

BUSINESS STUDIES

Employment Relations, Business Management and Change

Describe the causes of industrial conflict, and evaluate the importance of using rewards, training, development and communications in managing change effectively.

Executive Summary

In today's modern and dynamic business environment, change is the only constant. Increased competition, improved technological advancements and stronger international pressures have all impacted on the changing nature of business operation. Managers must be 'proactive' in managing and responding to change to ensure a competitive advantage over competing businesses, and to ensure long term viability in a dynamic business environment. However, there will be times where resistance to change is unavoidable, which may lead to industrial conflict. Due to the differences in objectives and goals of each stakeholder, it is inevitable that at some time within their relationship, conflict could occur. In recent years, the number of days lost to striking has reduced in some industries. This could be attributed to effective management of conflict within the workplace through various modes of redress, including grievance procedures, conciliation, arbitration, negotiation and common law action.

This business report will:

- Describe how resistance to change can cause various types of industrial conflict.
- Evaluate the effectiveness of management in the organisation, and the responsiveness of businesses to change.
- Evaluate management strategies in response to internal and external factors.
- Analyse the impact of industrial conflict and strategies in response to managing change effectively on an Australian businesses (QANTAS)

Employment Relations at Qantas

In recent years, the Australian business community has experienced unprecedented change. Such changes in the broader economy have also impacted upon the global aviation industry, which has consequently affected the way we travel across global borders today. Employing over 35,000 people, Qantas is Australia's largest domestic and international airline, as well as one of Australia's largest employers. While successfully trying to manage the relationship between employees and employers, an effective employment relations function allows Qantas to:

- Achieve its goals
- Minimise costs
- Gain a sustainable competitive advantage
- Improve quality in working life
- Ensure legal compliance

Effectively deal with industrial conflict as a result of internal and external change

Qantas has recently reformed its employment relations practices in order to cut costs and increase labour efficiency and flexibility. For example, it has:

- Reconstructed its organisation
- Outsourced more functions
- Relocated staff overseas

- Launched discount airlines – such as Jetstar
- Hired more casual staff

Through a reformation of its employment relations function, Qantas is less susceptible to industrial conflict as a result of various changes in the consumer market.

Industrial Conflict:

Industrial conflict is a situation where an employee or group of employees take measures of industrial action to express their dissatisfaction with management policies and decisions of the workplace. The level and seriousness of conflicts, and the frequency at which they occur, indicate the extent to which employers are successfully managing change within the employment relations function through rewards, training and development, and communications. The ability to adapt to a potentially hostile and ever- changing environment is critical to business success, and ultimately ensures an effective operation of employment relations with minimal industrial conflict.

Main causes for Industrial Conflict:

A key ingredient of successful management is the ability to cope with change. Change is the single most common cause of disputes within the workplace, and can occur within a business through:

Wage Demands- Employers are assumed to be motivated by profits, therefore they will seek to maximise revenues and minimise costs. They will often argue that the cost of higher wages may reduce the profitability of the business, which could restrict its growth prospects in the future. Employees, on the other hand, are self-motivated and are assumed to want to work for the least possible time and for the maximum wage attainable. In a situation of strong economic growth and high inflation, the income that employees earn will be worth less due to increments in the general prices of goods and services. In these circumstances, unions will often fight for wage increases that are in proportion to the rate of inflation, so that the living standards of employees can be maintained. Hence, there is an obvious source of conflict between employees and employers in the employment relations process.

Physical Working Conditions- Physical working conditions of a business can often have a significant effect on the ability and efficiency of employees to successfully complete their specified tasks. Disputes can often occur over:

- The adequacy, safety, comfort, and reliability of equipment
- Poor amenities
- Level of expectations placed on employees
- The physical nature of the work itself.

An industrial dispute may arise if employees feel that change has only been undertaken to suit the business, rather than have a positive influence on the performance of employees. Conflict may also occur if workers feel that management is neglecting the safety of employees, or if working conditions are uncomfortable. Such disputes can be prevented if managers follow the guidelines of OH&S that govern their respective industry, and if they allow greater worker participation by responding to employee feedback.

General Working Conditions- General working conditions, such as hours of work, may cause disputes between employers and employees due to the need for change. Employers may require employees to work for longer shifts and to have fewer holidays during busier times. However, employees are generally concerned about flexibility and having control over their working hours, as well as a maintained balance between work and family life. An industrial dispute may arise if management decides to increase or decrease the hours of work for staff without sufficient notice or justification for their decision.

