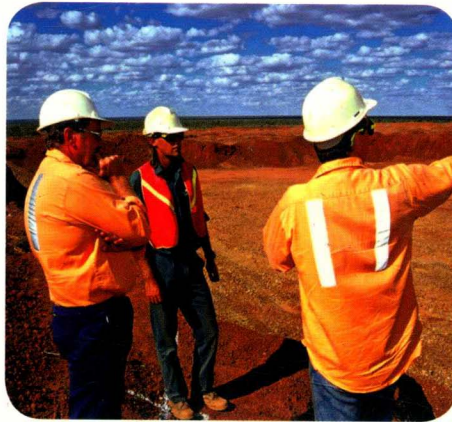


8TH EDITION

HUMAN RESOURCE MANAGEMENT



Raymond J STONE

8TH EDITION

HUMAN RESOURCE MANAGEMENT



藏书章

Raymond J STONE

WILEY



Eighth edition published 2014 by
John Wiley & Sons Australia, Ltd
42 McDougall Street, Milton Qld 4064

First edition published 1991

Typeset in 10/11.75 pt Rotis Serif Std

© Raymond J. Stone 1991, 1995, 1998, 2002, 2005, 2008, 2011, 2014

The moral rights of the author have been asserted.

National Library of Australia
Cataloguing-in-Publication entry

| | |
|---------------|--|
| Author: | Stone, Raymond J. |
| Title: | Human resource management / Raymond J. Stone |
| Edition: | 8th ed. |
| ISBN: | 978 0 730 30251 3 (pbk.) |
| Notes: | Includes index. |
| Subjects: | Personnel management. |
| Dewey Number: | 658.3 |

Reproduction and Communication for educational purposes

The Australian *Copyright Act 1968* (the Act) allows a maximum of one chapter or 10% of the pages of this work or – where this book is divided into chapters – one chapter, whichever is the greater, to be reproduced and/or communicated by any educational institution for its educational purposes provided that the educational institution (or the body that administers it) has given a remuneration notice to Copyright Agency Limited (CAL).

Reproduction and Communication for other purposes

Except as permitted under the Act (for example, a fair dealing for the purposes of study, research, criticism or review), no part of this book may be reproduced, stored in a retrieval system, communicated or transmitted in any form or by any means without prior written permission. All inquiries should be made to the publisher.

Cover and internal design images (clockwise from top left):

© Ron Hohenhaus / iStockphoto; © Steve Lovegrove / Shutterstock;
© Yuri Arcurs / Shutterstock; © gerenme /
iStockphoto; © Yuri Arcurs / Shutterstock.com;
© Yuri Arcurs / Shutterstock.com; auremar / Shutterstock;
© Lipik / Shutterstock; © aurema / Shutterstock.

Typeset in India by diacriTech

Printed in China by
Shenzhen Donnelley Printing Co., Ltd.

10 9 8 7 6 5 4 3 2

Raymond J. Stone

BA, BCom, DipSocStud (Melb), MA (Ottawa), PhD (Hong Kong), CMAHRI.

Raymond J. Stone has more than 30 years experience in international HRM and has held senior positions in Australia, Hong Kong, Japan and Korea. His work experience covers compensation and benefits, recruitment and selection, psychological appraisal, industrial relations, HRM research, training and development, and strategic human resource planning and policy development. He has taught at Australian, Japanese, Hong Kong and British universities. His articles about negotiation and international HRM have been published in leading academic and business journals in Australia, Hong Kong, Japan, New Zealand, Singapore, the United Kingdom and the United States.

John Lunny

John Lunny is the Principal of Workplace Resolve Pty Ltd, a Brisbane-based incorporated legal practice, specialising in workplace relations and employment law. Prior to establishing Workplace Resolve, John was a partner at DLA Phillips Fox, Clayton Utz and Dunhill Madden Butler. He was also the principal of his own successful niche practice in Melbourne. John is a Queensland Law Society accredited specialist and a member of the accredited specialist committee which determines which legal practitioners are worthy of that status. He is also a Fellow and State President of the Australian Human Resources Institute (AHRI).

Anne Cox

Dr Anne Cox is Senior Lecturer, School of Management and Marketing, Faculty of Commerce, University of Wollongong. After completing her studies at Newcastle, Australia, Anne started her doctoral study at Leicester Business School, De Montfort University, the United Kingdom. She wrote a thesis on the transfer of HR/IR policies and practices across borders, and was awarded a doctoral degree in 2004. Anne now researches and publishes in three main areas, namely the transfer of multinational companies' IR/HRM policies and practices across borders, the transformation of HR/IR systems in developing countries and gender equity.



Recognition must be given to those who assisted me in the preparation of this edition of the book: John Lunny (Workplace Resolve) and Anne Cox (University of Wollongong).

In addition, I would like to thank the following contributors who provided the 'Practitioner speaks' texts:

- Andrew Stewart (Consultant)
- Kim Langcake-Fulcher (National Australia Bank)
- Dan Feldman and Anna Hobson (HR Legal)
- Natalie Carrington (Blooming HR)
- Brooke Alexander (Brooke Alexander Consultancy)
- Kerrie Canning (Canning Consultants)
- Judy Greenslade (Learning and development specialist)
- Jenny Ashton (John Wiley & Sons)
- Peter O'Sullivan (BDO)
- Julianne Coleman and Kirsten Makin (Consultants)
- Cheryl Disher (Team Transformation)
- Claire Massingham (1 Life Do It Now!)
- Kathy Dodd (Kathy Dodd Consulting)
- Peter Bowen (deliberatepractice)
- Ellison Bloomfield (Deloitte Digital)
- Alison Hill (Pragmatic Thinking)
- Darren Hill (Pragmatic Thinking)
- Nicole de Jager (CSC)
- Trafford Judd (HR consultant).

My appreciation also goes to the authors of the challenging and comprehensive end-of-part case studies: Mike Fazey (University of Notre Dame), Dr David Fan (Victoria University), Dr Anna Blackman (James Cook University), Peter Osman (University of Ballarat), Dr Teh Eng Choo (Elaine) (Murdoch University), Stephen Turner (Curtin University), and Dr Doug Davies (Xi'an Jiaotong-Liverpool University).

