# HSC Business Studies

Human Resources

# 4.1 Role of human resource management

# Role of human resources

- Human Resources Management (HRM) refers to the systems that have been developed to manage people within an organization or business

- HRM involves:
  - The planning of staff needs
  - The acquisition and maintenance of employees
  - Training and development
  - The supervision and management of the performance of all employees
  - The separation of employees when they leave the business
  - The management of issues such as conflict resolution and the changing nature of the workplace

STRATEGY

# 4.1.1 Strategic role of human resources

- The strategic role is to ensure that the productivity of a business or its output per person can achieve its fullest potential because the employees are effective and efficient in the way they go about their tasks

- The overall objective of HR managers is to develop an environment where the chances of employees successfully carrying out their tasks in the business are high

STRATEGY

# 4.1.2 Interdependence with other key business functions

**Human Resources and Operations**

- They plan staffing requirements and acquire employees for the operations sector

- They train employees in new technologies being used in the operations sector

**Human Resources and Finance**

- Finance gathers data as a key performance measure, gathering information on earnings, productivity, sales and customer satisfaction

- It provides HR with data on the staffing and development needs with HR management

- HR is required to develop remuneration packages and a salary budget which is presented to finance

**Human Resources and Marketing**

- Marketing department must identify to HR the skill sets required of employees to fulfill marketing roles within the business
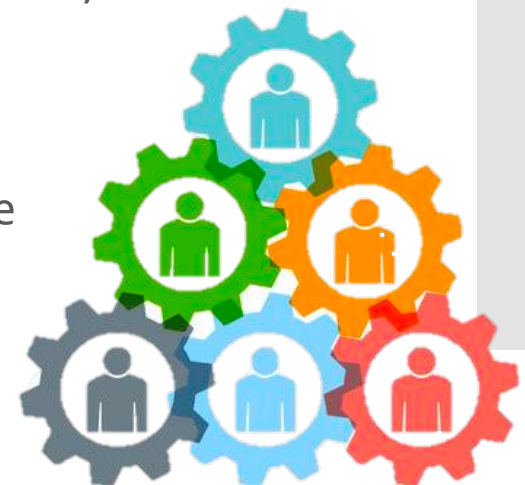
# 4.1.3 Outsourcing

- Businesses outsource various functions of a business for a number of reasons including:
  - It enables the business to concentrate on their core business
  - It means that a specialist business is managing that function, this gives access to the skills of specialists rather than having to develop those skills in-house
  - It can reduce costs
  - It can improve quality
  - It can reduce the time that it takes to bring an output of a business to a market
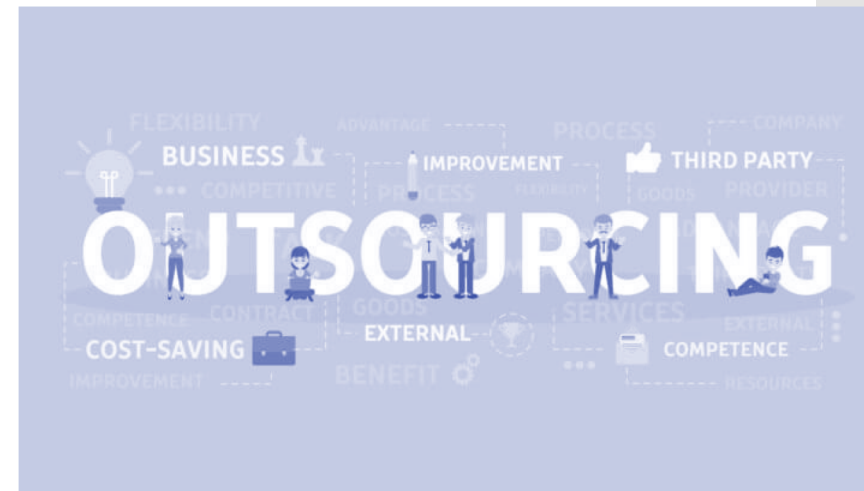
# 4.2 Key Influences

# 4.2.1 Stakeholders

- Stakeholders of a business includes: employees, employers, unions, employer organisations, government organisations and society as a whole

**Employers**

- Employers are vital as they provide employment opportunities and contribute to determining wages and working conditions

- Employers have goals such as operating an efficient, profitable business, being a successful competitor and having employees who reach high levels of productivity

- Employers have goals such as operating an efficient, profitable business, being a successful competitor and having employees who reach high levels of productivity

- Employers also have key responsibilities to employees as part of the employment contract
  - This includes legal responsibilities, such as operating a safe and healthy workplace under work health and safety laws, and management responsibilities, such as guidance and supervision of employees to encourage high quality performance of their duties

# 4.2.1 Stakeholders

## Employees

- Employees are individuals engaged by employers to perform tasks for a reward

- This may be on a full-time, temporary, part-time or casual basis

- When an employee is hired to perform work, even if there has been no document signed, an employment contract has been established

- Employees often want to earn the highest wage possible, have the best work conditions, enjoy job security and have a sense of achievement and satisfaction

# 4.2.1
# Stakeholders

**Employer Associations**

- These are support organisations for employers

- They could be industry based e.g. National Farmers' Federation or broader organisations e.g. Business Council of Australia

- The main purpose of these organisations is to represent the interests of employers in specific areas e.g. negotiations with employees and unions, to develop policies and strategies for effective employment relations and to act as lobby groups to further the interests of their members

Australian Retailers Association

# 4.2.1 Stakeholders

**Unions**

- They represent groups of employees on issues such as pay and conditions, health and safety and job security

- The role of the union is to support, advise and represent employees when making collective agreements and in wage negotiations and industrial conflicts, to advise them of their legal rights and responsibilities and to act as a pressure group to highlight workers concerns

- The peak union body is the ACTU which advocates issues that have an impact on workers on a countrywide basis

- There has been a decline in the proportion of workers who are union members over the last 60 years

