



DEPARTMENT OF EDUCATION

GRADE 12 BUSINESS STUDIES

MODULE 3 MANAGING PEOPLE



FODE DISTANCE LEARNING



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GRADE 12

BUSINESS STUDIES

MODULE 3 MANAGING PEOPLE

TOPIC 1: HUMAN RESOURCE MANAGEMENT CONCEPT

TOPIC 2: MANAGING FACTORS IN THE HUMAN RESOURCE ENVIRONMENT

**TOPIC 3: PLANNING ACQUISITION AND DEVELOPING THE HUMAN
RESOURCES**

**TOPIC 4: MAINTAINING AND RENEWING EMPLOYMENT AND CHANGE
MANAGEMENT IN HUMAN RESOURCE**

**TOPIC 5: MANAGING EMPLOYEE RELATIONS AND LEGISLATION AND
INSTRUMENTS**

TOPIC 6: INDUSTRIAL CONFLICT AND WORKPLACE RELATIONS

TOPIC 7: IDENTIFYING MANAGEMENT ISSUES

TOPIC 8: DEMOCRATIC APPROACHES TO MANAGEMENT



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We acknowledge the contributions of all Primary Teachers who in one way or another helped to develop this course.

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We also acknowledge the professional guidance provided by Curriculum and Development Assessment Division throughout the processes of writing and, the services given by member of the Primary Section and Academic Committees.

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DIANA TEIT AKIS

PRINCIPAL



Flexible Open and Distance Education
Papua New Guinea

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SECRETARY'S MESSAGE

Achieving a better future by individuals students, their families, communities or the nation as a whole, depends on the curriculum and the way it is delivered.

This course is part and parcel of the new reformed curriculum . Its learning outcomes are student centred and written in terms that allow them to be demonstrated, assessed and measured.

It maintains the rationale, goals, aims and principles of the National OBE Curriculum and identifies the knowledge, skills, attitudes and values that students should achieve.

This is a provision of Flexible, Open and Distance Education as an alternative pathway of formal education.

The Course promotes Papua New Guinea values and beliefs which are found in our constitution, Government policies and reports. It is developed in line with the National Education Plan (2005 – 2014) and addresses an increase in the number of school leavers which has been coupled with a limited access to secondary and higher educational institutions.

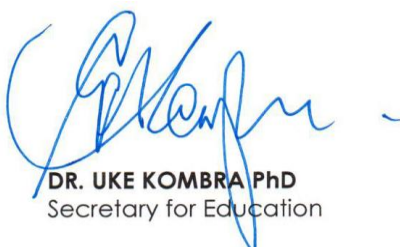
Flexible, Open and Distance Education is guided by the Department of Education's Mission which is fivefold;

- to facilitate and promote integral development of every individual
- to develop and encourage an education system which satisfies the requirements of Papua New Guinea and its people
- to establish, preserve, and improve standards of education throughout Papua New Guinea
- to make the benefits of such education available as widely as possible to all of the people
- to make education accessible to the physically, mentally and socially handicapped as well as to those who are educationally disadvantaged

The College is enhanced to provide alternative and comparable path ways for students and adults to complete their education, through one system, many path ways and same learning outcomes.

It is our vision that Papua New Guineans harness all appropriate and affordable technologies to pursue this program.

I commend all those teachers, curriculum writers and instructional designers, who have contributed so much in developing this course.



DR. UKE KOMBRA PhD
Secretary for Education



STUDY GUIDE

Below are the steps to guide you in your course study.

- Step 1: Start with Topic 12.3.1, study the first sub-topic notes and do the Learning Activities as you go along. Turn to the back of your module to correct the answers of your learning activities
- Step 2: When you have completed the first sub-topic notes, then, you can move on to the next sub-topic. Continue to do the Learning Activities as you go along. Turn to the back of your module to correct the answers of your learning activities.
- Step 3: If you make any mistake, go back to the notes in your module and revise the notes well and try to understand why you gave an incorrect answer.
- Step 4: After completing your 12.3.1, then, complete the Topic Test in the Assessment Book.
- Step 5: Go to topic 12.3.2 and repeat the same process in step 2, 3, and 4 until you complete your second topic. You will also repeat the same process until you complete your eight topics.
- Step 6: After you have completed your eight (8) topics, do also the Module Examination in the Assessment Book.
- Step 7: Check through your Assessment Book, when you are satisfied, then submit your Assessment Book to your provincial centre for marking.

Study Schedule

Here is a Study Schedule. It will guide you to complete your module and its assessment.

WEEKS	TOPICS/SUB-TOPICS	ASSESSMENT	COMMENTS
1-3	Topic 12.3.1 Topic 12.3.2 Topic 12.3.3	Topic 12.2.1 test Topic 12.3.2 test Topic 12.3.3 test	
4-6	Topic 12.3.4 Topic 12.3.5 Topic 12.3.6	Topic 12.3.4 test Topic 12.3.5 test Topic 12.3.6 test	
7-8	Topic 12.3.7 Topic 12.3.8	Topic 12.3.7 test Topic 12.3.8 test	
9		Module examination	
10	Submit your assessment Book 1 to your Provincial Centre for marking		

Remember

As you complete each lesson, tick the box on the content' page. This shows what you have done and what you still have to do in each topic.



Here is a sample Study Timetable for you to use as a guide. Refer to it as a reminder of your study time.

TIME	MON	TUE	WED	THU	FRI
8:00-10:00	F O D E S T U D Y				
10:00-11:00					
1:00-2:00					
2:00-4:00					
6:00-7:00					
7:00-9:00	Listen to or watch current affairs programmes. Write your diary or read a book.				

A timetable will help you to remember when you should be doing your FODE studies each day.

All the best and enjoy your studies with FODE – Business Studies



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MODULE 3 MANAGING PEOPLE

MODULE INTRODUCTION

In this module unit, you will learn the concept of human resource management. After studying this module unit you will develop an understanding of the importance of people as resources to an organisation. This module unit will help you examine related concepts such as job motivation, job design and strategies and procedures used in effective management of people at work. You will eventually realise that the effectiveness of an organisation depends on human resources and how well they are managed.



Learning Outcomes;

On successful completion of this module, students will be able to:

- identify and discuss the role of human resource managers
 - explain strategies used for selection, training and coordination to motivate people to achieve organizational goals or objectives
-



Time Frame

This unit should be completed within 10 weeks.

If you set an average of 3 hours per day, you should be able to complete the unit comfortably by the end of the assigned week.

Try to do all the learning activities and compare your answers with the ones provided at the end of the unit. If you do not get a particular exercise right in the first attempt, you should not get discouraged but instead, go back and attempt it again. If you still do not get it right after several attempts then you should seek help from your friend or even your tutor. Do not pass any question without solving it first.



12.3.1 Human Resource Management Concept

In this unit, you will learn the concept of human resource management, Approaches and Theories of Human Resources Management, and the Role of the Human Resources Manager. It also looks at Job Satisfaction Motivation and Satisfaction, Performance for People and Job Design, Enrichment and Enlargement. As you work through this section, it will give you an insight of the importance of studying Human Resources Management when managing people. This concepts and the whole Human Resource is an important aspect to any business organisation and the society as a whole.



Learning Outcomes;

On successful completion of this module, students will be able to:

- identify and discuss the role of human resource managers
 - explain strategies used for selection, training and coordination to motivate workers to achieve organizational goals or objectives
-



12.3.1.1 Importance of Human Resource Management

Every organization is made up of people, and most of them are workers. People are a major asset to every organization. Therefore, every organization needs to put in place a system of acquiring workers, developing their skills, motivating them and making sure that they stay committed to the organization. This is done through what is called Human Resource Management.

Human Resource Management is the process of binding people with the organization helping both people and organizations to achieve their respective goals. The function of Human Resource Management largely focuses on recruitment, management and providing direction for people who work in an organization. It deals with issues such as pay, hiring, performance management, safety, wellness, employee motivation, communication and training.

Human Resource Management (HRM) is a function which deals with people at work. People, like any other resource, need to be properly managed so that they can contribute effectively to the organization. Their skills, knowledge, values and experiences can be properly coordinated through the human resource function.

The philosophy of Human Resource Management is to acquire the right person for the right position and at the right time. Organizational efficiency depends on the right people doing their part properly. Efficiency means doing the right things at the right time and at minimal cost.

Managing human beings is a challenge. An effective Human Resource Management system will bring out the best in human resources. It enables them to contribute meaningfully and add value to the organization. There are various Human Resource Management policies, practices and processes that are designed to help both employees and organizations to achieve their respective goals.



12.3.1.2 Approaches and Theories of Human Resource Management

Historical theories of management

The field of organisational management has developed over many centuries. As times changed management practices and theory also changed. This general changing trend in history also affected human resource management. Many management philosophers and writers contributed towards this changing field called 'management'. Some of the notable writers of the twentieth and twenty-first centuries whose theories are popular today are Frederic Taylor, Henri Fayol, Max Weber, Mary Parker Follet, Elton Mayo, the Gilbreths, Henry Mintzberg, Douglas McGregor, Victor Vroom and Abraham Maslow, to name a few. Their work covered all fields of management, but many gave prominence to human resources and its management.

Writers with scientific background such as Taylor and Weber concentrated on the efficiency of organising the workplace to achieve a high level of productivity. Others, mostly psychologists and sociologists challenged the scientific theories by claiming and proving that human beings, once taken care of, will contribute towards organisational efficiency.

All theories of management are categorised under two main groups. They are classical management theories and human relations management theories.

1. Classical Management Theories

This group of theories focused mainly on improving efficiency of the work place, productivity and output of labour as well as business as a whole. By managing production efficiency, worker productivity could be completely controlled. Scientific methods of measurement were to create guidelines for the training and management of workers. Rewards were tied to productivity or output.

These theories were, however, criticised because more emphasis was placed on efficiency, production and employee output. In the process human needs and conditions were ignored, leading to worker dissatisfaction and rebellion. The four classical management theories are:

- Scientific management theory – Frederic Taylor (1890–1940),
- Time and Motion Study - Frank and Lillian Gilbreth (1868–1924),
- Bureaucratic management theory – Max Weber (1930-1950),
- Administrative Management Theory – Henri Fayol (1841–1925)

a. Scientific management theory – Frederic Taylor (1890–1940)

Towards the end of the twentieth century, the most notable organisations were large and industrialised. They were corporations that developed out of the Industrial Revolution in Europe, and engaged in ongoing, routine tasks of manufacturing a variety of products for national and international markets. Manufacturers and processing plants began favouring scientific and technical processes, including careful measurement and specification of activities and results.



Figure 3.1: Frederic W. Taylor – Father of Scientific Management.

Frederic Taylor developed the scientific management theory, which promoted the careful specification and measurement of all organisational tasks. Tasks were standardised as much as possible. Workers were rewarded according to their level of productivity. This approach worked well for organisations with assembly lines and other mechanistic and routine processes.

This theory is sometimes referred to as ‘Taylorism’. Some even call it ‘Fordism’ since Henry Ford fully applied the theory at his automobile assembly lines. Henry Ford was one of the early industrialists who recognised the work of management theorists and specialists. By applying the scientific theory his company experienced much growth.

b. Time and Motion Study - Frank and Lillian Gilbreth (1868–1924)

The husband and wife team of Frank and Lillian Gilbreth developed a theory called **‘time and motion study.’** It is regarded as a business efficiency technique combining the work of Frederic Taylor (time study) with their work (motion study). It is a major part of scientific management. After its first introduction, time study developed in the direction of establishing standard times, while motion study evolved into a technique for improving work. The two methods were later combined and refined into an accepted method to improve and upgrade work systems. This integrated approach to work system is known as **‘methods engineering.’** It is applied today to industrial as well as service organisations, including banks, schools and hospitals.

c. Bureaucratic management theory – Max Weber (1864-1920)

A German national named Max Weber came up with his theory called bureaucratic management theory. His work complimented the scientific management theory of Taylor and others. He focused on the theme of rationalisation, rules and expertise for an organisation as a whole. Weber’s theory also focuses on efficiency and clear roles in an organisation. He maintained that management in an organisation should run as effectively as possible with as little bureaucracy as possible.

Weber focused on dividing organisations into hierarchies, establishing strong lines of authority and control. He suggested that organisations develop detailed, standard operating procedures for all routinized tasks. His theory set the foundation of



bureaucracies which are still active today in organisations. Bureaucracy means the creation of units and hierarchies with strong lines of control, communication, organisation and delegation. His theory is still practiced today in every organisation.

d. Administrative Management Theory – Henri Fayol (1841–1925)

Henri Fayol, a French Engineer also contributed towards the field of management in a big way by making popular the four functions of management: planning, organising, controlling and leading. His elements of management complimented the management ideas of Weber. His work focused on the efficiency of workers, but he looked at it from the management perspective. He focused on improving management efficiency rather than on improving an individual worker's efficiency. The four functions are still performed today by all organisations, big and small alike. They form the basis of all management functions.

Taylor, Weber, Fayol and others who shared similar ideas or theories failed to recognise the plight of the human workers in these large manufacturing plants. Their study of management concentrated on the efficiency of the work place but not the social and emotional needs of the workers. That is why other management theorists criticised them for not taking into account the needs, desires and even errors of humans at the work place.

Human Relations Theories (1920 – Today)

The human relations movement was a response to the lack of proper care for workers and their working conditions. Eventually, unions and governments reacted to the rather inhuman effects of the scientific management theories. Through the work of psychologists and sociologists such as Mary Parker Follett and Abraham Maslow, organisations began to change their attitude towards workers. More attention was given to individuals and their unique capabilities in the organisation. The underlying belief was that the organisation would prosper if its workers were kept happy or motivated. The five human relations theories are:

- Behavioural Sciences, Organisational Theory - Mary Parker Follett – 1868 – 1933,
- Hierarchy of Needs - Abraham Maslow (1908 – 1970),
- Theory X and Theory Y - Douglas McGregor (1906 – 1964),
- Needs Theory – David McClelland (1917 – 1998)

a. Behavioural Sciences

Theories developed by psychologists and other behavioural scientists are commonly referred as '**behavioural sciences**'. Sometimes called the human relations perspective, this theory looks at management from the workers' perspective. It began in the 1920s with theorists such as Elton Mayo, Abraham Maslow, and Mary Parker Follett.

The Hawthorne studies were an important start to the behavioural perspective of management. These were a series of research studies conducted by **Elton Mayo** and a team of researchers at the Hawthorne plant of the Western Electric Company. The Hawthorne studies found that workers were strongly motivated by psychosocial factors than by financial or economic incentives. Psychosocial means both the emotional and social aspects of something, or relating to something that has both of these features.

Behavioural sciences played a strong role in helping to understand the needs of workers and how the needs of the organisation and its workers could fit together. Various new theories were hatched, many based on the behavioural sciences.

b. Organisational Theory - Mary Parker Follett – 1868 – 1933

Mary Parker Follett, an American social worker and management consultant was a pioneer in the fields of organisational theory and organisational behaviour. She also believed that informal systems within the organisation are as important as formal systems.

Follett also promoted the idea of 'reciprocal relationships' in the context of interpersonal relationships. She also supported the principle of 'integration' or non-coercive power-sharing based on the use of her democratic concept of 'power with' rather than 'power over.'

Follett contributed greatly to the win-win philosophy. Her approach to conflict was to embrace it as a mechanism of diversity and an opportunity to develop integrated solutions rather than simply compromising.

Her writings supported modern ideas under participatory management such as decentralised decisions, integrating role of groups, and competition authority.

c. Hierarchy of Needs - Abraham Maslow (1908 – 1970)

Abraham Maslow created his '**hierarchy of needs**' theory, which showed that workers were motivated through a series of lower level to higher level needs. This theory has been applied to the workplace to better understand 'soft' factors of employee motivation such as goal setting and team involvement in order to better manage employees.

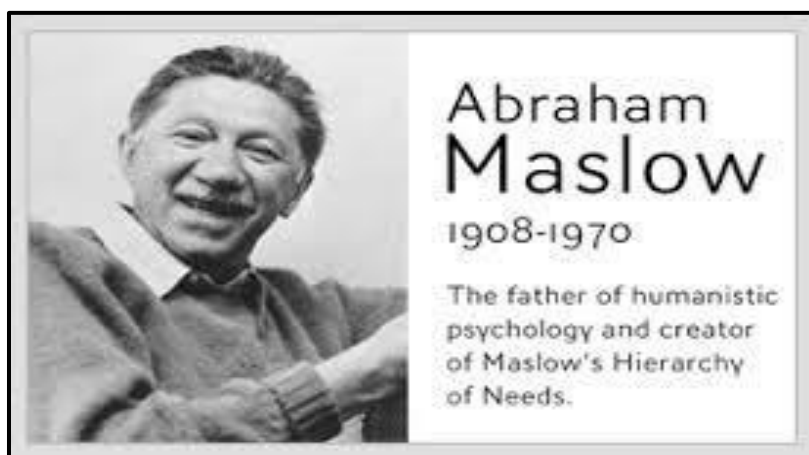


Figure 3.2. Abraham Maslow.