Academic authors of the invaluable instructor's resources that accompany the text also deserve special mention: Peter Osman (University of Ballarat) – Instructor's Resource Guide and Test Bank; Andrew Zur (University of Melbourne) – Test Bank; Ezaz Ahmed (CQ University) – PowerPoints.

The editorial and production team at John Wiley & Sons, including John Coomer (Publishing Director), Kylie Challenor (Content Editor) and Emma Knight (Senior Publishing Assistant), deserve my special thanks for their help and wise counsel.

I also would also like to thank the contributors who worked on previous editions of the book: Carolyn Dickie, Joe Catanzariti and Brian Delahaye.

Finally, I wish to say thank you to my wife Margaret, who, with great patience and understanding, undertook the monumental task of typing the manuscript.

Raymond J. Stone
MAY 2013



The Australian Human Resources Institute (AHRI) is the only national association in Australia representing human resource and people management professionals. AHRI represents around 21 000 members. AHRI leads the direction and fosters the growth of the HR profession by actively setting standards and building the capability of the profession through its international affiliations and close association with industry and academia. AHRI ensures that its members are given access to a soundly based professional recognition framework in the form of professional development programs, events, research and publications, and more.

The AHRI vision 'to shape the future of the profession' recognises the responsiveness of AHRI to its members by informing, leading and strengthening the HR profession. Our positioning statement 'driving your success' acknowledges AHRI's readiness to act in the role of mentor and contributor to the HR profession in general and to the institute membership base. AHRI's membership categories include professional, organisation, affiliate, graduate and free student membership. Find out more at www.ahri.com.au/membership.

AHRI is pleased to have the opportunity to endorse this textbook as a key reference for students of human resources. AHRI uses this textbook as one of the required references for our own Certificate IV in Human Resources.

WE'VE GOT YOU COVERED

FREE INSURANCE COVER FOR AHRI PROFESSIONAL MEMBERS

Did you know that HR practitioners can be individually named and penalised in the course of doing their job?

The Australian Human Resources Institute provides cover of up to \$10 million with AHRI ProCover, professional indemnity insurance that is free with AHRI professional membership.

With over 20,000 members, AHRI has a strong impact on the strength and effectiveness of the HR profession. By offering professional development, networking forums, award programs, events, research, publications and more, an AHRI membership provides you with the best resources to start your career in HR.



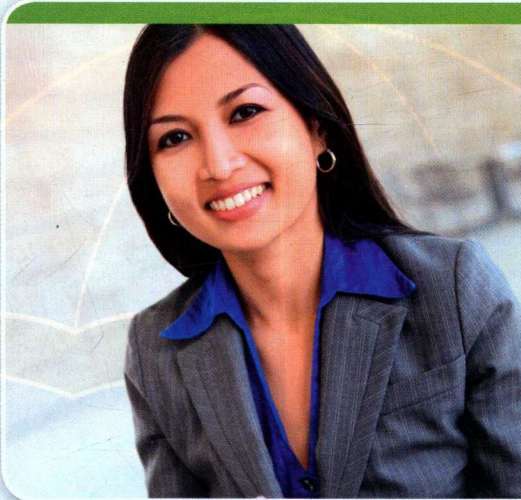
BECOME A MEMBER TODAY. VISIT AHRI.COM.AU/MEMBERSHIP



Disclaimer

The AHRI Professional Indemnity Master Policy (AHRI ProCover) is exclusively available to AHRI professional members, registered as Graduate Member, Member MAHRI, Certified Professional CAHRI, Fellow FAHRI or Life Fellow. Affiliate and Student Members are not covered by this policy and should seek to upgrade if working in an HR function. AHRI ProCover is underwritten by CGU Insurance Limited via Austbrokers Countrywide. Austbrokers Countrywide holds Australian Financial Services Licence No. 244436 under the Corporations Act 2001 to provide General Insurance Broking Services. For full details on inclusions and exclusions of the policy refer to the full AHRI ProCover Policy Schedule on www.ahri.com.au/ahriprocover or email ahriprocover@ahri.com.au.

Human Resource Management has been designed with you, the student, in mind. The following features are included throughout the book to assist you in understanding the dynamic field of human resource management.



and where employees feel that they are recognised and rewarded for their contributions to the organisation.¹

Gaurav Hiray, HR Director, Asia-Pacific, GroupM

LEARNING OBJECTIVES

After studying this chapter, you should be able to:

- Describe the major differences between domestic and international HRM
- Understand some of the key cross-cultural issues dealing with communication, ethics, trust, management style and EEO
- Describe the major challenges faced in international HRM relating to performance appraisal, training and development, remuneration and industrial relations
- Appreciate the major characteristics of HRM in China, India and Japan
- Understand the key factors involved in the management of international assignments.

Learning objectives

Each chapter has its own set of learning objectives. Use these as a checklist after studying each chapter to check your understanding.

'Newsbreak' boxes

Media articles on HRM topics drawn from Australia and the Asia-Pacific region help demonstrate chapter theory.

NEWSBREAK

Facebook and the boss

By Jane Lindhe

It is a moment that every social networker dreads but will undoubtedly face at some point in their career. Your Facebook notification filter is full of colleagues, bosses or employees requesting to be your online 'friend'. In an instant, the border between your personal and working lives has become irrevocably blurred.

A survey of United States firms by recruitment firm Robert Half found that almost half of employers and employees are uneasy about being befriended by the staff they manage or their employees.

The New South Wales Department of Corrective Services recently threatened to sack six prison officers who bagged their bosses on Facebook. Another woman was sacked for updating her status as 'taking a sickie' and labelling her work boring after forgetting that she had added her boss as a Facebook friend.

There are some hard and fast rules that



information their colleagues can view, the director of Robert Half's Australian business, Andrew Brushfield, says. That way, workmates are not offended that their request has been ignored, he says.

"It may seem like a natural extension of amiable office small talk, but think twice

or situations that could affect working relationships."

He says Facebook users should also avoid embarrassing quizzes and joining inappropriate online groups.

EXERCISE

NEWSBREAK



Career planning and development

Peter O'Sullivan is Head of People and Culture at BDO.

In reality, careers often develop with little in the way of planning. For example, in professions or organisations where there are well-established career paths, people may progress through the ranks without understanding or considering the range of career options available to them. In other contexts where career paths are less clear, they may move from one role to the next in a reactive or haphazard fashion, without considering how each role helps equip them for a long-term career goal. This tendency to let careers just happen is reinforced when organisations see career planning and development as the sole responsibility of the employee.