- The decline has been caused by increases in casual and part-time work, outsourcing and contract work, to a decline in manufacturing industry and to changes in workplace relations laws

**ACTU** australian council of trade unions

# 4.2.1 Stakeholders

## Government Organisations

- Federal and State government are actively involved in employment relations because of their role as an employer (public service) as the manager of the economy and as the developer and administrator of the law related to employment relations

*Fair Work Commission*

- FWC is the national workplace relations tribunal

- It is an independent body with power to carry out a range of functions relating to:
  - The safety net of minimum wages and employment conditions
  - Enterprise bargaining
  - Industrial action
  - Dispute resolution
  - Termination of employment
  - Other workplace matters

- The FWC was created by the ***Fair Work Act 2009*** and it operates independently of the government

# 4.2.1 Stakeholders

**Society**

- Society as a whole has an interest in the outcomes of HR processes in business

- The HR outcomes which society are interested in are:
  - Compliance with the legal framework of employment
  - Ethical practices in the HR operations
  - Social responsibility

# 4.2.2 Legal influences

**Current Legal Framework**

- *Fair Work Act 2009* **(Cth) (FWA)** and *Fair Work Regulations 2009*

- They provide workplace laws that:
  - Are fair to working Australians
  - Are flexible for business
  - Promote productivity and economic growth for out future economic prosperity
  - Take into account our international labour obligations

- The FWA provides a safety net of enforceable minimum employment terms and conditions through the National Employment Standards

- These minimum workplace entitlements include:
  - Minimum weekly hours of work
  - Flexible working arrangements for parents who need to manage children and work
  - Parental leave
  - Annual leave
  - Compassionate leave
  - Community service leave
  - Long-service leave
  - Paid public holidays
  - 4 weeks notice for termination and up to 16 weeks redundancy payment
  - Provision of a fair work statement

- Some states also have their own laws such as the *Industrial Relations Act 1996* **(NSW)** which deals with issues relating to work health and safety, workers' compensation and processes for resolving disputes through the NSW Industrial Relations Commission

- State employment relations laws are now less significant than the federal laws

# 4.2.2 Legal influences

**The Employment Contract**

- Contracts are agreements between employers and employees to ensure that responsibilities are performed and rights are protected

- A contract usually has 3 parts – an offer, acceptance and a consideration (something of value that is exchanged as payment)

**Awards**

- Awards are legally binding orders, usually made by a court or industrial tribunal, which define working conditions and set wage rates and other entitlements

**Enterprise Agreements (EA's)**

- Agreements made at an enterprise (workplace or industry) level between employers and employees about terms and conditions of employment

- EA's can be tailored to meet the needs of a particular enterprise

- Single EA: made between a single employer and a group of employees

- Multi EA: made between 2+ employers and groups of their employees

- Greenfields EA: they are single or multi EA relating to a genuine new enterprise of the employer that are made before any employees to be covered by the agreement are employed, they are made with one or more relevant unions

- An EA must pass the Better Off Overall Test (BOOT), FWC approves them ensuring that they at least meet the conditions contained in the relevant award

92.3%
of enterprise agreements
are finalised within
8 weeks by
the FWC

Average annual
wage increase in
collective enterprise
agreements
= 3.5%

# 4.2.2 Legal influences

**Other Employment Contracts**

*Individual Contracts*

- They cover employees not explicitly covered by an award but must still equate with the minimum conditions of related awards

- More common in the private sector, particularly in non-union enterprises

- More common at the professional or managerial level

*Independent Contractors*

- They don't have the same legal status as an employee

- It is a growing area of employment e.g. Uber, Uber Eats

- Contractors tend to have a set term or specific project for their contract, they control their own work and may delegate some of their work to others

- Contractors cover their own insurances, leave, tax and superannuation

*Casual Workers*

- Temporarily or irregularly employed and are paid by the hour usually at a higher rate than part time or full time employees to compensate them for not having any leave entitlements

*Part Time Workers*

- Employment for a number of hours less than the standard full-time hours in the relevant award or agreement

*Permanent/Full Time*

- Permanent work usually involves 25-40 hours of work per week

# 4.2.2 Legal influences

**Work Health and Safety**

- Safe Work Australia (SWA) is the national body that develops policy relating to work health and safety and workers' compensation

- For example, they have a WH&S Code of Practice which should be adopted by employers to help manage WH&S risks and other issues

**Workers' Compensation**

- Workers' compensation legislation is designed to encourage safe work practices and to provide financial assistance to workers who are injured in the workplace and assist workers to return to work

**Anti-Discrimination**

- The *Anti-Discrimination Act 1977* **(NSW)** entitles employees to fair treatment

- Federal anti-discrimination laws include:
  - *Age Discrimination Act 2004* **(Cth)**
  - *Disability Discrimination Act 1992* **(Cth)**
  - *Race Discrimination Act 1975* **(Cth)**
  - *Sex Discrimination Act 1984* **(Cth)**

WORKERS COMPENSATION

# 4.2.2 Legal influences

**Equal Employment Opportunity (EEO)**

- This means that all employees and prospective employees have fair and equal access to jobs, benefits and services provided by an employer

- EEO aims to encourage the development of fair work practices, unbiased management decisions, recognition and respect for the diversity of people and a better work environment

- One example is the introduction of quotas e.g. the business needs to employ a certain percentage of number of people who experience certain types of disadvantage i.e. females, or Aboriginal and Torres Strait Islander People

**Unfair Dismissal**

- This occurs when a worker has been dismissed or threatened with dismissal from their job and this action was 'harsh, unjust and unreasonable'

- Depending on the type of employment, the person can either go to the NSW Industrial Relations Commission or the Fair Work Commission to have their situation examined and decided upon