Maslow's theory is further explained later in this module.

**d. Theory X and Theory Y - Douglas McGregor (1906 – 1964)**

Douglas McGregor's **Theory X and Theory Y** is all about managers' perception about their employees and how employees react to these perceptions. In Theory X, managers assume workers are inherently lazy and therefore they micromanage. In Theory Y, managers are freer and allow workers more freedom in their work. McGregor's theory of management is an example of how behaviour management theory looks more into the 'human factors' of management. It encourages managers to understand how psychological characteristics can improve or hinder employee performance.

c. Needs Theory – David McClelland (1917 – 1998)

The U.S. psychologists, David McClelland proposed his needs theory which is also known as the '**Three Needs Theory**.' His theory explains how the needs for achievement, power and affiliation affect the actions of people from a management's point of view. This theory was developed in the 1960s, soon after Maslow's hierarchy of needs in 1940s.

McClelland stated that every human being has three (3) types of motivation regardless of age, sex, race, or culture. All human beings are motivated by their individual life experiences and opinions of their culture.

1. People prefer working on tasks of moderate difficulty in which the results are based on their effort rather than anything else. They prefer to receive feedback on their work. This personality type is motivated by accomplishments in the workplace and employment promotions. This is called the 'need for achievement.'
2. People who have a need for affiliation prefer to spend time creating and maintaining social relationships, enjoy being part of a group and have a desire to feel loved and accepted. This person dislikes competition and situations with high risk and high uncertainty. This is called the 'need for affiliation.'
3. People who have a need for power enjoy work and place a high value on discipline. They enjoy status recognition, winning arguments, competition and influencing others. This is called 'the need for power.'

Human Resources Management and Management Theories

For the long term survival of an organisation Human Resources Management must be included in the organisation's planning process. It also requires that Human Resources Management be looked at alongside other functions such as finance, operations, production and marketing. All these major functions form the core of an organisation and allow for its successful operation.

Given its significance or importance, Human Resources Management must always be taken seriously by any manager. A manager must develop good Human Resources Management plans, policies and procedures to make the labour force more productive. Listed below are some practical ways of incorporating Human Resources Management policies into the organisation's overall corporate plan.



- Inclusion of a brief summary of the firm's basic Human Resources Management policy into its mission statement
- Clearly stating how employees fit in with a firm's strategies and major new projects
- Designing organisational structures to suit the needs of employees and
- Invite the Human Resources manager to all major Board of Directors' Meetings.

Human Resource managers are expected to contribute to productivity and quality improvement. They are also required to possess creative thinking, leadership and the development of corporate skills. Therefore, modern Human Resource managers must be multi-skilled and smarter to cope with their increased roles in a constantly changing workplace.



12.3.1.3 Role of Human Resource Manager

A Human Resource manager performs the basic functions of management. The management theories covered in the previous section help a Human Resource manager to better understand the work place and manage it well. By developing a better understanding between classical and human relations theories, a Human Resource manager can practice the right styles to achieve higher levels of output without affecting the interest of the workers.

All roles performed by the Human Resource manager can be grouped under two categories: overseeing department functions and managing employees. For this reason, a Human Resource manager must be well-versed in each of the following human resources disciplines.

- Compensation and benefits
- Training and development
- Employee relations
- Recruitment and selection

Core competencies or strengths required of human resource managers are;

- solid communication skills.
- decision-making capabilities based on analytical skills and critical thinking.

Overall Responsibilities

Human resource managers have strategic planning and functional responsibilities. A Human Resource manager has the expertise of a generalist combined with general business and management skills. In large organisations, a Human Resource manager reports to the human resource director or executive. In smaller companies, Human Resource managers perform all of the department's functions or work with a Human Resource assistant that handles administrative matters. Discussed below are the roles and responsibilities of Human Resource Management.

1. Compensation and Benefits

Human resource managers provide guidance and direction to compensation and benefit specialists. They develop compensation plans, align performance management systems with compensation structures and monitor employee benefits schemes. Examples of human resource manager responsibilities include monitoring worker leave and compliance with specific Acts or laws. They also ensure that the right wage and salary rates are applied to various categories of workers.

2. Training and Development

Employee training and development includes orientation of new staff, leadership training and professional development programs. Human Resource managers assess needs to determine when training is necessary and the type of training necessary for workers. They evaluate overall employee performance to decide if the workforce would benefit from additional training and development.



Human Resource managers play an important role in implementing employee development and succession planning based on training and professional development. Human Resource managers devise career tracks for employees who display the aptitude or fitness and desire for upward movement in the organisational structure.

3. Employee Relations

The Human Resource manager is responsible for preserving the employer-employee relationship by designing an effective relationship strategy. An effective employee relations strategy contains specific steps for the overall well-being of employees. It also ensures that employees have a safe work environment free from discrimination and harassment.

Human Resource managers may also provide legal counsel in risk mitigation or reducing and lessen activities and litigation lawsuits concerning employee relations. An example of risk mitigation activity is an examination of current workplace policies for the purpose of minimising employee complaints due to misinterpretation or misunderstanding of company policies.

4. Recruitment and Selection

Human Resource managers develop strategic solutions to meet workforce demands and trends. A Human Resource manager is primarily responsible for decisions related to corporate branding as it relates to recruiting and retaining talented employees. For example, a Human Resource manager in a health care firm might use her knowledge about nursing shortages to develop a strategy for employee retention, or for maintaining the current staffing levels. The strategy might include developing an incentive program for nurses or providing nurses with cross-training so they can become certified in different specialities to become more valuable to the organisation.

Corporate branding means promoting the organisation as an employer of choice. Human resource managers responsible for this usually look at the recruitment and selection process. They also study the compensation and benefit scheme to find ways that can appeal to highly qualified applicants.

12.3.1.4 Motivation, Satisfaction, and Performance for People and Work

Motivation, Satisfaction and Work

Motivation is the process of causing or instigating employees to act positively to achieve business goals. But it is not as easy as it sounds. Many managers continue to face the challenge of motivating workers to perform their best for the organisation. Poorly motivated employees can cause many customer complaints and the loss of future customers. Well-motivated workers can perform and achieve good results for the organisation.

Worker pay is the most basic form of motivation. Workers who believe they are underpaid will reduce their efforts or seek a new job. Many organisations use the performance-based pay as a motivating tool. Specific examples include: piece-rate pay (payment per item produced), commission-based sales, wages incentive schemes, and profit-sharing plans. Although real evidence is unclear, such motivational styles lead to improved financial returns for the organisation.



Figure 3.3. Motivated Workers are Important to Organisational Success.

Other ways which are believed to improve employee motivation include:

- allowing employees to work flexible hours,
- involving employees in decision-making,
- providing workers with an opportunity to purchase company shares (equity), and
- ensuring that reward systems match individual needs.

For employees with a high need for personal achievement, the opportunity for job promotion can be a valuable form of incentive.

Incentives and Motivation

The difference between incentives and motivation should be clearly understood. In short, incentives include those things or actions that encourage greater effort and are external

to the worker such as bonus payments, commission, additional holidays and promotion. In other words, material advantages provided by the employer and mostly financial or financial equivalents are examples of incentives.

Incentives arise from outside the individual. They are generally materialistic in nature. Abraham Maslow, a U.S. psychologist developed a set of motivation factors called 'Maslow's Hierarchy of Needs.' This hierarchy of needs is a useful guide for managers when dealing with worker motivation as it explains why people behave in certain ways.

Motivation is the reason or purpose for doing something. It springs from within a person. It is related to attitude and self-discipline. Management can achieve this by encouraging staff to develop a personal connection with the organisation. In addition, management can establish positive work practices that give greater job satisfaction. Japanese workers have achieved this standard. They show greater loyalty to their employer. Motivation derives from the worker's own attitudes. It is encouraged by good workplace relations, status, personal initiative and, participation of workers in management decisions affecting their jobs and working environment.



Figure 3.4. Success at work can be a strong source of staff motivation.

Maslow's Theory of Motivation

Abraham Maslow developed one of the most widely accepted theories. called 'Maslow's Hierarchy of Needs', it was based upon a range of human needs. His theory has three assumptions:

1. Human needs are never completely satisfied,
2. Human behaviour is purposeful and is motivated by the need for satisfaction, and
3. Needs can be classified according to a hierarchical structure of importance, from the lowest to the highest.

According to Maslow, all human needs come under five specific areas:

1. Physiological needs

These are the needs necessary for maintaining basic human well-being, such as food and drink.

2. Safety needs

These are such needs as basic security, stability, protection, and freedom from fear.

3. Belonging and love needs

The need for belonging and love emerges as the individual strives to establish meaningful relationships with other people.

4. Esteem needs

An individual must develop self-confidence and wants to achieve status, reputation, fame and glory.

5. Self-actualisation needs

This is the state of complete satisfaction after achieving all the lower order needs. It means achieving development to the fullest extent of one's potential.

Maslow's theory shows that human beings always look to satisfy their higher order needs. They start from the low order needs and move up gradually. The most basic of all human needs is physiological needs. Maslow stated that a human can only move to the fulfilling safety needs once his or her physiological needs are met. The highest order need is self-actualisation. This stage is only reached when all the lower needs have been successfully met.



Figure 3.5. Maslow's Hierarchy of Needs.

Maslow's hierarchy of needs theory helps managers visualise employee motivation. At least managers know when and how to motivate their employees depending on where the employees fall on Maslow's hierarchy of needs.



Other psychologists such as Douglas McGregor (Theory X and Y) and David McClelland (Needs Theory) also contributed their theories. As a group, psychologists discovered that people work for inner satisfaction and not materialistic rewards alone.

Incentives

When applying incentives the following points must be taken into account.

1. The incentive scheme must be easily understood.
2. The incentive scheme must be fair to all.
3. The incentive scheme must have the willing agreement of all concerned.

There is a direct link between incentives and motivation. Incentives motivate workers, who happily work for the organisation. On the other hand, the lack of motivation can cause frustration and a drop in staff morale and performance.



12.3.1.5 Job Design, Enrichment and Enlargement

Job Design

Job design is the process of deciding on the following aspects;

- Content of a job in terms of its duties and responsibilities.
- The methods to be used in carrying out the job, in terms of techniques.
- Systems and procedures.
- The relationships that should exist between the job holder and his superiors, subordinates and colleagues.

Two important goals of job design are;

- (i) To meet the organisational requirements such as higher productivity, operational efficiency and quality of product/service.
- (ii) To satisfy the needs of the individual employees like interests, challenges and achievement or accomplishment. The ultimate goal of job design is to integrate the needs of the individual with the organisational requirements.

Job Enrichment

Job enrichment is where the worker is involved in other tasks associated with the job. Job enrichment loads the job vertically. That means adding duties and responsibilities that will provide for skill variety, autonomy and feedback on job performance. It tries to deal with dissatisfaction of doing some job over jobs. An example would be to allow the telephone sales order clerk to price and extend orders received and, perhaps, to check credit worthiness of customers.

Under job enrichment, the job becomes more challenging and workers' responsibilities increase. Even their enthusiasm also increases.

The following steps are recommended for designing enriched jobs;

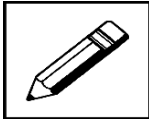
- (i) Creation of natural or logical work units.
- (ii) Combining several duties, requiring various skills into each job.
- (iii) The employee should have direct contact and knowledge about the people for whom the product is meant.
- (iv) Vertical job loading is to incorporate planning and controlling duties into the job.
- (v) Feedback information should be provided to employees to correct and improve their performance.

Job Enlargement

Job enlargement involves the worker performing extended or associated duties apart from his/her core job. It means adding more and different tasks to a specialised job to provide greater variety. This process is called horizontal job loading or horizontal job enlargement. It tackles dissatisfaction and reduces monotony by increasing the variety and scope of tasks. It is aimed at worker satisfaction, quality products, and overall organisational efficiency. It also requires that workers are paid at a higher level because of their increased workload.



An example would be a telephone sales order clerk who is allowed to follow up customer queries and even to see customers who call rather than have these other tasks done by other people.



Learning Activity 12.3.1: Complete the activities given below.

1. Do you think all large organisations should employ a 'psychologist' to provide advice on how to handle workers? Explain your answer.

2. Who was responsible for developing and popularising the 'scientific' management theory?

3. What is bureaucratic management and who was responsible for developing it?

4. Why is it that those people who developed the 'human relations movement' were mostly psychologists?

5. Explain the differences between 'job enrichment' and 'job enlargement'. Provide examples for each of them.

6. What do you understand from Maslow's hierarchy of needs theory?

7. Why is the HRM function important to every organisation?

NOW CHECK OUR ANSWERS AT THE END OF THE MODULE



12.3.2 Managing Factors in the Human Resource Environment

In this module unit, you will learn the concept of Managing Factors In The Human Resource Environment. After studying this unit, you will develop an understanding of the importance of people as resources to an organisation. This unit will also help you examine related concepts such as Job Motivation, Job Design and Strategies and Procedures used in effective management of people at work. You will eventually realise that the effectiveness of an organisation depends on human resources and how well they are managed.



Learning Outcomes;

On successful completion of this unit, students will be able to:

- identify and discuss the Factors in Managing the Human Resource Environment
 - explain strategies used to influence the economics, the social and legal influence on the organizational of the whole human resource coordination to motivate people to achieve organizational goals or objectives
-



12.3.2.1 Human Resource Environment

1. Internal Factors

The internal environment factors include organisational objectives, policies, structure and the functional areas of the organisation like finance, marketing and production. The internal environment factors frequently affect the Human Resource Management function of the organisation. Therefore, the objectives of Human Resource Management are formulated based on the organisational objectives. Jobs are also designed and analysed based on the organisation's structure.

The HR manager works closely with other functional or line managers in solving their problems through counselling, advising and providing information. Most of the HR problems are linked with the production function of an organisation. However, other areas such as sales and marketing, finance, research and development, Information Technology and production can also experience such problems.

2. External Factors

The influence of external environment on Human Resource Management is as important as the internal environment. People are essentially self-managing. Unlike other resources, workers can manage themselves. People decide on the nature, time and place of their employment and they react to the changing conditions and to the techniques of management. In present-day industries, the relationship between employees and employers is regarded as a partnership. It is a useful way to satisfy economic needs of both the employer and the employee.

The changes in the external environment of an enterprise affect the workers. These changes include technological obsolescence, cultural and social changes and changes in government laws and policies. As a result, the work environment is constantly affected by these factors. Sometimes these changes complicate the work of the Human Resource manager as he or she is faced with new, confusing and often contradictory ideas and situations.

Some notable changes have taken place in the field of Human Resource Management. These are due to changes in technological innovations, increased moral education, government requirements, shifts in the employee roles, changes in the values of the workforce and demands of employers.

12.3.2.2 Economic Influence on human Resource Environment

One of the biggest external influences on human resources is the condition of the current economy. It affects the talent pool that is available for hire. A Human Resource manager must prepare for such situations by knowing what is happening in the local and global economies and create alternative plans for both good and bad economic times.

All economic factors affect the Human Resource function includes,

- Gross Domestic Product (GDP)
- Gross National Product (GNP)
- Money supply
- Capital market
- Competitors
- Customers
- Industrial labour

All these forces influence the wage and salary rates and limits in the country. Growing unemployment also affects the choice for recruitment and selection of employees in organisations.

Economic Growth

The development status or stage of a country affects the quality of labour. Labour quality also depends on education and health services available for its citizens. Understanding the relationship between and among health, education, labour quality and supply, labour productivity and development policies is important to the Human Resource manager.



Figure 12.3.6. One of PNG's many LNG shipments to the world markets in 2015.

Major projects such as this contribute greatly to economic growth. Since the LNG project commenced in 2012, PNG has experienced an average economic growth of between 5 – 7 percent annually. This rate of growth has since slowed down towards the end of 2014.

The Economic Cycle

The demand for labour is determined by the demand for goods and services within the economy. If labour shortages develop during periods of economic growth, such as during a peak or during the expansion phase of the business cycle, employers compete for employees by offering better wages. Unions may use their bargaining powers to demand wage increases, which may then put pressure on costs and prices, creating inflation. During downturns of the economy or recessions, the demand for goods and services falls. Businesses are forced to reduce the size of their workforce (downsize) and halt significant wage increases.