At BDO, we recognise that the best outcomes are achieved for both parties when the organisation supports the employee's career planning. At the beginning of an accountant's career, this usually involves participation in a structured graduate program and supporting the employee through their studies towards their professional qualification. These are formative career years, and the investment by BDO and employee alike is significant.

Like most organisations, BDO has a formal process for performance appraisal and professional development planning, and our process involves six-monthly discussions and the documentation of short-term and long-term developmental and career goals. These discussions are significant signposts in the employee's career, providing the opportunity to reflect on achievements and progress, obtain feedback and seek guidance about future goals and next steps, and discuss ideas and options. In addition, on-the-job appraisal, coaching and mentoring are all important aspects of BDO's approach to career planning and development.

BDO also has a learning and development curriculum that encompasses a comprehensive suite



PRACTITIONER SPEAKS

'Practitioner speaks' boxes

Human resource managers from a variety of industries provide real-world perspectives on chapter topics.

PRACTITIONER SPEAKS



LETTER TO THE EDITOR



The realities of HRM

Dear editor

My HR staff are spending too much time organising social things for staff rather than doing actual work. They are always organising social events like sausage sizzles, decorating cubicles, and other nonsense when they should be managing the company's human resources!

I think our HR department is losing touch with their key responsibilities — training, inductions, and administrative tasks — and instead is focusing on making this a 'fun' workplace. While I don't disagree with having a fun workplace, I do disagree with it being done on work time while the company pays. Our HR team is always organising sausage sizzles for some reason or event and whenever this occurs, the employees inevitably spend much longer in the lunch room, and much less time at their desks. Not only that but the HR staff spend company hours and company money organising these events and to what benefit? Last Easter, they spent hours organising Easter egg packages to hand out to staff and then went cubicle to cubicle delivering them. How is that a productive use of time? And how does that come under their job descriptions?

The role of HR is to advocate for the company, not the staff. They are paid by the company to support the company, not the staff. There are unions available for staff to join to fight for their rights. Anyway, barbecues are hardly fighting for staff rights — they're simply a waste of company time and money!



'Letter to the editor' boxes

These letters provide an interesting viewpoint about chapter issues.



LETTER TO THE EDITOR

'Research flash' boxes

The latest research on contemporary HR issues is provided in each chapter.

RESEARCH FLASH

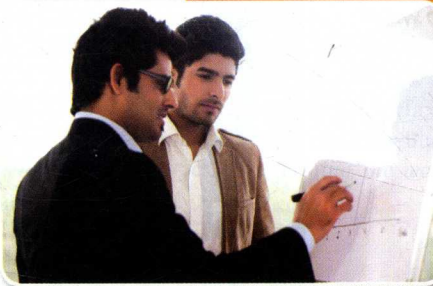


Beauty, culture and selection

This study examines the effects of physical attractiveness on selection decisions in India (collectivistic culture) and the United States (individualistic culture). The US results support the 'beauty is beastly' stereotype, with attractive males receiving the highest ratings and attractive females the lowest ratings. Attractiveness disadvantages US females, who are seen as less qualified, less likely to be hired and more likely to receive a lower pay offer (this is especially so when attractive females apply for jobs stereotypically held by men).

The Indian findings, in contrast, support the 'what is beautiful is good' stereotype. Attractive male and female applicants are both seen to be better qualified, more likely to be hired and more likely to receive higher pay. No differences were evident between male and female raters in their hiring decisions and perceptions of attractiveness.

Source: Adapted by the author from Shahani-Deming, C., Dudhat, P., Tevet, R. and Andreoli, N. (2010) 'Effect of physical attractiveness on selection decisions in India and the United States', *International Journal of Management*, 27(1), pp. 37–51.



After an exhaustive review of the literature, however, Hogan, Hogan and Roberts concluded that '(a) well constructed measures of normal personality are valid predictors of performance in

in universities where research is well below world standards).²⁸ Innovation Minister Kim Carr adds '... it's no coincidence that we have a real problem with management skills in businesses in this country.'²⁹ The Australian Management Practices and Productivity Global Benchmarking Project likewise shows that Australia has one of the lowest proportions of managers with tertiary qualifications.³⁰

Such ferment in training and development and education is symptomatic of the fact that change is necessary if Australia is to have a workforce that possesses the creativity, flexibility and skills necessary for economic survival.

The need for HRD

HRD is an important activity. Today, it is employee know-how that represents a key source of sustainable competitive advantage. Australian organisations, for example, expect their HRD expenditure to improve morale, reduce labour turnover and improve bottom line performance.³¹ Newly hired employees need to be trained to perform their jobs. Existing employees need to acquire new knowledge, skills and abilities. Changes, particularly in technology and organisational restructuring, mean that people and organisations are continually faced with situations that require learning and the exploitation of knowledge.

Business and economic changes

Recession, international competition, tariff reductions, global outsourcing and restructuring are just a few of the dislocating factors affecting organisations today.

Specifically, HRD can be a powerful tool in:

- implementing a new policy

FASTFACT

A recent survey shows that demand for training and development programs in Australian organisations is being generated on an ad hoc basis rather than from strategic considerations linked to the long-term growth of the business.³²

Fast facts

Relevant facts and statistics on various topical issues are regularly highlighted.

HRM and social networking sites

Social networking sites, such as Facebook and LinkedIn, are used increasingly by organisations to highlight themselves as an employer of choice and for the identification of talent and the recruitment of applicants (see also chapter 6 on recruitment).³²

National Australia Bank (NAB) uses an internal social network (available only to NAB employees) to encourage its employees to connect with each other. Employees post their profiles (including photo, personal interests, work experiences and projects they are working on) to develop their personal brand and connect with other NAB employees. Carmel Speer, General Manager Organisational Capability, says 'It's about making it easier for individuals to realise their potential'.³³ Similarly, groups of employees at organisations such as Qantas, Telstra and Westpac have established informal groups on Facebook to discuss work-related matters.³⁴

Many organisations, however, block access to social networking sites, fearing that too much employee time will be spent on networking rather than actually working.³⁵

DOCTOR HR



Dear Dr HR

I believe we should trust our employees to use social media responsibly. My boss disagrees. What do you think?

