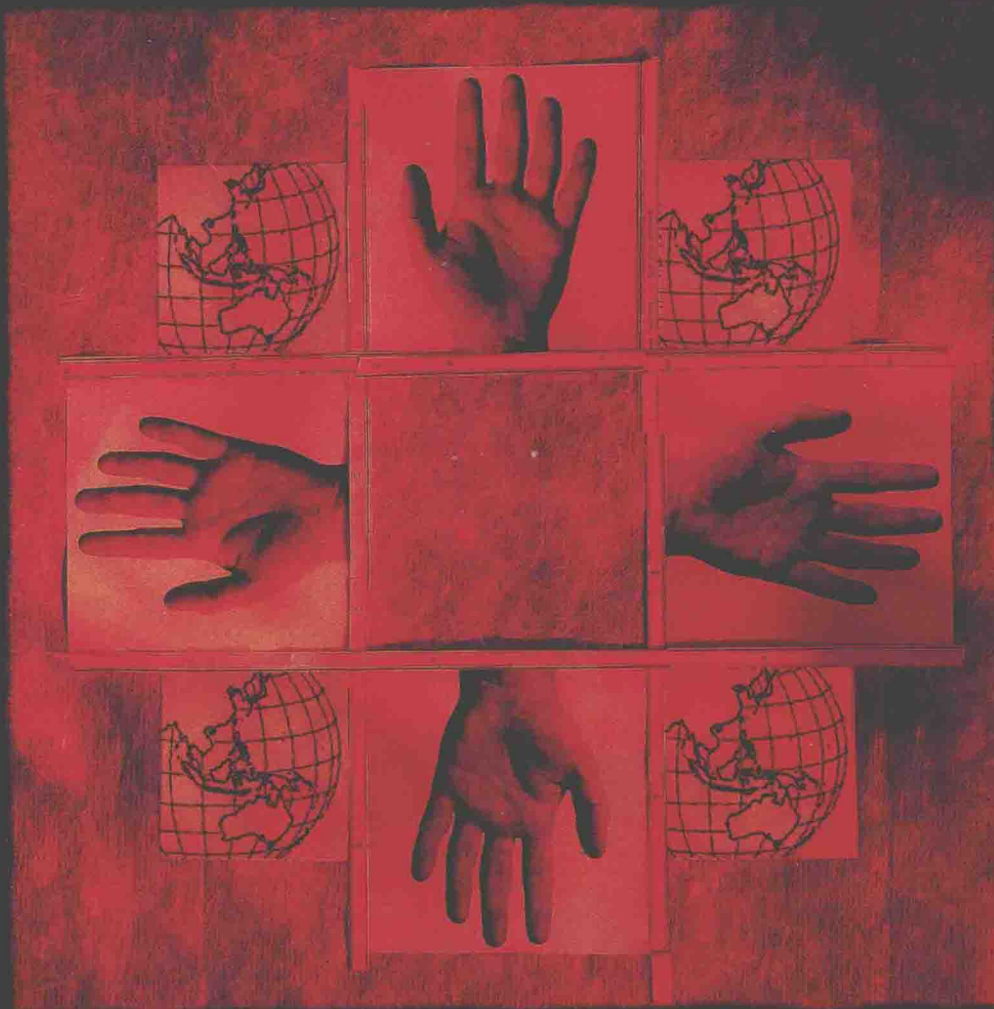


HUMAN RESOURCE MANAGEMENT

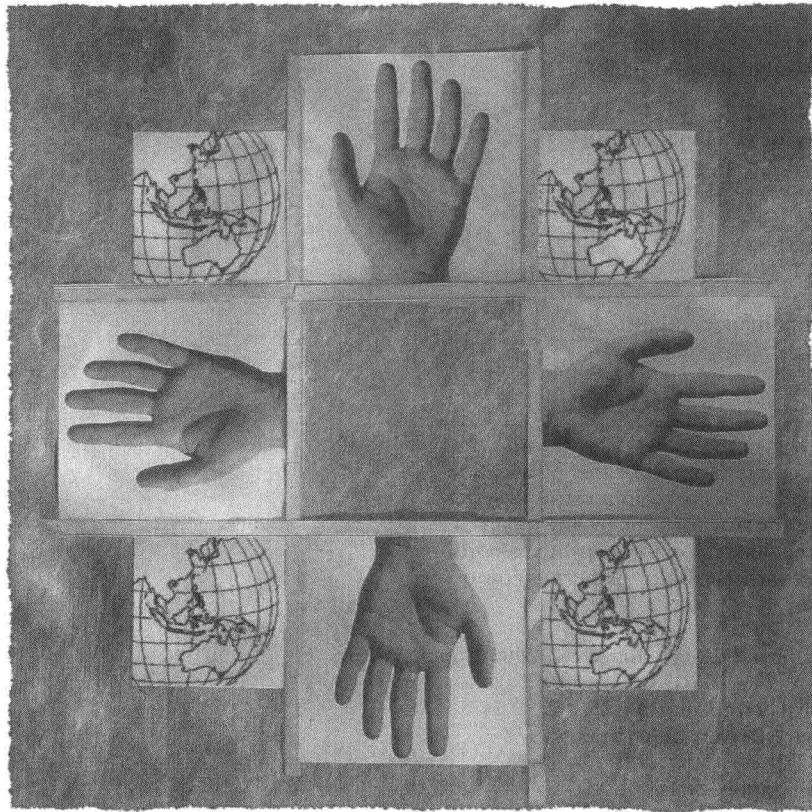


EDITION

FOURTH

RAYMOND J. STONE

HUMAN RESOURCE MANAGEMENT



FOURTH EDITION

RAYMOND J. STONE



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*To
Law King Han*

*To the memory of
Douglas McManus
'One of Port's finest'*



PREFACE

The fourth edition of *Human Resource Management* emphasises a pragmatic approach to the study of human resource management. Common themes running through the book include the linking of HRM to organisational strategic business objectives; HRM's potential to contribute to organisational success and employee wellbeing; the commonality of interests existing between employers and employees; the globalisation of business; and the need for Australian organisations to become internationally competitive.

Every chapter from the third edition has been extensively revised. In addition, there are new chapters dealing with international human resource management and the management of international assignments. Each chapter has added questions and exercises (including Web exercises). The diagnostic model has been revised to provide a more comprehensive means for assessing environmental influences on HRM, demonstrating the link between strategic business objectives and HRM activities and measuring HRM performance.

The chapter material, diagnostic model, review questions, experiential exercises and cases are designed to promote discussions and practical application. Australian and Asian source material, news items, examples and cases have been used extensively to reflect Australia's changing circumstances and to increase the relevance for students and practitioners alike. Objectives are given at the beginning of each chapter. Each chapter ends with a summary, a list of key terms to know, review questions, a diagnostic model exercise, a 'What's your view?' question, a newsbreak exercise, a soapbox survey, an online exercise, an ethical dilemma question, a short case study, practical exercises, online references, suggestions for further reading and end notes. The suggestions for further reading are specifically linked to standard Australian and Asian texts. There is also an extended case study at the end of each part.

The text has been divided into seven parts. Part 1 deals with the context of human resource management including strategic HRM, HR planning, HR information systems and HRM and the law. Part 2 emphasises the importance of meeting the organisation's people requirements through job analysis, job design and the quality of work life, employee recruitment and selection. Part 3 deals with the development of human resources through human resource development, career planning and development, performance appraisal and performance management. Part 4 focuses on employee motivation, compensation, incentives and benefits. Part 5 is concerned with industrial relations, the management of change and workplace relations, negotiating in the workplace and employee health and safety. Part 6 contains chapters on international human resource management and managing international assignments. The concluding section, Part 7, deals with the assessment of human resource management.

