CHAPTER 15

Processes of human resource management

OVERVIEW

15.1 Introduction
15.2 Acquisition
15.3 Development
15.4 Maintenance
15.5 Separation

15.1 Introduction

Human resource management is focused on acquiring, developing, maintaining and managing staff productively to achieve the business's goals. This involves managing the relationship between employer and employees effectively to develop and retain talented, competent, productive employees. Employees who feel committed to the business are empowered to respond quickly and positively to change.

Human resource management also involves managing the separation of staff, both voluntary and involuntary, in an ethical, transparent and fair manner, which will also assist in maintaining trust and commitment of remaining staff.

The four main human resource (HR) cycle/staffing process are:

- **acquisition**
- **development**
- **maintenance**
- **separation**.

The four main human resource elements are summarised in figure 15.1.

BizWORD

Acquisition *is the process of attracting and recruiting the right staff for roles in a business.*

Development *refers to enhancing the skills of the employee in line with the changing and future needs of the organisation.*

Maintenance *is the process of managing the needs of staff for health and safety, industrial relations and legal responsibilities, including compensation and benefits, of all staff.*

Separation *is the process of employees leaving voluntarily or through dismissal or retrenchment processes.*

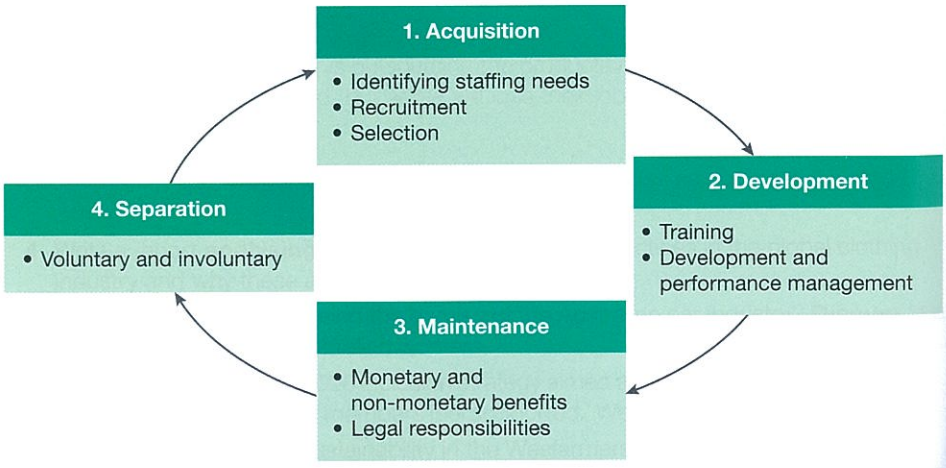


FIGURE 15.1 The four main elements of the human resource cycle/staffing process

15.2 Acquisition

Acquiring the right staff is a critical process in managing human resource management processes. Acquisition involves analysing:

- *the internal environment* — particularly the business's goals and culture. The focus may be on cost containment, growth, downsizing, improved customer service or quality, or other internal goals. This influences the demand for specific skills now and in the future, and will help define the types of staff who will be a good fit for the organisational culture
- *the external environment* — including economic conditions, competition, technology, and legal, political and social factors.

Once the needs have been determined, options may be considered. These may include managing for a shortage or surplus of staff. Other options to strategically develop elements of the human resource plan are shown in figure 15.2.

BizFACT

The threat of labour shortages due to the ageing population is increasing the need for businesses to develop more part-time and flexible options for older staff keen to continue working.

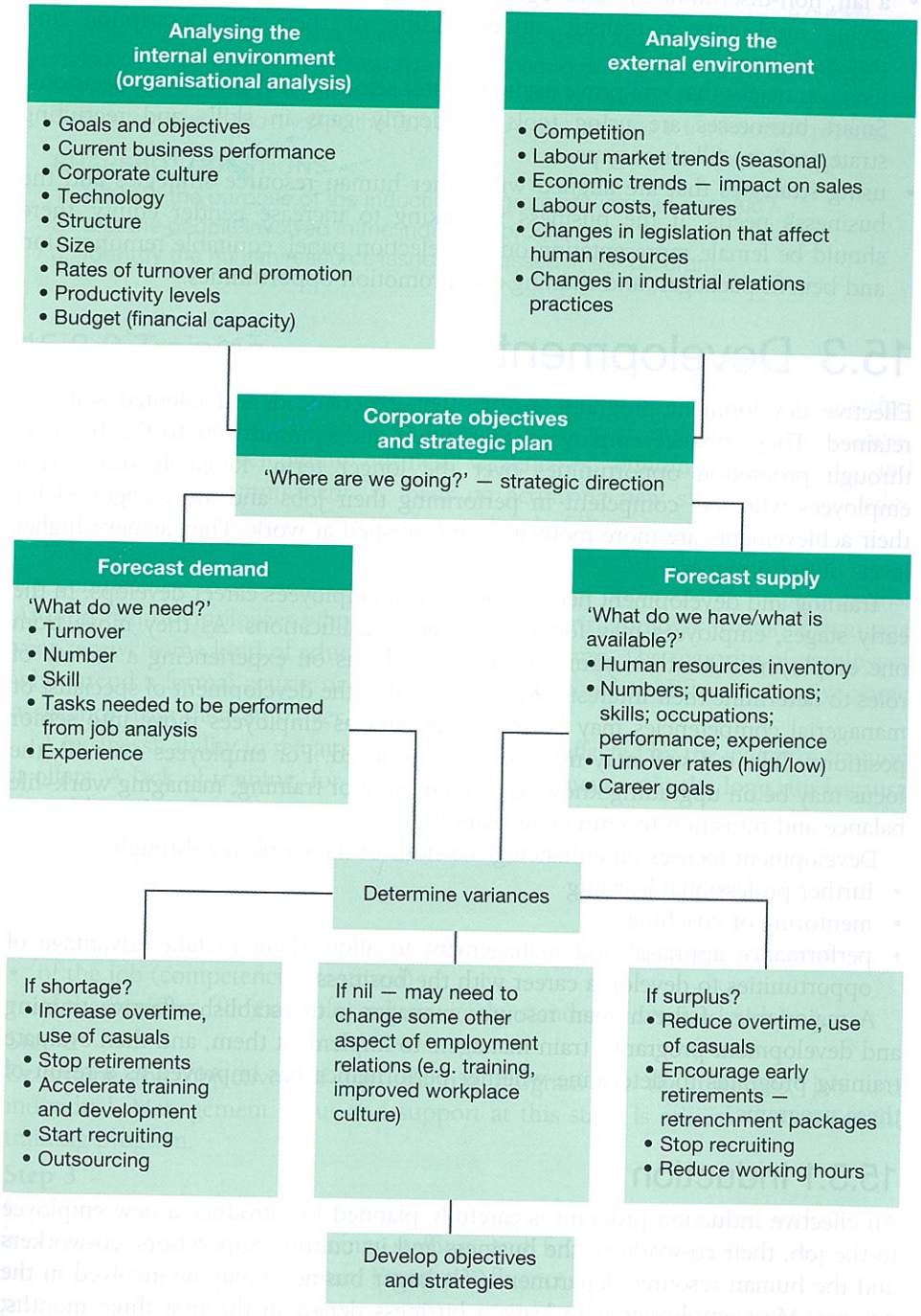


FIGURE 15.2 Acquiring the right staff is a critical process in human resource management. It requires an analysis of the internal and external environment to determine the needs of the business.