Evaluating the HRIMS

Data generated by the HRIMS should help the HR manager and line managers to make better decisions. The HRIMS should add value. Otherwise, its costs cannot be justified. Basic evaluation questions that the HR manager should ask include:

- Is the time spent on entering data justified by the accuracy, timeliness and value of the information generated?
- Is the HRIMS response time appropriate?

Doctor HR

Presented in an 'ask the expert' style, these thought-provoking questions bring workplace HR issues to life.

Student study guide

The Student study guide at the end of each chapter provides a wealth of material for both self-study and classroom activities.

Student study guide

KEY TERMS AND CONCEPTS

| | |
|-------------------------------|-------------------------------|
| Acquisition p. 609 | Moving p. 601 |
| Change agent p. 597 | Planned change p. 598 |
| Corporate culture p. 597 | Psychological contract p. 596 |
| Divestitures p. 610 | Radical change p. 598 |
| Downsizing p. 612 | Refreezing p. 601 |
| Employee voice p. 597 | Relationship capital p. 606 |
| Human capital p. 606 | Renewal capital p. 606 |
| Incremental change p. 598 | Restructuring p. 610 |
| Intellectual capital p. 606 | Structural capital p. 606 |
| Knowledge management p. 606 | Unfreezing p. 601 |
| Learning organisations p. 605 | Unplanned change p. 598 |
| Merger p. 609 | |

ACTIVITIES

REVIEW QUESTIONS

1. Outline the key steps in the management of change.
2. Why do people resist change? How can resistance to change be overcome?
3. Acceptance of change means a 'rage to the bottom' for those without marketable skills. Is this fair?
4. Describe the key features of a learning organisation. Which feature do you regard as the most important? Why?
5. Explain what is meant by downsizing. What are the arguments for and against downsizing?
6. What is a change agent? How can HR managers act as change agents?
7. Explain what is meant by knowledge management.
8. What is TQM? What are the major advantages and disadvantages of TQM?
9. What are the advantages and disadvantages of using an internal change agent rather than an external change agent?

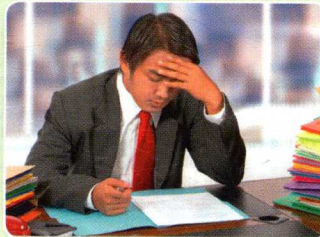
CASE STUDY

NEW PRESIDENT ASIA-PACIFIC FOR OZ INTERNATIONAL

You are vice president of human resources for Oz International, a major Australian soft drinks manufacturer with a small but rapidly expanding business in China, Hong Kong, India, Indonesia, Malaysia, Singapore and Thailand. The president of the Asia-Pacific region, Robert Hawthorn — an astute, aggressive and very successful manager — has just resigned to take up the position of CEO with a major international competitor based in Singapore. Oz International's Asia-Pacific region head office in Singapore is in a state of shock (rumours are already circulating that several other top managers may quit to join Hawthorn). You have been asked by Robert Lee, CEO of Oz International, to nominate three potential replacements (specifying your own favourite) for consideration by the Board of Directors. The appointment to president of the Asia-Pacific region would be a major promotion and significant career move for each of the shortlisted candidates (success in the job would make the occupant the prime candidate to replace Robert Lee in the future). You have decided to write a brief summary of each candidate before making your personal selection.

JOHN CHOW

John Chow is a BBA graduate from Hong Kong University. He is a qualified accountant and holds an MBA degree from the University of Melbourne. His Cantonese, Mandarin and English are excellent. He is 41 years old and is married with three school-age children attending exclusive private schools in Sydney. All children are doing very well at school and have settled well into life in Australia. John has worked for Oz International for seven years and currently holds the position of chief financial officer for Australia and New Zealand. He is very ambitious, and can show he holds up his motto, 'efficiency and



End-of-chapter case studies and end-of-part case studies

A variety of real-world case studies are provided to illustrate HRM theory. Each case study includes questions for analysis



The authors and publisher would like to thank the following copyright holders, organisations and individuals for their permission to reproduce copyright material in this book.

Images

• Shutterstock.com: 3, 61, 95, 234, 305, 521, 629, 707, 795 © Yuri Arcurs; 10, 14, 32, 159, 193, 355, 410, 437, 840 © Dmitriy Shironosov; 52 © corepics; 65 © MAKENBOLUO; 78 © Larisa Lofitskaya; 83 © Steve Lovegrove; 103 © Tom Kl; 104 © samotrebizan; 110, 826 © Odua Images; 116 © risteski goce; 121 © Lee Morris; 124 © yxm2008; 137 © Brian A Jackson; 141 © Gorgev; 149, 207 © AVAVA; 156 © Christin Slavkov Ltd; 163, 210, 337, 397, 635 © wavebreakmedia; 177 © Alexander Raths; 188 © Liudmila P. Sundikova, 2011; 196, 231, 419, 516 © Monkey Business Images; 200 © olly; 242 © Oleg Zabelin; 251, 399, 611, 718, 848 © StockLite; 264 © Rehan Qureshi; 270 © Aubord Dulac; 285 © Gemenacom; 300, 797 © ZINQ Stock; 317 © docent; 334 © Jami Garrison; 347 © Kzenon; 358, 573 © Goodluz; 386 © Blend Images; 390 © Elena Elisseeva; 407 © Dmitry Melnikov; 433, 537 © Konstantin Chagin; 440, 822 © auremar; 453 © Ammentorp Photography; 461 © Christian Lagerek; 465 © Grandpa; 484 © Sergei Butorin; 507 © Andrew Lever; 510 © Andresr; 532 © Olesia Bilkei; 555 © branislavpudar; 595 © Alexander Raths; 603 © Deklofenak; 623 anistidesign; 656 © Sergej Khakimullin; 661 © Lev Kropotov; 666 © criminalatt; 672 © omers; 684 © Kurhan; 691 © CREATISTA; 718 (bottom), 761, 770 © Stuart Jenner; 720 © terekhov igor; 725 © Lee Prince; 748 © Belinda Pretorius; 753 © Stephen Coburn; 763 © paul prescott; 773 © michaeljung; 782 © Stuart Miles; 789 © Adam Gregor; 809 © Michal Kowalski; 816 © Rainer Plendl; 831 © tomas del amo; 843 © BartlomiejMagierowski. • Ray Stone: 26, 28, 35, 62, 63, 71 Asia Pacific Management Co. Ltd. • iStockphoto: 90 © VikramRaghuvanshi; 227 © franckreporter; 455 @ eriktham; 583 © Squaredpixels; 674 © agmit; 777 © YinYang. • John Wiley & Sons, Inc.: 183 Spencer and Spencer 1993, *Competence at work*, John Wiley & Sons, Inc., p. 11; 193 Schermerhorn, Hunt and Osborn 2003, *Organizational behaviour*, 8th edn, © John Wiley & Sons, NY, Reproduced with permission of Wiley USA. • James Gall & Associates: 219 James Gall & Associates/www.jamesgall.com.au. • Newspix: 229 © Newspix/News Ltd/3rd Party Managed Reproduction & Supply Rights/Bill Leak. • Westpac: 480 Westpac Group Annual Review and Sustainability Report 2011/ Copyright Westpac Banking Corporation 2011. • John Wiley & Sons Australia: 500 © John Wiley & Sons Australia/ Photo by Renee Bryon. • Fairfax Syndications (Photos): 541 © Jason South/Fairfax Syndication. • AAP Image: 636 © AAP Image/Paul Miller. • Australian Human Rights Commission: 643. • Wiley Blackwell Publishers: 715 Kossek & Lobe (eds), *Managing diversity: human resource strategies for transforming the workplace*, Blackwell Publishers, 1996, p. 6. Reproduced by permission.

