

# BUSINESS STUDIES

## HUMAN RESOURCES: HSC STUDY NOTES

### ROLE OF HUMAN RESOURCE MANAGEMENT

#### Human resource management:

- Management of total relationship between employer/employee (industrial relations, employment relations, workplace relations)

#### Strategic role of human resources

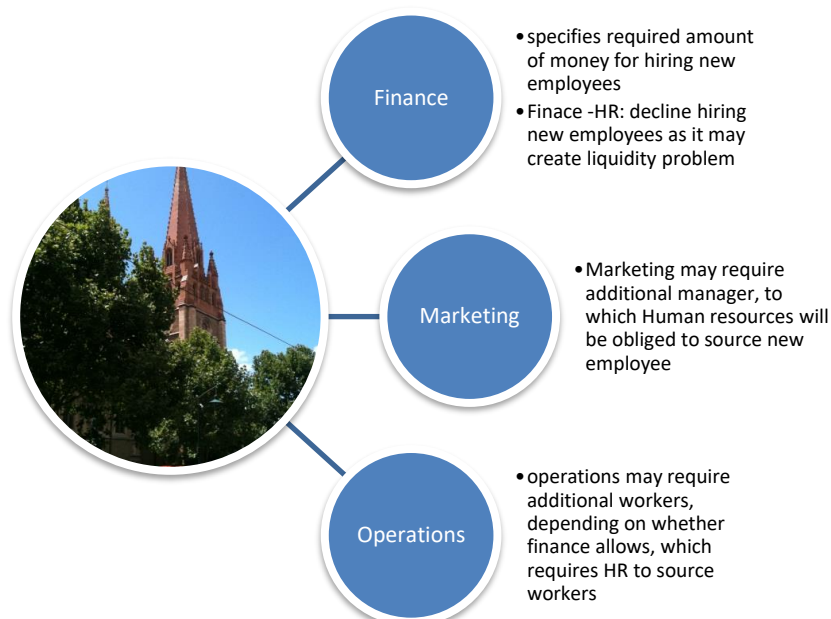
Human resource manager is responsible for (dot points below) and how they can be aligned to achieve business goals:

- Recruitment
- Equal opportunity
- Training
- Development
- Separation

Australia's largest employers, employing over 32 000 people (90% based Australia). Human resource function manage effectively relationship between employer, employee. Important because help Qantas achieve goals, minimise costs, improve quality in working life, ensure legal compliance.

#### Interdependence with other key business functions

Operations, marketing and finance dictate their staffing needs to human resources, which will, in turn, address their requirements with the strategic goals of the business in mind. Human resources assist with the efficient management of staff, and building a culture that is aligned with the business's goals.



- Human resources require funds remunerate staff + funding effective human resource strategies (training/ development). Staffing is Qantas' biggest expense & effective management staff → maintain profitability, productivity.
- Human resources affects how marketing performs → right staff must be employed, trained to create service satisfies Qantas' consumers.
- Efficiency Qantas' operations affected quality of human resources; adoption new operations technology require staff be trained

'Shamrock' organisation structure is an increasingly common organisational structure today. Firms have a core, permanent, workforce; a flexible casual/temporary workforce and another workforce who are contracted (outsourced) specialists.

## **OUTSOURCING AND CONTRACTING**

### **Outsourcing:**

- involves using a service that is provided by another business by hiring them
- used to obtain a superior service
- better functional quality
- lower cost service than would be provided internally

Human resource functions commonly outsourced:

- Recruitment
- Induction
- Leadership training
- Mediation
- Outplacement
- Payroll

A **contractor** is an external provider of services to a business. Contractors may be used to create cost savings, access greater expertise and capabilities to improve competitiveness. They are particularly **used for processing functions** which are repetitive and easily measured, which makes it easy for businesses to determine the cost savings and productivity gains. These include:

- Labour hire/employment agency
- Labour hire/ employment agencies/ dependent contractors
- Independent contractors
- Outsourced suppliers

**Process outsourcing:** Dominant form of outsourcing repetitive, easily measured and documented work

**Project outsourcing:** Involves much greater use of intellectual property and strategic business knowledge

**Advantages/ disadvantages of global & domestic outsourcing:**

	<b>Domestic Subcontracting</b>	<b>Global Subcontracting</b>
Advantages	<ul style="list-style-type: none"> <li>• Allows firms focus resources on essential business activities</li> <li>• Improve quality</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce costs</li> <li>• Access new networks</li> <li>• Improve quality</li> <li>• Train staff</li> </ul>
Disadvantages	<ul style="list-style-type: none"> <li>• Potential loss direct customer contact (impact sales longer term)</li> <li>• Timelines, effectiveness communication, problem solving diminished</li> </ul>	<ul style="list-style-type: none"> <li>• Difficulty controlling quality, reliability of service</li> <li>• Cultural differences (language, accent issues) → customer service</li> <li>• Less face-to-face client contact</li> <li>• Consultants may not understand your culture</li> </ul>

**Qantas** increasingly looked **outsourcing** → become cost effective, simplify business. Uses **domestic subcontractors** to create cost savings, access greater expertise, improve competitiveness (outsourced data centres to IBM. Uses **global subcontractors** ALSO → create cost savings, access greater expertise, competitiveness i.e. Qantas contracts some maintenance jobs overseas → Singapore, New Zealand

**KEY INFLUENCES IN HUMAN RESOURCES**

Stakeholders – employers, employees, employer associations, unions, government organisations, society

**Employers & employees major stakeholders in business**

Have a common interest in survival, success of business BUT conflicts can arise → differences, competing interests

**Employers**

- Handle human resource management issues daily basis
- Responsibilities increasing → legislation encourages them negotiate agreements, resolve disputes at individual workplace
- Recent survey 7600 people found ‘people management’ most serious failing Australian leaders → improving management training → improvement human resource management