Job analysis and job design are required to meet the needs of new positions. These are undertaken through staff interviews, observations, and reports from performance appraisals and evaluations. Job specifications and descriptions can then be developed and prepared for applications through external or internal recruitment.

15.2.1 Recruitment, selection and placement

Recruitment is the process of locating and attracting the right quantity and quality of staff to apply for employment vacancies or anticipated vacancies at the right cost. **Employee selection** involves gathering information about each applicant and using that information to choose the most appropriate applicant.

Effective recruitment and employee selection involves:

- evaluating and hiring qualified job applicants who are motivated and have values and goals aligned with the business and its culture
- a fair, non-discriminatory and legally compliant selection policy and process
- giving applicants a realistic understanding of their job description and responsibilities
- using strategies that will prove useful for later selection and **placement** decisions. Smart businesses are using tools to identify gaps in skills and recruiting strategically to fill these gaps
- using strategies that are aligned with other human resource strategies and the business's needs. If the business is seeking to increase gender equity, there should be female representation on the selection panel, equitable remuneration and benefit packages, and training and promotion opportunities.

BizWORD

Recruitment *is the process of locating and attracting the right quantity and quality of staff to apply for employment vacancies or anticipated vacancies at the right cost.*

Employee selection *involves gathering information about each applicant and using that information to choose the most appropriate applicant.*

Placement *involves locating the employee in a position that best utilises the skills of the individual to meet the needs of the business.*

15.3 Development

Effective development programs ensure that experienced and talented staff are retained. They enhance employees' motivation and commitment to the business through promotion opportunities over the longer term. Research shows that employees who feel competent in performing their jobs and are recognised for their achievements are more motivated and satisfied at work. They achieve higher levels of performance.

Training and development needs change as an employee's career develops. In the early stages, employees may focus on gaining qualifications. As they move from one employer to another, younger employees focus on experiencing a variety of roles to determine their interests and talents. Later, the development of specialist or managerial competencies may become important as employees move into senior positions. Talented staff may need to be fast-tracked. For employees over 40, the focus may be on upgrading knowledge, mentoring or training, managing work–life balance and transition to retirement planning.

Development focuses on enhancing the skills of the employee through:

- further professional learning
- mentoring or coaching
- performance appraisal and management to allow them to take advantage of opportunities to develop a career with the business.

A major role of the human resource manager is to establish effective training and development programs, train managers to implement them, and then evaluate training programs to determine whether performance has improved as a result of these programs.

BizFACT

Today, many enterprise agreements focus on improving the functional flexibility of the workforce through multiskilling, job rotation, removal of restrictive work practices, reductions in work classifications and demarcations, job enlargement, and job enrichment. Ongoing training and development are key ingredients in this process.

15.3.1 Induction

An effective induction program is carefully planned to introduce a new employee to the job, their co-workers, the business and its culture. Supervisors, co-workers and the human resource department (if a larger business) may be involved in the process. Most employees who leave a business depart in the first three months;

therefore, the need for support is greatest when an employee is in a new job. A well-prepared induction program:

- gives employees a positive attitude to the job and the business
- builds a new employee's confidence in the job
- stresses the major safety policies and procedures, and explains their application
- helps establish good working relationships with co-workers and supervisors.

Victoria Legal Aid — induction

New employees at Victoria Legal Aid (an organisation that helps people with legal problems) must participate in an induction training program. The purpose of the program is to welcome new employees to the organisation and 'settle' them into the workplace. The program provides employees with a greater understanding of their role in the organisation and helps employees to become familiar with their new workplace quickly, in order to become productive as soon as possible. The induction program starts with a broad introduction to the organisation by the managing director and divisional manager. Human resource issues will be discussed, in particular ergonomics and salary packaging. Computer training and a visit to the VLA library are also included in the induction process.

SNAPSHOT QUESTIONS

1. **What** is the purpose of the induction program at Victoria Legal Aid?
2. **List** the people involved in the induction program.
3. **Identify** the human resource issues addressed in the program.

SNAPSHOT



'The program helps employees . . . to become productive as soon as possible.'

15.3.2 Training

The aim of training is to seek a long-term change in employees' skills, knowledge, attitudes and behaviour in order to improve work performance in the business. It is essential in overcoming business weaknesses, building on strengths and maintaining staff commitment. A focus on acquiring new skills and knowledge helps a business adapt to change and stay ahead of the competition.

Most businesses today offer training in some form, whether as a requirement for competency in the role or as a tool to develop and expand workers' skills. Around half of employees who have worked for their employer for more than one year receive some kind of education or formal training. The majority of employees who attend a formal course or study for an educational qualification receive some assistance from their employer.

A business's ability to remain competitive can be affected by the extent of training it offers. A lack of training, for example, may be damaging in the long run because it could result in higher turnover rates as staff seek development in other businesses.

The key features of an effective training program include the following.

Step 1

Assess the needs:

- of the individual (skills, knowledge, attitudes, both long and short term)
- of the job (competencies required)
- of the business (for example, culture, goals, standards, service levels).

Step 2

Determine the objectives of the training program for the business, job and individual. Management input and support at this stage is critical to a successful training program.

Step 3

Consider the internal and external influences. Internal influences include the attitude of employees to training, staffing, and financial and physical resources available to operate the program. External influences include any new research on relevant training issues and government programs or support available for training.

BizFACT

Key skills needed by employees today are:

- *communication*
- *teamwork*
- *problem solving*
- *initiative and enterprise*
- *self-management.*

BizFACT

Training at the communications company Motorola is high on the agenda. Every Motorola employee must complete at least 40 hours of training a year.

Step 4

Determine the process — that is:

- the content of the training program
- the learning principles to be applied, including participation, repetition, demonstration and feedback
- the learning methods to be applied, such as simulation training, lectures, online modules
- the location of the training program, whether on-site, off-site or online
- the participants involved — employees, supervisors, human resource manager, external consultants.