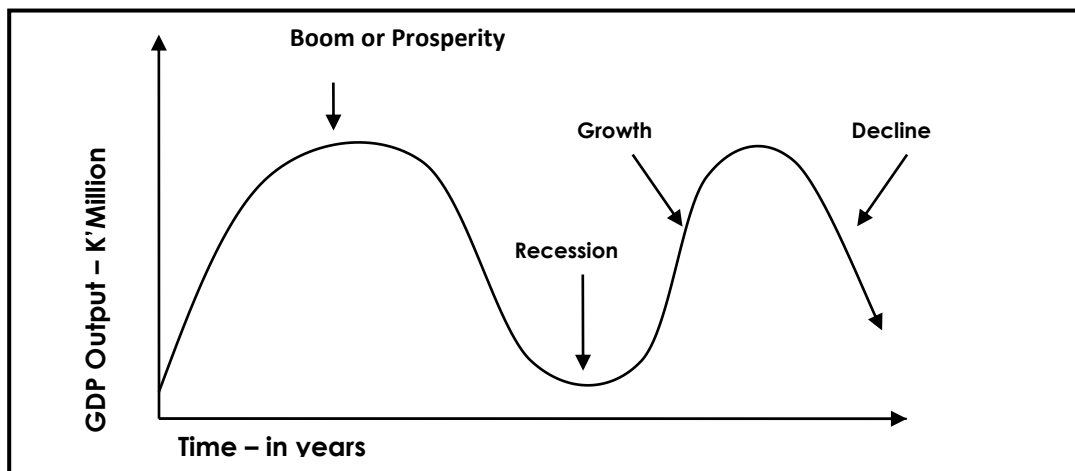


Figure 3.7. The Typical Economic Cycle.

We can conclude from figure 12.3.7, that no economy is static. It is a never-ending cycle. Knowing this trend will help all Human Resource managers and other types of managers.



12.3.2.3 Cultural and Legal Influence on Human Resource Environment

Legal Influences

Every organisation operates in a regulated environment. Therefore, it is vital that Human Resource managers become well-informed of legislation.

Labour laws control benefit programs, government contract work, union relationships and wages or salaries. These laws affect the labour portion of the company's operating budget. Whenever the minimum wages are increased, organisations that rely on seasonal and low-skilled workers feel the impact.

Tax laws could mean added expenses for the employer portion of social security and unemployment compensation taxes. High income taxes reduce consumer demand and force businesses to delay new investments. Revisions to existing laws may create incentives for hiring and training workers that stretch the business's payroll budget.

Regulations may change licensing requirements that can toughen the recruitment process. Such changes can also require the business to grant affected employees leave for testing or study.

Policies contained in employee handbooks must support current employment opportunities and laws. Legislative changes in areas such as background checks and workplace safety affect the hiring process and training and induction programs. Updating and reprinting handbooks, manuals and employee web pages puts a strain on business resources. But these things also help keep the business to be compliant with the law.

Cultural Influences

Culture plays a very important role in the way employees act, communicate, relate to work in teams. Employees come from everywhere with cultural differences. Each worker comes with a specific culture from their family, native place and country. Therefore, human resources management has to cope with these differences. Understanding people means understanding their origins. Only then can the Human Resource manager understand their cultural behaviour and anticipate their future behaviour. Each person comes with a specific culture from their place of origin.

Culture is defined as a mental programming that affects behaviour and thinking. Culture distinguishes the members of a group or category of people. Category of people could mean a nation, region, or an ethnic grouping, a category of age, a social class, an activity section, or an organisational group. Culture also covers a stage of intellectual development of group members; their attitudes, values, norms on which activities and behaviours are based.

Culture is learned, not inherited. It comes from the person's social environment, not from his or her genes. Culture consists of behavioural characteristics that accumulate and are transmitted by abbreviations, jargons, formal and informal communication, clothes, symbols, and others which are recognised only by members of a specific group.



Social Influences

Social means people, communities, groups, society or the public in general. Socialisation comes from the word social, which relates to the way people interact with each other. People in organisations interact regularly. Such interactions influence human resource development and management in organisations.

Socialisation is the process by which people acquire a social identity and learn the way of life within their society. This therefore amounts to the general process of acquiring culture. One agent of socialisation is the workplace. The others include family, school, religion, peer group, media, sports and state. The stability of any organisation depends on the way newcomers to various positions eventually carry out their tasks. It is therefore the task of the HR manager to design a system in which newcomers are easily engaged in the socialisation process.

The impact of socialisation on workers depends on the process of socialisation chosen by the HR manager. Individual workers who are better socialised display characteristics of higher job satisfaction, higher work commitment and loyalty to the organisation.

Socialisation can be either collective or individualised.

1. Collective socialisation involves taking a group of workers and putting them through a common set of experiences like basic training such as, sales training.
2. Individual socialisation involves complex processes such as apprenticeships, internships, on-the-job training and job rotation.

Human Resource managers must decide which of these two techniques will work best in any given situation.



12.3.2.4 Organisational Behaviour on Human Resource Environment

Organisational Behaviour

All organisations are made up of people who choose to work primarily to satisfy at least some of their personal needs. Indeed, everybody works, plays or is educated in an organisation. An organisation is a system of consciously coordinated activities structured to achieve specific goals. Several people work together in an organisation for a common goal. There are tasks that are divided among these people and their work must be coordinated. An organisation has people who are specific tasks to carry out their duties for an organisation to carry out its job.

Organisational behaviour relates to how organisations begin, develop and affect individual members. It is not just human behaviour but structural behaviour, systems behaviour and even policy behaviour. It is also about coordinating activities, predicting events and reaching objectives.

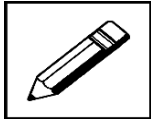
Organisational behaviour follows the principle of human behaviour. Organisational behaviour is human behaviour in a particular setting. The behaviour of an individual in an organisation is determined to some extent by internal and external factors. Thus include learning ability, motivation, perception, attitude, emotions and frustrations. External factors include stress, reward systems, degree of trust, group cohesion, social factors and office policies.

An individual's behaviour cannot be separated from the situation he or he finds himself or herself. For example, a normally calm individual is forced into constant physical aggressiveness with some other people. The behaviour of that individual is therefore a function of interaction between his or her characteristics and other environments.

Organisations are seen as complex systems consisting of interrelated parts. Changes in any one part of the system have consequences on the other parts of the system. Changes that lead to desired results are called functions. Negative outcomes in response to a change in the system are called dysfunctions. Therefore, the behaviour of an individual is borne out of the decisions that have been made in an organisation.

Organisations represent constant interaction between structure and process. To get a job accomplished in an organisation, we need to define who does what. Structures refer to organisational shapes, definitions and rules. It is what binds an organisation together. Process is the sequence of activity in the system. Decision-making, communication, leadership and conflict are few examples of the many processes found within an organisation.

Human beings in an organisation need to be constantly motivated so that they can continue to perform or be productive and stay committed.



Learning Activity 12.3.2: Complete the activities given below.

1. State some differences between a human worker and other business assets that are employed by a firm.

2. What outcomes are likely to occur if the HRM function is not performed properly?

3. How can HRM contribute towards organisational competitiveness?

4. Define the term 'motivation' in your own words.

5. List some ways in which an employer can motivate the workers.

NOW CHECK OUR ANSWERS AT THE END OF THE MODULE



12.3.3 Planning, Acquisition and Developing the Human Resources

In this unit, you will learn the concept of Planning, Acquisition and Developing the human resource management. After studying this unit you will develop an understanding of the importance of people as resources to an organisation. This module unit will help you examine related concepts such as job motivation, job design and strategies and procedures used in effective management of people at work. You will eventually realise that the effectiveness of an organisation depends on human resources and how well they are managed.



Learning Outcomes;

On successful completion of this module, students will be able to:

- identify and describe planning process in employment cycle especially the recruitment, selection and induction into the working environment and going on to the training and development in-order to climb up the ladder of employment in any workplace.
- Apply the knowledge and skills of business management in a practical setting.

12.3.3.1 Planning Process for the Human Resource

Human resource planning has some specific objectives which managers in an organisation aim to achieve. The aim of planning is to firstly recruit and retain the human resources in terms of the required quantity and quality. Once this is achieved, the Human resource manager must think of ways to minimise employees leaving the organisation. This is referred to as '**employee retention**'.

Human Resource planning also covers other key areas such as the impact of technology on the job. Any good Human Resource manager must make adequate forecast of future labour supply and demand and plan to deal effectively with labour shortages.

It is important to assess and maintain friendly industrial relations by minimising the factors which cause industrial unrest. The Human Resource manager must make the best use of its human resources and estimate the cost of human resources. Because it involves cost, the Human resource manager should work closely with the finance division of the organisation to include the cost of the labour force in the organisation's budget. This is a necessary requirement and it must be done annually.

The diagram below is an example of a Human Resource Planning Model.

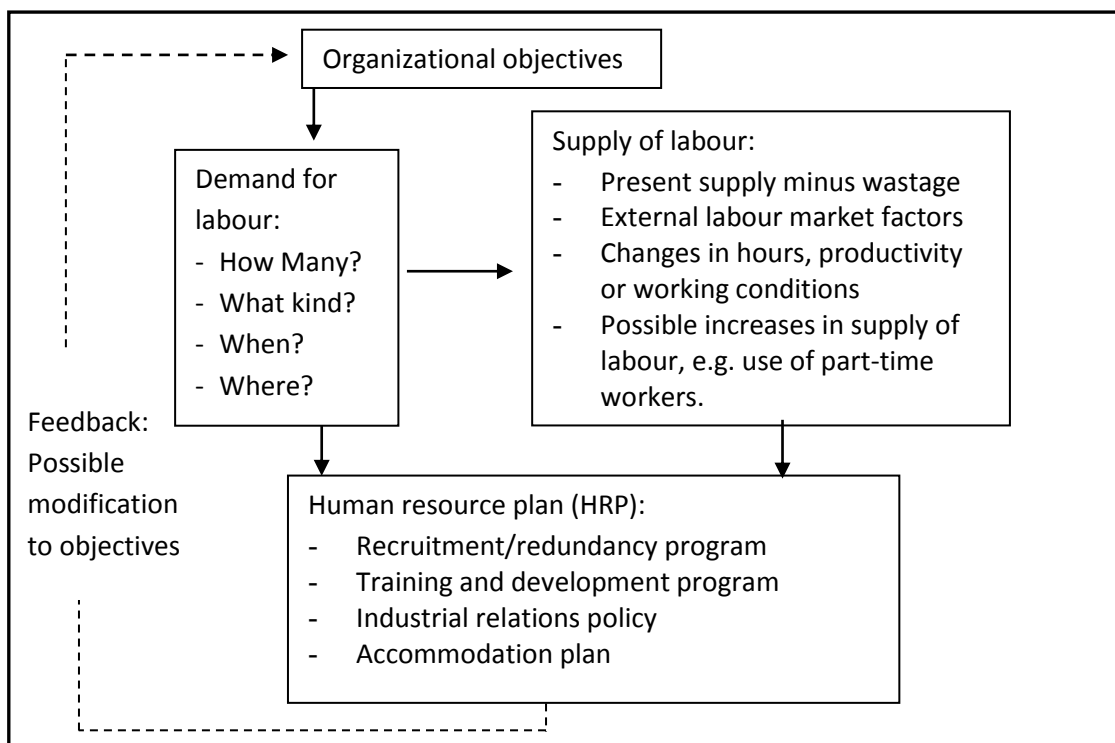


Figure 3.8. The Human Resource Planning Model.

Study the model above and refer to the following points on page 37.



In the model;

1. The organisational objectives relate to human resources of the organisation.
2. The Human Resource objectives determine both present and future human resource needs of the organisation.
3. The demand for human resources can be determined based on the organisational objectives.
4. The Human Resource plan takes into account the supply of labour in the labour market. This will ensure that a realistic plan is developed for the Human Resource needs of the organisation.
5. The next thing is to implement the Human Resource plan. Necessary changes to the organisation's Human Resource objectives can be made during the implementation stage.
6. This is an ongoing model which repeats itself all over again as long as the organisation exists.

The Planning Process

There are some fundamental principles that guide the human resource plan and these are listed below;

- The plan should be as detailed as possible.
- The plan should not extend too far into the future.
- All alternative courses of action should be considered.
- Side effects and implications of the planned actions should be identified.
- Instructions to individuals and departments must be incorporated into the plan.
- The plan should be brief and easy to understand.

When carrying out the Human Resource plan the manager must continuously assess its effectiveness and any likely problems should be noted for correction and improvement.



12.3.3.2 Employment Cycle

The Employment Life Cycle (ELC) is a human resources model that identifies stages in employees' careers to help guide their management. Specific employee life cycle models vary but common Employment Life Cycle (ELC) stages are briefly introduced below. These stages are also shown in Figure 12.3.9 on the next page.

1. **Recruitment:** This stage includes all the processes leading up to and including the hiring of a new employee.
2. **On-boarding:** In this stage, the employee is added to the organisation's identity and access management system. The stage includes ensuring that the employee has access to any applications and systems that are required for his or her job.
3. **Orientation:** In this stage, the employee settles into the job, integrates with the corporate culture, familiarises himself or herself with co-workers and management, and establishes his/her role within the organisation.
4. **Career Planning:** During the planning stage, the employee and management work together to develop objectives and goals. Personality profile assessments are sometimes used in conjunction with an evaluation of the employee's performance to date.
5. **Career Development:** In this stage, the employee matures in his or her role in the organisation. Professional development frequently involves additional training. The challenges in this stage are employee engagement and retention.
6. **Termination or Off-boarding:** In this final stage, sometimes referred to as 'transition,' the employee leaves the organisation. The specific processes are somewhat dependent upon whether the departure is the result of resignation, firing or retirement.

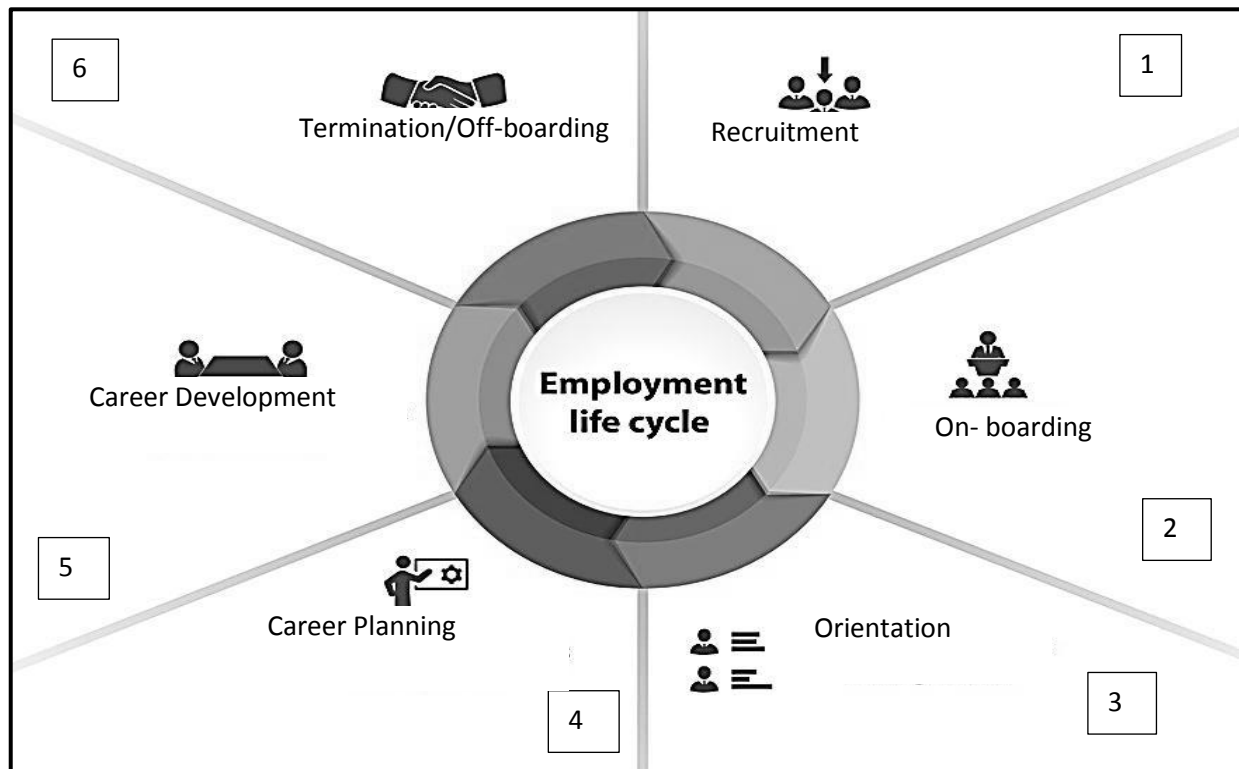


Figure 3.9. The Employment Cycle.



12.3.3.3 Acquisition of Human Resource

Acquisition

The Human Resource Management pillar number one is 'staff acquisition'. The right workers must be brought into the organisation to work. Before the actual hiring of the worker is undertaken the manager or employer must take the following steps;

- undertake job analysis.
- set remuneration and reward structure.
- choose recruitment sources.
- negotiate employment contracts.
- interview and select suitable candidates.

Sources of Recruitment

The two main sources of recruitment for an organisation are:

1. Internal – source of recruitment or acquisition is from within the organisation. There may be qualified personal within the organisation who will be willing to take up the position(s). These can be considered favourably as they already are familiar with the activities in the organisation. Some of them would have been understudies and already have hands on experience on the jobs. The recruitment process here will be short and to the advantage of the organisation.
2. External – source of recruitment or acquisition is from the external environment. When the organisation wants to get the best and qualified personal they will follow this process. It is a very lengthy process because they will have to advertise, go through the listing, informing and acknowledgement of all the applicants, shortlisting 1 and 2, interviews, travels, accommodation expenses and finally engagement.

