

BUSINESS STUDIES

Business Report – Outline the process of Human Resources Management, and explain how current strategies in HR management are being implanted by businesses.

Executive Summary – This report will outline the processes of HR management, and explain how current HR strategies being influenced by economic, social and technological changes are being implemented by businesses using Qantas as a case study.

Background Information – Being one of Australia's largest employers employing over 35000 employees with over 90% based in Australia, Qantas must employ in order HR processes in order to attract, develop and retain quality staff as well as motivate employees using various rewards systems as well as improving workplace conditions and communications. Qantas has been reforming their current strategies in order to remain competitive in the airline industry due to the recent backlash from the 2011-12 Industrial disputes.

HR Processes

Acquisition involves first identifying staff needs which requires conducting a job analysis which produces a job description on scope of job activities, major responsibilities and positioning of the job e.g. if Qantas sets up a new premium airline in Japan, they would require staff who can speak the native language. Recruitment is the process of providing a pool of job candidates and can either be internal or external.

Qantas then must select the most suitable candidate through interviews, background tests and weeding out some applicants etc. Selection ends when Qantas gives the most suitable candidate a job offer and contract of employment.

Development – Qantas invests over \$275m/year in training and development of their staff to improve their job performance and organizational ability to improve Qantas's overall performance. Qantas can either train their staff internally e.g. internships and apprenticeships i.e. training within the workplace or externally e.g. Qantas College Online and sponsored courses in higher education i.e. away from the workplace. The objectives of T and D at Qantas is to

- Improve efficiency and quality of service
- Reduce accidents and damage to equipment
- Personal growth of employees (through goal setting, motivation etc.)
- Make employees more versatile and flexible
- Reduce staff turnover and absenteeism

Maintenance – Maintenance is keeping and motivating valuable staff. Qantas does this through:

- Remuneration i.e. compensation. Qantas has both monetary and non-monetary rewards systematically based on job description, and pay structures. Internal factors on remuneration include business strategy and performance appraisal. External factors include inflation and Trade Unions.
- Flexible working conditions Qantas assists staff to balance work with family life through increasing opportunities for part time/flexible employment, increasing maternity leave from 10 to 12 weeks and building new child care facilities in Sydney, Melbourne and Brisbane. Qantas also complies with existing govt. legislation like anti-discrimination, OH & S, superannuation etc.

Separation – Separation is when an employee leaves Qantas. This is either voluntary e.g. retirement, resignation or involuntary e.g. dismissal, involuntary redundancy. Qantas has been forced to involuntarily downsize its workforce in recent years due to the GFC and increased international competition.

Leadership Style

Leadership style is the approach managers take to motivate and provide direction for their workers. Since Qantas was privatized over a decade ago, Qantas HR has decided to adopt a more democratic style. For example, HR has taken an increasing investment in Listening and Communicating.

Qantas currently conducts an annual employee engagement survey to:

- Provide employees with an opportunity to voice their opinions and have a 'say' on how to make Qantas a better place to work
- Understand the level of engaged employees at Qantas and identify areas for improvement
- Provide sufficient information to allow each business area to develop robust engagement action plans that will drive a shift in engagement levels
- Create a baseline for measurement of management's performance on employee engagement across the business. Engagement results, areas of focus and action plan requirements are initially communicated by the CEO and are then cascaded through Qantas via the People Leaders Forum, a full day event which connects over 500 People leaders twice a year.
- As a result Qantas employees now have more input into decision making, thus encouraging them to feel more involved with their jobs, and improving job satisfaction.

Training and Development

Training and development is any attempt by HR to improve current or future employee performance by attempting to change an employee's attitude or increasing his/her skills and knowledge. Ongoing training is critical due to the airline industry's rapid technological change and global competition.

Qantas has invested over \$275m/yr on training and development over the past 5 years, and these include:

'Exceptional Service Training'

Qantas' pilots do over 48000 hours of annual training at state of the art aircraft simulators – Qantas Flight Training trains pilots and cabin crew are retrained annually to handle emergency situations in both wide and narrow-bodied aircraft.

Full-scale cabin mock-ups are used as Qantas' practical training devices. Within these, emergency situations are accurately portrayed. Tuition covers the control and operation of emergency exits and the evacuation of passengers.

Specialized Training Days

Certain areas in the business hold Professional Development training days to allow for Continuing Professional Development. In 2011/2012 both the Finance and People communities offered full day conferences with a broad scope of technical and non-technical learning sessions. Both internal and external subject experts facilitated the sessions.

