primary causes of employee turnover since 2019, including the lack of job satisfaction in employees, feeling demotivated or undervalued, and inadequate leadership strategies. It is important to create a supportive and optimistic work environment for improving job satisfaction and employee engagement (Kim et al., 2018). Pooja should encourage her team leaders to empower employees by allowing them autonomy and decision-making authority in their respective roles. This promotes a sense of responsibility and ownership, which improves job satisfaction and reduces turnover. It is also important to acknowledge and celebrate the individual and team achievements of her employees and team leaders (McManus & Mosca, 2015). A culture of appreciation could be backed with extrinsic rewards for them, thereby reducing turnover by the preferred target and uplifting their morale.

**c) Getting Positive Reviews from Employees and Former Employees**

According to Mujkić et al. (2014), transformational leadership focuses on closer connection and interaction between the team-leaders and team-members. Such practices bring a favourable impact on the employees’ perception of the working environment, the relations climate in the workplace, and overall job satisfaction (Metwally et al., 2014). Pooja and her team leaders should exhibit qualities of transformational leadership by understanding the needs and grievances of their employees, so they feel valued and heard. As a result, employees can be inspired to make significant contributions in the company’s growth, and fulfil the outcomes expected of them (Spranger, 2018). Employees can also enjoy a sense of self-confidence over their unique job roles, and enjoy a decision-making autonomy after training and development programs.

To obtain positive reviews on platforms such as Glassdoor, Pooja should establish communication channels within the organisation and allow employees to comfortably share their ideas, concerns and feedback about working at Coffee Shack. She should provide opportunities for growth, learning, and skill development through training programs, mentorship, and career advancement opportunities (Kim et al., 2018; Spranger, 2018). Actively listening to employee feedback or complaints about workplace safety or health concerns is also imperative in developing a positive perception about their job experience (Muharam, 2023). The leader should exhibit empathy and understanding towards employees when resolving conflicts to imply that their well-being and satisfaction are top priorities for the company. Finally, Pooja should regularly monitor online review platforms like Glassdoor to track employee feedback and sentiments about the company (Spranger, 2018).

**Implementation Plan with Costing and Responsibilities**

A budget of $350,000 is available to Coffee Shack for implementing the above-mentioned strategies.

**Training and Development Programs:**

· Allocate funds for leadership training programs focused on transformational leadership principles for managers and supervisors.

**Employee Recognition and Rewards:**

· Set aside a portion of the budget for employee recognition programs, including monetary rewards, gift cards, and company-sponsored outings to celebrate achievements.

**Communication and Engagement Tools:**

· Invest in communication and engagement tools, such as employee feedback platforms, internal communication software, and collaboration platforms.

· Implement pulse survey tools to gather real-time feedback from employees and track engagement metrics.

**Employee Events and Team Building Activities:**

· Set aside funds for organising employee events, team-building activities, and company-sponsored outings to foster team cohesion and morale.

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