Management Policy- Management policy is the single major cause of industrial disputes in the Australian workforce. Decisions made by the management team of a business can often cause conflict, especially when major changes are made to the business's operations without worker participation and consultation with employees. Disputes may be related to areas such as:

- Changes in the terms and conditions of employment
- Changes in the criteria for promotion
- Implementation of new enterprise agreements
- Disciplinary issues
- Decisions to retrench and make redundant a number of staff members.

Management can reduce the potential for industrial conflict by utilising a *behavioural style of management* which is more open in communication between the employer and employees. Thus, if a dispute should arise, mechanisms will be in place to ensure that the dispute is dealt with in a satisfactory way for all parties.

Types of Industrial Action

There are different types of industrial action that can be taken by employees and employers in response to industrial conflict. Generally, industrial action can be divided into two groups:

- **Overt Action-** Which refers to visible and obvious demonstrations of dissatisfaction in the workplace expressed by employees collectively. Employees may undertake this type of industrial action to achieve something in which they have been deprived of, or in order to display resistance to comply with a *change* in the operation of the business. By involving themselves in overt action such as strikes and work bans, employees are able to effectively express their opinion on the change.
- **Covert Action-** Which refers to forms of industrial action that are hidden, non- obvious or passive. It is not as visible as overt action, and will usually involve the employee acting alone. Despite covert action being performed individually, it can have a damaging affect upon a business in the long term. For example, high levels of absenteeism indicate employee dissatisfaction which may be the result of conflict in the resistance of change in the workplace. However, change would work in a more positive manner with these individuals, as they would be more likely to accept & embrace it, and change would motivate them to work more efficiently and with greater enthusiasm in the workplace.

Overt forms of Industrial Action:

Strikes- Strikes are one of the most obvious forms of industrial action because of the media attention they tend to attract. The aim is to disrupt the operations of the business and draw community attention to the employees' grievances, thereby placing greater pressure on management.

Pickets- Pickets are associated with strike action, and involves employees gathering outside or at the gates of a workplace. The aim is to prevent other workers or suppliers from entering the building in an attempt to disrupt business. Pickets are another dramatic way that draw the public's attention to the employee's cause. Through the use of placards and posters, employees will draw media attention and sympathy from the public, ultimately placing pressure on the employer to agree to the union's or employee's demands.

Lockouts- Lockouts are actions by employers to prevent their employees from entering the business premises. Employers usually close the entrance to the workplace & refuse admission to workers. Lockouts are often used to enforce employees to sign individual agreements & are a common response to strike action.

Work bans- Work bans are a form of industrial action that involves a group of employees refusing to complete tasks that are not specified in their legal contracts. While they do remain at work and fulfil most of their obligations, they refuse to do certain tasks such as attend meetings, complete overtime, and complete administrative duties associated with their job. An example would be the refusal to work on a piece of equipment that has been banned. This may be due to safety concerns, due to a dispute over pay quotas, or due to the introduction of new technology that displaces workers.

Work to rule- Working to rule is quite similar to a work ban and involves workers following the strict terms of their employment contract. During a period of work- to- rule, employees will not perform any task that is not specified within their terms of employment, which tends to decrease productivity. For example, an employee may decide to finish their work at the agreed time of 5:30pm despite still having work to do.

Covert forms of Industrial Action:

Absenteeism- Absenteeism is a method used by a business to measure the effectiveness of its employment relations policies and practices. The level of absenteeism in a workplace can act as a guide to represent how satisfied workers feel in their jobs. Absenteeism is a form of covert industrial action since employee absences are not for legitimate reasons, such as illness. It is often difficult to measure due to the difficulty in identifying the legitimacy of the absence. Generally, businesses with effective employment relations experience lower levels of absenteeism among their employees.

Sabotage- Sabotage is an unethical form of industrial action which can be achieved by damaging the equipment of the business, or by failing to perform necessary tasks in the production process. The aim is to disrupt the operations of the business by acts such as vandalism and installing computer viruses. This can ultimately represent a significant cost for the business.

Labour Turnover- Similar to high levels of absenteeism, high voluntary labour turnover (referred to as resignations) often indicate poor staff morale or conflict in the workplace. Employees are likely to resign when they believe they have tried all options in attempting to resolve the dispute, and there is no possibility for improvement in the situation.

Exclusion from Decision Making- The extent of worker participation within a business is influential in affecting the morale and culture of the organisation. Techniques used to exclude staff which include not inviting them to meetings, giving them irrelevant or unpleasant tasks, abusing them, and not offering them opportunities for training and development are seen as unethical, and indicate poor workplace relationships. It can often lead to larger conflicts, where ultimately the victim is forced to leave the business at no fault of their own.