Text

• John Wiley & Sons, Inc.: 5 E. McClean & C.J. Collins, 'High-commitment HR practices, employee effort and firm performance ...', *Human Resource Management*, May–June 2011, vol. 50, no. 3, p. 341. Reproduced with permission from Wiley USA; 829 D. Baker-McCleary, K. Greasley, J. Dale & F. Griffith (2010), 'Absence management and presenteeism: the pressures on employees to attend work and the impact of attendance on performance', *Human Resource Management Journal*, vol. 20, no. 3. • John Wiley & Sons, Singapore: 764 Bucknall and Ohtaki, *Mastering business in Asia: human resource management*, John Wiley & Sons (Asia), 2005. • Copyright Agency Limited: 10 Fiona Smith, 'Mars and Venus in closer orbit', *Australian Financial Review*, 24 April 2012. Reproduced with permission from the author; 65 Geoff Strong, 'Working-class boganism stealing our best and brightest', *SMH*, 16 May 2011. Reproduced with permission from the author; 81 Jason Clout, 'Hints for businesses considering the 457 visa', *Australian Financial Review*, 9 November 2010. Reproduced with permission from the author; 103 Jane Lindhe, 'Facebook and the boss', *BRW*, 1–7 October 2009. Reproduced with permission from the author; 196 Jane Lindhe, 'Lifecycle: John Ballard', *BRW*, 28 January – 3 March 2010. Reproduced with permission from the author; 218 Leo D'Angelo Fisher, 'Honesty the best policy for employers', *BRW*, 18 November – 8 December 2010. Reproduced with permission from the author; 270 Michael Pascoe, 'Weeding out the smokers', *The Age*, 15 December 2011. Reproduced with permission from the author; 271 Jeanne-Vida Douglas, 'How to spot a liar', *BRW*, 21–27 April 2011. Reproduced with permission from the author; 333 Leo D'Angelo Fisher, 'Reviews fail the relevance test', *BRW*, 23–29 April 2009. Reproduced with permission from the author; 455 Jeanne-Vida Douglas, 'Serious fun at work', *BRW*, 17–23 February 2011. Reproduced with permission from the author; 515 Jessica Gardner, 'Perks lift performance, profit', *BRW*, 15–21 September 2011. Reproduced with permission from the author; 554 Matthew Stevens, 'FWA: conflict breeds conflict', *Australian Financial Review*, 22 May 2012. Reproduced with permission from the author; 563 'The changes to Work Choices', *AFR*, 4 November 2005. Reproduced by permission of Australian Financial Review; 611 Fiona Smith, 'Free wheelers: this is your future', *Australian Financial Review*, 15 May 2012. Reproduced with permission from the author; 636 Mathew Dunckley, 'Kelty recalls joy of bargaining', *Australian Financial Review*, 5–6 November 2011. Reproduced with permission from the author; 725 Sarah O'Carroll, 'US workers to fill Australian skill shortage', news.com.au, 2 April 2012. Reproduced with permission from the author; 760 Margot Shave, 'Global workforce has one culture', *Weekend Australian*, 21–22 May 2011; 831