Step 5

Evaluate the training program. Strategies include tests and surveys, both prior to training and after training; performance appraisal; observation; benchmarking of key indicators, such as defects, customer complaints and accident rates. The training program can be evaluated over time in terms of the changes in key indicators, including cost of sales, sales volumes and labour turnover.

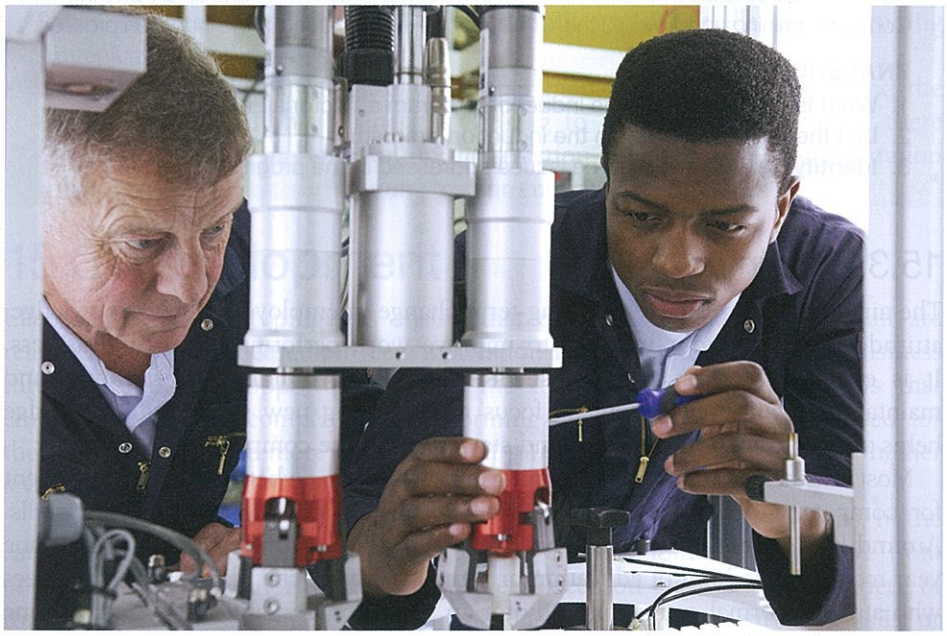


FIGURE 15.3 Training keeps businesses competitive. Multiskilled employees are better able to adapt to a rapidly changing technological environment, are more productive, and gain the opportunity for promotion.

15.3.3 Organisational development

Today, organisational structures are less hierarchical and flatter in structure. Team- and project-based structures, some even virtual, are widely used. Businesses with flatter structures benefit from employees' ability to develop shared ideas and solutions to problems. It can improve efficiency, effectiveness and response to customer needs.

Flatter structures may have improved employee autonomy and efficiency; however, they have also reduced promotional opportunities. Human resource managers, therefore, need to use strategies to help motivate and retain talented staff. Strategies can include:

- **job enlargement** — increasing the breadth of tasks in a job
- **job rotation** (multiskilling) — moving staff from one task to another over a period of time
- **job enrichment** — increasing the responsibilities of a staff member
- **job sharing** — where two people share the same job

BizWORD

Job enlargement *involves increasing the breadth of tasks in a job.*

Job rotation *involves moving staff from one task to another over a period of time in order to multiskill employees.*

Job enrichment *involves increasing the responsibilities of a staff member.*

Job sharing *occurs when two people share the same job.*

- self-managing teams — teams in which roles and decisions are determined by their members
- mentoring and coaching — where a leader or more experienced member of staff provides advice and support to another person developing skills in the area.

15.3.4 Mentoring and coaching

Mentoring and coaching are increasingly used to motivate and develop staff with leadership potential. Mentoring is a mutually agreed role, which suits experienced staff keen to transfer knowledge and skills through succession planning. It is more focused on building a personal relationship that encompasses the life experience of both parties. Often those being mentored select their mentors and are free to accept or reject the advice offered.



FIGURE 15.4 Mentoring is a more mutually rewarding personal relationship.

Coaching is focused on improving skills and performance, and on helping individuals manage specific work roles more effectively. Coaches may be provided by the business, or may be sought by those seeking further development.

The major differences between mentoring and coaching are illustrated in table 15.1.

TABLE 15.1 The major differences between mentoring and coaching

	Mentoring	Coaching
Focus	Individual life development, preparation for future roles	Performance enhancement by building skills and capabilities, overcoming weaknesses, resolving specific issues
Role	• Facilitator, guide, based on sharing advice and experience • Personal relationship, more like a friend	• Specific to employee's work function • Assists employee in setting goals and finding solutions
Function	Provide advice that may assist in improving the way someone manages issues and situations	Share skills, knowledge, styles and techniques that are relevant to employee needs
Time frame	No time frame	Specific time frame

(continued)

TABLE 15.1 *continued*

	Mentoring	Coaching
Structure	Unstructured	More structured
Benefits	• Individual, through personal growth, potential improvement in performance • May also benefit business • Enhances morale	• Business, through improved teamwork, performance and productivity • May enhance morale

15.3.5 Performance appraisal

BizWORD

Performance appraisal *is a process of assessing the performance of an employee, generally against a set of criteria or standards.*

Performance appraisal is a systematic process of analysing and evaluating employee performance for strengths, weaknesses and opportunities for development. It is also used to assess an employee's suitability for promotion (future leader or manager) and their potential value to the business's success. A wide range of tools are available to evaluate employee performance (see table 15.2), and many businesses use a mix of strategies for different circumstances and levels of seniority.

TABLE 15.2 Performance appraisal tools

Performance appraisal tool	Advantages	Disadvantages
Behaviour observation scales — supervisor observes and records evidence of behaviour and performance over time	• Allows ongoing collection of a range of evidence • Can provide feedback easily	• May focus too much on negative elements • May be adversely affected if supervisor not familiar with job • Open to personality clashes
Interview — formal discussion between supervisor and employee	• Can be flexible and detailed • Allows for questions and discussion	• As supervisor has reward and promotion power over employee, the employee may struggle to be open in discussion.
Management by objectives — objectives set for the employee, performance rewarded according to results	• Rewards achievement • Goal setting can motivate employees to find new and better ways to work.	• Inflexible, does not consider strategies to deal with issues • Open discussion can be limited as supervisor has reward power. • Rating criteria may be set too high or low.
Critical incident method — records how employee responds in specific situations and times, tends to be used for employees who are supervisors	• More objective, record of behaviours can be verified and has legal value • Useful for analysing frequency of behaviours	• Costly to administer • Negative incidents more likely to be reported • Clinical supervision not popular
Graphic rating scale — employee performance is rated on a range of descriptors and traits such as enthusiasm, reliability, cooperation, ability to plan, quantity and quality of work undertaken	• Easy to understand and conduct • Many elements can be examined, and can be easily used for comparison.	• Open to supervisor bias • Traits hard to change • Each characteristic has equal weighting.
Essay evaluation method — supervisors write a report on employee's strengths and weaknesses	• Allows detailed feedback	• Subjective — supervisor may be biased, vague, may leave company open to claims of discrimination
Performance ranking method — employees ranked from best to worst	• Simple	• Not a fair consideration against similar criteria, open to bias
360-degree feedback — employees receive feedback anonymously from peers or managers	• Honest feedback	• Open to personal conflicts and rivalry • May not be constructive • Time consuming

Performance appraisal involves four main objectives:

1. to provide feedback from management to employees regarding work performance
2. to act as a measurement against which promotion and pay rises can be determined
3. to help the business monitor its employee selection
4. to identify employees' training and development needs.

