Strategic HR Planning

Student’s Name:

Course Name and Number:

Instructor’s Name:

Date Submitted:

**Introduction**

Sports Direct is a company in the sports industry along with other companies that offer serious competition in the market. The business has over the years established a successful brand in the industry that has influenced its sales, thus making it easier to perform business across numerous departments. The company has numerous internal and external factors that impact its operations in the industry. In this paper, I aim to analyze the financial implication of the company's issues in relation to the competition. It is essential to note that **an issue facing a company deducts finances from earnings**.

**Problem Facing Sports Direct**

A serious problem facing the company is that Sports Direct has poor Human resource management. This issue is quite serious because it has led to the rise of poor working culture and mistreatment of employees based on their failure to pay them the minimum wages. This issue comes when the company faces stiff competition from rival companies that look to improve their sales in the market. As earlier explained, every issue confronting a company has a financial impact. In this case, Sports direct risks losing its market grip due to low productivity from employees. This will therefore result in a reduction in sales as the product quality will have fallen. Another impact is that their employee turnover will increase due to employee mistreatment. This will need Sports direct to higher new workers, thus increasing employee recruitment and training (Goodley, 2020).

The company is currently facing stiff competition, but it is one of the largest sporting goods retailers with a net income of about $120 million, with its employees reaching 20,000. The current culture in the company poses a huge risk for employees because the working conditions are key to ensure productive relations. However, the company risks a reduction in its net revenue and number of employees. This impact causes a serious financial disadvantage because the competitors will be looking for ways to get ahead in the competition. For instance, workers in the company may head over to rival companies and start working for them. The company will experience lower employee productivity which will reduce the product quality and sales as well. A major financial strength of the company is that it is currently the largest sporting goods retailer in the UK. The company, therefore, relies on its brand to make its sales. Additionally, the company also associates with other established companies with stronger brands such as Adidas and Puma. A major weakness in the company's finances is that it faces stiff competition from rival companies that aim to improve their market share (O'Sullivan, 2020).

If the issue isn't resolved, the company risks facing severe productivity, influencing its sales. However, a serious challenge that the company is yet to face is a heavy lawsuit regarding employee mistreatment, and this would lower their finances through lawsuit fees. The company, therefore, risks facing lawsuits that will deduct huge sums of money in the form of employee compensation. The HR department needs to address the issue before the company faces such severe consequences. A major ethical issue resulting from poor human resource management is employee mistreatment through payments. Thus the financial implication is that the company is illegally making its products.

**Conclusion**

Issues can impact the finance of a company. Sports Direct has a serious issue with its poor Human Resource management, resulting in poor working conditions and employee mistreatment. The company risks losing out to competitors because the employee productivity rate will reduce, meaning the number of products produced will decrease. Additionally, the quality of the products sold risks being compromised through instances such as poor packaging; hence this will reduce the current revenue, which stands at $120 million. If the issue isn't addressed, the company risks facing serious lawsuits that will require compensation to mistreated employees. Therefore, the company's issues are decreasing its revenue because productivity will impact sales and, thus, the current revenue risks reducing significantly.

**References**

Goodley, S. (2020). Sports Direct may be paying less than minimum wage, investigation shows. *The Guardian*. <https://www.theguardian.com/business/2020/jul/23/sports-direct-undercover-minimum-wage-mike-ashley>

O'Sullivan, M. (2020). The divided workforce: Zero hours work at Sports Direct. In *Case Studies in Work, Employment and Human Resource Management*. Edward Elgar Publishing.