Industrial Conflict at Qantas

Recent changes by Qantas, such as its decision to axe jobs, introduce more part time and casual employees, and outsource functions across the board has created industrial tension between engineers, baggage handlers, pilots, flight attendants etc. Some of Qantas' previous disputes include:

Engineers Dispute (2007- 2008)

The engineers dispute of 2007- 08 was caused by wage demands and management policy of outsourcing engineering work overseas. Qantas had previously laid off 480 engineering/maintenance staff when it closed its Sydney base in 2006. The engineers wanted a 5% annual pay increase, however, Qantas deemed this to be unaffordable due to soaring fuel prices at that time. Qantas said that the airline offered fair pay and conditions, which were the best in Australia and

among the most secure in the world. However, the union ultimately claimed that 3% (which is what Qantas offered at that time) was not good enough when inflation was running at 4.2% and the average wage had been increasing by 4.6%

Dispute Resolution Process

In Australia, a comprehensive system has been developed to deal with disputes that cannot be solved by workplace grievance procedures (the first formal level of dispute resolution). This process, as also illustrated below, includes:

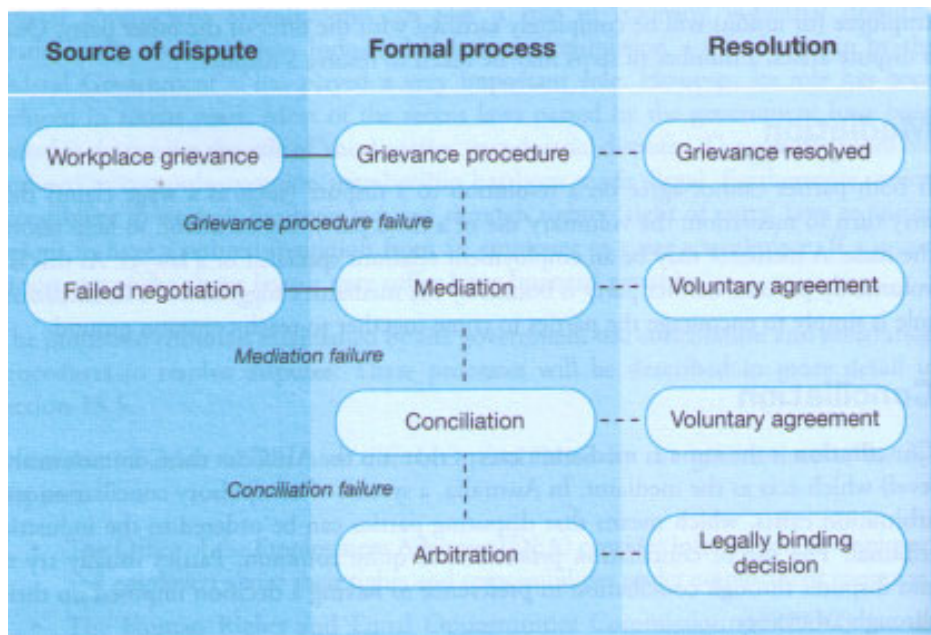
Negotiation- A state of communication between two parties characterised by give and take on both sides during the bargaining process.

Mediation- A voluntary process whereby the disputing parties agree to meet with a third party who will assist in hearing both sides and negotiate a settlement to the dispute.

Conciliation- The use of a third party to assist with reconciling differences between the conflicting sides. Usually this process is non- voluntary and will actively assist the parties to resolve the problems.

Arbitration- A non-voluntary process whereby a third party is appointed to hear and resolve a dispute in a decision which is binding on both parties.

Common law action- The bringing of a legal case before the courts in order to settle a dispute. In such circumstances, the judge is the arbiter and their decision is binding on both parties.



Costs and Benefits of Recent Industrial Conflict at Qantas

Costs for Employees:

- Loss of wages during strikes
- Stress experienced by employees
- Some community bitterness directed at unions because of the disruption to services.'

Benefits for Employees:

- Wage increases
- Greater job security
- Helped workers gain management attention on issues such as outsourcing and casualisation of the workforce.
- Employees gained some sense of unity during the disputes.

Cost for Employers:

- Loss of production during industrial action
- Increased tension with employees
- Disruptions to some flights
- Some loss of international reputation.