If most employees continually perform below expectations, the business's recruitment and selection process may need to be changed, or extra training and development may be required. Although many managers are uncomfortable with the idea of evaluating employees, effective performance appraisal is a crucial function of good management.

Care needs to be taken by those conducting the appraisal. They need to ensure the criteria are job related, the appraising staff have been trained and that there is no discrimination in the process. In cases of performance issues, it is important those appraising performance give an employee a separate, formal written notice if their performance is unsatisfactory, and provide advice and opportunities for them to improve over a fixed time frame.



FIGURE 15.5 Employees value the opportunity to challenge and discuss aspects of a performance appraisal.

Employees are more likely to value a performance appraisal if they are given a chance to discuss their performance and to challenge their evaluation. When employees believe the process is constructive and fair, and will help them improve their future performance, it will be perceived as a more useful experience. This needs to be factored into the performance appraisal system.

SUMMARY

- The major elements of human resource management are: acquisition, development, maintenance and separation.
- A strategic approach to human resource management is proactive, considers the short- and long-term business needs, and uses a systematic approach that integrates all the human resource strategies to achieve the business goals.
- Acquisition involves analysing the internal and external environment of a business.
- An effective induction program is carefully planned to introduce a new employee to the job, their co-workers, the business and its culture.
- Recruitment involves locating and attracting the right quantity and quality of staff to apply for employment vacancies.
- Employee selection involves gathering information about each applicant and using that information to choose the most appropriate applicant.
- Placement involves locating the employee in a position that best utilises their skills to meet the needs of the business.

studyon

Syllabus area 4
Topic 3
Concept 1

Acquisition
Summary screen and practice questions

studyon

Syllabus area 4
Topic 3
Concept 2

Development
Summary screen and practice questions

- Development involves enhancing the skills of the employee through training, mentoring, coaching and performance management so they develop a career with the business.
- Effective induction and training equips a new employee with the skills to carry out their job and work effectively with co-workers within the business and its culture.
- Ongoing training should be part of every workplace. Changes in the business environment, including new technology and global competition, are increasing the need for training.
- Businesses are using flatter structures to improve efficiency and competitiveness by creating more opportunities for employees to innovate and participate in solving business problems.
- Organisational development involves developing strategies such as job rotation to increase employee participation, motivation and retention.
- Performance appraisal is used to evaluate employee performance, and identify areas for mentoring, coaching, leadership development or performance management to enable the employee to contribute most effectively to a business's success.

EXERCISE 15.1 REVISION

1 **Identify** the four elements of the human resource cycle/staffing process.
2 **What** are the main elements of the acquisition process?
3 **Distinguish** between selection and placement.
4 **Clarify** the benefits of training and development.
5 **Why** is induction necessary for all employees new to a business?
6 In small groups, **construct** a table listing all the forms of training and development a business can use and the advantages and disadvantages of each approach.
7 **Outline** the strategies a human resource manager can use to help motivate and retain talented staff.
8 (a) **Define** the term 'performance appraisal'.
(b) **How** can performance appraisals assist in the development of employees?
(c) **Why** must this process be managed in a constructive manner?
(d) **Why** is performance review useful for employers in assessing the effectiveness of its management of human resources?
9 **Identify** and **describe** the forms of performance appraisal that you would prefer used on yourself in a workplace. **Justify** your choice.

EXERCISE 15.1 EXTENSION

1 Imagine you are an employee of a large restaurant, working at night while studying during the day. A 360-degree feedback appraisal from an anonymous co-worker is critical of your work effort and skills, and states you lack interest in customer needs.
(a) **Evaluate** the value of a 360-degree feedback system and its likely impact on your performance.
(b) **Justify** an alternative method.
(c) Consider the value of your school report as an appraisal tool of your performance. **Discuss** your conclusions with a classmate.
2 Write a speech you would make to the engineering firm Solar Structures as a new human resources manager **explaining** the need to develop a 'learning culture'.
3 You have been contracted to investigate the high rate of staff turnover at Solar Structures Pty Ltd. **What** process would you use to investigate this issue? **Recommend** some changes you would make to assist the firm in reducing staff turnover.
4 **Justify** the system you would implement in a hospital to ensure effective performance appraisals of the nursing staff.

15.4 Maintenance

In human resource management, maintenance focuses on the processes needed to retain staff and manage their wellbeing at work. Maintenance of staff involves looking after staff wellbeing, safety and health, managing communications effectively, and complying with industrial agreements and legal responsibilities.

Staff wellbeing is maximised through encouraging staff to participate in decision making, and giving employees some control over their work lives. A range of employee participation strategies, including involvement in teams, collective bargaining, workplace surveys and activities, fosters involvement in decision making. Effective communication strategies support employee participation and a strong workplace culture. Employees also have the right to a healthy and safe work environment, where work-related stress and unproductive conflict are minimised.

Offering family friendly programs that support work–life balance is critical in workplaces where staff are increasingly asked to do 'more with less'. These include flexible job roles such as job sharing, multiskilling, telecommuting, part-time work and flexible working hours to suit family needs. Employees also expect that industrial agreements, and payroll obligations and benefits are met.



FIGURE 15.6 Family friendly programs such as telecommuting, part-time work and flexible working hours support the work–life balance of employees.

BizFACT

Many larger workplaces also recognise the impact of personal problems on employee performance and wellbeing. Work-based programs, such as the Employee Assistance Program (EAP) schemes, are widely available to provide additional support for staff and their family members with problems such as conflicts with others at work, family or marital difficulties, substance abuse, gambling problems, anxiety or depression. Using this service is just a matter of a phone call, and it is confidential.

15.4.1 Communication and workplace culture

Effective workplace relationships depend heavily on the strength of a business's communications systems. Poor communication is often reflected in workplace conflict and high turnover rates.