Raymond J. Stone



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I extend my thanks to Stella Chow and Hon Yeung Lam (Department of Management) for their cheerful and energetic assistance; and to my research assistant, Elly C. H. Chow, for her enthusiasm and invaluable support. I am especially indebted to the reviewers Cherie and Trevor England (James Cook University, Townsville), Erica French (Queensland University of Technology), Marianne Gloet (RMIT University), Amanda Gudmundsson (Queensland University of Technology) and Graeme Tonks (University of Tasmania, Launceston) for their insightful comments and suggestions.

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

Raymond J. Stone



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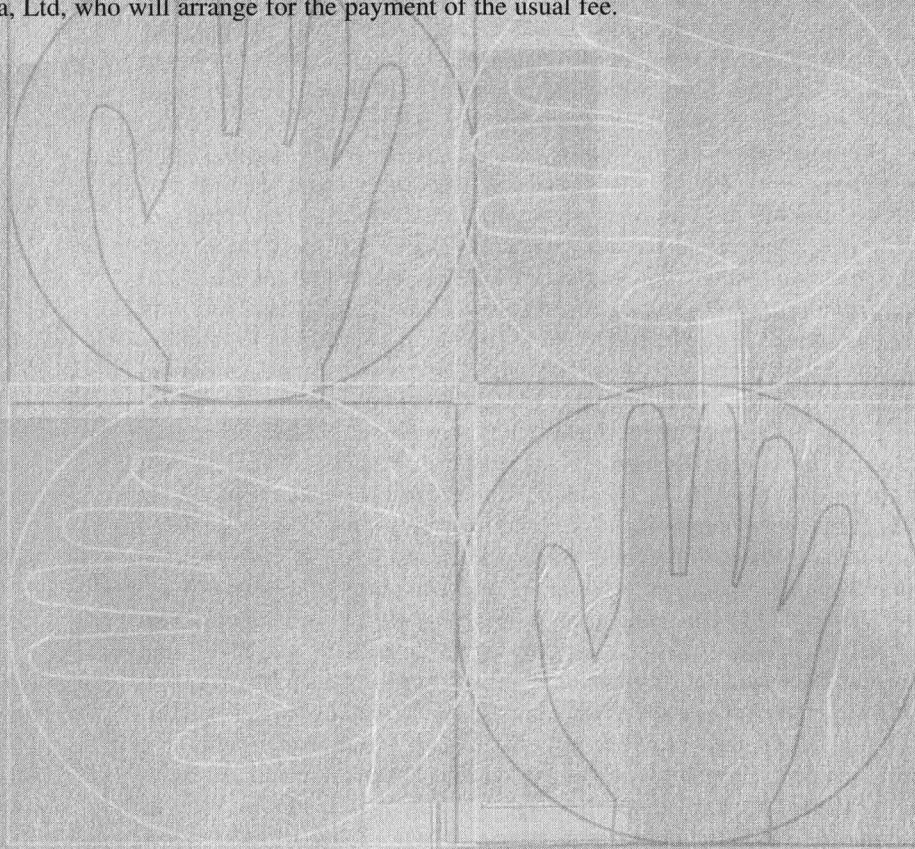