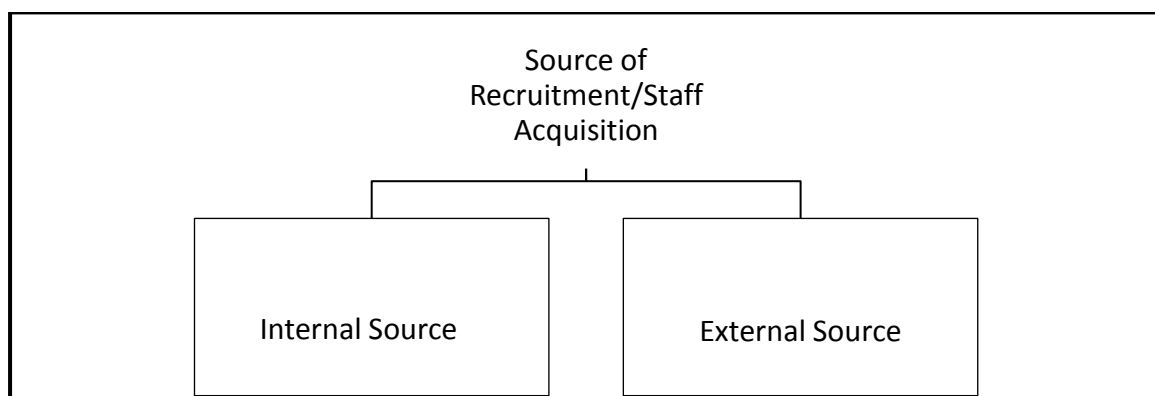


Figure 3.10 Sources of Worker Recruitment.

1. Internal Sources of Recruitment

Best employees can be found within the organisation. When a vacancy arises in the organisation, it may be given to an employee who is already on the payroll. When a higher post is given to a deserving employee, it motivates all other employees to work hard. The employees can be informed of such a vacancy by internal advertisements.



The internal source of recruitment is an important one. However, it cannot be used to fill all vacancies. The internal sources of recruitment are;

- a. **Promotions:** Promotion means to give a higher position, status, salary and responsibility to the employee. The vacancy can be filled by promoting a suitable candidate from the same department.
- b. **Transfers:** Transfer means a change in the place of employment without any change in the position, status, salary and responsibility of employees. A vacancy can be filled by transferring a suitable candidate from within the same organisation.
- c. **Internal Advertisements:** Here the vacancy is advertised within the organisation. The existing employees are asked to apply for the vacancy. Recruitment is done from within the organisation.
- d. **Recall from Long Leave:** The organisation may recall a staff who has gone on a long leave. This is done when the organisation faces a problem which can only be solved by that particular staff. After he solves the problem, his or her leave is extended.

2. External Sources of Recruitment

This source provides a good hunting ground for new workers for organisations. All organisations have to use external sources for recruitment when existing employees are not suitable. More people will be needed when the organisation expands its operations.

The external sources of recruitment are:

- a. **Management Consultants:** Management consultants are used for selecting higher-level staff. They act as a representative of the employer and make all the necessary arrangements for recruitment and selection. In return for their service, they charge a fee or commission.
- b. **Public Advertisements:** The Human Resource department of an organisation can advertise the vacancy in a newspaper, the Internet and other media. This advertisement gives information about the company, the job and the required qualities of the candidate. It invites applications from suitable candidates. This source is the most popular source of recruitment because it gives a very wide range of choice. However, it is very costly and time consuming.
- c. **Campus Recruitment:** The organisation conducts interviews in the campuses of colleges, academies, institutes, universities and other educational institutions. Final year students who are soon to graduate, are interviewed. Suitable candidates are selected based on their academic records, communication skills, and intelligence. This source is used for recruiting qualified, trained but inexperienced candidates.
- d. **Recommendations:** The organisation may also recruit candidates based on the recommendations received from existing managers or from the same industry.

- e. **Deputation Personnel:** The organisation may also recruit candidates who are sent on deputation or mission to understudy someone in another organisation or division of the same organisation.



Figure 3.11. Three of PNG's Premier Universities that supply workers to the national workforce.

Job Analysis

A good understanding of the job is essential. The job must be clearly described so that applicants can be measured against this description. Some important standards must be established as well for the job. These standards will include the minimum acceptable qualifications, skills and qualities required for adequate job performance. Specifying standards requires the knowledge regarding job design, job duties and responsibilities, requirements of the job, human abilities and qualities. Job analysis is needed to know all these functions of Human Resource Management.



12.3.3.4 Recruitment, Selection and Induction

Recruitment and Selection

Recruitment is the process of locating and attracting the right staff for job vacancies. Potential workers are invited to apply for a job vacancy. All applicants are put through a selection process and the most suitable applicant is selected for employment.

Because employment is usually for a long period of time the manager or employer must use the applicants' information to choose the most appropriate person to fill the job vacancy.

Effective recruitment and selection involves;

- a fair selection process and policy.
- evaluating and hiring qualified and motivated job applicants.
- giving applicants their job description and responsibilities.
- using strategies that are aligned with employment relations and the business's needs.
- if the business is seeking to increase gender equity, there should be female representation on the selection panel.

Induction

An induction program is a carefully planned activity aimed at introducing a new employee to the job, supervisors, the co-workers, the organisation and its culture and the human resource department. A well-prepared induction program;

- Gives employees a positive attitude to the job and the organisation.
- 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.

12.3.3.5 Training and Development

Training aims to develop skills, knowledge and attitudes that lead to superior work performance. Development focuses on implementing the skills of the employees to allow them to develop a career with the organisation. The organisation benefits through the employees' experience and knowledge gained through training and development.

Employee training is a specialised function and is one of the fundamental operative functions for human resource development. So managers have to develop the organisation through human resource development.

After an employee is selected he or she must be put through on-going training. This will increase the knowledge and skill of an employee to perform a particular job. It is a short-term educational process that utilises a systematic and organised procedure by which employees learn technical knowledge and skills for a specific outcome.

Training improves and moulds the employee's knowledge, skill, behaviour and attitude towards the job and the organisation. It involves the teaching and learning activities carried out purposely for helping members of the organisation to acquire and apply the knowledge, skills, abilities and attitudes needed by a particular job and organisation. Training bridges the difference between job requirements and employee's present qualifications.



Figure 3.12. Workplace training such as this is very important.

Training is the most important technique of human resource development. No organisation can get a candidate who exactly matches with the job and organisational requirements. Hence, training is important to develop the employee and make him or her suitable to the job.

Job and organisational requirements change over time in response to technological advancements and the emphasis on Total Quality Productivity Management (TQPM). The objective of Total Quality Productivity Management (TQPM) can be achieved only through training, as training develops human skills and efficiency. Organisational efficiency, productivity, progress and development depends on on-going training and development.



Organisational objectives like viability, stability and growth can also be achieved through training. Training is also an important part of management control.

Benefits of Training

There are many benefits of training which can be realised by both the organisation and the workers. The table below presents the key benefits of training for the individual as well as the organisation.

Benefits to the individual employee	Benefits to the organisation
Helps worker to become an effective problem solver	It leads to improved productivity and profit for businesses
The worker learns specific knowledge, skills and attitudes needed by the organisation	It improves the morale of the workforce
The worker becomes motivated and feels recognised and empowered	It helps workers to stay connected with the organisational goals
The worker achieves self-confidence and self-development	It creates a better and positive corporate image
The worker's job satisfaction increases	The organisation becomes effective in terms of decision-making and problem-solving
It provides the worker an avenue for growth in his or her future career development	It helps the organisations to use training as a basis for promotion within
Training eliminates the fear of attempting new tasks	It improves the labour management relations
It prepares the worker for leadership roles later in his or her career	It creates a positive climate for change, growth and communication

Table 3.1: Benefits of Training.

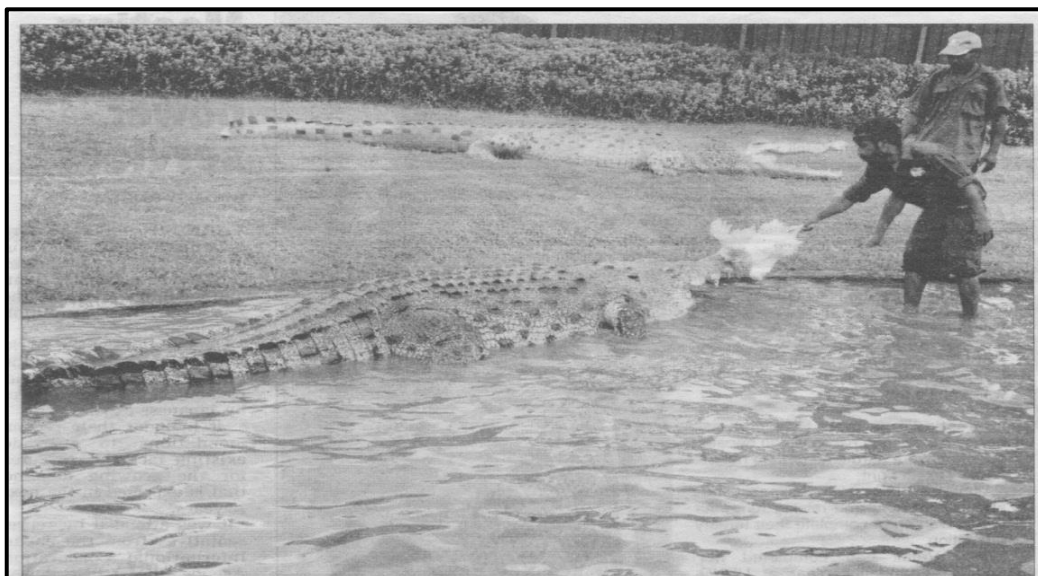


Figure 3.13. Training has helped this man to feed a dangerous crocodile..

Training Methods

As a result of research in the field of training, a number of programs are available. Some of these are new methods, while others are improvements over the traditional methods.

The common training programs used to train operative and supervisory personnel are shown in Figure 12.3.14 below.

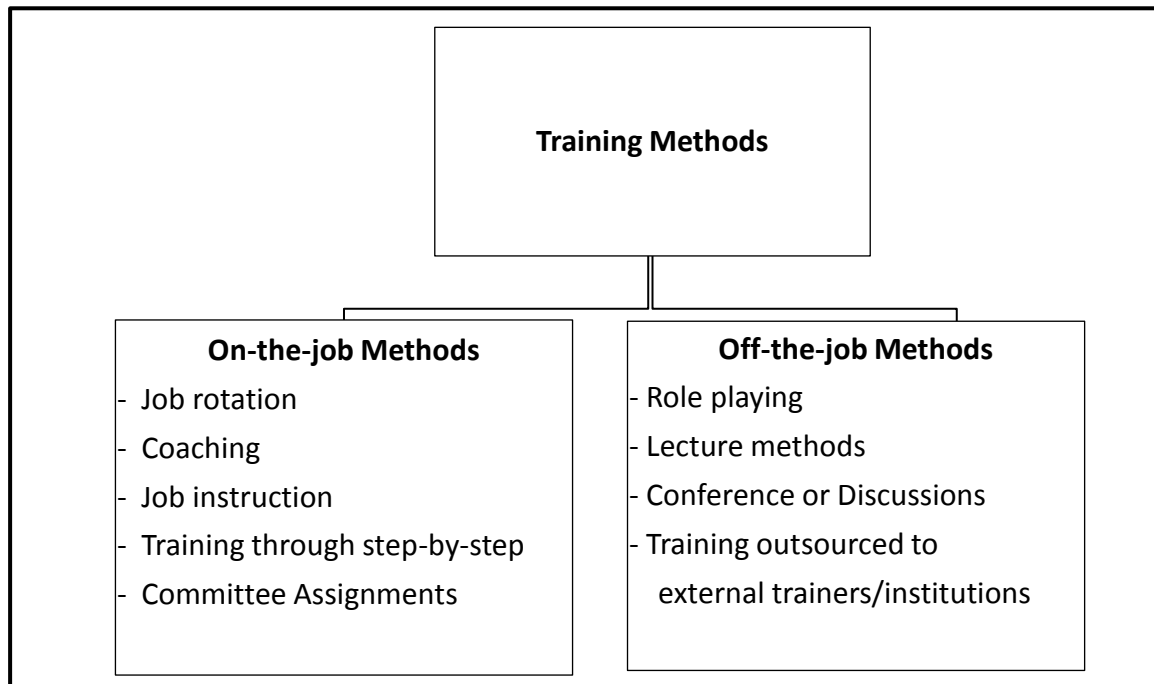


Figure 3.14. Training Methods.

On-the-job Training

This type of training, also known as job instruction training, is the commonly used method. Under this method, the individual is placed on a regular job and taught the skills necessary to perform that job. The trainee learns under the supervision and guidance of a qualified and experienced worker or instructor. On-the-job training has the advantage of giving first-hand knowledge and experience under the actual working conditions. While the trainee learns how to perform a job, he or she is also a regular worker giving the services for which he or she is paid. The problem of transfer of trainee is also minimised as the person learns on the job.



Figure 3.15. On-the-job Training for a Junior Worker Taking Place.

Off-the-job Methods

Under this method of training, the trainee is separated from the job situation and his or her attention is focused upon learning the material related to his or her future job performance. Since the trainee is not distracted by job requirements, he or she can place his or her entire time and concentration on learning the job rather than spending time performing it. There is room for freedom of expression for the trainees.



12.3.3.6 Performance Appraisal

Appraising the performance of individuals, groups and organisations is a common practice of all societies. In some instances these appraisal processes are structured and formally approved. In other instances they become routine tasks.

Performance appraisal is a method of evaluating the behaviour and performance of employees. Performance refers to the degree of accomplishment of the tasks that make up an individual's job. It indicates how well an individual fulfils the job demands. Performance is always measured in terms of results and not efforts. In order to find out whether an employee is worthy of continued employment or not, an appraisal is needed.

A performance appraisal is also needed to determine whether a worker should receive a bonus, a pay rise or promotion. Properly conducted, performance appraisals provide a feedback to employees of how well they are performing. It also influences the employee's future level of effort, activities and results.

Appraisal reviews are usually categorised into three types:

- Performance reviews – analysis of employees' past successes and failures with a view to improving future performance,
- Potential reviews – assessing subordinates' suitability for promotion and/or further training,
- Reward reviews – for determining a pay rise. It is a well-established principle that salary assessments should be carried out well after performance and potential reviews have been completed.

Content of Appraisal

Every organization has to decide upon the content to be appraised before the program is approved. Generally, content to be appraised is determined on the basis of job analysis and may be appraised may be in the form of contribution to organizational objectives like production, cost-saving and return on capital. Other objectives are based on: behavior which measures observable physical actions or movements,

- objectives which measure job related results, and
- traits which are measured in terms of personal characteristics observable in employee's job activities.



Content to be appraised may vary with the purpose of appraisal, type and level of employees. Given below is a general list of some contents to be appraised.

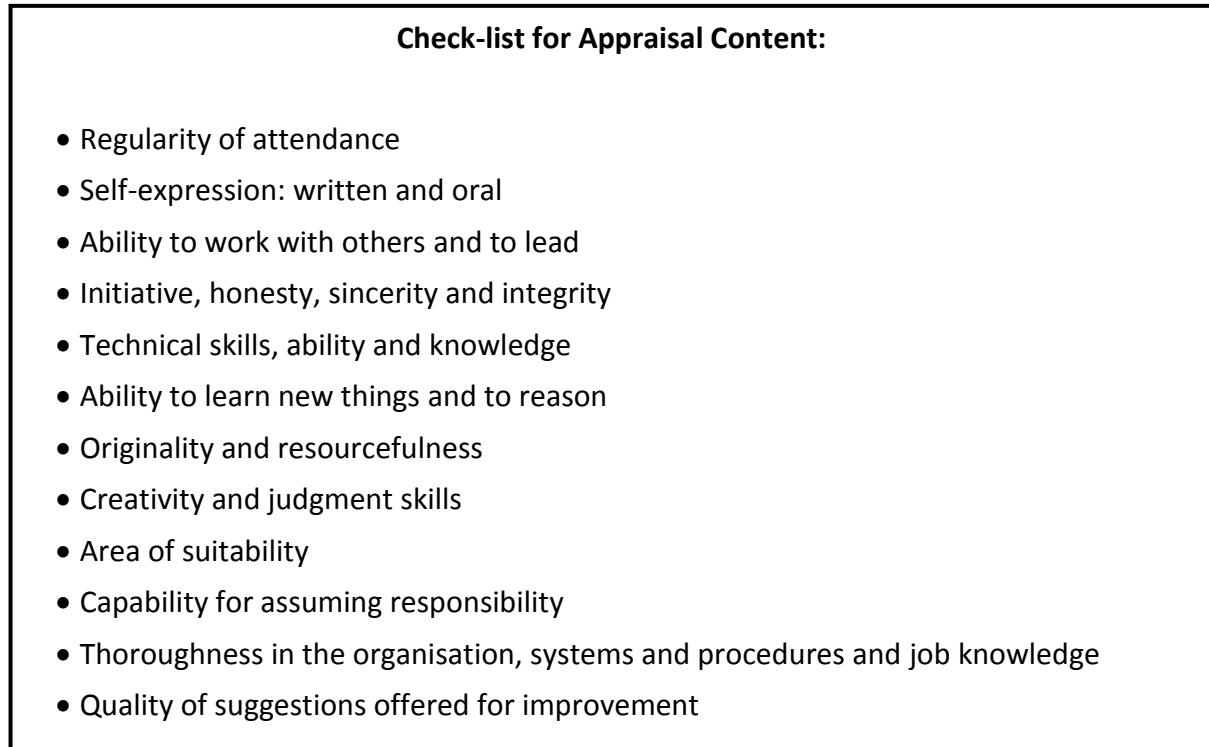
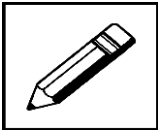


Figure 3.16. Checklist for Appraisal Content.