Georgia Wilkins, 'Sick or drunk: Friday is Unaustralia Day', *The Age*, 25 January 2012. Reproduced with permission from the author. • Wesfarmers Limited: 18 Wesfarmers Annual Report 2012, p. 62. Reproduced with the permission of Wesfarmers Limited; 25 Reproduced with the permission of Wesfarmers Limited. • ANZ Bank: 24 ANZ 2011 Shareholder & Corporate Responsibility Review, p. 20. Reproduced with permission; 824 ANZ 2011 Shareholder & Corporate Responsibility Review, p. 28. Reproduced with permission. • Harris Smith & Associates: 78 Source: Harris Smith & Associates, Sydney, Australia. • Ray Stone: 100 Asia Pacific Management Co. Ltd. • Copyright Clearance Center: 101 L.E. Adams, *HR Magazine*. Copyright 1992 by Society for Human Resource Management. Reproduced with permission of Society for Human Resource Management via Copyright Clearance Center; 272 C. Hirschman, *HR Magazine*. Copyright 1998 by Society for Human Resource Management. Reproduced with permission of Society for Human Resource Management via Copyright Clearance Center. • Australian Bureau of Statistics: 179 Creative Commons/From 1220.0 Australian and New Zealand Standard Classification of Occupations (ANZSCO), first edition, 2006. • New Holland Publishers: 217 © New Holland Publishers. • Hardie Grant Magazines: 233 Gabrielle Pollock, 'Working with a disability', *HR Monthly*, August 2011, pp. 20–4. Reproduced with permission from the author and AHRI; 258 Keren Lavelle, 'LinkedIn plugs into the job market', *HR Monthly*, September 2011, p. 9. Reproduced with permission from the author and AHRI. • Office of Equal Employment: 236 'Transition to work' and 'Discrimination & Prejudice', from *Are You Employing Aboriginal Staff?*, Director of Equal Opportunity in Public Employment, 1996, p. 5. Reproduced by permission. • CCH Australia Publishing: 234 Reproduced with the kind permission of CCH Australia Limited from *Age Discrimination: Mitigating Risk in the Workplace*. For more information, see www.cch.com.au. • Robert Spillane: 369 Robert Spillane, 'Definitely Drucker', *AFR Boss Magazine*, March 2008. Reproduced with permission from the author. • Peter Wilson: 410 Peter Wilson, 'Mentoring can be crucial to a woman's career', *Australian Financial Review*, 3 June, 2011. Reproduced with permission from the author. • Westpac: 496 Westpac Group Annual Report 2011. Copyright Westpac Banking Corporation 2011. • John Wiley & Sons UK: 520 L. Holbecke and G. Matthews (2012), *Engaged: unleashing your organization's potential through employee engagement*, San Francisco: Jossey-Bass, p. 220. Reproduced with permission from Wiley UK. • Joe Meissner: 614 © Joe Meissner, *Personnel Journal*, November, 1993. • American Psychological Association: 620 Adapted from J.B. Tracey, I.T. Scott, S.I. Tannenbaum and M. J. Kavanagh, 'Applying training on the job: the importance of the work environment', *Journal of Applied Psychology*, vol. 80, no. 2, 1995. • Brickworks Limited: 664 Reproduced with permission from Brickworks Limited. • Emily Chantiri: 691 Emily Chantiri, 'Healthy Altitude', *BRW*, 23–29 September 2010. Reproduced with permission from the author. • Carolyn Boyd: 794 Carolyn Boyd, 'Over the rainbow', *HR Monthly*, May 2012. Reproduced with permission from the author. • Harry Onsman: 830 © Harry Onsman, 'The secret of a happy office', *BRW*, 11 June 1999. Reproduced with permission from the author. • AMACOM Books: 835 Excerpted by permission of the publisher, from P. Sheibor, 'The seven deadly sins of employee surveys', *Personnel*, vol. 66, June 1989, American Management Association, New York, NY. All rights reserved. www.amanet.org.

Every effort has been made to trace the ownership of copyright material. Information that will enable the publisher to rectify any error or omission in subsequent editions will be welcome. In such cases, please contact the Permissions Section of John Wiley & Sons Australia, Ltd.

PART 1 Introducing HRM 1

- 1 Strategic human resource management 3
- 2 Human resource planning 61
- 3 Human resource information management systems 95
- 4 Human resource management and the law 121
- PART 1 CASE STUDY** 158

PART 2 Determining, attracting and selecting human resources 161

- 5 Job analysis, job design and quality of work life 163
- 6 Recruiting human resources 207
- 7 Employee selection 251
- PART 2 CASE STUDY** 300

PART 3 Developing human resources 303

- 8 Appraising and managing performance 305
- 9 Human resource development 355
- 10 Career planning and development 397
- PART 3 CASE STUDY** 433

PART 4 Rewarding human resources 435

- 11 Employee motivation 437
- 12 Employee remuneration 465
- 13 Employee benefits 507
- PART 4 CASE STUDY** 537

PART 5 Managing human resources 539

- 14 Industrial relations 541
- 15 Managing change 595
- 16 Negotiation 629
- 17 Employee health and safety 661
- 18 Managing diversity 707
- PART 5 CASE STUDY** 748

PART 6 Human resources in a changing world 751

- 19 International human resource management 753
- 20 Managing international assignments 789
- PART 6 CASE STUDY** 816

PART 7 Evaluating human resource management 819

- 21 Assessing HRM effectiveness 821
- PART 7 CASE STUDY** 848

Glossary 850

Name index 864

Subject index 867



About the author xiii
 About the contributors xiii
 Preface xiv
 AHRI student membership xiv
 How to use this book xvi
 Acknowledgements xix

PART 1 Introducing HRM 1

1 Strategic human resource management 3

What is human resource management? 4

● **RESEARCH FLASH** High-commitment HR practices, employee effort and firm performance 5

HRM and management 8

Approaches to HRM 9

● **NEWSBREAK** Mars and Venus in closer orbit 10

The multiple roles of the HR manager 11

Strategic partner 12

HR functional expert 13

Employee advocate 14

● **LETTER TO THE EDITOR** The realities of HRM 14

Agent for change and cultural transformation 15

Talent manager 15

Organisation ambassador 15

Board and senior executive resource 15

Legal adviser 16

HRM activities 16

HRM, productivity and organisation performance 18

Ethical issues and HRM 20

Whistleblowing 20

Strategy 22

What is strategy? 22

Organisational stakeholders 22

Strategic intent 25

What is strategic management? 25

Conflict, politics and strategic change 28

Types of strategies 29

Choosing strategies 31

The need for HRM strategies 31

● **PRACTITIONER SPEAKS** The value of HR strategy 32

The aims of HRM strategies 32

Strategic organisation and strategic HRM objectives 33

Strategic HRM objectives and plans 34

HRM policies and procedures 34

A strategic approach to HRM 35

Assessment of influences 36

Evaluating HRM objectives, policies and practices 40

HRM outcomes and performance 40

Employee engagement 43

The HRM challenge 44

Summary 44

● **STUDENT STUDY GUIDE** 45

2 Human resource planning 61

Human resource planning and strategic HRM planning 62

The importance of human resource planning 62

The purpose of HR planning 63

Scarcity of talent 63

● **NEWSBREAK** Working-class boganism stealing our best and brightest 65

Short-term versus long-term needs 66

Environmental influences and HR planning 66

Globalisation 67

Multigenerational workforce 67

Women in the workforce 69

Academic standards 69

Other environmental influences 70

Approaches to HR planning 70

The quantitative approach 70

The qualitative approach 72

Forecasting human resource availability 73

Forecasting the supply of internal human resources 73

● **LETTER TO THE EDITOR** Too much 'old blood' in the company 78

Factors affecting the external supply of human resources 79

The ageing population 80

● **RESEARCH FLASH** People at work — baby boomers versus generation X 80

Exit management 83

Exit management fairness 84

Exit management planning 85

Exit interview 86

Requirements for effective HR planning 86

Summary 87

● **STUDENT STUDY GUIDE** 88

3 Human resource information management systems 95

Strategic HRM and human resource information management systems 96

Computerisation through the payroll 97

Use of HRIMS 99

The flexibility of HRIMS 100



- **RESEARCH FLASH** HRIMS brings efficiency 101
 - The confidentiality of HRIMS 101
 - Legal and management concerns 102
- **NEWSBREAK** Facebook and the boss 103
- **LETTER TO THE EDITOR** Privacy invasion gone too far 104
- Computerising the HR department: the decision-making process** 105
 - Outsourcing 106
 - Cloud computing 107
 - Resolution of key issues 108
 - Relationship with the information technology department 109
- **PRACTITIONER SPEAKS** Out of your system 109
 - Relationship with other departments 110
 - Hardware issues 110
 - HRM and the internet 112
- Evaluating the HRIMS** 112
- Summary** 113
- **STUDENT STUDY GUIDE** 114