# 4.2.3 Economic influences



| | Upswing | Boom | Downswing | Recession → Depression |
|---|---|---|---|---|
| Details | • Employment opportunities are increasing as production increase | • Strong economic growth<br>• Lots of bus. expansion<br>• Low unemployment<br>• Rising inflation<br>• Demand for labour will be strong | • Employment opportunities are decreasing as production decreases | • Low economic growth<br>• Bus. expansion is restricted<br>• Higher unemployment<br>• Demand for workers is low |
| Effect | | • Increases the bargaining power of workers, allowing for improvement in wages and working conditions | | • Bargaining power of workers is weakened, reducing their ability to negotiate improvements to wages and working conditions |
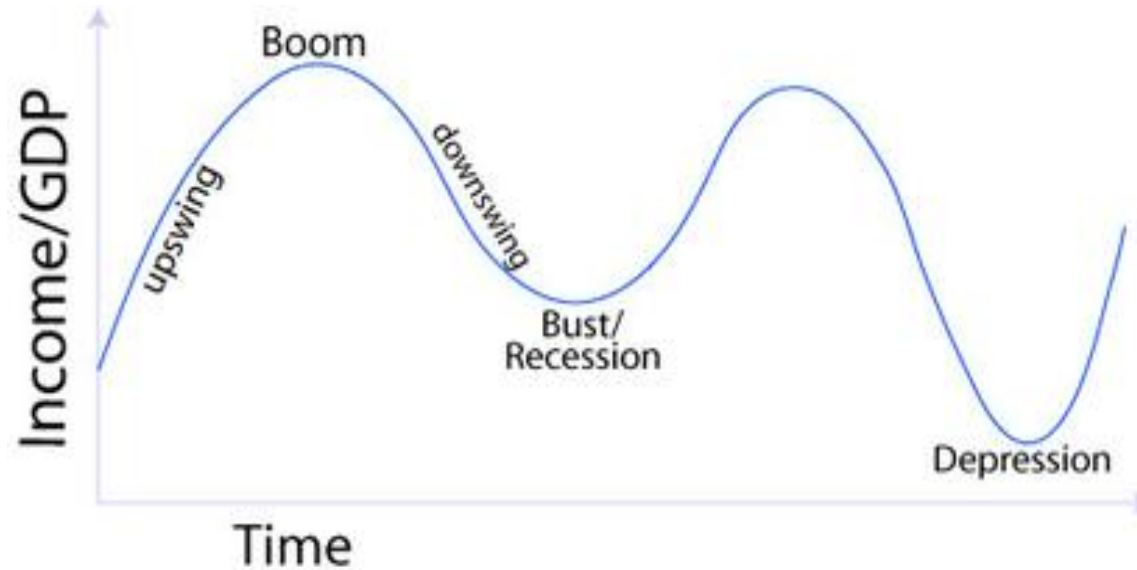
# 4.2.4 Technological influences

- Technology has had a major impact on HR

-  It is used in all aspects of HR including recording employee actions, payroll, the location of the workplace (technology makes it possible for some employees to work from home), recruitment and job applications to name a few areas

- Potential employees search and apply for jobs online and businesses may use technology to perform background checks on applicants

- Employees can access a lot of information regarding their awards, legal rights etc.

# 4.2.5 Social influences

- Over the last century social patterns have changed greatly

- Examples include: immigration, increased educational qualifications and changes in family dynamics, including the increase in two-income families, people are getting married later and having fewer children and Australia has an ageing population
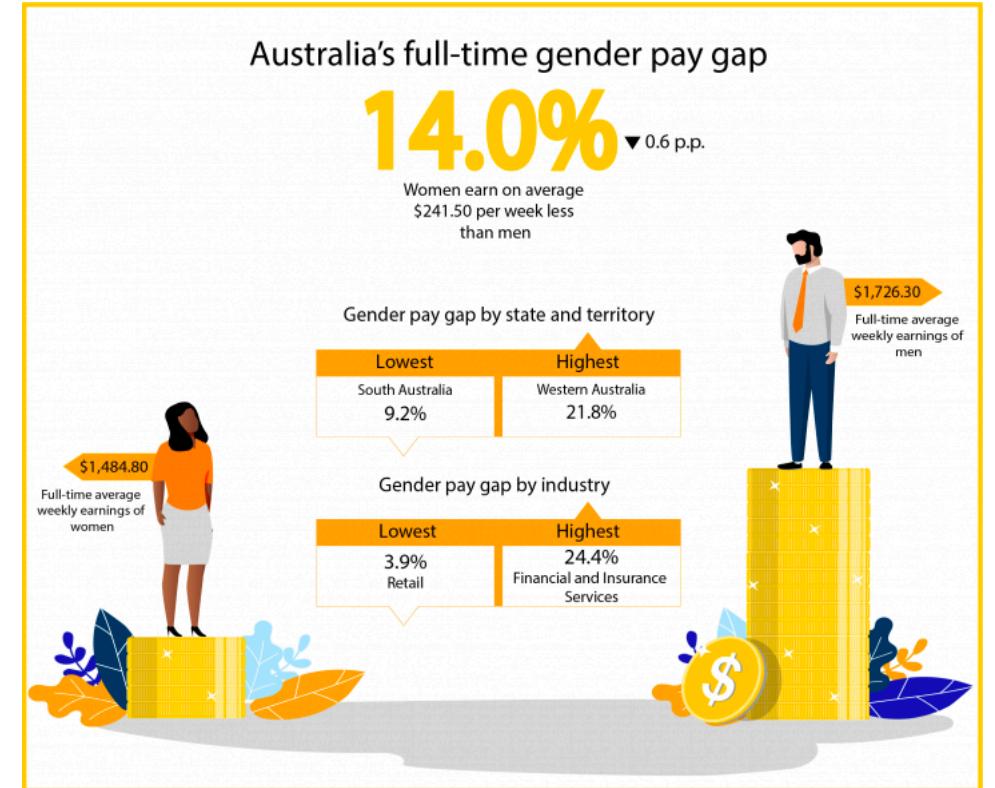
**Changing Work Patterns**

