

BUSINESS STUDIES

CHAPTER 1: ROLE OF HR

1.1 Strategic role of human resources

- Refers to the management of the total relationship between an employer and employee, in order to achieve the business strategic objectives (long-term).
- Strategic role is **profit maximisation**.

1.2 Interdependence with other key business functions

Marketing

- Product design and development.
- Public image/face of the business → actions towards customers influence buying patterns.

Finance

- Provides finance for HR to hire staff, wages.
- Budgets, forecasts, bonuses.

Operations

- Works with HR to ensure business has recruited staff with skills + ex necessary.

1.2 Outsourcing

Contracting out of business functions, using 3rd party specialist businesses.

1.3.1 Human resource functions

- Functions such as recruitment, induction, leadership training and mediation are commonly outsourcing within HRM.

Advantages of outsourcing	Disadvantages of outsourcing
<ul style="list-style-type: none">• Enables business to focus on core business.• Can reduce costs.• Improved quality.	<ul style="list-style-type: none">• Cost savings not always achieved.• Loses a degree of control.• Outsourcing firm may lack understanding of business culture.

1.3.2 Using contractors – domestic, global

Contractors – external provider of services to a business.

1. Create cost savings.
2. Access greater expertise + capabilities to improve competitiveness.

Domestic:

- Within Australia, easy communication, knowledge of Australian businesses.

Global:

- Firms under pressure from global competition contract foreign businesses for a readymade workforce.
- Reduces costs, allows access without having to consider minimum labour & WHS.
- **Risks:** Difficulty controlling quality, reliability, cultural differences.

CHAPTER 2: INFLUENCES ON HR

2.1 Stakeholders

Employers	Aims of the business, in decision making, running & profit making.
Employees	Productivity and efficiency in their job results in success of biz.
Employer associations	Group of employers who communicate with unions.
Unions	Influence wages, awards penalty rates (effects expenses).
Government organisations	Influence through laws which effect businesses, e.g. minimum wage.
Society	Can influence ethics of a business (petitioning against building).

2.2 The current legal framework

2.2.1 The employment contract

<p>Common law (rights and obligations of employers and employees)</p>	<p>Employers and employees have certain rights and obligations to each other that have been identified by the court system as legal standards of behaviour.</p> <p>Employer obligations</p> <ul style="list-style-type: none"> • Correct wages. • Safe working environment. • Cover work related expenses. <p>Employee obligations</p> <ul style="list-style-type: none"> • Obey lawful and reasonable instructions made by employer. • Duty of care. • Disclose information to employer.
<p>Minimum employment standards</p>	<p>Basis of awards</p> <ul style="list-style-type: none"> • Minimum weekly hours of work • Parental leave and related entitlements • Annual leave • Public holidays
<p>Minimum wage rates</p>	<ul style="list-style-type: none"> • Review annually by Fair Work Australia’s minimum wage panel. • Panel also provides range of fair minimum wages to junior, trainees & disabled employees.
<p>Awards</p>	<ul style="list-style-type: none"> • Modern awards commenced in 2010. • Legally binding documents that operate to regulate to minimum terms for a specific industry. • Includes minimum wages, overtime, penalty rates, disputes.
<p>Enterprise agreements</p>	<p>Collective agreement made at workplace level between employers and employees regarding terms and conditions of employment.</p> <ul style="list-style-type: none"> • Between a group of employees or trade union. • Pass FWA’s ‘better off overall test’ compared to modern award.
<p>Other employment contracts</p>	<p>Common law contracts</p> <ul style="list-style-type: none"> • <u>Casual</u> – temporary, irregular, higher pay than part time, no entitlements (leave). • <u>Part-time</u> – less than full time, pro-rata entitlement basis. • <u>Full-time</u> – 35-40hrs per week, set annual rate, contract.

2.2.2 Occupational health and safety and workers compensation

Work health and safety

- Rights and responsibilities of employers and employees in regards to workplace safety
- Work Health and Safety Act 2011

Workers compensation

- Financial compensation for injuries sustained at work
- Maintains income of injured employees and ensure they can return to work

2.2.3 Anti-discrimination and equal employment opportunity

Anti-Discrimination

- Discriminations occurs when a policy or practice disadvantages a person or a group of people because of a person's characteristics that is irrelevant to the performance of the work.
 - Outcomes: Formal apology, counselling, official warning.