Benefits for employers:

- Increased efficiency, improved work practices and greater labour flexibility
- Greater international competitiveness
- Some evidence of reduced union power

Managing Change- External Influences

In recent years, the Australian business community has experienced unprecedented change. In recovery from the recent '*Global Financial Crisis*,' strong economic growth and rising consumer incomes have led to surging demand in many areas of the economy. The internet, email and e-commerce have revolutionised the way businesses communicate with their staff, suppliers and customers. Meanwhile, the onset of globalisation has opened the way for Australian businesses to expand into new markets, whilst also enabling foreign companies to enter the Australian business. Most changes encountered by businesses are external- originating from outside the business. The sources of change, and the possible changes affecting the business include:

- **Economic-** Periods of recession
- **Financial-** A decline in the share market
- **Geographic-** The opening up of global trade borders
- **Social-** Changing views towards smoking
- **Legal-** Changes to the tax system
- **Political-** A new government being elected
- **Technological-** Cheaper production processes

External Influences on Qantas

Economic Influences

The general level of economic activity in Australia and the rest of the world tends to fluctuate and impact on Qantas' profitability. In recent years, Qantas has benefited from the strong Australian and Global economy. Despite a fall in profitability in 2006 due to soaring fuel prices, Qantas posted a record level net profit of \$970 million in 2008, mainly due to the successful launch of Jetstar, an increase in the demand of its travel services and continued cost improvements.

However in 2009, a severe global downturn, accompanied by competitor growth and the concern of swine flu, caused rapid revenue declines especially in the corporate and international markets, leading to an 88% fall in net profit. This was in spite of Qantas' efforts of grounding planes, delaying and cancelling orders of new aircraft and raising \$500 million from investors. However,

relative to the world's aviation market, Qantas actually fared well due to the benefit of a comparatively stronger domestic market. Qantas' ability to effectively manage change secured it from facing problems in regard to industrial conflict issues, such as wages, working conditions and managerial policy.

Geographic Influences

Qantas is heavily tied to the Asian Pacific region. On any given day, the ten Asian countries that Qantas services make up more than a quarter of the seats across its international network. The Asian Pacific region now accounts for close to 20% of world tourism and the World Tourism Organisation expects this to climb to over 25% by 2020. However, external geographical influences could have a severe impact on this. Earlier this year (2010), the eruption of Iceland's volcano forced the closure of European airspace for over a week. Qantas was forced to cancel flights scheduled to and from Europe affecting more than 13000 of its passengers. Qantas estimates the decision to ground flights cost them about \$1.5 million a day, about half of that due to the cost of accommodating stranded passengers. Qantas has also been offering passengers stuck in Asian hubs such as Bangkok, Singapore and Hong Kong free flights home as well as the option of rebooking or a full refund. Analysts estimate that Qantas' net profit this financial year could be reduced by as much as \$28 million dollars.

Internal Influences

Changes can also arise from within the business itself. Internal changes may occur due to the business wanting a new and improved way of achieving goals. Internal influences include:

- **Accelerating technology-** Such as e- commerce
- **New systems and procedures**
- **New business culture**

Internal Influences on Qantas

The introduction of new technology has resulted in new systems and procedures. Qantas' early E-commerce development was directed at its external customer interface, and today includes a faster booking engine, customer access to alternative fares, increased alternativeness for customers based on price, and online check in.

Qantas has also upgraded its security systems after spending over \$600m in the past few years, and introduced new procedures for all flight and cabin crew. Self service kiosks at all its major airports help automate the check in process.

Reasons for resistance to change

Although change is an inevitable and necessary feature of a competitive business environment, it is often resisted. To reduce the resistance to change of employees, managers or supervisors must create a positive environment for change which will guarantee that the employees will embrace change regardless of where or how it is orientated. This environment must also provide efficient channels of communication to report progress on a change program.

The main reasons for resistance to change include:

Financial Costs

- Purchasing new equipment
- Redundancy payouts
- Retraining
- Reorganising plant layout

Inertia of management and owners

Cultural incompatibility in mergers/ takeovers

Staffing

- De-skilling
- Acquiring new skills
- Loss of career prospects/ promotional opportunities.

Several strategies for producing a positive environment for change include:

- Offer support
- Provide constant feedback
- Make sure communication is two way, not just from the top down
- Allow employee participation during the change process

Reasons for resistance to change within Qantas

Financial costs- One of the reasons for the difficulty in Qantas effectively implementing change has been the financial costs of carrying out the changes.