- The way that people work has changed to meet the demands of businesses and as a response to the type of employees available, given the changing social trends

- Key changes in work patterns include:
  - Increases in women's participation for financial and career reasons
  - Increases in casual and part-time work
  - A wider range of service and knowledge based jobs
  - Greater outsourcing and contract employment

- Advances in ICT allows for greater flexibility in the workplace

- The size of the labour force continues to grow i.e. more people are working

# 4.2.5 Social influences

**Living Standards**

- Standard of living: the level of material wellbeing as measured by the amount of goods and services that are available to an individual

- A desire to improve living standards will motivate people to join the workforce or if employed, to achieve promotion or an increase in money wages in order to achieve a higher standard of living

- Issues involving employment and the standard of living:
  - There is a widening gap in terms of monetary rewards between men and women
  - Full-time women employees earn about 18.2% less than their male counterparts
  - Paid parental leave



Australia's full-time gender pay gap

**14.0%** ▼ 0.6 p.p.

Women earn on average $241.50 per week less than men

$1,484.80
Full-time average weekly earnings of women

$1,726.30
Full-time average weekly earnings of men

Gender pay gap by state and territory

| Lowest | Highest |
| --- | --- |
| South Australia 9.2% | Western Australia 21.8% |

Gender pay gap by industry

| Lowest | Highest |
| --- | --- |
| 3.9% Retail | 24.4% Financial and Insurance Services |

# 4.2.6 Ethics and corporate social responsibility

**Ethics**

- The manager must understand the value systems and morals or what is right or wrong with regard to the process of HRM

- Ethical issues that are quite often taken to be undisputed rights include:
  - The right to work itself – equal employment opportunity
  - Fair compensation for work done
  - The right to collective bargaining
  - Being free from discrimination in the workplace
  - Privacy
  - Safety in the workplace

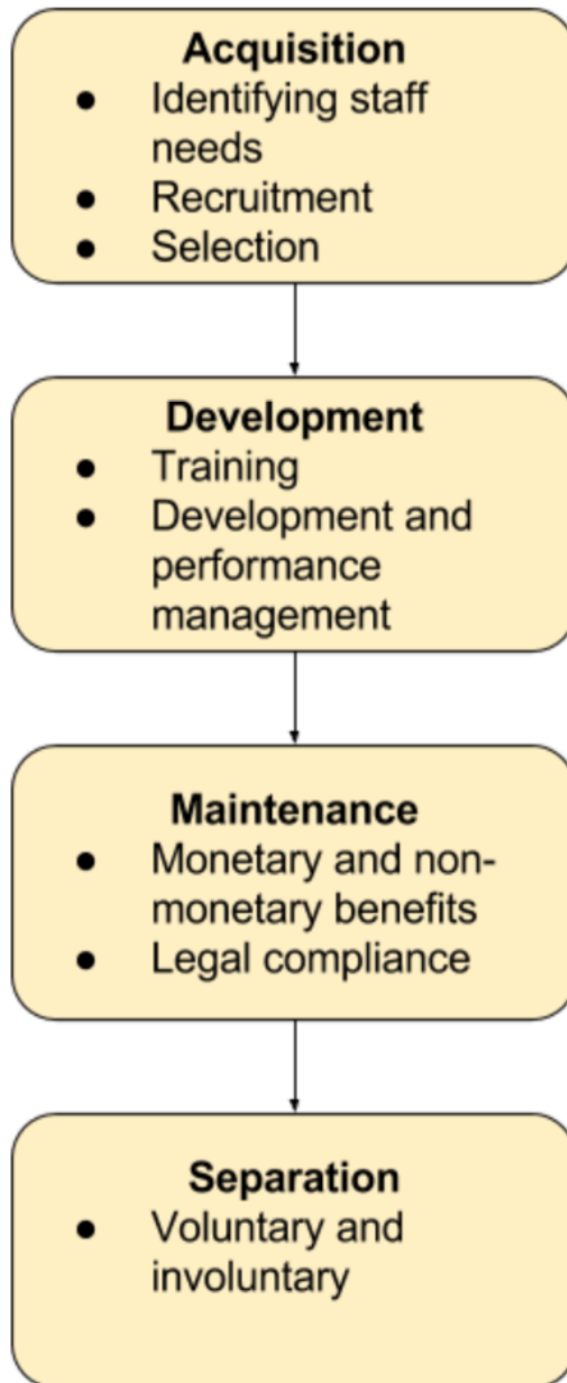**Corporate Social Responsibility (CSR)**

- This is a commitment by a business to operate ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the community at large

- Many business operate a CSR program and often this becomes the responsibility of the HR function

- A CSR program can help recruitment and retention of staff as it can give a positive feeling about the business

# 4.3 Processes of human resource management

**Acquisition**
- Identifying staff needs
- Recruitment
- Selection

**Development**
- Training
- Development and performance management

**Maintenance**
- Monetary and non-monetary benefits
- Legal compliance

**Separation**
- Voluntary and involuntary

# 4.3.1 Acquisition

- This is the process that a business goes through to hire employees to fill job vacancies

- Society at large is informed that a business needs a number of employees

- This is usually through a job description

- Acquisition is most concerned with:
  - Ensuring that there are stable workforce levels and that the business does not suffer because a position needs to be filled
  - Preventing a high rate of turnover, especially with new employees as turnover can be expensive, the whole acquisition process needs to be put in motion again if a new employee does not last after selection
  - Succession planning and ensuring that key roles in the business are filled as soon as possible
  - Acquiring employees within the budgets established by the finance functions

- Some recruitment processes may involve written tests and medical examinations or psychometric

**Accountant**

Foodlink Australia

**Sydney** › Southern Suburbs & Sutherland Shire

**$90,000 - $99,999**

Preparing and analysing accounting records, financial statements and other financial reports for presentation to directors and management.