4 Human resource management and the law 121

- HRM and the law** 122
 - Employee or contractor 122
- Sources of legal obligations** 123
 - Contracts 123
 - **NEWSBREAK** Visions of Avalon versus contract realities 124
 - Statutes 129
 - The National Employment Standards (NES) 129
 - Statutory agreements 130
 - **PRACTITIONER SPEAKS** HRM and the law 131
 - Modern awards 132
 - **LETTER TO THE EDITOR** HRM and the law 133
 - Common law 133
- Employee recruitment and selection** 134
 - Discrimination 134
 - The job advertisement and legal requirements 136
 - The job description and the law 137
 - Application forms 137
- Legal issues for HR professionals during employment** 141
 - Occupational health and safety requirements 141
 - Discriminatory treatment of employees 142
 - Statutory benefits 142
- Terminating employees** 143
 - Types of dismissal 143
 - Procedures for dismissal 148
 - Procedures for termination 150
 - The rights of the employee 151
- Summary** 153
- **STUDENT STUDY GUIDE** 154
- PART 1 CASE STUDY** 158

PART 2

Determining, attracting and selecting human resources 161

5 Job analysis, job design and quality of work life 163

- Introduction** 164
- Job analysis** 164
 - Components of job analysis 164
 - Approaches to job analysis 164
 - Job analysis and job design 165
 - When to analyse a job 165
 - The uses of job analysis 167
 - Job descriptions 169
- Collection of job analysis information** 176
 - Common data collection methods 176
- Job analysis techniques** 179
 - ANZSCO 179
 - Evaluation of traditional job analysis techniques 181
- Competency profiling** 181
 - Competency characteristics 182
 - The Behavioural Event Interview 183
 - Criticisms of competency profiling 184
- Job analysis and EEO** 184
- Practical problems with job analysis** 185
- Theoretical criticisms of job analysis** 185
- Job design** 186
 - Methods of job design 186
 - **RESEARCH FLASH** Job specialisation versus job enrichment 188
 - **LETTER TO THE EDITOR** I feel discriminated against 188
 - **PRACTITIONER SPEAKS** Flexible working arrangements 193
- Quality of work life** 194
 - **NEWSBREAK** Flexible work at Mercy Health 196
- Summary** 197
- **STUDENT STUDY GUIDE** 198

6 Recruiting human resources 207

- Strategic recruitment** 208
- **PRACTITIONER SPEAKS** The recruitment function 210
 - Recruitment policy 211
 - Recruitment activities 212
- **RESEARCH FLASH** Corporate image, candidate attraction and web recruitment 213
- Recruitment methods** 213
 - Internal or external recruitment? 213
 - Internal recruitment methods 214
 - External recruitment methods 215
 - Web recruiting 226
 - Social networking sites 227

- EEO and recruitment 229
 - Recruitment of women 229
- **LETTER TO THE EDITOR** Diversity quotas a farce 231
 - Recruitment of people with disabilities 232
 - Recruitment of older workers 233
 - Recruitment of minorities 235
 - Recruitment of Aboriginal Australians and Torres Strait Islanders 236
 - Recruitment of gay and lesbian workers 237
- Evaluation of recruitment 238
- Summary 238
- **STUDENT STUDY GUIDE** 239

7 Employee selection 251

- Strategic selection 252
- Selection policy 254
- Validation of selection procedures 255
 - Validity 255
 - Reliability 257
- Sample selection procedures 258
 - Electronic applications 258
 - Reception of applicants 259
 - Preliminary interview 259
 - The application form 260
 - Tests 262
- **RESEARCH FLASH** Beauty, culture and selection 264
 - Interview 266
- **NEWSBREAK** Weeding out the smokers 270
- **PRACTITIONER SPEAKS** Attracting the right employees 275
 - Medical examination 279
 - Other selection techniques 281
 - The selection decision 284
- **LETTER TO THE EDITOR** Staff who use public transport are unreliable 285
- Summary 286
- **STUDENT STUDY GUIDE** 287
- PART 2 CASE STUDY** 300

PART 3 Developing human resources 303

8 Appraising and managing performance 305

- Strategy, performance management and performance appraisal 306
- Performance management 307
- Performance appraisal 309
 - Performance appraisal objectives 311
- **RESEARCH FLASH** Performance management — an alternative view 313
 - Rater of employee performance 317

- **LETTER TO THE EDITOR** My colleagues don't pull their weight 317
 - Sources of error in performance appraisal 322
 - Major types of performance appraisal systems 326
- **NEWSBREAK** Reviews fail the relevance test 333
- Static and dynamic performance appraisals** 334
 - Characteristics of a dynamic performance appraisal program 334
 - The importance of goal setting in performance improvement 336
- **PRACTITIONER SPEAKS** The performance appraisal record 336
- The performance appraisal record** 337
- The performance review discussion** 339
 - The preparation required for the performance review discussion 340
 - Conduct of the performance review discussion 341
- Performance appraisal and EEO** 341
- Summary 342
- **STUDENT STUDY GUIDE** 343

9 Human resource development 355

- Introduction 356
- The need for HRD** 357
 - Business and economic changes 357
 - Technological changes 358
 - Organisational changes 358
 - Social, legal and other changes 359
- EEO and training and development** 359
- Strategic HRD** 360
 - Trade unions and training 361
- HRD methods and techniques** 362
 - The scope of training programs 362
- **PRACTITIONER SPEAKS** People first, professionals second 364
 - Training beyond immediate job requirements 364
 - A systematic approach to training and development 365
- **RESEARCH FLASH** Need for skills 371
- Orientation** 380
 - The benefits of employee orientation 380
 - The timing of orientation 381
 - Orientation program content 381
 - Formal orientation programs 382
 - Informal orientation 382
 - Orientation packages 383
 - Follow-up 383
- Psychological principles of learning** 383
 - Pre-conditions for learning 383
 - Learner-centred learning 385
- **LETTER TO THE EDITOR** Team-building: a waste of time? 386
 - The learning curve 386
- Summary 387
- **STUDENT STUDY GUIDE** 388