1. *Purchasing New equipment.*

To maintain its position as Australia's leading domestic and international airline, Qantas spends billions of dollars purchasing new equipment. Examples include:

- New and more efficient aircraft, such as the A380
- Security measures such as new passenger screening equipment and surveillance equipment throughout all baggage handling areas.
- In flight entertainment systems
- Improved lounge facilities

2. *Redundancy Payments.*

Qantas has been shedding staff incurring large compulsory redundancy payment. It has already laid off 3250 workers in the last 18 months mainly due to the affects of the Global Financial Crisis, and expects to see another 1250 full time staff made redundant in 2010.

3. *Re- training.*

Qantas spends approximately \$300 million every year on staff training. Any significant change at Qantas requires staff to learn new skills, especially when new technology is introduced. For example:

- 10,000 staff were recently retrained as a result of shifting the airline's reservation system to Amadeus
- Qantas has just retrained its cabin crew for new international business class
- Qantas is also continuing to invest in engineering and maintenance training and has expanded its apprenticeship programme.

Inertia of Managers and Owners- Inertia is the 'tendency to remain in a state of inactivity.' A reason for resistance to change at Qantas is the unenthusiastic response from some managers to proposed changes. This was very evident in the early 1990's prior to deregulation of the aviation industry and the privatisation of Qantas.

Cultural Incompatibility in mergers/ takeovers- Mergers and takeovers may fail because the two businesses have very different cultures and cannot bind together. When British Airways bought a 25% share in Qantas in 1993, it brought with it a different business culture based on strict commercial criteria. This resulted in a culture clash which was a reason for some employees resisting the change.

Staffing- Staff considerations are another reason for resistance to change. From an employee's perspective, change could endanger their income, security, and future job opportunities. Employees have also resisted change because:

- They have found that their current skills are no longer required due to changes in work methods.
- They have been required to learn new skills especially in information technology.
- Resentment over not being consulted about the proposed changes
- Feeling of personal inadequacy and insecurity.

Managing Change Effectively

A key ingredient of successful management is the ability to cope with change. The ability to adapt to a potentially hostile and ever- changing environment is critical to business success. Managers today are subject to a far more dynamic environment than ever before. To be successful, management must be '*proactive*' and react appropriately to the endless and, often erratic, changes in the business environment.

Change is managed effectively by:

- Identifying the need for change
- Setting achievable goals
- Creating a culture of change
- Using change models

Identifying the need for Change

Effective managers constantly monitor the internal and external business environments. A changing environment may present opportunities for the business, or possibly threats to its progress. **Anticipation, intuition, imagination and experience** are the four key qualities that managers require to identify the need for change. Ideally, a manager will anticipate the need for change well before action is necessary, allowing time for gathering information, considering alternatives, and planning implementation. Effective managers continually assess their own performance and that of their business. In order to be successful, performance needs to be compared with what had been strategically planned and with the performance of specific competitors and the industry as a whole through benchmarking.

Setting Achievable Goals

The goals set by management must be SMART. This means that they need to be:

- **S**pecific
- **M**easurable
- **A**chievable
- **R**ealistic
- **T**imed and timely

Managers must always have a realistic vision for their business's future, as well as a timeframe in which business goals can be achieved. The ability of the business to achieve its goals will depend largely on the financial state of the business and culture of change. As most changes require some capital outlay to begin, the business' financial objectives will have a clear impact on any planned changes.

Initially, managers will also need to evaluate the present- day position of the business. They will need to do a situational analysis, such as a **SWOT analysis**, which identifies the business':

- **Strengths**
- **Weaknesses**
- **Opportunities**
- **Threats**

Once identified, the firm will try to build on its strengths, eliminate or minimise any weaknesses, take advantage of opportunities and deal with threats.

Setting achievable goals at Qantas

To help manage change effectively, Qantas has established achievable goals & objectives, developed after consultation with staff and communicated concisely by management. These current goals include:

- Continued investment in product and service
- Improved workforce models and management
- Realising greater efficiencies across all parts of the business
- Continued revenue improvements
- Growth and development of Jetstar

Creating a Culture of Change

In today's world, the need for change is continuous. A business with a '*culture of change*' accepts change as a continual state and is constantly look for ways to reinvent itself or to effectiveness and efficiency. Therefore a coordinated approach needs to be adopted, addressing every factor of cultural resistance:

- 1) **Survey the organisation** to identify key elements of the culture, specifically those requiring/ resistant to change.
- 2) **Communicate reasons** as to all staff as to why change has to take place.
- 3) **Promote managers** who have the necessary imagination and energy to envision and achieve the necessary change.
- 4) **Commence the reorganisation-** perhaps with a large staff meeting
- 5) **Lead by example** in adopting to the new cultural principles and values
- 6) **Implement an appropriate evaluation and reward system** to reflect the new ideals.