Common methods of communication include regular team meetings between managers, or supervisors, and employees; staff bulletins and newsletters; staff seminars; social functions; suggestion boxes and staff surveys; and email and intranet.

Email is often criticised for being a source of misunderstandings and tension if protocols are not established for constructive communications and timelines for feedback. Expectations that staff will attend to email at home is a common source of workplace conflict, which needs to be managed carefully to avoid burnout of staff and grievances developing.

Strategies that focus on building trust and direct communication between people are critical in preventing conflicts and escalating issues. As well, such strategies help in building a positive workplace culture. Larger and creative firms are

redesigning the layout of their offices to create spaces for people to meet together in one or two central locations for breaks and meetings. The longstanding daily 'walk around' by management, particularly when it involves positive interactions with staff, is still effective.



FIGURE 15.7 Office layouts can be designed to create spaces for people to meet together for breaks and meetings. Often these meetings are on lounges, rather than at a desk, or in modules that can be adapted to changing needs.

Recognition of staff achievements is critical in building a positive workplace culture. Communications with employees should always be constructive, even when there are problems with employees.

15.4.2 Employee participation

The nature of workplace communication is changing with the increasing use of email and increased opportunities for employee participation. Firms encourage employee participation to improve communication, empower employees and



FIGURE 15.8 Employee participation provides a constructive path to business success.

BizFACT

The death of the owner of C-Mac industries, a sheet metal fabricating firm in Sydney's western suburbs, resulted in employees facing the prospect of the business closing permanently. Staff kept the business operating by successfully undertaking to purchase it rather than facing the uncertainty of finding an outside buyer.

Source: Employee Ownership Australia and New Zealand

develop their commitment to improving quality and efficiency. Employees are being trained to make some decisions 'on the spot', either to solve problems or provide incentives to retain customers, as customers demand quicker and more efficient service.

Businesses benefit from employee experience and knowledge on the job, and improvements they suggest are often critical to a business's competitiveness and success.

The value and effectiveness of employee participation depends on the training, knowledge and skills of the employees involved. The use of suggestion boxes is often included as an example of employee participation. However, more effective participation is fostered through regular team meetings/briefings to discuss customer feedback, company trends and issues — these build a sense of shared purpose and company identity.

A range of employee participation strategies are described in table 15.3.

TABLE 15.3 Employee participation strategies

Participation strategy	Explanation
Participation through membership of the board of directors	This strategy allows an employee or senior employee to represent staff on the board. This strategy presents conflicts of interest for the employee, who often becomes alienated from other employees.
Participation through ownership	Employees buy shares in their company, which may result in increased commitment. However, ownership and participation involve different objectives and may lead to a conflict of interest, particularly as ownership increases in scale.
Joint consultative committees	Also called works committees, these are formally established groups consisting of employees and management representatives, and may or may not include union representatives. Their original purpose was to provide management with the views of employees on a range of issues, enhance communication and improve efficiency and productivity. In NSW, these have been mandatory for larger workplaces for work health and safety (WHS).
Participation in collective bargaining	It is a requirement that a majority of employees be involved in developing an enterprise agreement. The advantage is that under good faith bargaining principles all parties are required to make an effort to resolve issues through negotiation and conciliation. This ensures that employees and employers have clear opportunities to learn from each other's experience and to negotiate outcomes beneficial for both groups.
Team briefings	Teams provide an excellent opportunity for employees to share knowledge, skills and experience; to find solutions to problems and develop innovations.
Employee surveys and feedback from performance interviews	Many businesses use a range of surveys and reports from staff to seek valued feedback on ways to improve business performance.

15.4.3 Benefits

Benefits are often a litmus test of the workplace culture as they are available to all staff. They may be monetary in value or non-monetary, and the extent of benefits available will reflect the resources of the business and the nature of its activities.

All employers are also required to pay superannuation for employees who are aged between 18 and 70, and who earn a minimum of $450 per month as a casual, part-time or full-time employee.

Typical benefits include flexible working arrangements, paid training opportunities, travel allowances, health insurance, subsidised gym membership, housing and company car.

SNAPSHOT



'all employers must make a financial contribution . . .'

Superannuation — money for later, but paid for now

Under the federal Superannuation Guarantee scheme, all employers must make a financial contribution to a fund for employees' superannuation (otherwise known as super) that employees can access when they retire. Employers are not required to provide superannuation for employees aged under 18 years (unless they work more than 30 hours a week), employees paid less than $450 per month and employees working outside Australia.

The employer's main obligation is to make a financial contribution — from 1 July 2015, 9.5 per cent of an employee's earnings for their ordinary hours of work — to their employees' superannuation account. As with taxation, employers are required to keep records of all superannuation-related transactions, including payments contributed, payroll and employee records, and the level of entitlement of each employee.

SNAPSHOT QUESTIONS

1. **Outline** the requirement of the federal Superannuation Guarantee scheme.
2. **List** the people who are entitled to superannuation payments on their behalf.
3. **Identify** the employer's main obligation to employees.
4. **List** the types of records employers are expected to maintain.

BizWORD

Fringe benefits tax (FBT) *is a tax employers must pay on certain benefits they provide to their employees or their employees' associates, such as a family member. It is based on the taxable value of the various fringe benefits provided.*

Businesses carefully consider the value of these benefits in terms of retention of staff and workplace culture, as they are expensive and some attract an employer-paid **fringe benefits tax (FBT)**. Benefits that may be considered for FBT include airline transport, expense accounts, board and accommodation, housing loans, living-away-from-home allowance, car parking, property and entertainment allowance.

Some examples of workplace benefits are shown in table 15.4.

TABLE 15.4 Examples of workplace benefits in three Australian businesses

Rio Tinto's Iron Ore	Orica	Westfield Australia
• Residential allowances • Fly-in, fly-out commute allowances • Additional superannuation investment choice and insurance benefits • Housing assistance • Salary packaging • Employee incentive scheme • Subsidised gym membership • Savings-related share option scheme • Relocation assistance • Remote area holiday travel allowance • Subsidised private medical insurance • Discount offers from key suppliers	• Flexible working arrangements • Attractive package for health insurance • Insurance discounts • Employee assistance program • Specialist leadership training and development support • Dulux staff card • Novated car leases • Mobile phone plan • Employee share plan • Paid family leave — up to six weeks, some paternity leave • 20 days unpaid leave • Ford car program • 'Dare to Share' charity program	• Regular training packages and programs • Career progression — domestic and international • Sponsor a friend recruitment program • Social club organises activities at a discount, including opera and theatre tickets, fun parks, dinners • Study assistance, online textbooks • Employee assistance program • Salary sacrifice program • Intranet product and service exchange • Business improvement awards

Flexible and family friendly work arrangements

Around one-third of Australian employees cite a need for work–life balance as a major consideration in future work choices. Employers are responding with more flexible working arrangements to attract and retain talented staff. These arrangements are reflected in the New Employment Standards, and are also a key feature in many industrial agreements today. Typical features of a family friendly workplace are shown in figure 15.9.