## Employees

- More highly educated than in past → demand more challenging, interesting work, involvement decision-making processes and autonomy at workplace
- 'Churning' – moving frequently from one job → another – becoming common → IMPACTS HR: Human resources hoping retain skilled staff put in extra effort into developing staff career, training plans, rewards, opportunities greater employee involvement
- Fair Work Act 2009 → encouraged collective bargaining
- Concerned maintenance of existing levels pay, working conditions, job security

## Employer Associations

- Organisations represent, assist employer groups → usually respondents to awards covering employers in same/related industry
- Act behalf employers in collective bargaining sessions → negotiate agreements, provide advice awards, unfair dismissals, discrimination issues
- Assisted employers formulating policies, processed log of claims (list demands made by workers) against employers
- Member Australian International Airline Operation Group → affiliated Australian Chamber of Commerce and Industry → concerns Qantas represented to government at federal level, and to community at large

## Trade Unions

- Organisations formed employees in industry, trade, occupation represent them in efforts improve wages & working conditions of their members
- Trade union membership declined → employees moving management roles
- Provide representation in disputes, now include free/discounted legal services, superannuation schemes, cheap home loans, training programs through TAFE, insurance, cheap holiday units to rent, income protection against illness or accident, Work Health and Safety advice
- Highly unionised workforce → employees represented by 16 different unions including Australian Manufacturing Union, Australian Workers Union, Transport Workers Union, Australian Services Union, Australian Aircraft Engineers Association → united opposition pay cuts, outsourcing, casualization work and job losses

## Government and government organisations

- Important stakeholders in human resource management process
- Significantly affected industrial relations system:
  - Legislator
  - Employer
  - Responsible economic manager

- Administrator of government policies on industrial relations
- Representative of Australia in the international arena, in foreign affairs, trade and international labour matters

### Legal – the current legal framework

The employment contract – common law (rights and obligations of employers and employees), minimum employment standards, minimum wage rates, awards, enterprise agreements, other employment contracts

Legislation covers nature of employment contracts & agreements

The employment contract:

- Legally binding, formal agreement between employer/ employee
- Written contract = more protection both parties rather than verbal
- Apart statutes, employment contract & other aspects human resources governed by:

Aspects of employment contract	Explanation
<b>Common law</b>	<ul style="list-style-type: none"> <li>• Developed courts and tribunals – not made parliament</li> <li>• Both parties – employers, employees – basic obligations in any employment relationship, regardless whether it is in formal, informal contract</li> </ul> <p><b>Employer obligations:</b></p> <ul style="list-style-type: none"> <li>• Providing work: not allowed ‘stand down’ employees if no work</li> <li>• Payment income and expenses: required pay income (wages, commission) stipulated in award, enterprise agreement or contract, reimburse employees for work-related expenses (<a href="http://www.business.gov.au">www.business.gov.au</a>)</li> <li>• Meeting requirements of industrial relations legislation: providing workplace/work practices i.e. equity policies and promotion = free from discrimination; ensuring workers protected against unfair dismissal</li> <li>• Duty of care: employers legally bound federal and state WHS provide reasonable care for safety of employees by:             <ul style="list-style-type: none"> <li>• Safe system work, without risks to health</li> <li>• Protecting works against risks arising out of work activities</li> <li>• Safe work environment (<a href="http://www.business.gov.au">www.business.gov.au</a>)</li> </ul> </li> </ul>

	<p><b>Employee obligations:</b></p> <ul style="list-style-type: none"> <li>• Obey lawful and reasonable commands made by employer. Disobedience = risk of dismissal</li> <li>• Use care and skill in performance of work activities → must not behave negligent manner</li> <li>• Act in good faith and in interests of employer. Taking confidential information or trade secrets from one employer to another, especially to a competitor, when an employee changes jobs = failing act in good faith</li> </ul>
<p>Minimum employment standards</p>	<ul style="list-style-type: none"> <li>• 2010, minimum employment standards expanded from five Australian Fair Pay &amp; Conditions Standard (Howard Liberal Government's Work Choices laws)</li> <li>• Ten national employment standards developed consultation with business, unions, community → must be provided by employers &amp; state minimum conditions for employees: <ul style="list-style-type: none"> <li>• <b>Maximum weekly hour work</b> = 38 hours/week</li> <li>• <b>Requests flexible working arrangement</b> – parents/ carers children under 18 allowed request change working arrangements to assist child's care</li> <li>• <b>Parental leave and related entitlements</b> – up to 12 months unpaid leave for every employee + right request additional 12 months unpaid leave</li> <li>• <b>Annual leave</b> – 4 weeks paid leave per year + additional week certain shift workers</li> <li>• <b>Personal carer's leave and compassionate leave</b></li> <li>• <b>Community service leave</b> – unpaid leave for voluntary emergency activities</li> <li>• <b>Long service leave</b></li> <li>• <b>Public holidays</b></li> <li>• <b>Notice termination and redundancy pay</b></li> <li>• <b>Provision Fair Work Information Statement</b></li> </ul> </li> </ul>
<p>Minimum wage rates</p>	<ul style="list-style-type: none"> <li>• 2010, employee's base rate for ordinary hours worked been determine by: <ul style="list-style-type: none"> <li>• Award/ agreement covers employee → rate pay cannot be less than minimum</li> <li>• National minimum wage → applies to employees not covered by awards or agreements, and is reviewed annually by panel of seven members of Fair Work Australia</li> </ul> </li> <li>• National minimum wage orders made Minimum Wage Panel of Fair Work Australia</li> <li>• Main objective panel = establish, maintain safety net of fair minimum wages 2</li> </ul>