Text

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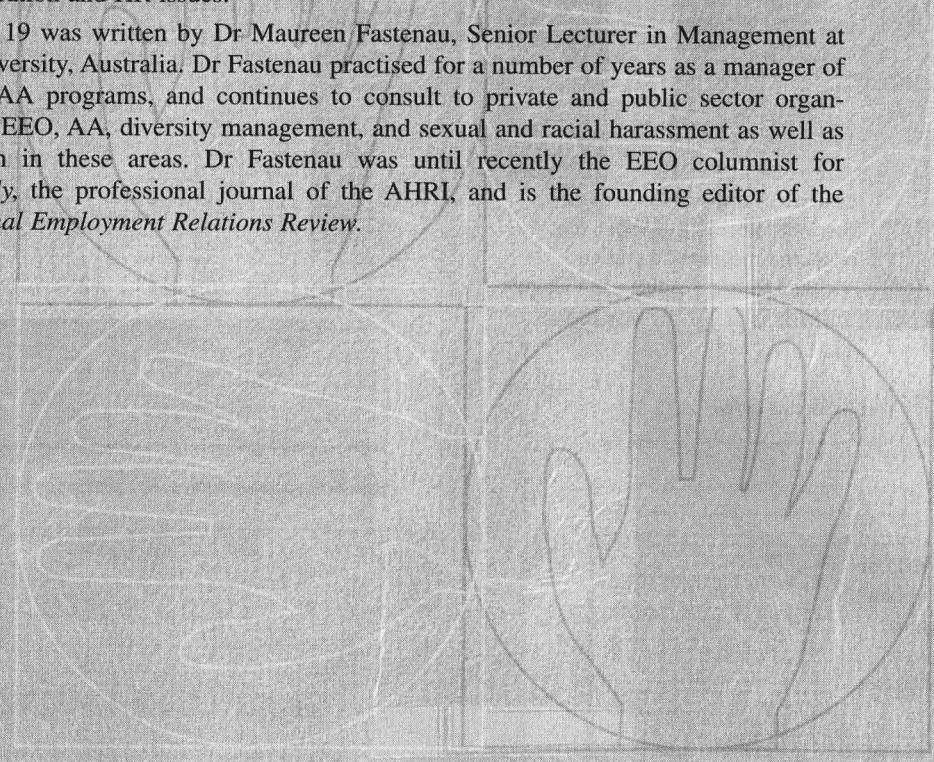


ABOUT THE CONTRIBUTORS

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The original text for chapter 13 was prepared by Graham O'Neill, BA (Hons) (Tasmania), Dip. App. Psych. (Adelaide), FAHRI, MAPS, MACA, Director of Operations, Melbourne, The HayGroup. O'Neill is Editor in Chief of the John Libby and Co. bi-monthly *Reward Management Bulletin*, has edited several books on compensation and human resources and is a frequent commentator and contributor to professional journals on remuneration and HR issues.

Chapter 19 was written by Dr Maureen Fastenau, Senior Lecturer in Management at RMIT University, Australia. Dr Fastenau practised for a number of years as a manager of EEO and AA programs, and continues to consult to private and public sector organisations in EEO, AA, diversity management, and sexual and racial harassment as well as to research in these areas. Dr Fastenau was until recently the EEO columnist for *HR Monthly*, the professional journal of the AHRI, and is the founding editor of the *International Employment Relations Review*.



TERMS TO KNOW

base salary (p. 774)
cost-of-living allowance (COLA) (p. 774)
culture shock (p. 770)
expatriate (p. 759)
expatriate packages (p. 774)
foreign service premium (p. 774)
hardship allowance (p. 774)
home-country national (p. 759)
host-country national (p. 759)
local nationals (p. 759)
orientation (p. 769)
re-entry (p. 773)
repatriation (p. 771)
tax equalisation (p. 775)
tax protection (p. 775)
third-country national (p. 759)

REVIEW QUESTIONS

- How would you select and prepare a manager for an international assignment?
- Which should take priority in expatriate selection — the host country's EEO policies and practices or Australian EEO policies and practices? Why?
- How would you establish an international compensation and benefit program for your organisation?
- What is culture shock? When does it occur? What can be done to reduce its negative effects?
- Many overseas postings fail because the spouse cannot cope with a different culture. How would you plan to minimise the chances of this happening?
- How would you prepare an Australian employee for an assignment to Shanghai? How would you prepare a mainland Chinese employee for an assignment to Sydney?
- What special challenges could face expatriates and their families when transferred to the following places?
(a) Auckland
(b) Bangkok
(c) Beijing
(d) Ho Chi Minh City (Saigon)
(e) Hong Kong
(f) Jakarta
(g) Kuala Lumpur
(h) London
(i) New York
(j) Port Moresby
(k) Shanghai
(l) Singapore
(m) Sydney
(n) Taipei
(o) Tokyo
- What are the main differences in selection for a domestic and international assignment?
- What are the major issues that an organisation should consider before repatriating an expatriate?
- What problems could a dual-career couple face when one partner is offered an overseas assignment?