When creating a culture of change, it is essential to follow a teamwork approach, whereby emphasis is placed on the importance of team work, and ensures that staff are not fearing their positions by embracing the change. Workers should see the change necessary, logical and achievable. **Change agents** can also make an enormous difference to overcoming resistance. Successful change agents can generate open minded learning, improve staff morale, lower absenteeism and inspire genuine staff interest in improving productivity.

Creating a culture of change within Qantas

By using a team structure, Qantas has sought to create a supportive business culture to promote change and reduce natural resistance to change. To aid the change process, the CEO and other managers have assumed the responsibility for change by taking on board the role of **change agents**. They have adopted a number of roles, including:

- **Catalysts:** energise the problem solving process
- **Solution givers:** apply their ideas about what the organisational change should involve
- **Process helpers:** show how the organisation should diagnose problems, set objectives & create, adapt & evaluate situations
- **Resource linkers:** bringing people and other resources together to solve an issue

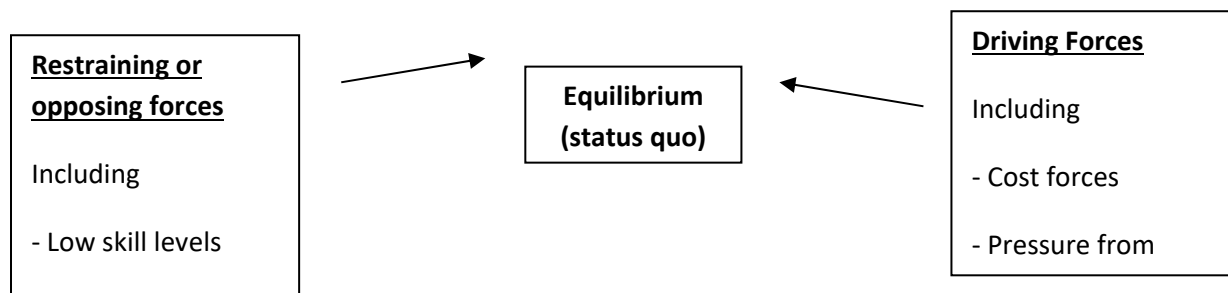
Change Models

Change models explain how change occurs in an organisation, and how it can be promoted. There are two primary approaches to understanding the change process:

- Force-field analysis
- Lewin's Unfreeze/change/refreeze model

1. Force field analysis

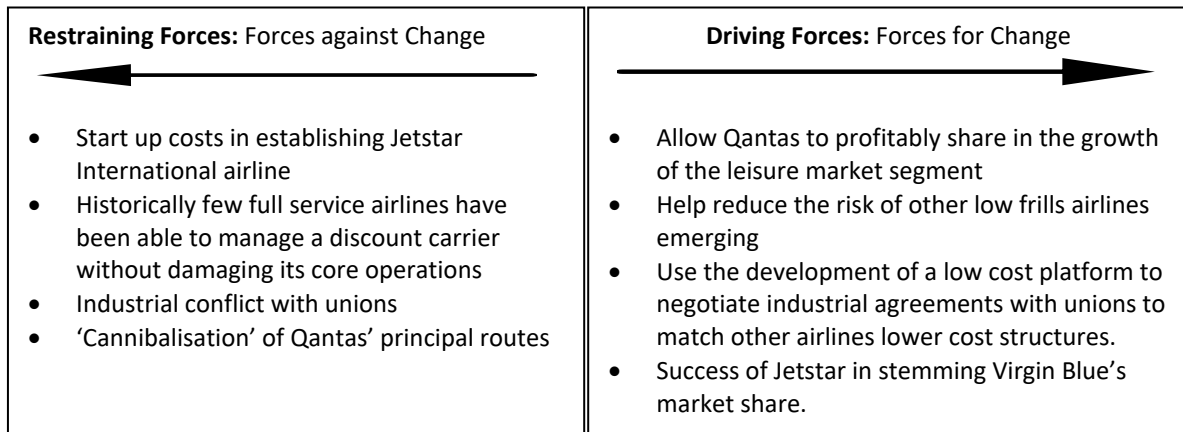
The force field analysis analyses change a state of imbalance between driving forces and restraining forces. **Driving Forces** are those forces that initiate, foster, encourage and support the change. **Restraining Forces** are those forces that work against the change, creating resistance.