Equal employment opportunity (EEO)

- Refers to equitable policies & practices in recruitment, selection, training and promotion to eliminate direct and indirect discrimination.
- Business implement affirmative action policies to remove discrimination barriers.

2.3 Economic influences

Economic cycle

During boom	During recession
<ul style="list-style-type: none">• Low unemployment.• Rising inflation.• Employers raise production & high demand for labour.• Easier for employees to negotiate benefits → improved wages & working conditions.	<ul style="list-style-type: none">• Unemployment rises & increased competition for work.• Overtime and shifts reduced.• Reduced staff to cut costs (redundancy).• Employee bargaining power fails.

Outsourcing

- ↑ Competition for Australian businesses.
- More foreign ownership of businesses.
- Relocating production to reduce labour costs → Increased redundancy in Aus.
- ↑ Diversity of Aus workforce = greater access to wider skillset.

2.4 Technological

- Can lead to improved efficiency, requires new training and retraining of workers.
- Enables strong communication over distances, making global HR easier.
- Can work from home.

2.5 Social influences

- **Changing work patterns**
 - ↑ Career flexibility and job mobility.
 - Ageing workforce.
 - Rising female work rate.
- **Living standards**
 - Working conditions, benefits → stimulates economy through spending.
 - Society & unions pressure to maintain.

2.6 Ethics and corporate social responsibility

- Moral, who the business can follow, socially responsible
- Pleasant working environment & good working conditions

CHAPTER 3: Process of HR

3.1 Acquisition

3 Stages

1. **Identifying staffing needs**
 - Internal Environment: Businesses goals and culture, can focus on cost lowering, growth, downsizing, improved customer service.
 - External Environment: Economic conditions, competition, technology, legal, political and social factors.
2. **Recruitment**
 - Process of locating and attracting the right quantity and quality of staff to apply for future or current vacancies at the right cost.
3. **Selection**
 - Gathering information about applicants and utilising to choose most appropriate applicant.

3.2 Development

Development focusses on enhancing the skills of employees.

Induction	<ul style="list-style-type: none"> • Training/support given to a first-time employee. • Creates a positive attitude towards jobs, builds confidence.
Training	<ul style="list-style-type: none"> • Involves upgrading an employee's skills, knowledge and competency levels in order to better meet the needs of the business. • Involves: <ul style="list-style-type: none"> • Assessing individual, job and businesses needs. • Determining the objectives of training. • Considering internal (resources) and external (new research) influence. • Determining the process (content/learning methods). • Evaluating the training process.
Organisational development	<ul style="list-style-type: none"> • HR managers need to use strategies to help motivated and retain talented staff. <ul style="list-style-type: none"> • Job enlargement • Job rotation • Self-managed teams
Mentoring & coaching	<ul style="list-style-type: none"> • Used to motivate and develop staff with leadership potential. • Mentoring acts to give advice as an experienced staff member transfers knowledge and skills through a personal relationship. • Coaching focuses on improving skills, performance & helping individuals manage specific work roles more effectively.
Performance appraisal	<ul style="list-style-type: none"> • Systematic process of analysing and evaluating employee performance for strengths, weaknesses and opportunities. • Four main objectives: <ol style="list-style-type: none"> 1. Provide feedback to workers. 2. To provide a measure of performance to guide pay rises & promotion. 3. Business monitor its employee selection. 4. To identify the training & development needs <ul style="list-style-type: none"> • <u>Performance appraisal tools</u> • <i>Interview, Anonymous feedback, Achievements of objectives.</i>

3.3 Maintenance

1. Communication and culture.

- Poor communication = conflict + high employee turnover.
- ↑ Communication + Culture – *Regular meetings, office layout, Emails.*

2. Participation.

- Skills, ideas, motivation to promote success of the company.
Ownership, work committees, collective bargaining.

3. Employee benefits.

- Non-monetary benefits: may attract fringe benefit tax (FBT).
Flexibility, child care, cars, allowances.

4. Legal compliance and CSR.

- No bullying, corporate social responsibility.
Anti-discrimination.

3.4 Separation

Referring to the end of the relationship.

1. Redundancy.

- Loss of job due to a restructure or technology.

2. Retrenchment.

- Loss of job due to fall in demand.

3. Dismissal.

- Poor performance or conduct wrong thing.