DIAGNOSTIC MODEL

- Identify and discuss the key influences from the diagnostic model (figure 1.11 on page 26) that have significance for managing international assignments.
- Explain the impact of establishing operations in China or Japan on the acquisition, development, reward and motivation, maintenance and departure of an organisation's human resources.
- Discuss the possible impact of having expatriate employees on commitment, competence, cost-effectiveness, congruence, adaptability, performance, job satisfaction, employee motivation and trust.

CHAPTER 21 MAN

The diagnostic model is provided in chapter 1 and is used as the basis for end-of-chapter questions throughout the book.

Terms to know are bolded in the text at first mention and are defined in the margin, as well as in the glossary at the end of the book.

Review questions are tied closely to the content of the chapter, which allows for self-evaluation.

NEWSBREAK EXERCISE

Read the newsbreak 'Workers want a high-tech edge' members/work colleagues on their use of the computer (the Internet, etc.) and their feelings about being offered nominal charge by their employer. Discuss your findings.

SOAPBOX

What do you think? Conduct a mini survey of class members, using the questionnaire below. Critically discuss the findings.

- | | | |
|---|------------------------------|-----------------------------|
| 1. Managers should be able to access their subordinates' email. | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 2. It is ethical for an employee to surf the Internet during working hours. | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 3. Line managers should have unlimited access to their subordinates' personnel files. | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 4. The company should be legally responsible for all internal and external email communications by employees. | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 5. It is okay to use company email for personal communications. | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| 6. Employee information entered into the HRIS is company property for the organisation to use as it wants. | <input type="checkbox"/> YES | <input type="checkbox"/> NO |

ONLINE EXERCISE

Using the Web, conduct a search for information on commercially available HRIS programs. Prepare an executive briefing paper (1000 words) describing one system, the vendor and purchasing details, examples of companies using the system and your evaluation of the system. Include the Web addresses you have accessed in your report.

ETHICAL DILEMMA

WHOSE EMAIL?

Carol Holstein's face was flushed as she burst into the office of Leo Vitberg, HR Manager for Oz International Ltd. 'It's an invasion of my privacy! That nosy Peter Kizilos has been reading my email. He has read all

DISCUSSION QUESTIONS

- If you were Georgopoulos, what would you do? Why?
- What issues are raised by the General Manager's decision?
- If you were the union representative, how would you justify the use of the 'last on, first off' principle?
- What other issues could arise after it is announced that Wu, and not Spanos, is to be retrenched?
- What ethical issues, if any, are raised in this case?

CASE STUDY

VITO'S PIZZA PARLOUR

Located near the central business district, Vito's Pizza Parlour is a popular eating house. It opens for lunch daily at noon and closes in the early hours of the morning. The restaurant is owned by Vito Igrassia. Family members make up the core of the full-time employees, with students and 'second jobs' taking up the casual and part-time positions. In all, there are 23 workers. The staff are all non-union. Turnover among the non-family members is extremely high, with 90 per cent of part-time and casual employees having less than six months of service.

Business is always hectic, but particularly so on Friday and Saturday nights. On these nights the restaurant is filled to capacity and does not close until 3.00 a.m. Individual waiters are responsible for four tables, each seating four to six people. On a busy night each table can turn over as often as 12 times. As a result, the staff work extremely hard.

Evening part-time and casual staff are given a free meal before they start at 6.00 p.m. They are not able to take another scheduled break until the restaurant closes. At that time, they are provided with coffee, wine and a pizza. Non-family members are paid award rates of pay. All tips have to be placed in a box and are split 50/50 between Vito and the staff.