The key to force- field analysis is finding a way to disturb the equilibrium, either by increasing the driving forces or weakening the restraining forces, or both. The manager must firstly identify the driving forces, and must then make use of them to overcome changes. However the restraining forces must be identified to develop strategies to minimize their impact.

In order to change the *status quo* to the desired new condition it is necessary to increase the driving forces &/or decrease the restraining forces.

Force Field Analysis- Qantas



2. Unfreeze/Change/Refreeze Model

In this change model, three sequential steps are employed:

Step 1: Unfreezing

- Prepare the business and employees for change
- Outline reasons for change
- Reduce resistance to change

Step 2: Change

- Implement changes
- Develop a vision of the change
- Communicate the vision

Step 3: Refreezing

- Reinforce the changes once they are implemented
- Promote reward and recognition of employees

Unfreeze/ Change/ Refreeze Model- Qantas

Stage 1 – Unfreezing

This involved the following:

- Developing awareness of the need for change – the present organisational structure which was inflexible in responding to changes in the external environment of Qantas.
- Establishing forces which would support & resist changing the organisational structure.
- Establishing good relations with the stakeholders involved such as trade unions, employees, managers & assisting them to recognise that the current organisational structure is not effective.

Stage 2 – Changing

This focused on:

- Examining alternate organisational structures.
- Choosing the most appropriate structure: Qantas decided to restructure the company into 4 separate business units.
- Taking action to implement new structure with communication of the vision to stakeholders.

Stage 3 – Refreezing

This centred on:

- Reinforcing new management structure: each unit with own management, leadership, budgets & profit targets
- Evaluating the change: whether or not the new structure had the desired effect, making management more adaptable to change & helping Qantas reduce costs
- Stabilize change and provide reinforcement

Change models support managers in managing change effectively and also, in overcoming resistance to change. The force-field model identifies the types of forces that dictate the effectiveness of change thus allowing the manager to discover the restraining forces that act as a resistance to change & acting on these restraining forces to ensure the change will occur. It also facilitates the manager in identifying, analysing & balancing the driving & restraining forces to implement a change, which is then effectively managed & controlled for the benefit of the business.

Evaluating the importance of using rewards, training, development and communications in managing change effectively.

Effective management has two essential characteristics: the capacity for managers to be efficient, and the capacity for utilising human and other resources for the realisation of business goals. When these characteristics are combined, businesses experience market and profit growth while maintaining and improving working conditions of employees, ultimately allowing management to effectively manage change.

The three main aspects of human resource management include:

- **Reward Schemes**
- **Training Programs**
- **Communication Systems**

Reward Schemes

An effective rewards management should *attract*, *retain* and *motivate* employees. The rewards system can be seen as a means to reinforce strategies that will facilitate change or support desirable corporate values, such as focus on the customer. However, rewards must be equitable. They must be seen as fair and deserved by the employee to ensure co-operation rather than competition results. Rewards can be **monetary**, **non monetary**, **intrinsic** (rewards that the individual derives from the job itself, such as a *sense of achievement*), and **extrinsic** (rewards provided outside the job itself, such as *incentive payments* or *flexible work schedules*).

Financial rewards given to employees and are beyond the employees' minimum legal entitlements.

They include:

- Pay rises
- Bonuses and cash payments
- Fringe benefits (Benefits given to employees and are beyond the employees' minimum legal entitlements. Include company car, company parking, and mobile phones).
- Additional superannuation
- Discounts on purchases

Advantages of financial rewards:

- 1) Offering generous financial rewards in an effective way of attracting/ retaining employees.
- 2) Performance related pay schemes are essential to increase productivity of employees.
- 3) Cash benefits and fringe benefits can minimise tax paid by employees + employers.

Disadvantages of financial rewards:

- 1) Can be costly
- 2) Inappropriate benefits will impose costs on employers without adequate benefits.

Non-financial rewards:

Some employees are motivated by other benefits associated with the job itself or working for the company, and do not directly affect the employees' financial situation. Non-financial rewards are more sought after by employees as they lead to an intrinsic sense of worth and recognition. They include:

- Employee recognition schemes
- Fringe benefits (Prestige, flexible hours of work, childcare, job security, study leave)
- Informal praise for a job well done
- Skills development and training
- Decision making responsibilities

Rewards – Qantas

Qantas employs a number of strategies to minimise the likelihood of industrial conflict and improve the effectiveness of its employment relations. It uses its rewards management schemes, both financial and non-financial, to attract, retain and motivate its employees.