<p style="text-align: center;">Awards</p>	<ul style="list-style-type: none"> <li>• Legally binding documents contain minimum terms, conditions employment</li> <li>• Include: minimum wages, penalty rates, types employment, flexible working arrangements, hours' work, rest breaks, classifications, allowances, leave/ leave loading, superannuation, redundancy entitlements</li> <li>• Adjusted based on increases awarded in annual National Wage Cases (headed Fair Work Australia)</li> <li>• Process underway = aims reduce complexity, costs to businesses involved interpreting agreements</li> <li>• Making award: lodgement of dispute by union/ employer association</li> <li>• Award breaches reported by employees Fair Work Australia (FWA) through Fair Work Ombudsman, or through union</li> <li>• FWA inspectors → investigate workplace complaints, provide assistance in resolving them</li> </ul>
<p style="text-align: center;">Enterprise agreements</p>	<ul style="list-style-type: none"> <li>• Collective agreements made at workplace level between employer/ employee &amp; group employees about terms/conditions employment</li> <li>• Collective agreements = made between group employees (or 1/ more unions representing employees) &amp; employer or group employers</li> <li>• Alternative to modern award</li> <li>• Fair Work Act 2009, 3 types enterprise agreements: <ul style="list-style-type: none"> <li>• Single-enterprise agreements: single employer + group employees</li> <li>• Multi-enterprise agreements: two or more employers + group employees</li> <li>• Greensfield agreement: single-enterprise &amp; multi-enterprise agreements relating to genuine new enterprise of employer(s) that made before any employees to be covered by agreement are employed</li> </ul> </li> <li>• Key features EA: cover rates pay, penalty rates &amp; overtime, hours' work, personal/annual leave</li> <li>• Must be approved Fair Work Australia &amp; must satisfy that agreement: <ul style="list-style-type: none"> <li>• Made with genuine agreement those involved</li> <li>• Passes 'better off overall test'</li> <li>• Not include unlawful terms, designated outworker terms</li> <li>• Covers representative groups employees</li> </ul> </li> </ul>

<p>Other employment contracts</p>	<p>Individual common law employment contracts:</p> <ul style="list-style-type: none"> <li>• Exist when employer &amp; individual employee negotiate contract covering pay/ conditions</li> <li>• Common private sector (non-union enterprises)</li> <li>• Written, verbal &amp; informal → offer less protection than other agreements</li> </ul> <p>Independent contractors:</p> <ul style="list-style-type: none"> <li>• Known as ‘consultants’ or ‘freelancers’, undertake work for others</li> <li>• Do not have same legal status as employee</li> <li>• 9% of workforce (ABS)</li> <li>• Carries most risk on a job undertaken i.e. covering own superannuation, tax, insurance, leave → shifts employment risks (sickness) → person undertaking work</li> </ul> <p>Contracts for casual work:</p> <ul style="list-style-type: none"> <li>• Casual employees = employment that is short-term, irregular, uncertain; not entitled to paid holiday/ sick leave</li> <li>• Not entitled paid leave, paid hourly/ daily basis</li> <li>• For business: reduces costs for recruitment dismissals/ other on-costs (additional costs involved hiring employee, sick leave, holiday leave, leave loading...)</li> <li>• Receive 20-25% loading (extra pay) compensate lack entitlements</li> </ul> <p>Part-time contracts:</p> <ul style="list-style-type: none"> <li>• 29% employees = part-time</li> <li>• Work less 35 hours/week</li> <li>• Do have access employment entitlements offered full-time employees → pro-rata basis</li> </ul>
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## Work health and safety and workers compensation

**Aims: Improve productivity by reducing compliance costs of businesses, and improve quality of Work Health and Safety conditions for all Australians.** NSW, under Work Health & Safety Act 2011 (NSW), following is required:

- Employers must ensure health, safety & welfare at work of all employees → providing safe system work
- Provide employees with PPE, appropriate training
- Employers must take out worker’s compensation insurance or face imprisonment, fine \$550,000
- Employees required operate equipment in safe manner so as to not harm themselves or colleagues



- Health & safety committees must be established > 20 employees if requested by majority employees or directed by Work Cover

**Best practice businesses: management undertakes regular safety audits, benchmarks performance, implements comprehensive safety programs. Policy statements, safety signs, reminders are visible & regular ongoing training for staff who are aware of safety rules & prepared for emergencies exists.**

#### **Workers compensation:**

- Provides range benefits to employee suffering from injury, disease related to work
  - Provided to families injured employees when injury/disease was caused by/related to work
- Administered by WorkCover – statutory body responsible achieving safe workplaces, effective return to work & security injured workers
- Benefits payable if employees experience total/partial incapacity to perform work; need for medical, hospital/rehabilitation treatment/ permanent loss, use parts of body

#### **Employers must:**

- Keep time, wages record, register injuries, complete accident & internal investigation forms → face penalty \$55 000/ six months jail
- Notify insurers significant injuries within 48 hours
- Pass on compensation monies to person entitled ASAP

#### **Compensation paid for:**

- Loss wages for time off work
- Medical, rehabilitation expenses & cost of associated travel
- Permanent impairment or loss of use of part of body

*Operates under Workers Compensation Act 1987, Workplace Injury Management & Workers Compensation Act 1998.*

#### **Antidiscrimination and equal employment opportunity**

**Discrimination = policy, practice disadvantages person/ group people because of personal characteristic that is irrelevant to performance of work**

- Anti-Discrimination Act 1977 (NSW) protect employees direct, indirect discrimination in recruitment, selection, training, promotion, remuneration, termination
- Employers: comply legislation, audit all policies, practices → ensure do not discriminate
- Australian Human Rights Commission, Equal Opportunity for Women Agency + Anti-Discrimination Board (NSW) → Support legislation

- Discrimination laws illegalise adverse action in employment on grounds:
  - Race, sex, sexual preference, colour, age
  - Physical, mental disability
  - Religious faith, political opinion
  - Social origin, national extraction
  - Pregnancy or potential pregnancy