Who will appraise?

The appraiser may be anyone who has thorough knowledge about the job content, contents to be appraised, standards of contents, and who observes the employee while performing a job. The appraiser should be capable of determining what is more important and what is relatively less important. He should prepare reports and make judgments without bias. Typical appraisers are: supervisors, peers, subordinates, employees themselves, users of service and consultants. The term '360 degrees performance appraisal' is used when performance appraisal is carried out by all these parties collectively.



Learning Activity 12.3.3: Complete the activities given below.

1. A shortage in the labour supply can affect an organization. How can such an effect be minimized by the organization?

2. What is the difference between on-boarding and orientation in the Employment Life Cycle (ELC)?

3. State an advantage of promoting employees within the organization to take up higher positions.

4. How do performance appraisals help workers?

5. How does employee training help the organization?

NOW CHECK OUR ANSWERS AT THE END OF THE MODULE



12.3.4 Maintaining and Renewing Employment and Change Management in Human Resource

In this module unit, you will learn the concept of Maintaining and Renewing Employment and Change Management in Human Resource. As you study this unit, you will develop an understanding of the importance of people as resources to an organisation. This unit will help you examine related concepts such as maintaining and rewarding for the human resource, turnover and attrition leading finally to retrenchment and dismissal from formal employment. You will eventually realise that the effectiveness of an organisation depends on human resources and how well they are managed.



Learning Outcomes;

On successful completion of this unit, students will be able to:

- identify and discuss how the Maintaining and Renewing of Employment and Change of Management in Human Resource is done in work institutions or other formal organisation.
- Examine and discuss related core areas such as job motivation ,job designs and strategies and procedures in place to maintain , renew jobs and finally end employment and go into retirement.



12.3.4.1 Maintaining and Rewarding the Human Resources

Maintenance

This is the second pillar of the Human Resource Management function. Once a suitable employee has been recruited, the next Human Resource Management function involves retaining the worker in the organisation. The new employee must first be introduced to the new job and the organisation. This will make the new employee become fully aware of the working environment. It is also common to have a probation period ranging from a couple of months to one year. During this period the new employee must prove himself or herself to the employer. A worker can be permanently employed after the probation period is over.

In some instances initial training is provided before a new worker gets started on the job. Such is the case with jobs that involve the use of machines and chemicals. It is also important for the manager to provide on-going training and appraisal to develop a worker on the job.

Terms and Conditions

The most important area of maintenance is employment terms and conditions. This includes wages and salaries and other benefits. All workers are after one main goal: their pay and other benefits. So the organisation must ensure that the right terms and conditions are offered to the workers to keep them. Many good workers complain, lose interest or leave employment because of unsuitable terms and conditions. So employers must offer the most attractive and competitive terms and conditions to retain their workers.

Training and Development

Training aims to develop skills, knowledge and attitudes that lead to superior work performance. Development focuses on enhancing the skills of the employee to allow them to develop a career with the organisation. The organisation benefits through the employee's experience and knowledge through this process. Workers also become loyal to the organisation.

Performance Appraisal

Performance appraisal is a method of evaluating the behaviour and performance of employees. Performance here refers to the degree of accomplishment of the tasks that make up an individual's job. It indicates how well an individual fulfils the job demands. Performance is always measured in terms of results and not efforts. In order to find out whether an employee is worthy of continued employment or not, an appraisal is needed. A performance appraisal is also needed to determine whether a worker should receive a bonus, a pay rise or promotion.

Appraising the performance of individuals, groups and organisations is common everywhere. Appraisal processes can be structured, formally approved and developed into routine tasks. When properly conducted, performance appraisals provide a feedback to employees of how well they are performing. It also influences the employee's future level of effort, activities and results.

Reward System

Organisations expect efficient performance from their employees in order to achieve organisational and individual goals. Organisations reward their employees who contribute to the achievement of organisational goals. These rewards come under various categories as given below.

Types of Rewards

1. Intrinsic and Extrinsic

Intrinsic rewards are the satisfiers that the employee gets from the job itself. These rewards include: pride in one's work, having a feeling of job security and job accomplishment, being a member of a team and job enrichment.

Extrinsic rewards include: wage or salary, fringe benefits, welfare measures, promotions and bonus. These benefits are external to the job and mostly come from management.

2. Financial versus Non-Financial Rewards

Financial rewards include wages or salaries, allowances, incentive payments, bonuses, profit sharing and the like. Non-financial rewards include canteen facilities, convenience facilities, medical care, paid vacations, paid sick leave and school fees.



Figure 3.17. Paydays are a popular source of motivation for workers..

3. Performance-based versus Membership-based Rewards

The rewards that the organisation allocates are based on either performance criteria or membership criteria. The basic salary or wage paid to a worker constitutes a membership-based reward. Membership-based rewards depend on many factors such as qualification, experiences, level of appointment, type of job, government's minimum wage rates, and



industry's standard rate. Once the base wage or salary is fixed the worker can commence work.

Any wage or salary increase usually happens over time and is usually based on workers' performance levels. The performance based wages/salaries system is a fair way of compensating workers. It constitutes the performance-based reward system.

Wages and salaries are important to all employees as it constitutes their pay for working. Pay, in one form or another, is certainly one of the main sources of motivation in our society. Pay provides more than a means of satisfying the physical needs. It provides recognition, a sense of accomplishment, and determines social status. Therefore, it is important to formulate and administer a sound wage and salary system to attract and retain the right workers.



12.3.4.2 Change Management for Human Resource

In today's business environment, any change not managed correctly can put pressure on the Human Resource division's ability to help the organisation create and maintain competitive advantage over its rivals. Human Resource managers need to have the knowledge, skills and abilities to adapt to change. They must also figure out when it is needed and how to successfully take control of it.

Many good organisations lack the staff and resources to commit to change management programs on a full time basis. This means that Human Resource managers encounter change management situations on an inconsistent basis. Many Human Resource managers react to changes as and when changes occur. They simply fail to have strategies in place to deal with changes.

Below are some of the steps that a Human Resource manager can take to effectively deal with change in the organisation.

- 1. Assessment:** Understanding organisational and employee readiness for change.
- 2. Preparation:** Setting the groundwork for the change process.
- 3. Execution:** Implementing and monitoring change and organisational development.
- 4. Sustaining:** Sustaining and institutionalising change

1. Assessment

The main aim of this step is to find out the organisation's readiness for change. Areas that must be assessed in order to implement the approaching changes are;

- (i) timing of organisational programs.
- (ii) the speed of the plan.
- (iii) its duration.
- (iii) the workforce skills, knowledge and abilities.

All these factors can be called the 'hard issues' of change management.

During times of transition or change, additional pressure can be placed on the workforce and other resources. The Human Resource manager must assess the organisation's ability to handle the additional pressure, or otherwise to adjust the timing for the change.

The question of speed focuses on how fast the change needs to take place. If change needs to be implemented quickly, HR must involve less people to implement the changes rapidly and effectively. On the other hand, if change needs to be implemented slowly, more people can be engaged to foster employee ownership of change.

Training employees to take the challenge of change is critical to its success. There are three specific questions HR needs to ask.

1. Do we have the required Knowledge, Skills and Abilities (KSA) to foster success in this situation?
2. What Knowledge, Skills and Attitudes (KSAs) would enhance success?



3. What are the time and resource needs to make this training happen?

Answering these questions will help the Human Resource manager decide if the timing is right to implement a change management program.

2. Preparation

The Assessment stage is a lot like finding out if a business has enough capital, cash on hand and other resources to move forward with a large expansion project. This stage requires that the Human Resource manager makes a serious assessment to determine if the organisation can start the change process.

The Human Resource manager need to clearly define a vision for the change process by addressing the 'who', 'what', 'why', 'when', and 'how' questions relating to the change process. Human Resource also needs to connect the change vision with the current identity or image of the organisation and its core values. By doing this the vision will be more compelling to the employees. When Human Resource management can show employees that change is possible and exciting, people feel excited and are more likely to cooperate and accept it.

It is necessary to 'unfreeze' the current state of thinking about the organisation and what it is doing. Most employees do not feel that change is needed, especially if the organisation is doing well. Unfreezing is the deliberate act of highlighting to the organisation the need for change and the growth opportunities for the organisation if the specific change or changes takes place.

Resistance to change is a normal behaviour. The Human Resource manager should focus on reducing employee resistance to change. One way is to convince the workers that the proposed change will bring better rewards to the organisation.

Confusion is a lack of understanding among employees. It usually occurs because management's message is not clearly presented. Employees misinterpret it and come up with their own versions or interpretations. Most of the time these self-created stories are negative and affects the change process. Building an effective communication plan with information, dates, challenges and deadlines, will reduce employee confusion and ignorance.



Figure 3.18. Paydays are a popular source of motivation for workers..

The Human Resource manager must pick the right messenger for the change management process. This could be the Chief Executive Officer, line managers or even an ordinary worker. The type of messenger selected must be someone whom the workers trust, like, support and look upon in the organisation. A positive relationship will speed up the communication process and employees will be prepared in time for the implementation of the change.

3. Execution

Most of the vital steps in the assessment and planning stages must be repeated in the implementation phase. The Human Resource manager must reduce resistance, encourage input and focus on training. He or she must ensure that the vision stays inspiring and in line with the organisational culture during the implementation phase. Employees must feel that the proposed change is possible, positive and beneficial. It will also lead to the expected results. This must be the key focus during times of change.

'Small wins', or early accomplishments, must be openly celebrated to motivate workers. This will indicate that success is possible. By identifying and communicating small wins regularly, employees' confidence grows. During change implementation, many organisations reorganise the compensation packages and give out rewards for success. When a change is instituted, Human Resource needs to consider the equity of the situation. If there is inequality or even perceived inequality, employees may feel frustrated toward the change and mentally become disinterested.

The Human Resource manager needs to encourage feedback and ideas throughout the change process. Many times change initiatives derail because management and employees are so focused on the end results that they are unwilling to change course. Both Human Resource and employees need to consider a useful tactic called 'correcting direction'. This is an important tactic for change implementation.

4. Sustaining and Institutionalising Change

The organisation must be prevented from moving back to 'old ways' while the change process moves forward. This is called sustainability. Human Resource can help this by supporting the change agents or those who are moving the change forward. Creating a change agent support system is like reinforcing the foundation of a house that is holding everything in place.

Institutionalisation involves the actions taken to keep the effective changes in place after sustainability. It is the process of initiating, executing and managing change for the appropriate length of time. Institutionalisation should happen when an organisation can identify changes that result in higher levels of success. The Human Resource manager must constantly ask if the expected results will align well with the organisation's overall goals.



Figure 3.19. Change is Beneficial.



12.3.4.3 Turnover and Attrition

Turnover

Employees may be categorised according to age, length of service, occupation, educational background, job experience and promotion potential. Labour turnover is commonly measured by the ratio of the number of workers who left the firm during a certain period (normally 6 months or a year) to the average number of workers employed during the same period. A relatively constant turnover rate can help the organisation predict its recruitment needs to keep all existing positions occupied.

The problem is that if just one or two posts are filled and vacated many times during a particular period then the index becomes artificially high. For instance, if a single job is filled 10 times in a year the effect on the index is identical to 10 people leaving different jobs during that year. To overcome this problem the labour stability index can be used to show the extent to which employees with longer service are leaving the organisation. The equation below will provide the 'labour stability index':

$$\text{Labour Stability Index} = (\text{Workers with 1 year} + \text{Employment}) / (\text{Total Workforce})$$

This index does not reveal the average length of service of employment which should be computed separately for each category of staff.

Another useful exercise is to compute the percentage of a group of employees who were hired on the same date and who are still with the firm after certain periods. Thus, for example, 10 percent might have left by the end of one year, 25 per cent after two years, 70 percent after 5 years and so on. The firm can then predict, how long, on average, it takes for, say, half of all workers recruited on a particular date to leave the firm.

High labour turn over may be due to low pay, inadequate holiday entitlement or long working hours or other conditions regarded as unsatisfactory. Other causes include;

- extremely repetitive or monotonous work.
- absence of promotion prospects.
- bad recruitment and staff induction procedures.
- ineffective grievance settlement procedures.
- poor communications within the organisation.

High labour turnover is undesirable for several reasons, such as;

- recruitment and training costs increase.
- new employees are relatively unproductive during the early stages of employment. this places older workers under pressure to perform and also supervise or assist new workers.



- morale is typically lower in organisations with high labour turnover. young workers and those engaged in boring and repetitive duties are likely to leave sooner than later. Also, workers are likely to quit their jobs in rapidly expanding industries.



12.3.4.4 Retrenchment and Dismissal

Redundancy

The third pillar of the Human Resource Management function is redundancy of a worker. 'Redundancy' means that some workers have to leave their jobs because the organisation no longer needs them. Workers are made redundant by;

- The employer, with or without notice.
- The failure of the employer to renew a fixed-term contract.
- The employee's resignation, with or without notice.

Redundancy can be voluntary or enforced. A voluntary termination occurs when employees leave at their own will. An enforced dismissal happens suddenly and without prior planning due to reasons such as stealing at the work place or refusing to carry out orders.

Normally, an employer must give the employee notice of dismissal, as stated in the worker's contract of employment. Dismissal without notice is permissible under certain circumstances. This is known as summary dismissal and can occur when an employee's behaviour makes the fulfilment of an employment contract impossible. Examples are theft, persistent drunkenness, violence, abusiveness to colleagues or customers and wilful disobedience or incompetence that immediately causes damage to the employer's business.

Many countries have Statutes or Acts that govern how employees may be dismissed fairly. Employees covered by the Act may only be dismissed fairly for genuine redundancy or for;

- gross misconduct – for example refusal to obey reasonable instructions, dishonesty, persistent absenteeism, neglect of duties.
- incapacity to do the job – caused by such things as incompetence, illness or the person not having the skills or aptitude for the work.
- some other substantial reason – for example going on strike, disruption of staff relations or a temporary job coming to an end.

The criteria used to select individuals for redundancy must, by law, be fair and reasonable. Workers declared redundant are entitled to redundancy payments.

'Wrongful' dismissal occurs when insufficient notice is given or there has been some other breach of employment contract. It gives rise to a civil lawsuit for damages equivalent to the actual loss incurred. Allegations of wrongful dismissal can be heard in a court of labour tribunal.



Figure 3.20. A worker being fired by his boss for an attitude problem.

Termination of employment can have various consequences for the business. Financial payouts, law suits over unfair dismissal, difficulty in replacing staff, dismissed staff passing valuable information to a competitor must be considered by the employer when terminating a worker.

Termination

There are substantial penalties for employers who are deemed to have unfairly dismissed their employees. If the employer cannot show that the employee was given previous warning about work behaviour and an opportunity to correct it before employment was terminated, then the employer can be penalised financially.

Sometimes, there is an alternative to outright termination, such as shifting employees from full-time to part-time work, providing training and mentoring to overcome any skill deficiencies, or finding the employee work with one of the organisation's strategic allies.

Given the complexities and difficulties inherent in any termination decision, voluntary or not, organisations must seek advice from a lawyer or an employer association before dismissing an employee.



Learning Activity 12.3.4: Complete the activities given below.

1. What does the initial 'KSA' stand for?

2. What sort of person would make a good agent of change agent during the time of organizational restructure?

3. Provide two examples of intrinsic rewards for workers.

4. Provide three examples of unsatisfactory working conditions.

5. What does the 'employee stability index' measure?

NOW CHECK OUR ANSWERS AT THE END OF THE MODULE



12.3.5 Managing Employee Relations and Legislation and Instruments

In this module unit, you will learn the concept of Managing Employee Relations and Legislation and Instruments. After studying this module unit you will develop an understanding of the importance of industrial relations, who the stakeholders are in the industrial relations system, what are industrial relations legislation and Acts and the rights and responsibilities of both an employer and an employee.



Learning Outcomes;

On successful completion of this module, students will be able to:

- identify and discuss industrial relations systems with the unions and associations as stakeholders and employers and employees rights and responsibilities.
 - Demonstrate an understanding of the knowledge and skills of the different aspects in managing employee relations and the legislation and instructions that go with it.
-



12.3.5.1 What is Industrial Relations?

Industrial Relations is concerned with either the relationship between the state and the employers' or the relationship between the workers and their employers. The subject therefore includes individual relations and joint consultations between employers and workers at their work place. It also includes collective relations between employers and their organisations, trade unions and the part played by the State in regulating these relationships.