FIGURE 15.9 Features of a family friendly workplace. Opportunities for home-based work and family friendly working hours allow employees to balance work and family responsibilities more effectively.

Flexible working conditions allow businesses to work more efficiently, or allow employees to balance work and family responsibilities more effectively (see the BizFact on the left). For example, some employer–employee agreements allow opportunities for home-based work, which gives employees more flexibility during working hours. It is becoming more practical as the electronic methods of communication and technology improve.

Typical flexible working conditions include:

- flexible remuneration (reward) options
- flexible working hours
- flexible study/work arrangements
- career break schemes
- job sharing — involves two employees voluntarily sharing one permanent full-time job. This arrangement has been very popular with women returning to the workforce after having children, but requires commitment and communication to be effective
- work-from-home arrangements (rostered days off, telecommuting, a compressed work week)
- family leave
- part-year work arrangements (often suit competitive sportsmen and women).

Family friendly programs are effective in retaining staff in the longer term as they recognise the interdependence of work and family life, and reduce problems involved in managing family responsibilities. Employees are able to leave and later re-enter the workforce, thus reducing separation, recruitment and training costs for new employees. Such programs also create a positive image of the firm within the community.

BizFACT

Flexible working hours are a common feature of enterprise agreements and individual contracts. Maxiflex allows employees to build up sufficient hours to take a day off. Employers are usually allowed to nominate the day off. Flexitime allows an employee to nominate start and finish times to suit their needs.

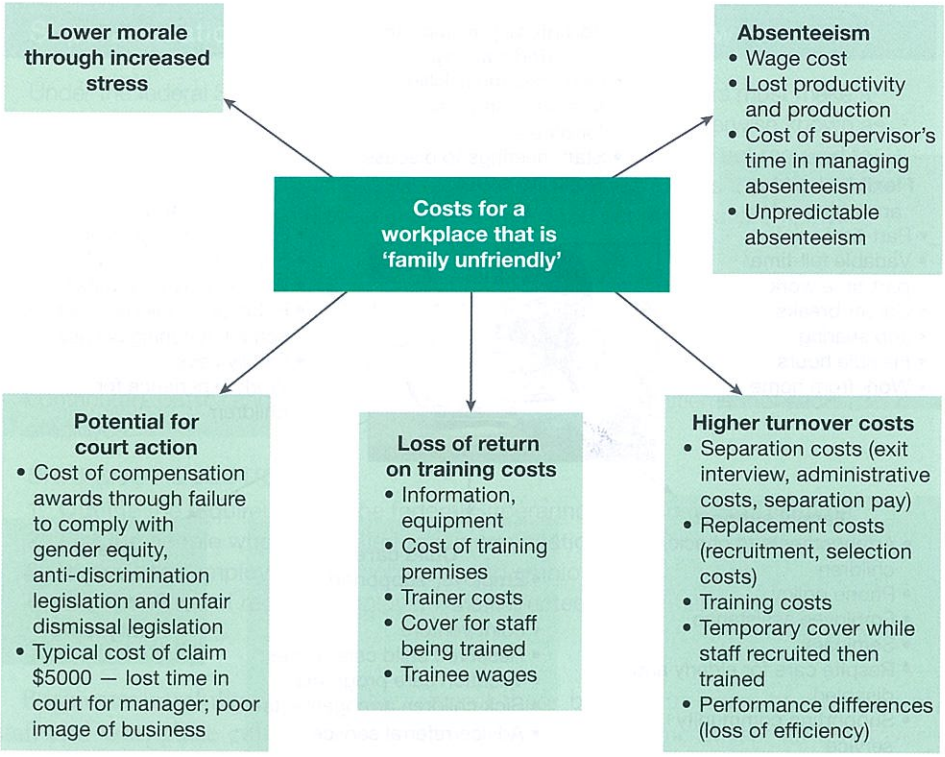


FIGURE 15.10 Costs for a workplace that is 'family unfriendly'

15.4.4 Legal compliance and corporate social responsibility

All employers are required by law to ensure that human resource procedures and policies comply with existing legislation, including anti-discrimination and sex discrimination legislation, WHS taxation, social justice legislation, and industrial relations legislation and agreements.

BizFACT

A female employed by a New South Wales club was awarded $15 000 for sexual harassment she endured from her male supervisor. Despite the fact that the club had policies in place to deal with harassment, these were assessed to not be comprehensive enough to deal with such matters. The club was aware of previous incidents involving the manager, but had not acted upon them thoroughly enough. The club was also criticised for not training its staff in how to deal with issues of harassment and discrimination in the workplace



FIGURE 15.11 Human resource managers may be called on to mediate in employment relationships.

Bullying and sexual harassment, along with conflict between employees and high workloads, are major causes of stress at work. These issues are behind

high levels of staff stress, absenteeism, turnover, and low productivity and morale. Creating a workplace where staff treat each other in a respectful, professional, fair and considerate manner is essential for employee wellbeing and retention of productive staff.

A major focus of maintenance is for human resource managers to minimise the exposure of the business to risk by implementing a range of proactive and preventative strategies in health and safety, anti-discrimination and conflict resolution. Problems that arise over misconduct in employment relationships, particularly regarding sexual harassment, bullying and discrimination, can be very costly and damaging to the business and destroy individuals.

Bullying is common in industries where there are a high number of vulnerable employees such as apprentices, young staff or migrant workers. It can be minimised by:

- providing information about workplace bullying, which covers common forms such as verbal abuse, spreading rumours, exclusion, ignoring someone, physical intimidation or violence, or initiation
- inducting and training employees in company policy, procedures to deal with bullying, and consequences of bullying
- providing training to increase cultural awareness
- promoting a culture that is based on open communication, respect, fairness and trust
- ensuring management is committed to resolving bullying and grievances
- having mentoring or buddy systems for new and young employees
- having a member of staff, appointed by the staff, to handle complaints and grievances.

BizWORD

Workplace bullying *is a form of harassment involving unwelcome and uninvited behaviour that is offensive to 'reasonable' people. The more noticeable forms of workplace bullying are intimidation, humiliation, verbal abuse, pushing, touching, fondling or threatened and actual acts of violence.*

Workplace bullying — *Brodie's Law*

Dealing with **bullying** in the workplace is one conflict that needs to be handled carefully. Bullying may take the form of yelling, offensive language, excluding or isolating employees, giving employees impossible tasks to perform or assigning them meaningless tasks.