### **Equal Employment Opportunity:**

- Equitable policies & practices in recruitment, selection, training, promotion
- Ensures: workplace free from discrimination, harassment & provides programs assist people overcome disadvantage
- Employers 100 > employees + all higher education institutions, required = affirmative action (measures taken eliminate direct, indirect discrimination, and for implementing positive steps to overcome current & historical causes lack of equal employment opportunity for women) program
- Strategies:
  - Establish strategic plan incorporates business objectives, strategies, targets
  - Policy statement & informing all staff affirmative action program been initiated
  - Developing code practice to communicate to customers & suppliers business's commitment to equity
  - Evaluating all current work policies, practices, industrial agreements for equity/discrimination

### **Economic**

- Economic cycle:
  - Demand labour determined demand goods/ services
- Structural change:
  - Change nature, pattern of production of goods/services within economy. Includes significant growth level services compared other sectors
  - Employment growth services sector = 86% total employment
- Globalisation:
  - Increased level international competition
  - Many restructure, outsource non-core functions, subcontract production → compete effectively
  - Enterprise bargaining = employers trade off restrictive/inefficient work practices for wage increases in industrial agreements
  - Training in management multicultural workforces with differing approaches to power, authority & role groups/individuals increasing businesses

## Technological

- Cause: new job creation + redundancy → impacts upon operations (i.e. performance objectives – speed = able jobs performed quicker, more efficiently)
- Telecommuting – allows firms operate ‘anywhere, anytime’ = work/leisure balance
  - Businesses = access employees at home (maternity leave impact = allow women continue part-time work from home)

## Social

### Changing work patterns:

- Dramatic growth part-time, casual work
- Work patterns changing = ‘labour fragmentation’
- 2010: part-time men = 17%, women = 46% ‘
- Career flexibility, job mobility increased → 14-16% employees = job mobile; 44% employees worked current employer more 5 years
- Female participation rate = proportion women aged 15-69 employed, actively looking for work
- Ageing of workforce = growth average age of population → sustained low fertility, increasing life expectancy
- Early retirement full-time work popular
  - Average age = 53 (58 males, 47 females)

### Living standards:

- High standards include Work Health & Safety, regular wage increases, performance bonuses, fringe benefits, leave, superannuation benefits
- Companies seek undercut conditions through excessive outsourcing & casualization of workforce → challenge unions keen avoid erosion of living standards
- Shifting Work and Working Life in Australia, ACTU

## Ethics and corporate social responsibility

**Ethical business practices** = practices socially responsible, morally right, honourable & fair

### Socially responsible, ethical employer recognises:

- Pleasant working environment, good working conditions are valuable in motivating, retraining staff
- Performance, motivation maximised when staff feel secure, confident in work, recognised safe, equally value and rewarded for efforts
- Business depends community support, as source of staff & source business, resources

Ethical framework developed workplace, in collaboration major stakeholders → code conduct & code ethics

- Code conduct: statement of acceptable, unacceptable behaviours in business
- Code ethics: statement firms values, principles

### **Working conditions:**

Ethical employer expected achieve safe, fair working conditions that improve welfare of employees:

- Compliance social justice, industrial legislation covering areas Work Health & Safety, anti-discrimination, equity all aspects human resources
- Improving communication, fostering teamwork, empowerment staff

### **Processes of human resource management**

QANTAS: involves identifying staff needs, recruitment, selection

Acquisition

Process attracting, recruiting right staff for roles in business

Acquisition involves analysing:

- Internal environment:
  - Business's goals, culture
  - Focus = cost containment, growth, downsizing, improved customer service, quality
  - Influences demand for specific skills now, in future → help define types staff who will be good fit for organisational culture
- External environment:
  - Economic conditions, competition, technology, legal, political, social factors

### **Recruitment, selection, placement:**

- Recruitment = locating, attracting right quantity, quality staff to apply for employment vacancies or anticipated vacancies at right cost
  - Providing pool potentially qualified job candidates
  - Considerable recruitment costs (advertising) methods constantly evaluated
- Employee selection = gathering info. about each applicant → choose appropriate applicant
  - Finding best one of lot
  - Long process weeding out some applicants, interviews, ability & personality tests, reference & background tests, selection decisions, physical examinations
  - Error: number costs including lost production, damaged company reputation, absenteeism, cost terminating employee, cost replacing employee with fresh one
- Placement = locating employee in position that best utilises skills of individual to meet needs of business

## Development

**Developing, improving skills, abilities & knowledge staff, through induction, ongoing training, further professional development**

### Why?

- Enhance employees' motivation, commitment business through promotion opportunities over longer term

### Induction:

- Introduces new employee job, their co-workers, business & is culture
- Most employees leave job within first 3 months → need support greatest when employee new job
- Well-prepared induction program:
  - Gives employees positive attitude to job + business
  - Builds new employee's confidence in job
  - Stresses major safety policies & procedures, explains their application
  - Helps establish good working relationships with co-workers, supervisors

Qantas: sees development staff imp. Part enhancing HR capabilities, strengthening competitive edge

Development = process enhancing knowledge, skills of employees to increase job performance, organisational effectiveness

### Training:

- Seek long-term change employees' skills, knowledge, attitudes, behaviour in order improve work performance of business
- Focus acquiring new skills, knowledge → business adapt change, stay ahead competition
- Effective training program:
  - Assess needs: i.e. of individual, job, business
  - Determine objectives training program for business, job, individual
  - Consider internal, external influences
  - Determine process – i.e. content training program, learning principles to be applied
  - Evaluate training program

Training & development at Qantas = \$275 million a year

### Objectives training & development:

- Increased efficiency, improved quality of service, fewer accidents/ damage equipment, reduce absenteeism and staff turnover