4. Unfair dismissal.

- *Harsh, unreasonable, unjust* dismissal by their employer.

CHAPTER 4: STRATEGIES OF HR MANAGEMENT

4.1 Leadership style

- **Leadership style** refers to the ways that managers communicate with their employees to inspire and motivate them to work together to achieve an organisational goal.

Autocratic	Democratic
<ul style="list-style-type: none">• ↑ Efficiency.• Clear direction.• Quicker, for simpler tasks.• Monitored.	<ul style="list-style-type: none">• Creativity.• Ideas from employees.• Partnership.

4.2 Job design

- **Job design** – numbers, kind and variety of tasks that a worker is expected to carry out in the course of their job.

- Scientific approach: Suggest productivity would be highest with the provision of specific tasks.
- Modern approach: Involves more general descriptions that include a broad range of duties.

4.3 Recruitment

Recruitment is the process of locating and attracting the right quantity and quality of staff to apply for vacancies at the right cost. Poor selection processes lead to increased cost and lower productivity.

Internal: Employees, former applicants, and former employees.

- Promotion incentive, familiar with culture, cheap.

External: Tradition job advertisements, agencies

- Wider applicant pool, specific skills, save training, new ideas.

Some jobs will require general skills whilst others will require a more specific set of skills such as knowledge.

4.4 Training and development

Training: Develop skills, knowledge and attitudes that lead to superior work performance.

Development: Enhancing skills of the employee in line with the changing and future needs of the business.

4.5 Performance management

- **Performance management** addresses both individual and business performance.
- Successful individual performance → Strategic objectives met.
- Importance.
 - Identify opportunities for productivity ↑.
 - Justify staffing decisions.
 - Feedback and recognition.
 - Assess performance against organisation standards.
- Developmental – Focused on using data to develop the individual skills and abilities of employees so to improve their effectiveness and overcome weaknesses.
- Administration – Information, annual appraisal, benefits.

4.6 Rewards

Rewards can be monetary (pay, bonuses, commissions, allowances) or non-monetary (Social activities, retirement planning).

4.7 Global strategies

- **Costs** (labour, superannuation, holiday pay) within Australia → Outsourcing production → Subsidiaries overseas → take advantage of lower costs → *Bonds in China*.

- **Skills:** Every economy must balance providing jobs for its people and attracting new skillsets.
 - Legal: 457 visa, permits workers to come to Aus if skillset is needed.
 - Ethical: Exploitation.
- **Supply** – Australia has relatively small labour force, must look overseas for labour supply.

4.8 Workplace disputes

Industrial disputes are disagreements over an issue/group of issues (pay, holidays, flexibility, conditions) between an employer and its employees, results in employees ceasing work.

- Strikes: Workers withdraw labour.
- Lockouts: Occur when employers close the entrance to a workplace and refuse admission to the workers.

Resolution

- Negotiated outcome: Parties come to a solution themselves.
- Mediated outcome: An independent mediator assists with the development of an agreement.
- Arbitrated outcome (Involvement of courts and tribunals) – Independent arbitrator or court determines how the matter will be resolved and makes a legally binding agreement.

Grievance procedure

- Formal procedure generally written into an award or agreement that states agreed process to resolve disputes in the workplace.
- *Complaint → Complaint brought to middle management → Complaint brought to top management → Matter resolved.*

CHAPTER 5: Effectiveness of HR Management

5.1 Indicators

Indicators are performance measures that are used to evaluate organisational or individual effectiveness.

Corporate culture	<ul style="list-style-type: none"> Refers to values/beliefs within a business & develops over time. Signs that indicate: <i>Staff turnover, accidents, customer service.</i>
	<ul style="list-style-type: none"> Benchmarking = measuring performance against established standards e.g. <u>output per worker, level of faults, levels of customer satisfaction...</u> If employees are unable to meet performance goals on regular basis, management must assess → may be lack of motivation or inadequate training.
Changes in staff turnover	<ul style="list-style-type: none"> Rate at which employees leave a business. Usually 12-15% p.a., varies greatly within industries. ↑ Turnover = Cost → money on recruitment, pay out entitlements.
	<ul style="list-style-type: none"> Refers to when a worker fails to turn up for work when they are scheduled to. Must assess if valid and what is causing e.g. <u>poor health & safety, low morale...</u> Costs → replacements, overtime, production lost.
Accidents	<ul style="list-style-type: none"> Minimised by regular safety audits, induction, WHS personal. Levels can be used as a measure of the effectiveness of training and development. Costs → medical expenses, replacements.
	<ul style="list-style-type: none"> Monitoring the frequency and servility of disputes = <u>effectiveness of grievance procedures and dispute resolution process.</u> Costs → Industrial disputes, strikes, productivity.
Workers satisfaction	<ul style="list-style-type: none"> Refers to how happy workers are with their employer. Determined through <u>surveys, polls, exit surveys.</u> Satisfied employees = more productive, innovative, loyal, less absence.