A 2010 Productivity Commission report found the total cost of bullying and harassment to be about $14.8 billion a year. In 2010, a case of bullying in the workplace was decided in the Magistrates' Court against the owner of Cafe Vamp in Hawthorn. The owner pleaded guilty to failing to provide and maintain a safe working environment, and the company was fined $220 000. The employees who perpetrated the bullying were also convicted and fined. In this case, bullying resulted in the employee, Brodie Panlock, committing suicide. The Victorian legal system at that time had no provision to charge those responsible for the bullying that ultimately led to Brodie's suicide under existing criminal law. Instead, any offender was convicted and fined under provisions of the Occupational Health and Safety Act.

In 2011 a new anti-bullying law, nicknamed *Brodie's Law*, was enacted that meant perpetrators of serious bullying (including workplace bullying) could face up to ten years' imprisonment, if convicted.

Managers have a legal and a moral obligation to ensure that bullying is appropriately dealt with in the workplace. Education about bullying is one step in the right direction and ensuring that proper grievance procedures are in place to handle bullying complaints when they occur can help avert a crisis.

SNAPSHOT QUESTIONS

1. **Outline** the forms bullying might take.
2. **Explain** how bullying in the workplace could result in lost productivity.
3. **Explain** measures that can be used to deal with bullying in the workplace.

SNAPSHOT



'Managers have a legal and moral obligation to ensure bullying is appropriately dealt with . . .'

studyon

Syllabus area 4 | Topic 3 | Concept 3

Maintenance
Summary screen and practice questions

SUMMARY

- Maintenance focuses on the processes needed to retain staff and manage their wellbeing at work.
- Staff wellbeing is maximised through encouraging staff to participate in decision making, and giving employees some control over their work lives.
- Effective workplace relationships depend heavily on a business's communications systems. Poor communication is often reflected in workplace conflict and high turnover rates.
- Businesses benefit from employee experience and knowledge on the job, and improvements they suggest are often critical to a business's competitiveness and success.
- Benefits are an integral element in building workplace culture. They may be monetary in value or non-monetary.
- Employers are responding to employees' desire for a work–life balance with more flexible working arrangements.
- An important role of the human resource manager is ensuring the policies comply with legislation including anti-discrimination and sex discrimination legislation, WHS, taxation, social justice legislation and industrial relations legislation and agreements.

EXERCISE 15.2 REVISION

1 **Define** the term 'maintenance'.

2 (a) **Propose** a list of all the workplace elements that would be effective in maximising staff wellbeing.
(b) **Compare** your list with another student and **analyse** the similarities and differences.

3 **What** are the most common forms of communication used in a workplace? **Evaluate** the importance of each method for effective communication and for building a positive workplace culture.

4 **Discuss** the role an intranet can play in improving workplace communications and culture. **Identify** elements that should be included in a high-quality workplace intranet. **Justify** your response.

5 **Describe** the benefits of employee participation and team structures for employers.

6 Study table 15.3. As an employee, select the two participation strategies you would like to be involved in. **Justify** your selection.

7 **Distinguish** between monetary and non-monetary benefits.

8 Study table 15.4. **Account** for why these three businesses provide an extensive range of workplace benefits. Share your answer with the class.

9 **Propose** likely benefits to the employer of a family friendly workplace.

10 **How** do specific human resource strategies, such as employee participation, teamwork, flexible working conditions, training and rewards, benefit both the employee and employer? Present your answer in table format.

11 **Identify** the major legal areas of responsibility for a human resource manager.

12 **Describe** the costs of sexual harassment and bullying in the workplace.

13 In small groups, **propose** strategies businesses need to implement in order to minimise workplace bullying and sexual harassment.

EXERCISE 15.2 EXTENSION

1 'The critical issues for human resource managers today are raising productivity, improving customer satisfaction, providing quality products and services, and aligning human resource strategy to business goals.'
Human resource manager at Jack's Candles Ltd
Imagine you are the human resources manager at Jack's Candles Ltd, **explain** how you would address these issues.

2 Use the internet to research employee share ownership plans (ESOP) in Australia. **Analyse** why ESOPs are less common in Australia than overseas. **Assess** the potential benefits to Australian firms of ESOPs.

3 As CEO of Pets Play, a manufacturer of pet accessories with turnover of $50 million and 150 employees, you are finding it hard to keep your young staff once they begin having families.
   (a) **Create** a list of family friendly initiatives you may be able to afford to offer.
   (b) **Explain** how four of these initiatives may help you retain staff.
   (c) **Determine** the processes you would use to become a more family friendly workplace.
   (d) **Identify** three policies a firm could implement to reduce absenteeism. **Justify** your answer.
   (e) **Propose** strategies you could implement to promote your family friendly initiatives and become an employer of choice.

15.5 Separation

Separation, where an employee leaves a business, may be voluntary or involuntary. Voluntary separation may take the form of resignation, relocation, voluntary **redundancy** or retirement. Involuntary separation may take the form of contract expiry, **retrenchment** or dismissal. To avoid claims of discrimination and adverse effects on the morale and productivity of remaining staff, involuntary separation must be managed carefully and in compliance with legislation, awards and agreements.

Situations where redundancy occurs include closure of the workplace site, completion of the project on which the employee worked, lack of contracts or orders for work, a downturn in demand from customers or a need to reduce staff due to financial difficulties in the business. Documentary evidence would be required for these reasons, for example the company's financial statements.

It is important to consider a range of matters in determining who will be retrenched. These may include length of service, standard of performance, future potential and whether some staff may be willing to leave voluntarily.

BizWORD

Redundancy *and* **retrenchment** *refer to employees losing their jobs, where the employees' job or work no longer needs to be done. It may be necessary due to a lack of work, as in the case of a fall in demand for a product or service, or the position may have been restructured or replaced by technology.*



FIGURE 15.12 Separation is the ending of the employment contract. At this stage the HR department needs to fulfil all the legal requirements and complete the necessary documentation accurately and speedily.

Notice and leave entitlements given must comply with legislation and industrial agreements. Managers should consult with staff prior to termination and support them with outplacement to ensure a smooth transition that does not adversely affect the remaining employees' morale. It is best to sever staff who are leaving

BizFACT

Increasing numbers of mining and manufacturing businesses are closing in regional Australia and the consequence is long-term unemployment for many workers.

BizFACT

High-earning employees who earn over the threshold, under the Fair Work Act ($142 500 in 2017, annually indexed), do not have access to unfair dismissal laws unless they are covered by a modern award or enterprise agreement when they are dismissed; that is, in terms of undertaking the duties the award covers and their actual classification.

immediately and pay out their notice. It is rare to see retrenched or redundant staff leave cheerfully, even when the separation is handled in a professional and caring manner.