# 4.3.2 Development

- This is an extension of training where employees increase their depth of knowledge and expertise to aid career progress

- It has 4 strands:
  - Induction
  - Performance appraisal
  - Training
  - Development

**Induction**

- This is the educational process of making a transition to a new workplace and even a new role

- The main idea behind induction is to familiarize the employees with the workplace so that their performance will be more effective

- Includes familiarizing them with customer service, WH&S training, EEO, leave requirements etc.

WELCOME
· NEW EMPLOYEE ·

# 4.3.2 Development



**Performance Appraisal**

- The process of evaluating the performance of employees and is usually conducted by an employee's supervisor

- The appraisal may take the form of evaluating work samples, as well as formal and informal interviews

- The appraisal will help to rectify any problems that the employee has encountered

- Other outcomes may include promotion, an increase in pay or the payment of an annual bonus

- Sometimes negative feedback at an appraisal can find an employee placed on an improvement program or even have their employment terminated

**Training**

- This involves educating an employee in the skills and process of the job

- Some training will be carried out in-house, while other training may involve completing correspondence or online courses

# 4.3.2 Development

**Development**

- This involves selecting workers for education programs that focus on the role that the employees may aspire to in the future

- It usually applies to employees who have been identified as having the potential to fill managerial positions in the future

- It is usually a long-term educational process which may even involve the employee enrolling in part-time or correspondence university courses

# 4.3.3 Maintenance

- This refers to the retention of employees through monetary and nonmonetary rewards

- There are 2 strands of maintenance:
  - Monetary/compensation benefits for the employee in terms of skill level, status level and hours worked
  - Nonmonetary/activities benefits that involve employee benefits

**Monetary/Compensation**

- Offers incentives to employees to encourage them to strive to achieve their best so as to maximise their outputs

- It also offers inducements e.g. quality, satisfaction and motivation

- E.g. bonus, commission

**Nonmonetary/Activities**

- E.g. Health insurance plans, fringe benefits, training

# 4.3.4 Separation

- This is the process whereby employees leave the business

- They will leave through resignation, redundancy (both voluntary or involuntary), relocation, retrenchment, contract expiry or dismissal

- Voluntary separation: retirement, voluntary redundancy or resignation

- Involuntary separation: involuntary redundancy or dismissal

- Depending on the way that an employee separations from a business, they may be entitled to considerable or very few benefits

- There will usually be an exit interview

**Retirement**

- Occurs for a number of reasons but most commonly is that the employee has reached the age of retirement (different depending on the year you were born) and they are eligible to receive their superannuation

- Usually it requires that the persons plans to leave the workforce permanently but people can also retire due to medical conditions or disability

**Resignation**

- This occurs when an employee decides to leave the organization but has not reached the age of retirement

- Reasons why an employee may resign:
    - The employee may have found a position with better compensation and benefits
    - The new position may offer a higher level of status or promotion
    - The new position may be a more challenging role
    - The new position may be with a business that has more prestige than the business with which the employee is currently employed
    - The employee may wish to have time out of the workforce for a number of reasons

- It involves the employee formally giving the employer the appropriate notice

# 4.3.4 Separation

**Voluntary Redundancy**

- Usually occurs when a business wants to reduce its labour force

- It will usually be offered to employees who are nearing retirement

- The employee has the choice to take the redundancy package or continue working for the employer

- Redundancy packages consist of:
    - A payment for years of service e.g. 4 week pay for each of the first 5 years, plus 3 weeks play for each year after the 5th year
    - Payout of recreation or other payable leave
    - Payout of long service leave
    - Payout or rollover of any funds in super account

- The employee will be free to seek employment elsewhere

# 4.4 Strategies in human resource management

# 4.4.1 Leadership style

- There is a difference between leadership and management

- A manager's role is to maximise the output of a business through organization and oversight of all of the key business functions

- To achieve this, managers must undertake the following functions:
  - Organization
  - Planning
  - Staffing
  - Directing
  - Controlling

- Leadership is an important part of the directing function

- The main difference between a manager and a leader is that to be a manager a person must have formal authority

- Different leadership styles:
  - Autocratic
  - Laissez-faire
  - Democratic

# 4.4.1 Leadership style

**Autocratic Leadership Style**

- Autocratic/authoritarian is usually found in business that follow a hierarchical organizational structure and undertake a classical-scientific style of management

- An autocratic leader is one who:
  - Is controlling
  - Is rigid in decision-making with little or no participation allowed by staff
  - Has limited flexibility
  - Uses top down communication and high levels of authority
  - Exerts power through their position
  - Established defined lines of command and responsibilities

- Autocratic leadership is characterized by:
  - High levels of authority and obedience up the chain of command
  - Limited amounts of flexibility
  - Little participation by staff in decision-making
  - Strict adherence to defined lines of command

- There are situations where an autocratic leadership style may be appropriate e.g. if a situation calls for urgent and immediate action, an autocratic leadership style is able to give a quick response

# 4.4.1 Leadership style



LITTLE MISS LAISSEZ FAIRE

**Laissez-Faire Leadership Style**

- This is a French expression which means 'to leave alone'

- The laissez-faire manager exercises little control over their group, leaving them to sort out their roles and perform their work without managing or participating in this process

- In general, this approach leaves the team floundering with little direction or motivation

- There are situations where the laissez-faire approach can be effective, usually when a manager is leading a team of highly motivated and skilled people who have produced excellent work in the past

- Once a leader has established that the team is confident, capable and motivated it is often best to step back and let them get on with the task since interfering can generate resentment and detract from their effectiveness

- By handing over ownership, a leader can empower their group to achieve their goals

# 4.4.1 Leadership style

**Democratic Leadership Style**

- A democratic or participative leadership style is one that encourages the leader and employees to work together in the decision making process so as to make informed decisions