### **Types training:**

- On the job → methods applied workplace while employee working i.e. apprenticeships, demonstrations/instruction, coaching, job rotation, mentoring, internship (cost effective BUT has potential disruption operations)
- Off the job → away from workplace i.e. simulation, Qantas College Online, day and block releases at Qantas' Centre of Service Excellence, sponsored courses in higher education (wider range skills or qualifications can be obtained BUT more expensive)

### **Organisational development:**

- Organisational structures less hierarchal, flatter structure → reduced promotional opportunities
- Strategies used motivate, retain talented staff:
  - Job enlargement – increasing breadth tasks in job
  - Job rotation – moving staff one task to another over period time → multi-skill employees
  - Job enrichment – increasing responsibilities of staff member
  - Job sharing – two people share same job

### **Mentoring & coaching:**

Mentor = mutually agreed role, which suits experienced staff keen transfer knowledge and skills through succession planning. Focus: building personal relationship that encompasses life both parties

Coaching = focused improving skills, performance + helping individuals manage specific work roles more effectively

### **Performance appraisal:**

- Process addressing performance of employee, generally against set criteria or standards
- Used evaluate employee performance, and identify areas for mentoring, coaching, leadership development, performance management to enable employee to contribute most effectively to business's success
- Four main objectives:
  - Provide feedback from management to employees regarding work performance
  - Act as measurement against which promotion, pay rises can be determined
  - Help business monitor employee selection
  - Identify employee's training & development needs

## Maintenance

### Process managing needs of staff for health and safety, industrial relations & legal responsibilities, including compensation and benefits, off all staff

Key aspects:

#### 1) Remuneration & pay

- Used recruit & train qualified staff, increase job satisfaction, reward peak performance, reduce staff turnover i.e. Qantas → ALSO major cost! Qantas aimed recently keeping pay increases approx. 3%/year
- Can include monetary & non-monetary benefits i.e.

- Flexible working arrangements:

Implemented by Qantas allow employees balance work + family responsibilities i.e. increased paid maternity leave from 10 – 12 weeks, up to 10 days/annum paid carer's leave, 'keep in touch' programme for staff on maternity leave, building new childcare facilities Brisbane, Sydney, Melbourne, total period parental leave (paid/unpaid) for primary care-giver of child from 52 weeks → 104 weeks

Paid training opportunities, travel allowances, health insurance, subsidised gym membership, housing, company car → Fringe Benefits Tax (tax employers must pay on certain benefits to provide to their employees, or employees' associates, such as family member. Based on taxable value of various fringe benefits provided.

- Rio Tinto's Iron Ore : residential allowances, fly-in fly-out commute allowances, housing assistance, salary packaging, relocation assistance, subsidised gym membership
- Orica: Ford car program, insurance discounts, flexible working arrangements, 20 days unpaid leave, insurance discounts, paid family leave – up to six weeks, some paternity leave

#### 2) Conflict resolution

#### 3) Effective communication

- a. Poor communicating = workplace conflict, high turnover rates
- b. Communication methods (effective) = staff meetings, staff bulletins, newsletters, social functions i.e. Gordon Garling Moffit Lawyers Friday night social bowls; PWC Friday night social drinks

#### 4) Worker satisfaction

- a. Encouraging staff participate decision making, giving employees some control over work lives
- b. Encourage employee participation → improve communication, empower employees, development commitment improving quality, efficiency
- c. Improvements suggest = critical business's competitiveness & success
- d. Offering family-friendly programs that support work-life balance critical workplaces where staff increasingly asked do 'more with less' → job sharing, multiskilling, telecommuting, part-time work, flexible working hours
- e. 1/3 Australian employees cite need work-life balance → business respond flexible working hours

**'Coates Way' = keeping workers happy to make stay working for business**

### **Legal compliance and corporate social responsibility**

- Important role HR management = ensuring policies comply with legislation, Work Health & Safety, taxation, social justice legislation, industrial relations legislation & agreements
- Major focus HR managers = minimise exposure of business to risk by implementing range proactive, preventative strategies in health, safety, anti-discrimination, conflict resolution

### **Separation**

**Process of employees leaving voluntarily, or through dismissal or retrenchment processes**

#### **Voluntary separation:**

- Resignation
- Relocation
- Voluntary redundancy (employees losing jobs, where employees job/ work = no longer needs done)

#### **Acceptable situations redundancy:**

- Closure workplace site, completion project on which employee worked, lack contracts, downturn demand customers, need reduce staff due to financial difficulties of business
- Must consider length service, standard performance, future potential

**Avoid claims discrimination, adverse effects on morale & productivity remaining staff, involuntary separation must be managed carefully & in compliance legislation, awards, agreements.**

#### **Dismissal:**

- Summary dismissal:
  - Instant dismissal applies to employees involved in gross/ serious misconduct i.e. theft
  - Must meet test being fair, reasonable
  - Fair Work Australia determine reasons = sound, well founded
  - DOUBT: payment of notice in lieu = avoid unfair dismissal claims
- Based poor performance, redundancy due to organisational restructuring, downturn in business, technological change making job redundant
- Widespread restructuring + managerial policies = major factors contributing industrial disputes + unfair dismissal claims
- Case poor performance, business must:
  - Give employees written warning about poor performance over period time
  - Give advice, support so have opportunity improve
  - Notify employees reason for termination & opportunity respond



## **Unfair dismissal:**

### **Employee dismissed by employer & believes action is harsh, unreasonable or unjust**

Employee has been unfairly dismissed if Fair Work Australia (FWA) finds that:

- They were dismissed, and
- Dismissal harsh, unjust, unreasonable and
- Dismissal not cause of genuine redundancy

Not an unfair dismissal if employer = small business employer & follow Small Business Fair Dismissal Code when dismissing employee.

