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# Human Resources Management At Netflix

Netflix has been leading the way for digital content since 1997. With more than 20 years of entertainment service, Netflix is a successful online business with over 167 million paid memberships in over 190 countries including TV series, films and interesting documentaries (media.netflix.com).

Brief history of Netflix: In 1997 Reed Hasting and Marc Randolph co-fund Netflix, in the United States, to offer online movie rentals and in 1998 was launched the first DVD rental. One year later, in 1999, the company started a subscription service with a low monthly price that was offering unlimited DVD rentals. The company continues its expand in new countries and started the collaboration with different electronics companies. In 2017, Netflix wins its first Academy Award for the Best Documentary Short Subject, in present the company is still growing effectively and quickly.

The aim of the research is to identify the purpose of the function of Human Resource Management at Netflix and to evaluate how HRM helped the company achieve its business objectives.

A simple definition of human resource management is the action of managing people at work. HRM will help people and the organization to reach each other goals. The HRM process includes the planning, attracting, developing and retaining the human resources of an organization. HRM will shape the direction of an organization and is essential for every future business person (Bratton and Gold, 2012).

Collins and Wood (2009) believes that one of the dominant definitions of the Human Resources Management is a “contested domain” with rivals soft and hard approaches.

The soft approach of HRM, according to Armstrong and Baron (2002), has its roots in human relations, motivation, leadership and emphasises communication. Soft HRM always treats employees as an important resource of the company while the hard approach is treating the employees simply as a resource of the business, being focused on the quantitative and on the business strategies.

In order to explain the purpose of HRM at Netflix, I will first enumerate why HRM is so important for any organization:

1. HRM is important for any manager or organization because it can prevent hiring the wrong person for the job;
2. HRM helps saving precious time with useless interviews;
3. Can improve a department effectiveness by allowing trainings;
4. HRM will prevent unfair labour practice;
5. Will help the organization have a low turnover.

Netflix have been developing a revolutionary Human Resources policy that helped the company be very successful and grow quickly. One example is given by hbr.org in “How Netflix

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reinvented the HR” in an interview with one employee at Netflix mentioning that the company didn’t want to go for the formal human resource policies, instead they have adopted an opposite direction that allows the employees to have the sense of freedom and responsibility. Freedom to share their new ideas or problems, to communicate with the rest of the team or managers and responsibility to always make the right decision for themselves and for the benefit of the company.

One great example of revolutionary HR policy at Netflix, a reward concept, is the unlimited vacation. The company had, until 2004, the standard model of holiday with N days per year but the team have decided they should rather focus on the quality of work and not the number of hours they spend in the office. Netflix leaders will give positive examples in the company by taking vacations and coming back to work with great new ideas.

Netflix has an unique approach to HR and they describe it as “an amazing and unusual employee culture” ([jobs.netflix.com](http://jobs.netflix.com)).

Armstrong (2006, p54) points out that: ‘the role of the HR function is to enable the organization to achieve its objectives by taking initiatives and providing guidance and support on all matters relating to its employees’. Summarized, human resources concentrated upon the development and the management of employees in an organization. An efficient human resources management will offer the opportunity to achieve the company’s objectives and goals by adopting an effectively and efficiently contribute of the workforce.

The key functions of human resources management are Managerial Functions and Operative Functions.

1. The Managerial Functions, a part of organizational management, are performed by a manager using the basic functions of management which are mentioned by Gurpreet (2007) as the planning, organising, staffing, directing and controlling of the personnel.
2. The Operative Functions are also ‘common to all types of managers’ as per Gurpreet (2007). Operative functions are the responsibility of human resources department, concerned with the procurement, development, compensation, integration, maintenance and separation.

Over the years, Netflix has become one of the most successful online business and its talent management strategy and culture of the company have make the company’s human resources to be described as ‘revolutionary’ or ‘unique’ because the managers of the company believed in the importance of creating the dream team by only hiring the most talented and skilled people and reward and keep them in the company but also trust they will do the right thing for the company. In other words, the management is trusting their fully skilled employees to act in the best interest of the company, without keeping track of their vacations and how many days off they are tacking. Netflix is not adopting a formal performance review that is usually used in other companies, they have instead, spontaneous conversations about their day-by-day work and discussions about what things should be changed or implement in order to keep a smoothly team work and exceed company’s objectives and expectations.

The managerial functions at Netflix are:

1. Planning – they will only hire the most qualified applicants in order to make sure they

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can achieve the organization objectives;

2. Organizing – the leaders will make sure that every employee knows and understand the company's values and will work for the best interest of the company;
3. Staffing – Netflix have adopted a peer review that give the employee the opportunity to evaluate their colleagues, that means they can learn from each other and can adapt to the company's business objectives;
4. Directing and Controlling – the company is trying to avoid rules, they want their employees to be capable to take independent decisions and only ask the opinion of a leader when they are unsure about the right thing to do. Netflix believe in 'context' and not 'control', they think this is the best way to serve the business.

The Operative Functions at Netflix that helped the company be successful are:

1. Procurement – Netflix is assuring the productivity of the company by hiring the right people, this way they will assure a higher productivity and reduce the turnover;
2. Development – they will always work together and every employee is able to improve themselves. The style of training at Netflix is E-learning that have been adopted by many successful companies. E-learning benefits the company by being cost-effective and saving precious time.
3. Compensation – in order to keep their best employees, Netflix will pay them 'at the top of their personal market' ([jobs.netflix.com](https://jobs.netflix.com));
4. Integration – Netflix is efficiently hiring people from different nationalities, backgrounds and culture and is open to embrace different opinions, personal experiences and perspectives.

Another important part of the HRM is the strategic workforce planning(SWP), the process of predicting the current and future hiring need of an organization in order to achieve the business goals. Strategic workforce planning becomes essential in the era of globalization and changes for many companies that wish to accomplish their business objectives. Smith (2012) defined strategic workforce planning, not only as 'the right number of people' but 'the right number with the right skills', this strategy is also applied to Netflix as they will only hire the best applicants that can ensure the long-term success of the company. The main purpose of SWP is to improve an organization performance (Sparkman, 2018). Strategic workforce planning, according to [hcmworks.com](https://hcmworks.com), will allow the organization to build a stable environment with successful results 'with the right skills in the right position.'

At Netflix, the hiring managers have a close relationship with the recruitment team. They have developed a partnership based on communication and collaboration. The business is aware of the importance of making the right decision and is trusting the hiring managers and recruiters in making the best decision for the company. The focus of the company is to continue to grow efficiently and to deliver the best for its customers. In order to maintain the success and to continue to be the leader of the internet entertainment, Netflix is not tactical and operational in the recruitment process as many other companies, they have a consultative approach, no rules to follow and they will only choose the candidates that will make a great impact for the company.

As a point of reference, the recruiters at Netflix are using LinkedIn because the they can learn more about the potential employee and can make a better assumption if the applicant is a good fit for the company but also if the company is the best option for the applicant.