In this topic, we will study industrial relations; its meaning, types of industrial conflicts and the common mechanisms in place to solve industrial conflicts. We will also look at how organisations try to prevent industrial conflict and create a harmonious workplace relationship between workers and managers.

Industrial Relations Systems

An industrial system is established both by law and out of necessity. When established by law, it becomes formal. Papua New Guinea's legislated industrial system currently in place now is tripartite in nature. The tripartite structure allows for negotiation and collective bargaining between the three key parties – the workers' union, the employers' federation and the government as the legislator.

Cooperation between governments, employees' associations and workers' unions or associations is central to the achievement of decent work environment. Dialogue among governments, workers and employers promotes consensus building and democratic involvement in the work environment. This is sometimes referred to as 'social dialogue'. Social dialogue can mean negotiation, consultation or simply an exchange of information and views among representatives of employers, workers and the government.

The government plays an important role in making sure that an effective industrial system exists in the country. Laws are passed in Parliament to guide the operation of this system. The government also establishes councils, committees, tribunals and boards to make the industrial relations system work well. We can say that the government is interested in workplace harmony between workers and their employers. Indeed these two parties are very important to the growth of the economy and overall nation-building through their respective contributions.

Papua New Guinea inherited the Australian system of compulsory conciliation and arbitration at the time of its independence. This system is still in place today. Under this system trade unions are considered to be the main representatives of workers. Trade unions have grown in size and importance over time.

Trade unions and workers associations represent the workers in the tripartite system. Their main goal is to represent the welfare of the workers. As such, they always fight for fair treatment of workers. Trade unions and workers associations have grown from strength to strength over the years since 1963 when the Australian colonial rulers passed a bill to establish the tripartite system of industrial relations in PNG. Trade unions operate at a higher level as a vehicle to transport industrial issues to the government.

Trade unions use the tripartite system to influence government and employer decisions and actions. PNG Trade Union Congress (PNGTUC), PNG Teachers' Association (PNGTA) and Public Sector Employees' Association (PEA) are currently the dominant unions operating at the national level in the country.

Employer federations and councils serve the interest of the employers in the tripartite system of industrial relations. They also try to influence government decisions regarding key areas such as wage rate fixation, workplace safety, discrimination and fair employment practices. The PNG Employers' Federation is currently the main representative while other such as the Rural Industries Council also operates at the national level as a party in the national tripartite industrial relations system.

The concept of industrial relations covers the relationship between the state, the employers' federation and the workers' unions. It also includes individual relations and joint consultations between employers and workers and covers the collective relations between employers and their organisations and trade unions and the part played by the state in regulating these relationships.

Industrial relations management is very critical to achieving harmonious industrial relations between workers and employers. Over the years some notable strikes were carried out which could have been prevented had the industrial relations been managed properly. The OK Tedi Mine strike in 1988 and the Air Niugini strike in 1987 are two such strikes which occurred as a result of mismanaging the industrial relations at the workplace.

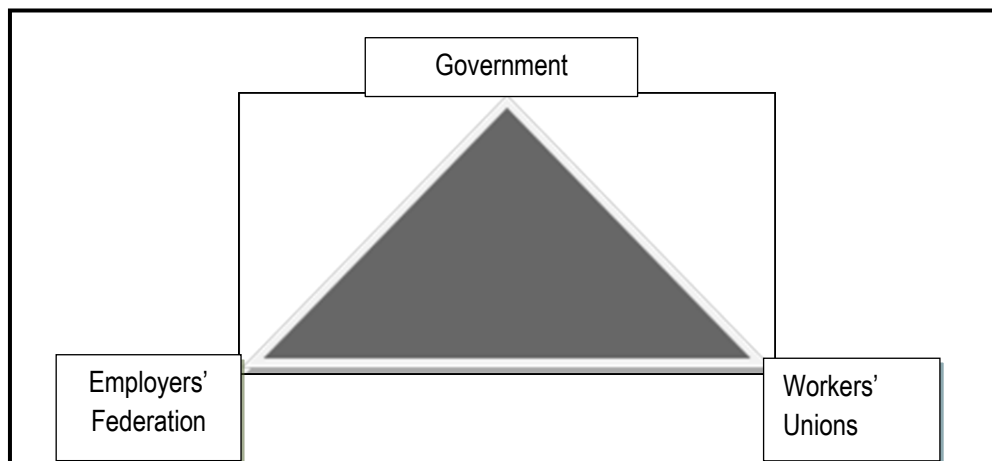


Figure 3.21. The three parties to an industrial relations system.

12.3.5.2 Unions as Stakeholders in Industrial Relations

There are usually three major players of industrial relations: workers and their organisations, management and government. This is usually referred to as the 'tripartite' arrangement.

1. Workers and their organisations

Workers' associations and trade unions, play their role in organising and representing their members. The main purpose of trade unions is to protect the workers' interest through collective bargaining or by pressurising management through industrial action.

Workers must firstly register their associations with the Investment Promotion Authority (IPA). They can then choose whether or not to affiliate with a union. Unions are the umbrella bodies that represent many small and large associations in the country. Two prominent unions in the country are the PNG Trade Union Congress (PNGTUC) and the Public Sector Employees Association (PSEA). Some very large associations such as the PNG Teachers' Association (PNGTA) and the PNG Nurses Association (PNGNA) have the membership strength to operate alone at the national level.

Once an association becomes legally recognised it can perform its role of protecting members' (workers) rights. Workers must become financial members of a union to be represented. Members of a union will be involved in electing their representatives through the secret ballot process. Elected leaders will take up any industrial issues with the employer and seek a solution in favour of their members.



Figure 3.22: The General Secretary of PNG Trade Union Congress (PNGTUC) Mr. John Paska.

2. Employers and their organisations

Normally employers have higher bargaining power than the workers. But their bargaining power is usually undermined by trade unions. Some employers form their organisations to protect their common interest against external forces and activities of workers' unions.

During times of industrial conflict individual employers may seek the support of their organisations if they choose to. When an industrial dispute is brought before an industrial



tribunal court, the employers' organisation can come in as a party to represent the employer.

Employers in PNG have organised themselves under a body known as PNG Employers' Federation. This body is a recognised party in the tripartite industrial relationship system. It is also allowed to participate during the compulsory conciliation and arbitration process. Its role is important because it is difficult for individual employers to represent themselves in an industrial tribunal or during the compulsory conciliation and arbitration process.

All member organisations or employers pay a membership fee to this national body of employers. The fee is used by the office holders to keep the federation functioning.

3. Government

The state leads the process of conciliation and arbitration by playing the role of a mediator. It always comes in to regulate the relationship between workers and their employers. The government develops policies and legislation to promote and maintain a conducive labour market environment through the Ministry of Employment and Industrial Relations.

The government, over the years, has also established very important bodies such as the National Minimum Wages Board and the PNG National Tripartite Consultative Council to achieve a favourable national industrial relations system.

The government's role in the industrial dispute process is very crucial. It is like the referee in a boxing match or a rugby match. Without the referee the match can get out of hand and rules can be bended or broken to fulfil individual goals and interest. The government makes the rules which both employer and employee abide by when representing their interests in the negotiation process.



12.3.5.3 Associations as Stakeholders in the Industrial Relations Systems

In the industrial relations system commonly referred to as the tripartite system, employers' association is one of the three stakeholders. The others are: employers and the government. In Papua New Guinea, strong emphasis has been given to the role of representative bodies such as trade unions and employer associations. Associations continue to be the mechanism through which industrial matters are expressed and settled through dialogue, conciliation and arbitration.

Many disputes can be resolved at the workplace without the need for intervention by unions or industrial tribunals. This is becoming more common as employers and employees gain experience at resolving disputes. Efficient dispute resolution has the benefit of being less costly to both employee and employer. Many businesses are recognising this and have formal grievance settlement procedures.

When a dispute becomes more serious, employees often use unions to represent their interests in meetings with employers or in industrial tribunals. The union's role is to represent employees in conciliation or arbitration process or in an industrial tribunal. An industrial tribunal is a special court that is convened to hear the parties involved in an industrial dispute. A judge usually presides at this special court to make a ruling after all parties make their submissions.

Employer associations are rarely as involved as unions in industrial disputes. Only once conciliation and arbitration procedures are initiated do employer associations become involved. It is their role to represent employers in the industrial tribunal. Otherwise, employer associations tend to provide general assistance to employers in handling workplace conflict.

Here is a list of some operating workers' associations in Papua New Guinea. You can add some more which you know to this list. In fact, there are many smaller associations which only operate at the industry level representing their members.



PNG Teachers Association (PNGTA)
PNG Nurses Association
National Doctors Association
National Engineers Association
Certified Practising Accountants of PNG (CPA PNG)
National Academic Staff Association
National Non-Academic Staff Association
National Energy Workers Association
General Workers Association
National Airline Workers Association
National Air Pilots Association
National Air Hostesses Association
National Maritime Workers Association
National Aircraft Engineers Association
Public Employees Association (PEA)
Airline Employees Association
National Maritime Workers Association
Telikom Workers Association

Figure 3.23. Examples of Workers Associations in PNG.



12.3.5.4 What are Industrial Relations Legislation and Acts?

The government recognises the important role played by employers and the workers in nation building. Various labour laws and policies have been passed by the government over the years to improve the terms and conditions of employment and social security protection for workers.

The first important piece of legislation passed in the history of PNG occurred in 1961 when two important Acts were passed by the Minister for Territories – Paul Hasluck. These legislations are;

- The Industrial Relations Ordinance.
- The Industrial Organisations Ordinance.

When these two laws became effective in 1963 the PNG Federation of Workers' Association (FWA) was established. Unionisation was legalised and many more workers' associations were formed throughout the urban centres of PNG. In 1973 FWA was changed to PNG Trade Union Congress (PNTUC) by the then leader of PNTUC Tony Ila. The PNG Teachers' Association also grew out of that period to be what it is today. These and other successful unions and workers' associations were able to start up after the two important pieces of legislation were passed in 1961.

In recent times the government has reformed the Department of Labour and Industrial Relations to reflect the changing times. One of these is the decent work place policy for PNG which was passed in 2008 and is aimed at the following;

- Promoting employment generation.
- Fundamental rights at work.
- Social protection, occupational health, safety and health standards.
- Representation and social dialogue.

The reforms were aimed at maintaining harmonious industrial relations and safe working environment and generation of employment opportunities for Papua New Guineans.

As the legislator, the Government or state plays a balancing role. The state influences industrial relations through its legislative function. It passes laws governing labour and industrial relations policy and by implementing labour laws. Apart from the Employment Act, the government has passed the Industrial Relations Act and the Decent Workplace Policy.

Today, there are various pieces of legislation in place to govern the industrial relations system in PNG. These legislations were passed over time in response to the needs and weaknesses identified by the government over the years.

Legal Framework of Employment

The most basic relationship in employment is between employer and employee. An employment contract is a legally binding, formal agreement between employer and



employee. Every employee has a contract with an employer. A written contract gives more protection.

The contract need not be written but is valid and legally enforceable when;

- The parties involved intend to create a legal relationship.
- One party offers and the other accepts the offer.
- Both parties obtain a benefit.
- Both parties have the capacity to contract; for example, they are old enough to make the contract.
- Consent is genuine and not forced upon one party.

Industrial relations is governed by;

- Common law.
- Statutes – state legislation.
- Awards and agreements determined through industrial tribunals.

Common Law

The common law is developed by courts and tribunals. Unlike statutes, it is not made by a parliament. Under common law, judges make decisions based on the facts of a case, guided by precedent or decision made in the past. The body of common law, also called case law or precedent law, is, developed from decisions made over time by the courts.

Under common law both parties – employers and employees – have basic obligations in any employment relationship, regardless of whether it is in the formal or informal contract.

Statutes

Statutes are laws made by parliament. Relevant laws on employment conditions, wage and salary determinations, and dispute resolution are passed by Parliament. These statutes direct employers to;

- meet occupational health and safety requirements.
- maintain workers' compensation insurance.
- provide all employees with superannuation and leave entitlements.
- ensure employment practices in the workplace, such as recruitment, remuneration, promotion and termination are free from discrimination on the basis of age, sex, physical or mental health, marital status, family responsibility, pregnancy, union membership, political opinion, race or social origin.

Statutes have also provided the framework for awards and agreements that cover employees at the national level.



12.3.5.5 Industrial Relations Legislation Contracts and Agreements

Awards

At the national level, **awards** represent one of the three types of agreements available to businesses and employees. The second one is collective agreements such as awards and enterprise agreements and the final one is individual agreements.

Awards are:

- legally binding documents, setting out minimum wages and conditions of employees in an industry or occupation, made by the Papua New Guinea's Department of Industrial Relations and Employment.
- used as a benchmark for comparison with other agreements in a test of minimum wages and conditions.
- adjusted for increases awarded in annual national wage cases, known as wage reviews used by the national minimum wages board.
- operated at the national government level. the national awards are binding upon all employers
- covered a large proportion of employees in lower skilled occupational groups in the hospitality, retailing, manufacturing and the community service sector.

Agreements

Agreements of various types are made between the workers' associations, employers' associations and the government. Some important points to note about these agreements are listed below.

Certified agreements;

- are made between an employer and a union, or unions, or a group of employees.
- are public documents and must be filed with the png industrial registrar for approval.
- must pass a global 'no-advantage test' to ensure it does not disadvantage employees' wages and conditions overall.
- must be genuinely approved by the affected workers.
- must also contain a dispute-settling mechanism and specify an expiry date.
- are replaced by a new agreement after their expiry date.

Workplace Agreements

Workplace agreements operate only at the workplace or industry level. They are individual contracts, signed individually and are secret.

Workplace agreements;

- cover incorporated business.
- exclude union involvement unless a union representative is invited.
- must contain anti-discrimination and dispute settlement procedures.
- must have been fully explained by the employer to the employee.



- can be terminated by either party on application and approval by the industrial registrar or an industrial tribunal.
- prohibit industrial action by either party until the expiry date has lapsed.

Individual Employment Contracts

Individual contracts are common in the private sector, particularly in non-union enterprises such as wholesale and retail trade, property and business services. They are also common at the professional and managerial level.

Such contracts may be written or verbal. Many are informal and offer much less protection than other agreements. It is estimated that a large portion of PNG's workforce is covered by individual employment contracts, including workplace awards.

12.3.5.6 Rights and Responsibilities of Employees and Employers

Rights of Workers

All workers have certain undeniable rights which employers ought to recognise. Some of these rights stem from government legislation while others come out of the moral obligation of the employer.

All workers are human beings. Therefore, they have the right to fair and just treatment at the workplace. For example, a worker has the right to apply for promotion and pay rise if he or she qualifies for it. A worker should not be discriminated or abused at the workplace.

All workers have the right to a decent pay – fair pay for a fair day's work. In PNG the National Minimum Wages Board determines the minimum wages to be paid to wage earners. Employers must abide by the approved wage rates to pay their workers.

If workers have some grievances against their employers it is their right to be heard. The employer must have in place a procedure to hear their workers' grievances and address them accordingly. In this way a harmonious working relationship will be established.



Figure 3.24. Every worker has the right to participate in a strike action.

A worker has the basic right to sue the employer or other parties if there is a grievance which cannot be settled agreeably. Courts always encourage workers and employers to resolve their differences at the workplace. An industrial tribunal can be set up by the courts to resolve industrial issues which fail between the employer and employee.

A worker is entitled to a safe and healthy working environment. It is the responsibility of the employer to create a danger-free environment so that workers are safe from danger, harm or even fatal injuries.



A worker is entitled to the normal, approved working hours in a week. Normally, workers are entitled to work for 40-42 hours each week. Their pay must be calculated based on the maximum approved working hours. Wage earners, in particular, have the right to claim for overtime if they exceed the normal working hours in a fortnight.

A worker is entitled to leave. Some leave types come with full or partial pay while others do not. For example, a worker is entitled to sick leave with pay.

It is a worker's right to contribute to a retirement savings scheme such as Nambawan Supa Limited and National Superannuation Fund. These savings will help a worker to survive in time of unemployment and retirement.

Responsibilities of Workers

All workers have certain responsibilities towards their employers. Some of these responsibilities stem from internal policies and practices while others stem from the external environment including government regulation. Some of these responsibilities are discussed below

A worker is expected to discharge his or her duties with honesty and integrity. He or she must aim to carry out the assigned tasks with care. The worker must be always punctual and turn up for work on time. All rules and regulations at the work place must be followed at all times. Dishonest and disobedient workers can be terminated.

A worker is responsible or answerable to the employer in the first instance while being in employment. That means whatever duties or tasks assigned by the employer must be carried out and completed successfully. It is unacceptable if a worker disobeys the employer or a superior in the organisation unless the worker is asked to perform a task which is not specified in his or her employment contract.