## **Strategies in human resource management**

### **Leadership style**

- Seek, Australian recruitment firm, conducted survey of 8700 employees → 'employees remain concerned that their immediate managers are "all talk and no action" & quality overall management = "most hated" aspect of job in Australian workplace
- Range leadership styles:
  - Classical authoritative, autocratic (directive) approaches, which focus planning, organising, controlling
  - Behavioural approach = management as leading, motivating, communicating → most commonly seen in participative/ democratic leadership style
  - Contingency approach = uses most appropriate approach depending on situation, changes in circumstances
- Employees = more committed when consulted, empowered, recognised for achievements, receive constructive feedback based visual observation of performance + appreciate managers = open, honest in communication, encourage, listen, support staff, demonstrate integrity managing business

<b>Leadership style</b>	<b>Example phrases</b>	<b>When style works best</b>
Directive: Emphasis immediate compliance from employees Autocratic, dictatorial, coercive	Do it the way I tell you.	In crisis, to kick start turnaround or with problem employees
Visionary: Emphasis long-term vision, leadership Big picture, authoritative	I believe I am firm, but fair, giving employees clear direction, motivating by persuasion and giving feedback on task performance.	When changes require new vision, or when clear direction needed.
Affiliative: Emphasis creation harmony harmoniser	I believe in people before tasks – emotional bonding.	To build buy-in consensus or to get input from valuable employees.
Participative: Emphasis group consensus & generating new ideas Democratic	I believe building support, commitment	Build buy-in consensus or get input from valuable employees.
Pacesetting: Emphasis accomplishment of tasks to high standards	I expect self-direction, excellence	To get quick results from highly motivated, competent team
Coaching: Emphasis professional growth employees Developmental	I develop others for future	Help employee improve performance, develop long-term strengths

Australian manager's not common user's directive (autocratic) approaches. Surviving in competitive environment = leaders, managers implement changes → strong interpersonal skills, effective leadership styles.

Under government ownership & domestic duopoly between TAA & Ansett Qantas management adopted autocratic leadership style → total control decision making. 1991, domestic aviation industry deregulated & 1995 Qantas privatised → change leadership style = democratic style  
Job design

Using contemporary business issues, examine the changes in external and/or internal influences that will lead to the need for business managers to reassess job design within the business

Process designing content job & how it will interact with other jobs & employees, so as to motivate, retain employee & achieve business's goals



DEPENDENT: Job analysis = ongoing process, which is detailed analysis of all tasks, responsibilities, personal attributes, reporting relationships needed in position.

Job design methods:

- useful method developing knowledge, leadership skills employees identified for future promotion in succession planning
- job rotation, job enlargement, job enrichment, semi-autonomous work groups, cross-functional, team-based matrix structures, flexible work structures = common methods job design

Specialised job design (specific tasks):

- jobs being broken down into specialist skills areas → improve knowledge, skills, increase output, reduce errors & labour costs, control quality
- job specialisation = more repetitious, boring, less social interaction, often no identifiable end product
- heavy specialisation = reduce ability to absorb knowledge, limit knowledge sharing
- MANAGEMENT ASSUMES GREATER CONTROL

Job design way that set of tasks, or entire job organised. Well designed job = increase employee motivation, productivity, address work overload, repetitiveness. Qantas uses: job enlargement, job rotation, job enrichment

Recruitment

Locating, attracting right quantity & quality staff to apply for employment vacancies or anticipated vacancies at right cost

- Recruiting diverse workforce (employees diverse cultural, ethnic backgrounds, who are able to speak in more than one language, and to demonstrate cultural awareness & sensitivity in their interactions with people from other cultures) → important communicating effectively with wide customer base, demonstrating corporate social responsibility
- Sources + methods used depend recruitment goals, policies of business → preference for internal recruitment, conditions labour market, location business, financial & other resources of business, specifications of job to be filled
- Poor selection process =
  - Training costs
  - Job dissatisfaction, lower performance, industrial unrest/ labour turnover
  - Increased absenteeism rate if staff feel inadequate for job/business
  - Accident, defect rates, fines if inappropriate/untrained staff selected
  - Claims of discrimination if process not undertaken properly

## **Internal recruitment/ external recruitment:**

### **Filling job vacancies with people from within business**

### **Filling job vacancies with people from outside business:**

- Newspaper advertisements, online advertisements, referrals through recruitment agencies, company websites, trade unions, schools, radio, television
- Social networking sites – Facebook, Twitter, LinkedIn

### **General or specific skills:**

#### **General:**

- Business focus attracting staff general skills, attitudes, behaviours → customised suit recruits who can be trained, developed according business's needs
- Key skills: flexibility, versatility, social confidence, positive attitude, motivation, ability work as team or independently, leadership & decision-making styles, willingness to learn, ability work under pressure

#### **Specific:**

- Businesses concerned skill shortages → need target employees specific skills fill gaps in business
- Businesses recruiting overseas, using outsourcing to overcome skill gaps in business → skilled migration programs such as 457 temporary programs
- Employee poaching = practice enticing employees work for another business

### **Purpose: attract sufficient number applicants for different jobs to achieve optimal selection ratios**

### **Uses mix internal, external recruitment i.e. CEO Alan Joyce internal appointment → head Jetstar**

### **Training and development – current or future skills**

**Training** aims develop skills, knowledge, attitudes → lead superior work performance

**Development** focused enhancing skills of employee to upgrade skills in line with changing, future needs of business

Choosing nature of training & development, businesses need use systematic process to evaluate needs of business, supply these skills in economy, demand for skills, changing nature of work & general pattern employment.