STUDENTS LEARN TO:

Discuss the influence of government on the process of determining employment contracts.

- Fair work act 2009 → significant changes to workplace relations → impacted on Qantas → 10 min conditions (*leave, hrs weekly work*) → Impacts on job description → profitability.
- Skilled workers from outside Australia → 457 Visa → 20hrs p/week → 7/11 exploitation

Explain how businesses exhibit corporate social responsibility in the management of human resources.

- Maintain employees through providing a fair and safe work environment → Providing increased flexibility → Qantas maternity 10 ↑ 12 → Retained workers → ↓ Recruitment.
- *Analyse the causes of two workplace disputes and the strategies used to resolve them.*
- Industrial disputes are disagreements over a group of issues.
 - Pay → Unfairly treated due to loyalty → Qantas baggage handlers participate in strike → negotiated outcome → 3 years pay freeze ↑ 3%.
 - Rostering work/life balance → increasing flexibility in work force Jetstar pilots → Ongoing disputes → Arbitrated outcome → 4yr, 3% p.a. → Costed time, reputation.

Examine the advantages of a diverse, culturally competent workforce for a global business.

- Increased diversity can lead to broader skill sets and understandings of languages and cultural traditions → Qantas multicultural staff 99 nationalities, 51 languages → Increased connections for flight paths and landings.
- Explain the interdependence.
- Marketing – Design + development.
- Finance – Finance for wages, budgets.
- Operations – Recruitment w/skills

Compare the process of negotiating enterprise/collective agreements with the negotiation of individual contracts.

- Enterprise and collective agreements allow for greater bargaining power → Collective agreement made at workplace level between employers and employees regarding terms and conditions of employment → Between a group of **employees** or **trade union** → Pass FWA's '**better off overall test**' compared to modern award → Individual more flexibility but less power.

Discuss the advantages and disadvantages of outsourcing in the global market.

- Advantages – Reduce costs, no need to consider minimum labour. & WHS → Outsource IT to India → Cope with pressure of global + regulation.
- Disadvantages – Difficult controlling quality, reliability, firm may lack understanding of business culture.

Evaluate the effectiveness of human resource management for one business and recommend appropriate alternative strategies.

1. Employees may conduct a variety of tasks at an extended quality with motivation if they are satisfied with non-monetary or monetary **rewards** → Rewards can be monetary (financial value) (pay) or non-monetary (no financial value) (social activities, retirement planning) → Qantas uses performance-based pay. Direct pay is linked to performance of individual or facility → **Effectiveness** → Staff turnover 16' (4.4%) 17' (4.9%).
2. **Leadership style** based on objectives + industry → Ways managers communicate with their employees to motivate them to work together to achieve an organisational goal → Qantas Autocratic to democratic after privatisation in 1995 → More employee input → **Effectiveness** absenteeism, decreasing. → Increased motivation, productivity and efficiency.
3. **Training and development** can change the employee's attitudes or increasing his or her skills and knowledge → The training of employees refers to how employers can develop skills, knowledge and attitudes that lead to superior work performance within workers → Qantas \$275 million including (Qantas College Online) → Nationally recognised qualifications → **Effectiveness**, worker satisfaction → Increased to 80% in 2017 → More motivated and trained workforce, profitability.
4. **Disputes** within the workplace can cause bad relationships to be formed and a decrease in worker productivity due to the ongoing process, however if these issues are dealt with early on, businesses are able to maintain skilled workers → Workplace disputes are disagreements over an issue or group of issues between an employer and its employees, resulting in employees ceasing work. Pay → Unfairly treated due to loyalty → Qantas baggage handlers participate in strike → negotiated outcome → 3 years pay freeze ↑ 3% → **Effectiveness** → Staff turnover ↑ → Recruitment and training and develop costs increased.