Effect: The benefits include:

- Enhanced organizational productivity as employees can perform more effectively
- Improved quality of output
- Enhanced ability to cope with change as employees are more flexible i.e. variety of skills
- A more committed workforce (Qantas's staff turnover has

Rewards

Cause: Qantas's rewards system seeks to be equitable and sufficiently competitive to attract, retain and motivate the best people. Examples include:

Monetary Rewards: Wages and salaries are the main financial rewards for Qantas employees. Qantas gives financial rewards that are either provided by law to the employees such as superannuation, or benefits provided by Qantas's choice e.g. company cars, flight/travel discounts, insurance and child care facilities.

Non-Monetary Rewards: Qantas attracts and retains employees through non-financial rewards such as offering

- Promotions e.g. Pilots are promoted based upon accumulated flight time i.e. more hours pilots fly, the faster they will be promoted from pilot to check captain
- Good performance feedback e.g. Recognition

There are a variety of internal recognition programs across Qantas such as Recognition-on-Q (R-on-Q, and was launched to complement the existing eXcel awards program. R-on-Q is allows anyone in the 'Qantas Group' to nominate their colleagues who consistently demonstrate excellence in the delivery of service to customers or each other. The aim of R-on-Q is to further assist Qantas in recognizing employees displaying Qantas behaviors and values and to assist in building a more engaged workforce.

- Family Assistance – In 2011/2012 the Qantas Group launched 'Family Support', a program specifically designed to assist Australian based employees with children and employees in the lead up to retirement and/or life after work. Family Support offers childcare solutions, useful resources, articles and tips to their employees.

Global Strategies

Qantas employs takes two approaches to global strategies in two ways, ethnocentric i.e. transferring management overseas or polycentric i.e. hiring Host Country Nationals (HNC's). Hiring HNC's is when Qantas hires for senior management spots from overseas when expanding their foreign operations, instead of transferring domestic staff. Because working conditions and costs of living vary between different countries, Qantas tailors reward systems to meet the circumstance of the host country e.g. variations of local laws, minimum wage and other benefits such as superannuation and maternity leave. As a result, Qantas gains the following advantages:

- HNC's already understand local laws, culture, and the language
- It avoids expenses of transferring domestic staff i.e. relocation costs

Qantas also outsources some of its operation such as IT to Telstra and IBM, Call centre operations to Singapore as well as maintenance on their new A380 jumbo jets. This is has in effect cut costs for Qantas and sometimes also improves quality of HR resources as some outsourced functions such

as IT are specialized by IBM. However there have also been negative consequences with outsourcing, particularly when done overseas, as the poor outsourced maintenance saw the exploding A380 engine in 2012, resulting in lower standard of work and negative publicity. Furthermore, outsourcing has also created many Workplace Disputes for Qantas to resolve.

Workplace Dispute Resolution

Workplace dispute is a disagreement over an issue or group of issues between an employer and its employees, which result in employees ceasing work. These disputes may arise from issues such as wage demands, working conditions and management policies. Qantas has had a series of disputes with Transport workers unions where they failed to reach an agreement using these procedures from 2010-2012. It started with Unions and Qantas bargaining to start new enterprise agreements, further improvements in working conditions and better wages. For example, Unions representing ground staff requested a 10% pay rise over 2 years, while Qantas only offered 3% per year over 3 years, causing staff to go on strike. By 2011, the failure to reach an agreement resulted in an Industrial actions lockout caused by the Qantas blocking all employees from entrance into the workplace, causing major flight delays and flight grounding which cost the airline reaching \$70 million in profit loss.

Lack of HR effectiveness during the Workplace dispute strategies demonstrated at Qantas include:

- Grievance procedures – When a Qantas employee feels that their work environment, wage etc. are not sufficient and file a complaint e.g. engineers wanted to have more A380 services based in Australia rather than overseas
- Negotiation – Negotiation is usually done with Qantas employees being represented by Unions such as Transport Workers Unions while employers are represented by Australian International Airlines Operation Group when negotiating certain aspects of HR such as use of contractors to minimize labour costs, which would have made some jobs redundant.
- Mediation – when a third party intervenes within the negotiations e.g. Gillard called in Fair Work Australia during the 2011 Industrial Strike after the fleet grounding in October. FWA gave the Unions and Qantas 21 days to mediate over the strike.
- Court and Tribunal involvement – After 2 of the 11 Unions still could not reach an agreement. Qantas entered compulsory arbitration where the result will be determined by FWA.
- Resolution – In August 2012 FWA ruled in Qantas' favour, which mandated that Qantas be entitled to run its business free from Union control.

Conclusion: There are many ways businesses can achieve their business objectives using HR strategies. However, these strategies must be constantly monitored in order to prevent other business functions from faltering by creating Industrial disputes, as was demonstrated through Qantas' lack of ability to properly manage their monetary rewards and provide a workplace that was secure for their workers.