### **Businesses need consider:**

- Invest further in-house training & development, recruit staff for specific skills, retain experts who retire on part-time basis, sponsor overseas migrants for areas of major shortages

Attempt improve current, future employee performance by increasing employee's ability perform through learning

\$275 million/year in training, development over past 5 years → integral developing sustainable competitive advantage. Ongoing training critical → rapid technological change + global competition. Qantas's 2000 pilots > 22 000 hours annual training in state of art simulators. Online learning (Qantas College Online) = web-based interface

## Performance management

**Systematic process evaluating, managing employee performance in order achieve best outcomes for business**

### Objectives PM:

- Evaluating individual's performance
- Using information develop individual

### Developmental:

- Focused using data develop individual skills, abilities employees → improve effectiveness in roles, overcome weaknesses, prepared for promotion

### Administrative:

- Collecting data manage HRM function more efficiently

Benefits of effective performance management:

Two-fold: individual + business

- Assist HR planning
- Shows effectiveness current selection processes
- Identifies training and development or legal compliance needs
- Helps build best practice culture
- Helps identify, motivate, retain talented staff → leadership succession
- Comparison of contribution to organisation & performance against agreed standards
- Helps assess rewards & benefits linked to performance
- Identifies strengths & weaknesses, creating opportunities training, development, coaching, mentoring
- Fosters promotion on merit
- Initiative recognised and rewarded



*Business benefits*

Performance assessed formal, systematic way, measured against factors like job knowledge, quality, quantity output, initiative, leadership abilities. Uses it encourage strong performers maintain high level performance, motivate poorer performers to do better.

## Rewards management

**Well-planned reward system = attracting, motivating, retaining employees**

### Monetary and non-monetary rewards

- Monetary: reflected pay, having financial value
- Non-monetary: do not have financial value i.e. social activities, retirement planning
- Intrinsic: individual derives from task/ job itself i.e. sense achievement
- Extrinsic: given/provided outside job itself (monetary i.e. incentive payments, non-monetary flexible working hours)

### Individual/ group reward

- Individual rewards → conflict, rivalry
- Increasing use group, team-based structures increased need cooperation, made difficult distinguish performance individuals within teams
- Gain-sharing plans: benefits of improvements, success i.e. productivity improvements, cost savings, sales & profit increases, being reflected rewards for teams i.e. shares, cash bonuses or annual bonuses

### Performance pay

- Aligned with individual's performance and contribution to business
- Performance pay → direct remuneration (direct cash elements pay) tied individual, team, company performance
- Qantas paid cash bonus eligible staff member in recognition their contribution Qantas' record profit results

Company cars, maternity leave, health assessments, child care facilities, flight/travel discounts offered. 2009, no cash bonuses & executive team remuneration down 20% → GFC

Non-monetary: interesting, challenging work, job recognition, job performance feedback, promotion, autonomy

Global strategies – costs, skills, supply

### Costs:

- Offshore skilled labour available but not always available as required in desired locations or quantities → high levels demand lower cost labour regions lower wage nations
- Access lower cost labour, modern telecommuting technology, work practices + complying regulations, pay scales overseas countries i.e. China, India, Philippines
- Customers keen purchase goods/services lower prices → expect firms also operate socially responsible

## Staffing approaches:

- Polycentric:
  - Uses host country staffing with parent country staff in corporate management as its headquarters
  - Helps company access good market knowledge, cost efficient, satisfies local pressure for employment opportunities
  - Can limit management experience for host-country staff
- Geocentric:
  - Uses staff with most appropriate skillset for particular role, location, builds pool managers with global experience
  - Complex, expensive policy → local employment regulations, relocation, retraining costs
- Ethnocentric:
  - Uses parent-country staff in its organisation
  - Limit ability interact customers, learn overseas markets

## Skills:

- Wish diversify into new products, services = different skillsets, new recruitment or training challenges

Appropriate management employment relations important ensuring skilled, motivated workforce attracted & retained. Uses polycentric & ethnocentric approach staffing → tries hire host country nationals (HCNs) instead transferring its domestic staff to work in senior management positions in foreign operations.

Workplace disputes – resolution, negotiation, mediation, grievance procedures, involvement courts + tribunals

Disputes = conflicts, disagreements or dissatisfaction between individuals and/or groups & may be informal, formal, overt, covert

- Industrial dispute = disagreement over issue or group issues between employer, employees, which results in employees ceasing work
- Strikes = workers withdraw their labour
- Lockouts = employers close entrance to workplace & refuse admission to workers
- Picket = protests take place outside workplace, generally associated with strike. Unionists stop delivery goods, try to stop entry non-union labour into workplace

## Causes dispute:

- Remuneration: wages, allowances, entitlements, superannuation
- Employment conditions: working hours, leave, benefits
- Job security issues: retrenchment employees, downsizing, restructuring, outsourcing

- Health & safety: physical working conditions, PPE, equipment condition
- Managerial policy: decisions, policies of line managers
- Union issues: employer approaches to union, inter-union, intra-union disputes
- Political, social protests

### **Resolution of disputes:**

Dispute resolution heavily influenced government philosophies, evolving policies on industrial relations & key stakeholders resolving disputes = employees, employer, governments, trade union, employer associations, courts, industrial tribunals

Negotiation:

- Method resolving disputes when discussions between parties result in compromise, and formal, informal agreement
- Employees return work following industrial action for pre-determined period (i.e. after 24-hour strike)

### **Mediation:**

- Confidential discussion issues in non-threatening environment, in presence neutral, objective third party
- 3rd party = independent, agreed on key parties in dispute, representative from business, tribunal, government agency i.e. Fair Work Australia, AHRC, Anti-Discrimination Board
- Increasingly popular → allows employees become empowered by resolving own disputes, reduces risks disputes escalating → expensive legal costs, industrial action

### **Grievance procedures:**

- Formal procedures, generally written into award, agreement, that state agreed processes to resolve disputes in workplace
- Useful in reducing risk of issue rapidly becoming serious dispute
- Effective grievance procedures = full description complaint by employee + person grievance against notified & opportunity provide their views
- Useful strategy resolving issues before escalate