- A good democratic leader encourages employee participation and delegates wisely, but at the same time is aware that as manager there will always be responsibility which cannot be delegated

- At times, the leader may ask for a majority vote regarding an issue but at other times they will still make the final decision, regardless of the employee's viewpoint

- Features of this style include:
  - Encouraging employee participation in decision-making
  - Established effective two-ways stems of communication, including feedback
  - Allowing for greater flexibility and negotiation of goals and tasks

- The team that the democratic manager leads will derive satisfaction and feel ownership in the decisions

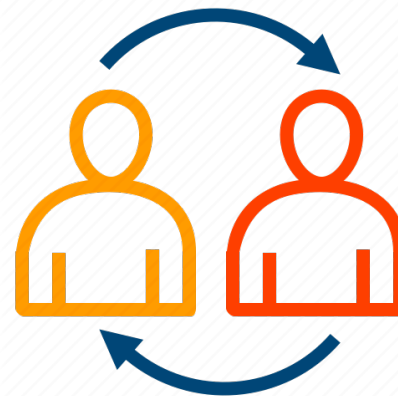# 4.4.2 Job design – general or specific tasks

- **Job design:** the process of describing and defining the general and specific tasks that need to be performed by an employee

- There are 2 main goals of job design:
  - To satisfy the need of the business in terms of greater productivity from employees and efficiency and quality in the operation key business function
  - To satisfy the workplace needs of employees. Job design is the way in which a task can be made interesting for an employee and this, in turn, will increase motivation and promote loyalty

# 4.4.2 Job design – general or specific tasks

**General Tasks**

- An advantage of having general tasks as a principle of job design is that the employees is engaged in a variety of tasks which will help to overcome boredom

- There are several methods of job design that can achieved this outcome for employees:
  - Job Enlargement
    - This changes the job so that more and different tasks are performed by the employee
    - It will provided more interest for the employee and reduce the problems that could arise from repetition or staying in the one position for a long time
    - It will not necessarily give employees more responsibility
  - Job Rotation
    - This moves employees from one task to another
    - This number of tasks to be performed by a group of employees is distributed among the team
    - This will assist workplace health and safety issues but may not address the issues of worker interest and responsibility
  - Job Enrichment
    - This gives employees more responsibility and independence as they learn new tasks, have a greater participation in the management of the workload and experience new opportunities
    - However, this could lead to employees being more accountable for their work and decision-making

- Disadvantage of having general tasks include the fact that employees do not achieve the high level of specialisation and skill that could occur if they performed only one or two tasks

- The business may need to have more training and development activities so that workers are able to perform a number of different tasks

# 4.4.2 Job design – general or specific tasks

**Specific Tasks**

- The idea of specific tasks in job design comes from the work of Frederick Taylor who is regarded as the father of scientific management through his 'time and motion studies'

- Taylor believed in the importance of specialisation, the division of labour and hierarchical organizational structure in order to improve productivity through efficient worker organization

- Work should be arranged so that workers can be efficient

- To achieve specialisation and its benefits, Taylor was a firm believer that:
  - Employees selected for work should be matched to the demands of the job
  - Employees should be trained to perform the job
  - Work should be arranged so that employees could be more efficient

- The advantage of specific task design leading to specialisation are that a business would have increased performance

- Employees would become skilled at performing a few tasks and their output would be of a much higher quality than if they performed a larger number of tasks under a general task design system

- A disadvantage of specific task design is that the specialized jobs become routine and boring

# 4.4.3 Recruitment – internal or external, general or specific skills

**Internal Recruitment**

- This means that a business will try to fill a position from within the organization

- This may involve promotion or a change in role for the successful employee

- Internal recruitment is good for filling job positions which require knowledge of the organization and its corporate culture

- Methods of internal recruitment include:
  - The use of staff notice boards
  - Intranets
  - In-house bulletins or newsletters
  - Staff meetings

- Advantages:
  - Lower cost and the process is quicker because is from within the business
  - It may improve the morale of existing staff
  - It should only require a short induction period
  - It provides for recognition of and reward for, good performance of internal staff
  - The business is aware of the skills and abilities of the person selected

- Disadvantages:
  - It can reinforce existing negative attitudes within the business
  - Limits the number of potential candidates for the job
  - It runs the risk of 'group think' – no new ideas coming into the business, the person selected will think how they have been

# 4.4.4 Training and development - current or future skills

- Training: educating an employee in the skills and processes of the job that the employee currently holds

- Development: selecting employees for educational programs that focus on roles that the employee may aspire to in the future

- This distinction implies that if the goal of the business is to develop skills for current needs, training is the appropriate vehicle to do this

- If the business is looking to the future then the appropriate course to take is development

**Train to Grow!**

# 4.4.5 Performance management – developmental or administrative

**Developmental**

- This is focused on using data to develop the individual skills and abilities of employees, so they improve their effectiveness in their roles, overcome weaknesses and are prepared for promotion
- This is best achieved through year round periodic feedback and shared discussion that is both empathetic and goal focused

**Administrative**

- This model provides information, often following an annual appraisal which can be used by management for planning in HR functions e.g. training, development, rewards, pay levels, benefits and performance improvement
- The focus is on collecting data to manage the HRM function more efficiently

**Performance Appraisal**

- A systematic process of analyzing and evaluating employee performance for strengths, weaknesses and opportunities for development, it has 4 main objectives:
  - To provide feedback from management to employees regarding work performance
  - To act as a measurement against which promotion and pay rises can be determined
  - To help the business monitor its employee selection
  - To identify employee's training and development needs

# 4.4.6 Rewards– monetary and nonmonetary, individual or group, performance pay

- Rewards: the incentives that are provided to compensate and motivate people for their time, skills and effort in a job

**Monetary Rewards**

- These are the financial incentives provided to complete a job

- Includes pay e.g. wages/salary, overtime payments, superannuation, bonuses, profit share, share issue, commission, performance based pay, salary packaging and fringe benefits e.g. laptops, mobiles, housing and cars