Competitive wages and salaries are the main financial rewards for Qantas employees. Qantas also uses performance based pay, particularly for its senior employees. This means that direct cash elements of pay is tied to individual, team and company performance. For the third consecutive year, Qantas paid a cash bonus to each eligible staff member in recognition of their contribution to record profit results. However, in 2009 there was no cash bonuses due to the significant effect of the Global Financial Crisis.

Employees also receive non-financial rewards, such as:

- Interesting and challenging work
- Job performance feedback
- Promotion
- Autonomy in the job
- Safe and healthy environment

Training and Development

Effective training and development will improve employee performance and productivity, and will help a business to successfully manage changes within internal + external training. Effective training and development is crucial due to technological change and increased global competition. Its aim is to achieve a long term change in employees' skills, knowledge, attitudes and behaviour in order to improve work performance. Many enterprise agreements today focus on multi-skilling, job rotation and removal of restrictive work practices. This is mainly because a lack of training can lead to loss of competitive edge or high staff turnover as staff wish to update their skills.

Benefits of effective Training and Development include:

- Increased employee motivation
- Increased flexibility
- Employees gain full benefits of technology available.

Induction

Induction refers to the formalised introduction + orientation of a new employee to the workplace in order to help that employee understand the values, expectations and culture of the workplace. Effective induction is said to be crucial if a business is to retain staff in the long term, thereby saving on recruitment costs if a new staff member has to be appointed as a result of ineffective induction procedures.

A well prepared induction program:

- Gives employees a positive attitude to the job
- Builds a new employee's confidence
- Stresses the major safety policies and procedures + their application in the workplace
- Help establish good working relationships with co- workers and managers

Training strategies used by businesses include:

- On the Job (OJT) Training- Practical training that is picked up by an employee as a colleague performs the actual job.
- Job shadowing- Following another employee for a defined period of time.
- Team training- 2 + co- workers research a topic, present it to their colleagues, and then apply it to their jobs.
- Mentoring system- Matching a trainee up with an expert for a specific project/ or ongoing basis.

Training and Development – Qantas

Qantas has invested more than \$275 million a year in training and development over the past 5 years. Ongoing training is essential due to the airline industry's rapid technological change and global competition. Recently, Qantas has implemented training programs in new security procedures, international business class, and in engineering and maintenance. The benefits of these include:

- Enhanced productivity
- Improved quality of outputs
- **Enhanced ability to cope with change since employees have more skills**
- More committed workforce

Communications systems

Effective employment relations rely on open lines of communication between employees and employers. This can help break down the boss/ worker divide and help promote a sense of teamwork in a business.

Grievance procedures:

Grievance procedures are sets of guidelines outlined in an award or enterprise agreement to resolve such disputes in an orderly and timely fashion without the use of industrial action. The benefit is that it allows normal working practices to continue throughout the dispute resolution process to minimise production loss, wage losses and disruption to the business.

Worker participation:

Worker participation is the involvement of employees in the decision making process of the business. Worker participation is encouraged to improve communication, empower employees, and develop their commitment to achieve quality and efficiency. It allows the business to become more responsive to consumer needs, and can also lead to higher job satisfaction and motivation.

A common approach to improve participation includes:

- Suggestion boxes.
- Meetings
- Informal discussions

Team briefings:

A team briefing is a meeting held internally (within the business) designed to pass on essential information and discuss certain issues affecting the operations of the business. It helps to identify any problems or misunderstandings, and helps to strengthen the commitment of employees by providing them with a forum to discuss any concerns they may have. **Effective team briefings** are those that encourage open communication and input from all members.

Communication Systems – Qantas

Communication in large organisations like Qantas is often rigid. Qantas is seeking to improve its communications system to make them more flexible and **adaptable to change** by:

- Reorganising its organisational structure making it flatter and leaner
- Encouraging more worker participation and involving employees more in the management process
- Including grievance procedures that provide a formal process to resolve work conflicts in employment contracts.

Conclusion

In today's modern and dynamic business environment, it is clearly evident that change is the only constant. Managers are required to be *'proactive'* in managing and responding to change to ensure a competitive advantage over competing businesses, and to ensure long term viability in a dynamic business environment. Resistance to change within the internal and external business environment may cause inevitable conflict. However, the level and seriousness of conflicts, and the frequency at which they occur, indicate the extent to which employers are successfully managing change within

the employment relations function through rewards, training and development, and communications. The ability to adapt to a potentially hostile and ever- changing environment is critical to business success, and ultimately ensures an effective operation of employment relations with minimal industrial conflict.