10 Career planning and development 397

The importance of career planning and development 398

HR planning and career planning and development 400

The employee's responsibility 401

The HR department's responsibility 403

Factors in career development 403

● **RESEARCH FLASH** Valid predictors of career success 405

● **LETTER TO THE EDITOR** Gen 'why me?' 406

● **NEWSBREAK** Mentoring can be crucial to a woman's career 410

Career plateauing 412

Dual careers 414

Work-family conflict 414

Outplacement 417

Careers in HRM 417

Job variety 417

Remuneration 418

Working conditions 418

Career preparation 418

● **PRACTITIONER SPEAKS** Career planning and development 419

Accreditation 420

HRM as a profession 420

Professional associations 421

Professional literature 421

Summary 422

● **STUDENT STUDY GUIDE** 423

PART 3 CASE STUDY 433

PART 4 Rewarding human resources 435

11 Employee motivation 437

Strategy and motivation 438

The importance of motivation 438

Management and motivation 439

● **PRACTITIONER SPEAKS** The changing face of motivation 440

Early theories of motivation 441

Scientific management 441

The human relations movement 441

Theory X and Theory Y 441

Content theories of motivation 442

Maslow's needs hierarchy theory 442

Herzberg's two-factor theory 443

Job characteristics theory 444

McClelland's achievement motivation theory 444

Limitations of content theories 445

Process theories of motivation 446

Vroom's expectancy theory 446

Equity theory 447

Goal-setting theory 448

Reinforcement theory 448

Organisational behaviour modification 449

Culture and motivation theories 452

Money and motivation 452

● **LETTER TO THE EDITOR** Where's my promotion? 453

Pay and motivation 453

● **NEWSBREAK** Serious fun at work 455

Summary 456

● **STUDENT STUDY GUIDE** 457

12 Employee remuneration 465

Strategic remuneration 466

Remuneration philosophy 467

Remuneration program objectives 468

Job evaluation 469

Job evaluation systems 469

Which system should be used? 474

Job description 474

Pay surveys 475

Job evaluation and the pay survey 476

Pay structure 477

The pay line or curve 477

Pay ranges 477

The standard range 477

Broadbanding 477

Market posture 478

Selecting a policy pay line 479

Equitable remuneration 479

Pay secrecy 479

Pay compression 481

Gender pay gap 481

Senior executive pay 483

● **PRACTITIONER SPEAKS** Independent information 484

Setting pay rates 484

Relating pay to performance 488

Compa ratio or salary index 488

Performance index 488

The merit grid 489

Pay increases 490

Merit increases 490

Promotional increases 491

General adjustments 491

Automatic progression 492

Blue and red circle pay rates 492

Pay reviews 492

Incentive remuneration 493

● **LETTER TO THE EDITOR** How much unpaid overtime is too much? 494

● **RESEARCH FLASH** Remuneration and employee preferences 495

Summary 497

● **STUDENT STUDY GUIDE** 498

13 Employee benefits 507

Introduction 508

Employee benefits 508

Benefit plan objectives 508

● **LETTER TO THE EDITOR** Are 'perks' real compensation for my time? 509

The growth of employee benefits 510

● **PRACTITIONER SPEAKS** Benefits and employee expectations 511

Fringe benefits tax 511

Flexible benefit plans 512

Types of employee benefits 513

Group life insurance 515

Healthcare insurance 515

Payment for time not worked 515

● **NEWSBREAK** Perks lift performance, profit 515

Workers compensation insurance 516

Term life insurance 517

Total and permanent disability insurance 517

Childcare 517

Parental leave 518

Elder-care 518

Employee assistance programs 518

Preventive health programs 519

Flexible work schedules 519

Miscellaneous benefits 520

Retirement benefits 521

The payment of benefits 522

The rationale for superannuation 522

Types of retirement plans 523

Defined benefit plans 523

Defined contribution plans 524

Employer and employee contributions 524

Current issues in superannuation 524

Retirement age and benefit access 524

The size of benefits 524

Employer superannuation contributions 524

Early retirement 525

Industry superannuation funds 525

Superannuation fund choice 526

Women and superannuation 526

Benefits, change and the future of work 527

Summary 528

● **STUDENT STUDY GUIDE** 529

PART 4 CASE STUDY 537

PART 5

Managing human resources 539

14 Industrial relations 541

Introduction 542

HRM and industrial relations 545

Theory, HRM and IR 547

Approaches to industrial relations 548

The unitarist approach 548

The pluralist approach 548

The radical or Marxist approach 549

Parties in industrial relations 550

Government and industrial tribunals 552

Employer associations 552

Trade unions 552

Union membership 553

● **NEWSBREAK** FWA: conflict breeds conflict 554

● **RESEARCH FLASH** High-involvement management, high-performance work systems and employee wellbeing 557

Industrial relations processes 558

The choice of IR process 558

Advocacy 559

IR legislation 560

The *Workplace Relations Act 1996* 562

Workplace Relations Legislation Amendment (More Jobs, Better Pay) Bill 1999 563

The *Workplace Relations Amendment (WorkChoices) Act 2005* 563

The *Fair Work Act 2009* 564

Fair Work Act review 2012 568

The status of awards 570

A single IR system 570

Fair Work Australia, WorkChoices and management 571

● **PRACTITIONER SPEAKS** Fair Work: have we made progress? 572

Other current IR issues 573

Skill and pay inequalities 573

Minimum wage requirements 575

Penalty rates 577

Guest workers 578

● **LETTER TO THE EDITOR** Why should I pay immigrants the minimum wage? 578

Summary 579

● **STUDENT STUDY GUIDE** 580

15 Managing change 595

Introduction 596

The erosion of trust 597

HRM and change 597

Types of change 598

Planned versus unplanned change 598

Steps in the change process 598

Determining the need for change 598

Determining obstacles to change 600

Introducing change 600

Implementing change 601

Evaluating change 602

Workplace change 602

● **PRACTITIONER SPEAKS** Implementing successful change 603