Given the pressure of work, tempers are often frayed. Consequently, the atmosphere is regarded as stressful and many employees quit after just one or two nights. In addition, Vito publicly disciplines employees when he is in a bad mood or if he does not like an individual waiter. Employees are expected to do as they are told and not to question Vito (or any orders given by a family member). This often creates confusion when a family member instructs an employee to do something that Vito later does not agree with.

One thing that particularly upsets employees is Vito's practice of openly counting the night's takings and boasting how much money he has made. As each waiter serves in excess of 200 customers on a really busy night and average expenditure is \$30 per head, the waiters quickly become disaffected with their pay. After one very hectic night, Tony Cicchetti, a Western University business administration student, tried to discuss his pay with Vito. Vito, furious at the insubordination, fired Tony on the spot.

DISCUSSION QUESTIONS

- What employee needs are not being satisfied?
- If you were Tony, what would you do now?
- As a union organiser, what would you do? How would you approach Vito? What would you say to the casual and part-time staff?
- As an HRM specialist, what recommendations would you make to Vito? How would you convince Vito to adopt your recommendations?

CHAPTER 14. MANAGING CHANGE AND WORKPLACE RELATIONS 603

Each chapter case study supports questions that allow you to apply the concepts and theories learnt in the chapter.

PART THREE CASE STUDY

David Ripley, University of Canterbury, New Zealand

A CHANGE IN APPROACH

Normally one of the latestest and most accurate machines, John was falling behind and had several rejects. His performance appraisal discussion was scheduled for early afternoon and he was concerned about his rating. Jody, his friend in the next position on the line, knew what was going on. She said, 'Come on John, you look like you're going to your execution.'

'I might as well be,' growled John. 'Gloria always seems to come up with something I'm not expecting as a reason for marking me down.'

At 1.00 p.m. John went into Gloria's office. She was seated behind her desk, working on some papers.

'John, take long,' she said. 'John,' she began, 'you've been with us three years at the highest standard. However, your quality of work just hasn't been there with your experience, so I can't rate you any higher than average. You're going to have to improve your quality.' She paused. 'Any questions?' 'You told me I had to focus on getting the product out and that's sure I'm one of the more accurate machines. I don't understand,' product out,' said Gloria, but it goes without saying it has to be high you can't understand that. I don't know how I can make it any clearer! her chair, indicating the meeting was over. 'John,' she said, smiling. 'I'm to you, you can produce the level of performance I'm looking for. Thanks for another performance discussion. He was working smoothly and

at,' she said in mock surprise, 'no panic attack over your performance makes a difference when you at least have a clue what to expect. I filled out my form last night and feel comfortable that I can support my self-rating. Hopefully, my coach and supports will agree.'

'Well, at least it's not Gloria and the bad old days,' Jody said, and they both laughed. At 1.00 p.m. John went into his performance development and review session in the conference room. Max, the coach John had selected, was there, with the two employees he had selected to provide him with feedback (support). These were Jody and Marlene from the downstream team who received John's work. The four people sat down at a table and each produced a team member performance survey.

Max kicked off the meeting. 'John, we'll focus first on your current operational performance and your team behaviours. Our baseline criteria are your specific assignment responsibilities and your key performance indicators, both taken from your role agreement. Then Jody and Marlene can get back to work while you and I take a look at an appropriate development plan for you to cover in the next six months. And remember,' he added with a smile, 'you picked us, so you're stuck with us.'

The group then discussed John's performance. John spoke first, giving his self-assessment of the operational performance categories relating to efficiency, quality and improvement ideas. Each of the others in turn provided their feedback in these areas. The group then followed the same process in discussing John's team behaviours in the areas of open and honest feedback, encouraging and supporting others, and active participation in team/company issues. Examples were provided and there was an opportunity for clarifying questions. While John didn't agree totally with everyone's comments, he had recently participated in the Communicating With Confidence introductory training program and this helped him to listen closely and not react defensively.

PART 7 CASE STUDY 391



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