- These rewards are set out in an employee's award, collective agreement or employment contract

- Employees are often highly motivated by the prospect of earning money

- They encourage employees to work efficiently and effectively at the job, increasing productivity and customer and employer satisfaction

- If the employer recognises this effort with adequate financial rewards, employees are more likely to be loyal to the business and able to sustain and further improve their work effort

# 4.4.7 Global – costs, skills and supply

**Costs**

- The cost of labour is generally rising

**Skills**

- India has become a preferred source of global labour because of good literacy levels in English and other technical skills

- The South Korean workforce has developed technical skills but there is not the general proficiency in English that there is in India

- India's main advantage lies in IT

**Supply**

- The labour force is declining in advanced industrial areas of the world e.g. Japan and Europe while the workforce is expanding in geographical areas e.g. Asia, Africa, Latin America, North America

**Global staffing approaches/organizational structure**

- *Polycentric:* the business uses the host country staff with parent country staff in corporate management at its headquarters

- *Geocentric:* the business uses the staff with the most appropriate skillset for a particular role and location, and builds a pool or managers with global experience

- *Ethnocentric:* the business uses parent-country staff in its organization

Australian Parent Company

Indian Subsidiary
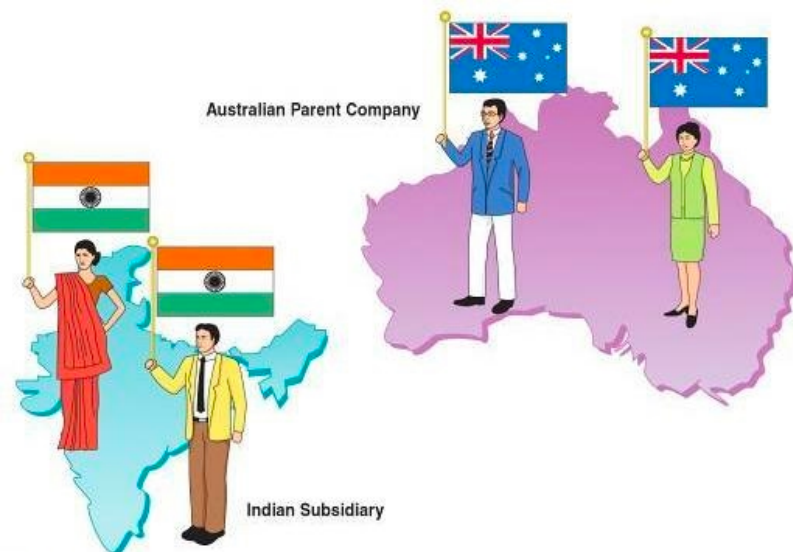
# 4.4.8 Workplace disputes

- Industrial conflict is the result of problems that have arisen in the employer-employee relationship and an ineffective internal grievance and conflict resolution process

- **Workplace disputes:** conflicts between employees and employers that may lead to withdrawal of labour by employees or a withdrawal of the opportunity to work by employers

- Causes of workplace disputes include:
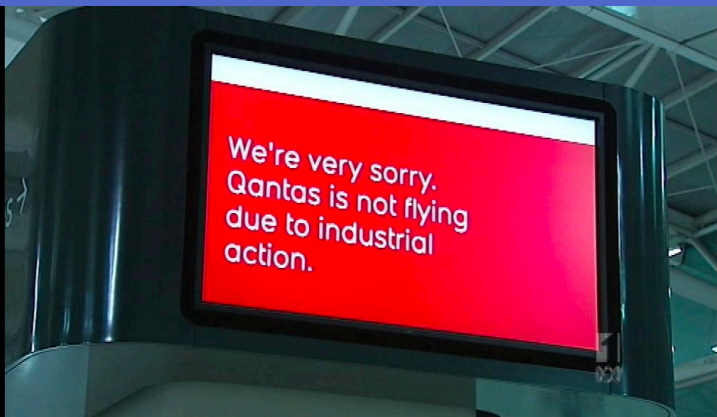  - Wage demands
  - Working conditions
  - Management policy
  - Political goals and social issues

# 4.4.8 Workplace disputes

| Type | Associated Types | Overt/Covert | By Who? | Explanation |
|---|---|---|---|---|
| Strike | Associated types | Overt | Employees | ● Workers withdraw their labour<br>● Most overt form of industrial action<br>● Aims to attract publicity<br>● More common in public sector organisations and in the mining sector |
| | Sympathy | Overt | Employees | ● Those called in support of a group of workers already on strike |
| | Rolling | Overt | Employees | ● Occur over a period of time, in between working periods |
| | Rotating and revolving | Overt | Employees | ● Workers at different locations take turns to strike |
| | Political | Overt | Employees | ● Employees taking strike action over political issues, against government policy or actions |
| | Wildcat | Overt | Employees | ● Take place without union approval |

# 4.4.8 Workplace disputes

| | | | | |
|---|---|---|---|---|
| | Lightning | Overt | Employees | • Employer are not notified |
| | General | Overt | Employees | • Large number of workers in different industries going on strike simultaneously |
| | Stop-work meetings | Overt | Employees | • Employees stopping work to hold a meeting on an industrial issue during work time |
| Lockouts | | Overt | Management | • Employers close the entrance to a workplace and refuse admission to the workers<br>• In some lockouts, management have been brought in by helicopter to avoid pickets<br>• They are used to promote concession bargaining, to push employees to sign individual agreement and in response to strike action |
| | Pickets | Overt | Employees | • Protests that take place outside the workplace, generally associated with a strike<br>• Unionists stop the delivery of goods and try to stop the entry of non-union labour into the workplace |
| Work bans and Boycotts | | | | |
| | Bans | Overt | Employees | • A refusal to work overtime, handle a product, piece of equipment, process or even a refusal to work with particular individuals |
| | Boycotts | Overt | Employees | • Employees refuse to carry out part of their duties |