A worker must respect the employer and co-workers. A respectful worker will easily follow the workplace policies and procedures. He or she will also fit into the organisational culture and contribute towards the achievement of organisational goals.

A worker must take his or her grievances to the right people to address and not to cause any unnecessary disharmony and instability in the workplace. Usually there are set processes and systems in place to deal with industrial disputes.

Rights of Employers

Employers have certain rights as well. Some of these rights are discussed below.

It is a fundamental right of an employer to hire and fire workers as and when necessary. The employer decides who is employed and the conditions of employment. The government provides the general framework for employment through its legislative function. As long as it is legal an employer can hire and fire its workers.



Figure 3.25. The Human Resource manager has the right to organise workers in the organisation.

It is the right of an employer to develop its policies, procedures, systems and methods of work. These are often aligned to the organisation's mission, goals and objectives. The employer must consult within and outside of the industry to ensure that its systems, procedures and methods comply with industry standards as well as government legislation.

An employer has the right to be heard. For instance, in the case of an industrial dispute the employer, individually or through an employers' association, can seek to resolve the dispute without compromising its rights. The employer can defend itself against workers unions in times of strikes by locking its workers out of the work place until the dispute is resolved.

Responsibilities of Employers

Every employer has a responsibility towards the employees. Some of these responsibilities are highlighted below.

Hire and Fire

The employer's right to hire and fire workers also comes with care and responsibility. When hiring workers an employer must demonstrate fairness and equity in every sense.

The employer must also treat its workers fairly in terms of remuneration and other benefits. It is a responsible thing to do if the employer treats the workers with care and due diligence. This includes creating a good working environment in which workers feel safe and secured to work.

The employer's right to dismiss or discharge workers must always be lawful. The laws governing worker dismissal must be obeyed at all times. Unfair dismissal of a worker is a breach of that responsibility.

**Benefits**

An employer has that important responsibility to determine a fair rate of compensation for its worker. Workers pay must be paid in accordance with the approved rates. An employer must also pay overtime for workers who work above the normal working hours in a fortnight.

An employer has the responsibility to contribute towards a workers' retirement or unemployment scheme such as Nambawan Supa Limited and National Superannuation Fund. It is a legal requirement that all employers who employ more than five (5) workers must contribute at least 5% every fortnight. Likewise, they are to deduct from the workers' pay at least 5% towards the same contribution scheme.

All other benefits (sometimes referred to as fringe-benefits) must be decided by the employer and given to workers accordingly.

Anti-discrimination

Workplace discrimination is not acceptable at all. Therefore, it is the responsibility of the employer to put in place an anti-discrimination policy. Workers must not be subjected to discrimination as it is illegal in almost all countries, including PNG.

An employer must establish a code of practice to show to customers, employees and suppliers the organisation's commitment to equity and ethical business practices.

Corporate Social Responsibility (CSR)

An employer has a social obligation which it must fulfil. Corporate Social Responsibility (CSR) is a must for all organisations. It demonstrates a willingness on the part of the employer to serve the common good of the society in which it operates. Organisations with good CSR are usually loved and preferred by their customers.

Job Design

An employer has the responsibility to design jobs responsibly. The work allocated to a worker must be correct for the worker. Workers who over-work are likely to suffer emotionally, physically and psychologically. This can lead to possible lawsuits against the employer. Therefore, jobs must be evaluated and designed with the worker in mind.

An employer must create challenging, interesting and meaningful work or job design to stimulate intrinsic rewards for staff. The remuneration system must also be fit for the job so that workers feel that they are rewarded fairly for their labour.

Industrial Harmony

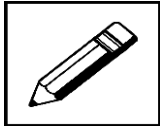
An employer has a responsibility to create a workplace in which there is harmony, peace and mutual respect for each other. Industrial disputes arise when workers are being treated unfairly. An industrial dispute is unhealthy for workers as well as the employer. So the employer must, in the first instance, avoid disputes. If, however, disputes do occur, the employer must employ the right techniques to resolve it agreeably.

**Quality of Work-life**

An employer must consider the necessary amenities or facilities and services which will contribute towards a pleasant working life. If workers are happy they will cooperate with the employer and contribute their efforts to achieve the organisational mission, goals and objectives.

An employer must provide a safe and healthy working environment, safe working practices and equipment, appropriate supervision and training in safety and health. Without such, workplace incidents may occur

An employer has a responsibility to comply with social justice and industrial legislation covering areas of occupational health and safety, anti-discrimination and equity in all aspects of the employment relationship.



Learning Activity 12.3.5: Complete the activities given below.

1. Explain the term 'industrial relations' in your own words.

2. What is a trade union?

3. Which parties make up the tripartite system?

4. Differentiate between common law and statutes.

5. Under whose leadership was the 1961 Industrial Relations Ordinance passed?

6. Why is it important to have a written contract of employment?

7. What is the role of the National Minimum Wages Board?

NOW CHECK OUR ANSWERS AT THE END OF THE MODULE



12.3.6 Industrial Conflict and Workplace Relations

In this module unit, you will learn the concept of Industrial Conflict and Workplace Relations. After studying this module unit you will develop an understanding of Industrial Conflict and Workplace Relations. This covers conflicts and actions industrial, means of Industrial dispute resolution, costs and benefits of Industrial conflicts and how to maintain work place relations.. You will come to realise that the effectiveness in an organisation depends on human resources and how well they are managed.



Learning Outcomes;

On successful completion of this module, students will be able to:

- identify and discuss Industrial Conflicts and Workplace Relations.
 - explain strategies used for solving Industrial Conflict and Workplace Relations.
-

12.3.6.1 Industrial Conflict

Industrial conflict or disputes refer to any dispute or difference between employers and workers or among workers. These conflicts are connected with the employment or terms of employment. The dispute can be either between workers and their employer or between workers. In order to be declared an industrial dispute, it must affect a large group of workers, who require the dispute to be solved.



Figure 3.26. Worker unhappiness is one cause for industrial action.

Causes of industrial conflicts

It is not easy to identify a single factor as a cause of industrial conflicts. Normally diverse causes combine to lead to industrial disputes. When more than one cause is present, it is often very difficult to single out the main and root cause. Below are causes of industrial conflicts;

1. Industrial Factors

Industrial factors include such things as unfair wage structure, working hours, fringe benefits, leave entitlements, workplace safety and health, and training and development. Out of all of these factors, we can note that unfair pay structures are often the main cause of industrial disputes. Other factors include: workers' ego, self-esteem and demand for equity. Also, the attitude and temperament of modern workers have changed because of their education, their adoption of urban culture and the consequent change in social values.

2. Management Factors

Most managers are generally not willing to talk over any dispute with the employees or their representatives. Some even refuse 'arbitration'. Even in many instances managers are reluctant to recognise trade unions. Managers often use other tactics to delay justice, suppress unions and use some form of threats against union leaders. This often frustrates workers and triggers industrial disputes. Managers in most times, take the side of the employer during times of negotiations and arbitration. This causes frustration among workers.



3. Trade Unions Deficiency

Trade unions have an important role to play in preserving the interest and welfare of their members. Unfortunately, some trade unions do not adequately safeguard the interests of the workers. It could be that trade union leaders are not concerned about industrial labour except their wages.

Sometimes trade union leaders can compromise their positions by giving in to politicians either secretly or publicly. This can erode the trust held by the workers and further lead to the loss of union strength and importance.



12.3.6.2 Industrial Action – Strikes

A strike is a temporary cessation of work by workers to express grievances or to demand changes in work conditions. In the table below, are some common types of strikes and their description.

Type of strike	Description
1. primary strike	Is where workers stay away from the workplace. They organise rallies and demonstrations.
2. stay-in or sit-down strike	Is when workers come to the work place, but they do not work.
3. 'tools-down, pen-down or mouth-shut strike	Is where workers lay down their tools (factory workers), lay down their pens (office workers) and shut their mouths (in the case of teachers).
4. 'token or protest' strike	takes a very short duration and is in the nature of signal for the danger ahead. Here workers do not work for an hour or a day.
5. 'lightening or wildcat' strike	Is when workers strike the work without any prior notice or with a short notice.
6. 'go-slow' strike	Is when workers intentionally reduce the speed of work.
7. 'work-to rule/work-to designation strike	Is when strikers undertake the work according to rules or job description.
8. 'boycott'	Aims at disrupting the normal functioning of the enterprise.
9. 'hunger strike'	Is usually undertaken by leaders of the union or by some workers all at a time or in small batches for a limited period or up to the period of settlement of disputes.

Table 3.2. Types of strikes.

Lock-outs

Lock-out occurs when an employer temporarily closes or shuts down the business or refuses to provide work for employees. This is mainly done for workers to accept demands made by the employer or to withdraw demands made by workers. A lock-out is a counter-attack to a strike. Just as the employees have the 'strike' weapon to put pressure, the employer has the 'lock-out' weapon against the employees.

12.3.6.3 Means of Industrial Dispute Resolution

Means of Resolution

Dispute Prevention or Settlement

The government has put in place mechanisms to prevent or settle industrial disputes. Below are some of these common mechanisms.

1. Legislative and administrative enactment – For example; the Trade Unions Act.
2. Conciliation Officer and Board of Conciliation;
3. Labour Courts, Industrial Tribunals, National Tribunals, Courts of Enquiry;
4. Provisions for voluntary arbitration.
5. PNG National Tripartite Consultative Council
6. National Minimum Wages Board
7. Office of the Industrial Registrar

Below are methods of settling industrial conflicts.

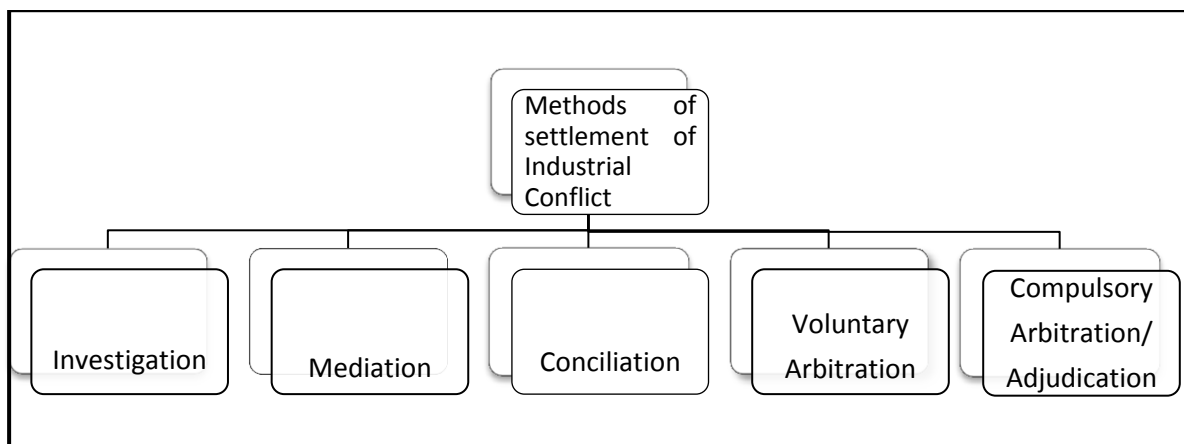


Figure 3.27. Methods of settlement of industrial conflicts.

1. Investigation

This is conducted by a board or court appointed by the government. It may be voluntary or compulsory. If the investigation is conducted on an application by either or both parties to the dispute, it is voluntary. If the government appoints a Court of Inquiry to investigate a dispute without the consent of the parties, it is compulsory. An investigation does not aim to settle disputes directly. Rather, by analysing the facts it aims to bring about a win-win solution for all parties.

2. Mediation

In this method an outsider, usually an eminent person, assists the parties in their negotiations. It takes place with the consent of both parties. The mediator performs the messenger's job for both parties, but neither imposes anything on the disputing parties. The main aim of mediation is the settlement of disputes by bringing about voluntary agreement. If mediation is conducted skilfully along proper lines, it can lead to industrial peace.



3. Conciliation

Conciliation involves representatives of both workers and employers meeting with a third party to bargain for a better outcome. It requires a conciliation officer and a Board of Conciliation. The conciliator persuades and encourages the parties to a course of action. He or she plays the roles of an innovator, protector, discussion leader, stimulator, advisor and face saver. He or she acts as a communication link as well. The task of conciliation is to offer advice and make suggestions to the parties involved in a dispute.

Conciliation is an extension of collective bargaining with third party assistance. It is a process of reasoning and orderly discussion of differences between the parties to a dispute under the guidance of a conciliator.

4. Voluntary Arbitration

If the two parties to the dispute fail to come to an agreement, either by themselves or with the help of a mediator or conciliator they agree to submit the dispute to an impartial authority. They stand ready to accept the decision of the independent authority.

Both parties must submit their cases in writing to the arbitrator. They must be ready to provide further information and attend the investigation as witnesses.

5. Compulsory Arbitration

Compulsory arbitration is utilised generally when the parties fail to arrive at a settlement through voluntary methods. Any one of the parties may apply to the governments to refer the dispute to an arbitration board. The parties are forced to arbitrate by the state when:

- a. they fail to arrive at a settlement by voluntary method,
- b. there is a national emergency which requires that wheels of production should not be disturbed
- c. the country is experiencing great economic crisis
industries of strategic importance are involved
- d. parties are ill-balanced, that is, where the union is weak, ill-organised, and powerless and the means of production are in the hands of the capitalists who are well-organised and more powerful or
- e. public interest and the working conditions must be safeguarded.



12.3.6.4 Cost and Benefit of industrial Conflict

Costs

Industrial conflict has the potential to be very costly for both employees and employers. An effective employment relation is very necessary to avoid conflict in the first place, and ensuring that any disputes are resolved quickly and at minimal cost. It is important however, to consider the financial, personal, social, political and international costs and benefits of industrial conflict.

1. Financial

The primary cost of conflict is the financial damage to both employees and employers. Conflict can result in lost production, increased costs of production, lost revenue and reduced profits. The employees will forego pay and reduce their job security if they go on strike. As the workers and management are locked up in the conflict their productivity falls and financial gains are lost or drastically reduced.

2. Personal

Personal costs are more difficult to identify and almost impossible to measure. Any level of industrial conflict must increase the level of tension within the workplace. This tension is experienced by workers and management alike, and could lead to further breakdowns in communication. Low morale is a very real problem and a major result (and cause) of conflict.

3. Social

Personal costs could lead to social problems that, at first, seem totally unrelated. Tension and dissatisfaction at the workplace could be expressed in the home through increased family breakdown, and even domestic violence. These problems could be heightened if workers are not being paid for long periods of time.

4. International

The international costs of industrial conflict largely relate to the lost markets and lost market share because the business and the country gains a reputation as an unreliable supplier. In the past, strikes by Ok Tedi copper mine workers and Porgera gold mine workers have stopped the production at the mine sites. Overseas buyers of PNG gold and copper were left waiting for their supplies when the strike prevented mineral ore production and exporting. Revenue was also lost in the process.

5. Other Stakeholders

When bigger unions or associations go on strike other stakeholders are also affected apart from the workers and the organization. Customers who depend a lot on the organisation's products are affected. The effects are heightened when the strike period is extended. Likewise, suppliers to the organization are affected when their regular supplies are held up during the strike. In both cases, business is lost. It is hard to recoup any losses that occur during the strike. The government is the other stakeholder that gets affected by a strike through lost tax revenue.



6. Violence and Threats

Violence can be experienced during some strikes if the union is led by militant union leaders. In extreme cases, injuries are sustained when workers go on rampage destroying organizational property. Some union leaders as well as business leaders receive threats on their lives if injuries are sustained or if workers are unfairly terminated after the strike. These negative outcomes lead to further problems that affect both the organization and the unions.

Benefits

Industrial conflict has its benefits too such as those highlighted below;

- It promotes democracy at the workplace as workers have an opportunity to express their dissatisfaction, opinions and feelings.
- New methods of doing things, whether this involves the decision-making process or changes in production techniques, can be introduced during negotiations.
- Productivity can be increased through changes in work and management practices.
- New communication lines can be opened between workers and management.
- Health and safety issues can be addressed.
- In most cases employers and workers end up in win-win outcomes. This further boosts the morale of the workers which leads to higher levels of commitment and productivity.
- Keeps management on its toes to do what is right and ethical and maintain a healthy and positive reputation in the eyes of other stakeholders.
- Sets new standards, irons out differences and misunderstandings for future management and workers to follow without the usual choice of conflict.
- Enables the government to make new laws in response to new, changing situations and environments facing the modern workplace.

The overall effect of improving communication and discussing grievances leads to improved employee morale, and reduced labour turnover or absenteeism. By using industrial conflict positively, an organization can increase productivity, efficiency and competitiveness.



12.3.6.5 Workplace Relations

Principles of Sound Industrial Relations

Maintenance of sound industrial relations is as crucial and difficult as that of human relations. Hence, the following principles should be followed to maintain sound industrial relations.