### **Involvements courts and tribunals:**

- Conciliation & arbitration:
  - Conciliation: third party involved helping two other parties reach agreement → fails → arbitration
  - Arbitration: third party hears both sides dispute + makes legally binding decision resolve dispute



- Member, panel hears both sides of dispute in more formal, court-like setting
- Judgment i.e. order (decisions require employees, employers carry out direction from tribunal) passed down based merits of evidence that becomes legally binding on all parties
- Common law action:
  - Open any party involved in/affected by industrial action
  - Parties may make direct claims damages caused by parties taking action, for breach contract resulting from such action
  - Costly, considered last resort

## **BENEFITS?**

Improved relationships, conditions but is costly

Qantas deals 16 unions, and is party 33 awards + 44 union enterprise agreements. Workplace dispute strategies = grievance procedures, negotiation, mediation, court and tribunal involvement → not always worked with Qantas i.e. 2011:

- Engineers wanted 3% annual pay rise, new classification levels, to be ones who undertake heavy maintenance of Qantas' flagship Airbus A380 rather overseas contractors
- Qantas refused → negotiations continually broke down
- Engineers voted take industrial action, planned rolling stoppages, work to rule, overtime bans but called off at last minute
- Parties forces binding arbitration
- December 19th 2011 Qantas reached agreement engineers following arbitration

Dispute being pilots & baggage handlers run into 2012 with pay rises + job security key issues contention.

## **Effectiveness of human resource management**

### **Indicators**

### **Performance measures used to evaluate organisational or individual effectiveness**



Compared those best practice businesses, internal divisions determine strength, weaknesses

Indicator	How is it used to indicate HRM successful strategy
Corporate culture	<ul style="list-style-type: none"> <li>• Values, ideas, expectations, beliefs shared by members of business</li> <li>• People = businesses most valuable asset → develop cooperative, effective corporate culture + positive working relationships</li> <li>• Poor corporate culture indicators: high staff turnover, absenteeism, accidents</li> </ul>
Benchmarking key variables	<p>Purpose: compare business's performance in specific areas against other similar businesses/ divisions or against 'best practice businesses' → initiate changes to foster improvement</p> <ul style="list-style-type: none"> <li>• Informal benchmarking: any strategies i.e. networking through informal discussions with colleagues in other businesses, undertaking visits to other businesses, researching best practice online + attending conferences</li> <li>• Performance benchmarking: comparing performance levels of process/activity with other business</li> <li>• Best practice benchmarking: comparing performance levels with those of another best practice business in specific areas using structured process gain skills + knowledge &amp; to modify organisational process</li> <li>• Balanced scorecard benchmarking: measuring whether activities of business meeting its objectives established in strategic plan. Benchmarks key performance variables with targets aligned with strategic plan.</li> </ul> <p>Human resource audit – used systematically analyse, evaluate HR activities &amp; effectiveness</p> <p>Quantitative measures – able demonstrate actual effect indicators in economic terms i.e. unscheduled absence per employee (absenteeism)</p> <p>Qualitative evaluation – detailed feedback, research key issues → allows judgments made about changes in behaviour, quality of service provided</p>
Changes staff turnover	<p>Separation employees from employer, both voluntary and involuntary, through dismissal or retrenchment.</p> <p>Hospitality, hotel industry = 90% per annum</p> <p>Likely be 'pull' factors outside business, or 'push' factors inside business</p> <p>Evaluating turnover: important businesses benchmark turnover against that other businesses in industry → determine type staff leaving &amp; reasons</p> <p>2011: 5% (no. staff leavers divided by average number full time staff), 2010: 4.7%, 2009 8.7%</p>

Absenteeism	<p>Employee absences, on an average day, without sick leave or leave approved in advance</p> <p>Effective HRM = rate absenteeism falls by targeted percentage</p> <p>Revenue lost as work is disrupted → lower productivity, high labour costs</p> <p>Rates stabilised 9.3% last 2 years – high levels absenteeism strong indication dissatisfaction in workplace</p> <p>2011: 9.3%, 2010: 9.3% (average rate employee absence)</p>
Accidents	<p>Number of time lost x 1000000/ total hours worked in accounting period → Lost Time Injury Frequency Rates (LTIFRs)</p> <p>2011: total recordable injury frequency rate (TRIFR) = 35.3%, 2010: 41.5%</p> <p>2011: lost work case frequency rate (LWCFR) = 9.6%, 2010: 9.9%</p>
Levels of disputation	<p>Work bans – refusal work overtime, handle product, piece equipment, process, even refusal work particular individuals; green ban = refusal carry out work considered harmful environment</p> <p>Work-to-rule – employees refuse perform any duties additional to work normally are required perform.</p> <p>Go slow – employees work slower rate than normal</p> <p>Sabotage – vandalism, cyber-attacks, internal theft</p> <p>Can create tension, reduce morale, cause disruption to services. Recent action by Qantas axe jobs, introduce more part-time, casual employees, establish low cost carriers, both here &amp; overseas based on poorer wages + conditions → established tension</p>
Worker satisfaction	<p>Key factor → employ commitment, job performance, staff turnover</p> <p>Improved matching purpose of business with skills and cultural fit of employee directly affects motivation, productivity → Depends rewards, interesting work, communication, form management + difficult manage</p> <p>Measures levels satisfaction by surveys, invitations for employee feedback, external consultants</p>

OVERT MANIFESTATION = by employees: pickets, strikes, stop-work meetings, work bans, boycotts, work-to-rule; by management: lockouts, stand-downs, dismissals, retrenchments

COVERT MANIFESTATION = by employees: absenteeism, high labour turnover rates, theft and sabotage, reduced productivity, lack of cooperation; by management: discrimination, harassment, lack cooperation