When an employee's employment is terminated, the employer must provide a written statement confirming the termination and date of determination.

Most awards and agreements have common provisions relating to termination, change and redundancy that cover matters including the procedures for retrenchment, amount of notice to be given or pay in lieu of notice and severance pay. These supplement and override legislation if conditions are more favourable.

15.5.1 Dismissal

Staff may be dismissed for a number of reasons. Summary dismissal is an instant form of dismissal that applies to employees involved in gross or serious misconduct, such as theft. Termination for misconduct must meet the test of being fair and reasonable, given the circumstances. The Fair Work Commission will generally determine whether the reasons were sound and well founded, and whether the employer had made reasonable efforts to investigate the allegations and allowed the employee the right to respond. If there is any doubt, payment of notice in lieu will generally avoid an unfair dismissal claim for serious misconduct.



FIGURE 15.13 Theft from an employer is grounds for summary dismissal. In certain situations the HR manager may need to notify police if a criminal action is believed to have occurred.

Dismissal can also be based on poor performance or redundancy due to organisational restructuring, a downturn in business or technological change making a job redundant. In recent years, businesses have tried to reduce costs and improve productivity through reducing staff numbers, flattening management structures and making greater use of technology. Widespread restructuring and managerial policies are major factors contributing to industrial disputes and unfair dismissal claims.

Employers need to prove that they have followed all the processes required before dismissing an employee.

In the case of poor performance, businesses are required to:

- give employees a written warning about their poor performance over a period of time
- give them advice and support so they have the opportunity to improve
- notify employees of the reason for the termination and an opportunity to respond.

BizFACT

Under National Employment Standards entitlements the notice of termination and redundancy pay states that up to 4 weeks' notice of termination (plus an extra week if the employee is over 45 and has been in the job for at least 2 years) and up to 16 weeks redundancy pay must be given.

In the case of redundancy, the employer may be asked to show that:

- the employee's job was no longer needed; that the redundancy is genuine
- no appropriate work was available elsewhere within the organisation
- the employee was consulted about alternative redeployment options within the business.

15.5.2 Unfair dismissal

Selecting staff for dismissal can be risky and requires awareness of legislation and industrial agreements. Documentation of processes undertaken is also required to avoid claims of **unfair dismissal**.

The Fair Work Commission provides these grounds for unfair dismissal claims for employees covered by the national system.

'An unfair dismissal occurs where an employee makes an unfair dismissal remedy application and Fair Work Commission finds that:

- the employee was dismissed, and
- the dismissal was harsh, unjust or unreasonable, and
- the dismissal was not a case of genuine redundancy.'

Employees are able to claim unfair dismissal if:

- the business has more than 15 employees, either full-time or the equivalent, who have been employed for more than six months. This includes casuals with six months service.
- the processes for dismissal have not been carried out correctly.

The claim may be resolved through informal conferences, telephone conferences (the most common method) or by a formal hearing. Reinstatement will be the remedy for a claim that is upheld, unless it is not in the interests of either of the parties, in which case compensation may be ordered. A cap of six month pay is the maximum compensation, but most cases would not reach this level.

An employer has the right to object to a claim on the basis that it is vexatious or frivolous, not submitted in an appropriate time frame, not reasonably likely to succeed, not a case of unfair dismissal or that the person making the claim is not eligible.

Businesses can be badly hit by such claims. Many have found the need for a lengthy procedural approach frustrating, particularly the need to give employees time to improve their performance after a warning has been given.

Many businesses have preferred to avoid the risk by hiring casuals and contractors. Other businesses have tightened their employment contracts (often called 'corporate pre-nuptial agreements') and included job descriptions, probation periods and measurable targets to allow for dismissal of staff if required. They are keen to avoid unfair dismissal claims, which create adverse publicity for the business internally and externally, with the potential to lose customers. For many it has been regarded as cheaper and less time consuming to settle the claim, regardless of whether or not it is valid. Many have needed to consult specialists in the area of termination to avoid these problems.

BizWORD

Unfair dismissal *occurs where an employee is dismissed by their employer and they believe the action is harsh, unreasonable or unjust.*

BizFACT

The Fair Work Commission will judge a claim on whether a termination/dismissal is lawful, harsh, unjust or unreasonable, and will take into account the procedures followed, whether the grounds were reasonable, the circumstances of the business, whether human resources expertise was available, whether the employee was provided opportunities to respond or have a support person, and any other matters the Fair Work Commission deems relevant.

SUMMARY

- Separation occurs when an employee either chooses to leave an employer voluntarily through resignation, voluntary redundancy or retirement, or involuntarily through retrenchment or dismissal.
- Dismissals may occur due to serious misconduct, poor performance or redundancy due to organisational restructuring.
- Employers need to take great care in following all the legal processes involved in dismissing an employee to avoid costly claims of unfair dismissal.
- Unfair dismissal occurs where an employee is dismissed by their employer and they believe the action is harsh, unreasonable or unjust.

studyon
Syllabus area 4
Topic 3
Concept 4
Separation
Summary screen and practice questions

EXERCISE 15.3 REVISION

1. **Distinguish** between voluntary and involuntary termination, giving examples of each.
2. **Why** must involuntary separation be managed carefully?
3. **What** are the acceptable situations for redundancy?
4. **State** the matters that need to be considered when determining who will be retrenched.
5. **List** some of the entitlements of employees who are made redundant.
6. **Outline** the issues a HR manager must be aware of when dismissing an employee.
7. **Explain** the role of the Fair Work Commission in handling unfair dismissal cases.
8. **Outline** the ways in which businesses are responding to the risk of unfair dismissal claims.

EXERCISE 15.3 EXTENSION

1. **Evaluate** current dismissal laws from the perspectives of both employers and employees.
2. You are appointed human resource manager for a bank with a high level of turnover of female staff, and low rates of return from maternity leave. **Create** a speech for the executive team **explaining** the likely reasons and the best practice strategies needed to create a positive workplace culture that is free from bullying and is also family friendly.
3. **Investigate** recent unfair dismissal claims and **summarise** the main reasons the claims have been upheld or dismissed.
4. Interview two employees in a business that you know about the methods used for communication with and between staff. **Evaluate** the strategies used and recommend additional or alternative methods that could improve communication or employee participation.
5. **Create** a PowerPoint presentation on human resource management. **Identify** and **justify** two strategies considered effective for managing each of the following human resource functions: acquisition, development, maintenance or separation.

on Resources

- **Digital doc:** Chapter summary (doc-24817)
- **Interactivity:** Chapter crossword (int-7177)
- **Interactivity:** Multiple choice quiz (int-7178)

studyon

Sit HSC exam