# 4.4.8 Workplace disputes

| Work to rule | | Overt | Employees | • Employees refuse to perform any duties additional to their required work |
|---|---|---|---|---|
| Stand downs | | Overt | Management | • Workers are temporarily laid off |
| Dismissal/Retrenchments | | Overt | Management | |
| Absenteeism | | Covert | Employees | • High levels of absenteeism/late to work may indicate that workers are dissatisfied or that there is conflict within a workplace<br>• Absenteeism is measured as the average rate of absenteeism on an average day without sick leave or leave approved in advance |
| High labour turnover rates | | Covert | Employees | • Employees are likely to resign when they believe they have tied all options in attempting to resolve the dispute<br>• There is no possible improvement in their situation and they are better off working at a different organisation<br>• High levels of labour turnover is negative as they involve large payout costs for entitlements, and high recruiting and training costs for new staff |

I can't work.
I'm sick.
Cough.

# 4.4.8 Workplace disputes

| | | | | |
|---|---|---|---|---|
| Theft and sabotage | | Covert | Employees | |
| Higher Defect Rates | | Covert | Employees | • Deliberately harming the quality of a good to affect the reputation of the bus. |
| Harassment | | Covert | Management | • Workers that are harassed feel uncomfortable so they leave, being bullied out of their position<br>• Can be hard to prove as it often occurs by the employer reducing weekly hours, rostering them on to work undesirable shifts |
| Lack of cooperation | | Covert | Management | • If employers do not cooperate then the employees may not be able to do their job effectively |
| Exclusion from decision making | | Covert | Management | • Excluding workers from decision making, managers can diminish power |

# 4.4.8 Workplace disputes

| | |
|---|---|
| Step 1 | Negotiation |
| Step 2 | Mediation |
| Step 3 | Conciliation |
| Step 4 | Arbitration |

**Negotiation**

- This is the first step in any grievance procedure or dispute resolution strategy

- It involves trying to identify the issues causing the disagreement or dissatisfaction, developing an understanding of reasons behind certain actions and discussing together strategies that will resolve the problem and improve the working relationship between the two parties

**Mediation**

- An independent third party is appointed to try to help the disputing parties resolve their conflict

- It occurs only after negotiation has failed

- The mediator is a person who is mutually acceptable to both parties and helps the parties find a basis for agreement

## 4.4.8 Workplace disputes

**Grievance Procedures**

- Grievance: a complaint by an individual or group of employees regarding actions and policies of the employers or a problem between individual employees

- Most workplace agreements contain grievance procedures that lay out the steps the parties must follow to resolve a dispute

- The specific steps that can be undertaken include negotiation and mediation within the business and external assistance through conciliation, arbitration and the court system

# 4.4.8 Workplace disputes

**Involvements of Courts and Tribunals**

- Fair Work Commission (FWC) is the industrial court that has the responsibility for resolving workplace disputes

- FWC is an independent body with the power to carry out a range of functions relating to:
  - The safety net of minimum wages and employment conditions
  - Enterprise bargaining
  - Industrial action
  - Dispute resolution
  - Termination of employment
  - Other workplace matters

- FWC plays a major role in dispute resolution

- NSW Industrial Relations Commission (IRC) handles workplace disputes involving NSW state and local government employees


Industrial Relations Commission Of New South Wales

# 4.5 Effectiveness of human resource management
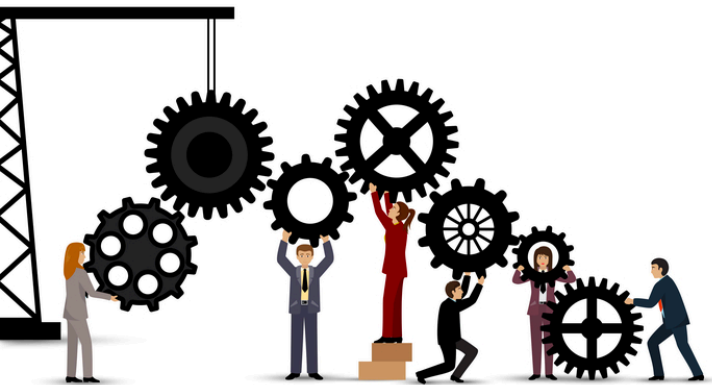
# 4.5.1 Indicators

**Corporate Culture**

- Corporate culture: a series of values, ideas and norms that are shared by the people involved in a business

- It is similar to the personality of the business

- This is one indicator of effectiveness that is difficult to measure in quantity terms

**Benchmarking Key Variables**

- It involves setting standards for measurements e.g. output per worker, level of faults and breakdowns, levels of customer satisfaction

- They may be internally set or recognised standards

# 4.5.1 Indicators

**Changes in Staff Turnover**

- Staff turnover is the number of people who leave a place of employment

- A higher than normal number of employees leaving a business may indicate job dissatisfaction

**Absenteeism**

- This is the failure of an employee to turn up to work

- Managers will need to assess what level of absenteeism is valid i.e. sick days and what is due to dissatisfaction, low staff morale, stress and poor health and safety

- High levels of absenteeism are costly to the organization, it disrupts work schedules, lowers productivity, involves a cost in replacing the absent worker

# 4.5.1 Indicators

**Accidents**

- Important to be continually improving the safety of the workplace

- Each year, the accident rate should be decreasing

**Levels of Disputation**

- Monitoring the frequency and severity of industrial disputes in the workplace will give an indication of the effectiveness of grievance procedures and dispute resolution processes

**Worker Satisfaction**

- The way in which most businesses are able to gauge worker satisfaction is through regular surveys asking employees to indicate the degree of satisfaction or dissatisfaction that they have with the business

- Remember: employees can be the businesses biggest asset,