- (i) Recognise the dignity of individuals and their right to personal freedom and equality.
- (ii) Mutual respect, understanding and acceptance of responsibility must exist among and between the employer, management and workers.
- (iii) There has to be an understanding between various organisations of employers and employees

Promoting harmonious industrial relations

Good industrial relations depend on the constructive attitude on the part of both management and the union. The constructive attitude, in turn, depends on all the basic policies and procedures aimed at promoting healthy industrial relations. It depends on the ability of the employers and trade unions to deal with their mutual problems freely, independently, and responsibly.

Discussed below are some conditions which are necessary to achieve industrial peace.

1. Strong, Well-organised and Democratic Employees' Unions

Industrial relations will be sound only when the bargaining power of the employees' union is equal to that of management. A strong trade union can protect the employees' interest relating to wages, benefits and job security.

2. Sound and Organised Employers' Unions

These associations are helpful for the promotion and maintenance of uniform personnel policies among various organisations. They also protect the interest of weak employers.

3. Spirit of Collective Bargaining

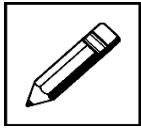
The relationship between employee and employer will be friendly only when the differences between them are settled through mutual negotiation and consultation rather than through the intervention of the third party. Collective bargaining is a process through which employee issues are settled through mutual discussions and negotiations through a 'give and take' approach. If the issues are not settled through collective bargaining they should be referred to voluntary arbitration.



Figure 3.28. Workplace bargaining between employee and manager.

4. Maintenance of Industrial Peace

Lasting industrial peace in an organisation is most essential. The employer should set up a system to effectively prevent and settle industrial disputes. Preventative measures include; working committees, standing orders, welfare officers, joint councils. In addition, voluntary arbitration and conciliation at the workplace must be always preferred. An effective Human Resource Management can take care of these measures and help ensure that there is always industrial harmony.



Learning Activity 12.3.6: Complete activities give below.

1. What is the main reason for workers taking up strike action?

2. Differentiate between 'primary' and 'sit-down' strike.

3. Give an example of a counter-action taken by employers when workers go on strike.

4. What is the role of the National Tripartite Consultative Council?

5. Explain the term 'conciliation' in your own words.

6. When is a compulsory arbitration necessary?

7. State a cost and a benefit of industrial conflict.

8. What does the term 'collective bargaining' mean?

NOW CHECK OUR ANSWERS AT THE END OF THE MODULE



12.3.7 Identifying Management Issues

In this module unit, you will learn the concept of Identifying Management Issues. It covers areas such as human resource and financial management issues. As study further in to this module unit you will develop an understanding and skills solving Management Issues. This module unit will help you examine related concepts such as legislation the governs all work place and workers so in the event when one is overlooked, what actions can be taken to cover the workplace or the worker.



Learning Outcomes;

On successful completion of this module, students will be able to:

- Explain what human resource and financial management and describe procedures in place to address them by using the laws on employment rights and responsibilities of workers, equal employment opportunities, negligence and making sure to in line with management.
- explain strategies used for addressing management and financial issues.

12.3.7.1 Management Issues on Industrial Relations

Reducing Workplace Stress

Stress affects not just the worker but the company's profit or bottom line. It can make workers disinterested in their work. It can also make workers unhappy and place unnecessary pressure on their lives. Stressed out and unhappy workers are less effective and more likely to misuse work hours or quit.

The Human Resource department is often tasked with creating and promoting a stress-free work environment. But as employees scramble through each day they also create a climate of stress or calm, discontentment or contentment. The Human Resource division can step in and play a critical role in managing workplace attitudes and behaviors in order to control stress at the workplace. By maintaining open lines of communication early action can be taken to manage workplace stress.



Figure 3.29. A stressed-out Worker.

Support a Healthy Lifestyle

Workplace health and safety training is an important area as it helps minimize stress. Apart from that a worker's 'workspace' should be made favorable. The right equipment should be purchased to help reduce strain and injury. This is a useful investment as it prevents lost productivity and worker's compensation claims which can arise out of a poor working environment.

Wellness programs can also be introduced to improve employee health and cut down on sick day losses. It might involve the use of a nutritionist to speak on healthy diet, cooking and other vital areas of health and hygiene. An expert can be brought in to talk to the employees on the dangers of smoking, alcohol, gambling, etc. Smoking and excessive drinking of alcohol are hazardous to the health.



A lunch time yoga class or running group or even subsidized gym membership can be considered as well. Even taking part in a corporate sports competition is healthy for the staff. It is also fun time for the family. Team building can be really promoted through sports and other organized social events.

Family-friendly Policies

Through family-friendly policies a firm can motivate and retain its staff. For example, the firm can consider helping families pay health costs, support child care, and welcome families through corporate functions. A policy like this can help employees develop a healthy relationship with their work and the employer.

Employees who have a comfortable home life are also likely to feel more satisfied with their jobs. This is because some stress can start at home and move to the workplace. If this can be identified and minimized workers can become very efficient and be more productive. Many employers now-a-days, provide free counseling services for their staff to help them deal with stress. This service is even extended to family members of staff.



12.3.7.2 Human Resource Issues

Human Resource Issues

Human resource is a changing field. It has continuously changed over time. For example, the word 'personnel' is no longer used now. Instead, the term 'human resources' is preferred and is used by many modern organizations. This change in terminology was also aimed at removing some of the stigma associated with slow, bureaucratic personnel departments. Human resource is increasingly becoming a strategic partner to contribute significantly to business decisions, advice on changes and invite employees as strategic partners in the organization.

Human Resource, as a department, provides services to both the employer and the employees. Apart from that Human Resource caters for business strategy – the long term success of the business. Human Resource is responsible for administrative efficiency, employee contribution and workplace change. As a change agent, Human Resource is in charge of managing the change process to increase the effectiveness of the business. So Human Resource can deliver value to the business and contribute meaningfully to organizational success.

Changes in Labour Markets

National Market

The national labour market has grown considerably since independence. The national population has grown to about seven million today, which means that the national labour market is reasonably big. However, unemployment has grown ever since, despite the economic growth achieved in recent years. Another factor which has contributed to the growing labour force in the country is the number of young people graduating from secondary and tertiary institutions in the country.

Significant national government policies such as Tuition Free Education (TFF) and Universal Basic Education (UBE) have enabled the education system to mass-produce school drop-outs at the primary, secondary and tertiary levels. These young people, most of whom are unemployed, are willing, able and ready to work. They can easily take up blue-collar jobs involving mostly manual labour. White collar jobs such as teachers, bankers, lawyers, doctors, and other professional are growing at a slow pace in line with economic growth rates.

Global Market

The global labour market has not been 'opened up' to the same degree as other markets. Actually, the labour market has become less global in the last 60 years or so. Due to geopolitical barriers, the flow of unskilled labour between countries is now unlike in the years between 1800s and the 1900s, when waves of migration occurred. It seems this restriction placed on the movement of low or unskilled labour is permanent. However, two trends in the labour market have resulted in the movement of workers.



Firstly, the movement of large numbers of temporary migrant or seasonal workers has been very important in Europe, Asia, Australia and New Zealand. For example, large numbers of unskilled Turkish and Filipino workers work in numerous countries abroad. The same can be said of Pacific Islanders (seasonal workers) found in Australia and New Zealand.

Secondly, growing demand for highly trained and qualified employees means that such people are increasingly mobile. Currently a small, but significant pool of well qualified PNG professionals such as Engineers, Pilots, Geologists and Doctors are working and living in Australia and other industrialised nations. This trend will continue to increase into the future as the global market place becomes one.



12.3.7.3 Financial Resources Issues

Financial resources are those that have a monetary value. Financial management is the planning and monitoring of financial resources to achieve an organisation's financial goals.

When there is poor financial management problems such as those listed below can arise:

- accumulation of excessive idle stock and asset
- inadequate capital for expansion
- too many assets that are non-productive
- growing list of unpaid accounts
- possible business failure

Objectives of Financial Management

The objectives of financial management are to maximise the business' liquidity, profitability, efficiency, growth and return on capital. The responsibility of financial management is to make decisions about the best way to achieve the objectives stated above. This will involve identifying and evaluating alternative courses of action. So to achieve its long term goals the organisation must have some short term specific objectives.

1. Liquidity

Liquidity refers to the ability of an organisation to pay its debts as and when they are due. An organisation must have sufficient cash flow to meet its financial obligations or be able to convert current assets into cash quickly; for example, by selling stock.

Controls over the flow of cash into and out of the business ensure that an organisation has supplies of cash when needed. Cash shortfalls and excess or idle cash must be avoided as both situations can lead to the loss of profitability.

2. Profitability

Profit is the main aim of every business. Profits satisfy the owner or shareholders in the short term but are also important for the longer term sustainability of a firm.

To ensure that profit is maximised, an organisation must carefully monitor its revenue and pricing policies, costs and expenses, inventory levels and levels of assets.

3. Efficiency

Efficiency is the ability of an organisation to minimise its costs and manage its assets so that maximum profit is achieved with the lowest possible level of assets.

Efficiency generally relates to the operations or revenue-producing activities of the organisation. To achieve efficiency a business must have control measures in place to monitor its resources. An organisation that aims for efficiency must monitor the levels of inventories and cash and the collection of receivables.



4. Growth

Growth is the ability of the organisation to increase its size over time. Growth of an organisation depends on its ability to develop and use its asset structure to increase sales, profits and market share. Growth is an important financial objective of management as it ensures that the organisation is sustainable.

5. Return on Capital

Return on capital is the amount of profit returned to owners or shareholders as a percentage of their capital contribution.

Owners and shareholders are interested in their financial objective as their return must be sufficient to make their investment worthwhile. Owners and shareholders assess their return on capital against other investment options. Shareholders are interested both in the amount of profit returned as dividend and the price of their shares.

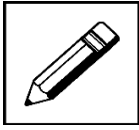
6. Minimising Financial Risks and losses

Financial risk is the possibility of not meeting the financial obligations of a business. It covers obligations such as the debts that a business incurs through borrowing of money. If the business is unable to meet its financial obligations, bankruptcy will result.

There are many questions that a business must answer in relation to financial risk. Below are some of these common questions:

- should the business borrow to expand its operations?
- who will fund the business expansion – owners or lenders?
- should the business use its excess funds to purchase assets or invest on the short-term money market?
- will interest rates go up?
- will the fluctuating exchange rates affect businesses?

To minimise financial risk, organisations must consider the amount of profit that will be generated. The profit must be sufficient to cover the cost of debt and increase the profits to justify the risk level taken by owners and shareholders. Consideration must also be given to the liquidity of an organisation's assets. If an organisation has short-term debt, it must have liquid assets so that debts, including interest payments and the repayment of principal on loans can be covered. Careful consideration is needed to ensure that financial risk and losses are minimised.



Learning Activity 12.3.7: Complete the activities given below.

1. How can stress be reduced at the workplace?

2. Give an example of a family-friendly employment policy.

3. Why is the term 'human resources' preferred over 'personnel' today?

4. How does the HR division contribute towards organizational efficiency?

5. Give some examples of risks at the workplace.

NOW CHECK OUR ANSWERS AT THE END OF THE MODULE



12.3.8 Democratic Approaches to Management

In this module unit, you will learn the concept of Democratic Approaches to Management specifically in the areas of consultative, participative and situational approaches. As you go through it will give the insight of democratic management style with consultative managers using situational management approaches plus basic situational model.



Learning Outcomes;

On successful completion of this module, students will be able to:

- Explain the purpose of democratic approaches to management and its advantages and disadvantages.
- Identify and explain the three Democratic management styles.



12.3.8.1 Consultative, Participative and Situational Approaches

Democratic Style of Management

The democratic manager tries to forge consensus or agreement and unity among employees. The manager builds trust, listens to people's ideas and encourages people to contribute to decision-making. These actions can promote innovative and creative ideas and solutions if the right people are involved. They can also produce a positive work environment where workers feel encouraged and respected as valuable members of the organisation.

Key decisions may be postponed if there is a lack of consensus or if there is no quorum to make the decision. Such delays can sometimes mean lost business opportunities.

In contrast to the autocratic style, managers use democratic decision-making in many parts of the organisation. Everyone has the opportunity to contribute ideas to the decision. There are three types of democratic decision-making;

- persuasive democratic management – here the manager makes the decision first and then persuades employees that he or she has made the right decision.
- consultative democratic management – this involves the group contributing to the decision making process, with the leader making the final decision.
- participative democratic management – this involves the full participation of workers in the decision-making process.

Persuasive Democratic Management

A persuasive manager shares some characteristics with the autocratic manager. This type of manager maintains control over the entire decision-making process. A persuasive manager will spend more time working with their subordinates in order to try to convince them of the benefits of the decision that have been made. A persuasive manager is more aware of the employees but they are not involved in the decision-making process.

There are times when an organisation will benefit from a persuasive management style. For example, if a slightly complicated task needs to be completed, it may be necessary to rely on only the input from experts. In such a situation, the expert may take time to explain to others why they are not involved at all. Also, if a sudden decision is required it is convenient not to involve many people in the decision-making process because of the delays it will cause.

This style of management has its disadvantages too. There may be lack of support from employees if they are not involved. Also, they may not trust the decision at all unless someone explains it to them. Secondly, this style of leadership misses out on the input from employees who represent one of the most valuable resources of the organisation. People have ideas and experiences which can be of much use to the organisation but that source of input is neglected by the persuasive managers. A third disadvantage is that communication in the organisation is very poor under the leadership of a persuasive manager.

Consultative Managers

This style is partly autocratic and partly democratic. The manager listens to workers for their feedbacks but reserves the final decision-making power. This style focuses on using the skills, experiences and ideas of others.

The consultative manager;

- often involves others in problem solving.
- retains right for final decisions.
- focuses his/her time on more activities.
- provides for team building.
- delegates but keeps 'veto power' – power to reject opinions.
- weighs all alternatives before final decision is made.

Under this style of management team members provide their input when asked for. Through this consultative process a good decision is made. Consultative managers always try to build trust and mutual respect in their team. In addition, the emphasis on employee interaction tends to increase employee loyalty and reduce staff turnover. However, employees tend to become highly dependent on their manager.



Figure 3.30. The Consultative Manager in Action.

Consultative managers tend to be most successful in organisations that hope to retain employees for long periods of time. Many of the best office managers use this style.

Participative Managers

A participative or democratic manager is one who shares his or her decision-making authority with the subordinates. The degree of sharing can range from low-to-moderate-to-very high level of involvement.

Sometimes referred to as the '**we**' approach, participative or democratic managers recognise the strengths and abilities of employees and actively involve them in the decision-making process. The contribution of employees is valued, and employees assist

in the decision-making process through regular meetings. Employees have a commitment to the business's objectives because of their own input.

The participative manager traits are;

- team members' ideas are equal with the manager.
- everyone's input is considered.
- manager is team facilitator.
- manager is coach/player.
- manager frequently accepts team's ideas over own.
- focus is on stimulating creativity.
- manager creates culture of innovation.

Under this type of management, employees feel valued by the organisation and its management. Because they contribute in the decision-making process, they take ownership of the decisions. It further motivates workers and turns them into loyal workers of the organisation. This type of management works well in organisations that have very qualified, experienced and matured workers who have the ability to self-manage as well as reason out issues, problems and situations. Universities, research organisations and high-tech organisations use this style of democratic management a lot.



Figure 3.31. A participatory Meeting.

Situational Management Approaches

So which management approaches do you think is the best? In fact, the answer varies since no one approach can solve all management problems and serve all situations. Therefore, managers need to use different styles at different times and situations.

The most effective manager switch between management styles as needed. That is why it is called situational management, also known as contingency approach. It calls for managers to be sensitive to the impact on others and adjust their styles to achieve the best results.

In order to develop a range of styles, managers have to increase the strength of their emotional intelligence. It involves improving their empathy, building relationships and

improving communication. The situational theory of management suggests that the situation plays an important part in determining the most effective management style.

There are particular qualities and abilities of managers which are rare. Good managers are able to manage performances and interpret results. In addition, they are familiar with the routines and patterns of their work.

There are clearly aspects of the management role for which training can be provided – for example; the managerial and routine aspects. However, in the end a manager does need to exercise a high degree of judgement about what to do when, understanding of people and their motives, and courage to follow a course of action irrespective of its popularity.



Figure 3.32. Peoples' Micro Bank launches ATM machines under a good management.

Basic Situational Model

The situational model is a theory of organisational management that promotes the benefits of combining a range of styles to cater for different people within the same organisation. This is opposed to the more traditional view of the executive manager who may employ the same management tactics across an entire organisation.

By employing the strategies put forth in the situational management model, a manager would potentially have the capabilities to deal with a wide range of people and thereby create a more employee-centric and innovative organisation. Further, the leader would be free to place more or less emphasis on a particular task as well as more or less emphasis on relationships with employees. This will enable them to focus on the needed component to successfully complete a task.

No Single 'Best' Approach

The core belief of the situational leadership model is that there is no single 'best' approach or 'no one-size-fits-all' style of management. Instead, effective management is viewed as



task-relevant. Therefore, the most successful managers are the ones who are able shift between different management styles as required by the situation.

Five Steps for Situational Management

There are five simple steps which a manager can apply under situational leadership. These are as depicted in the diagram below.

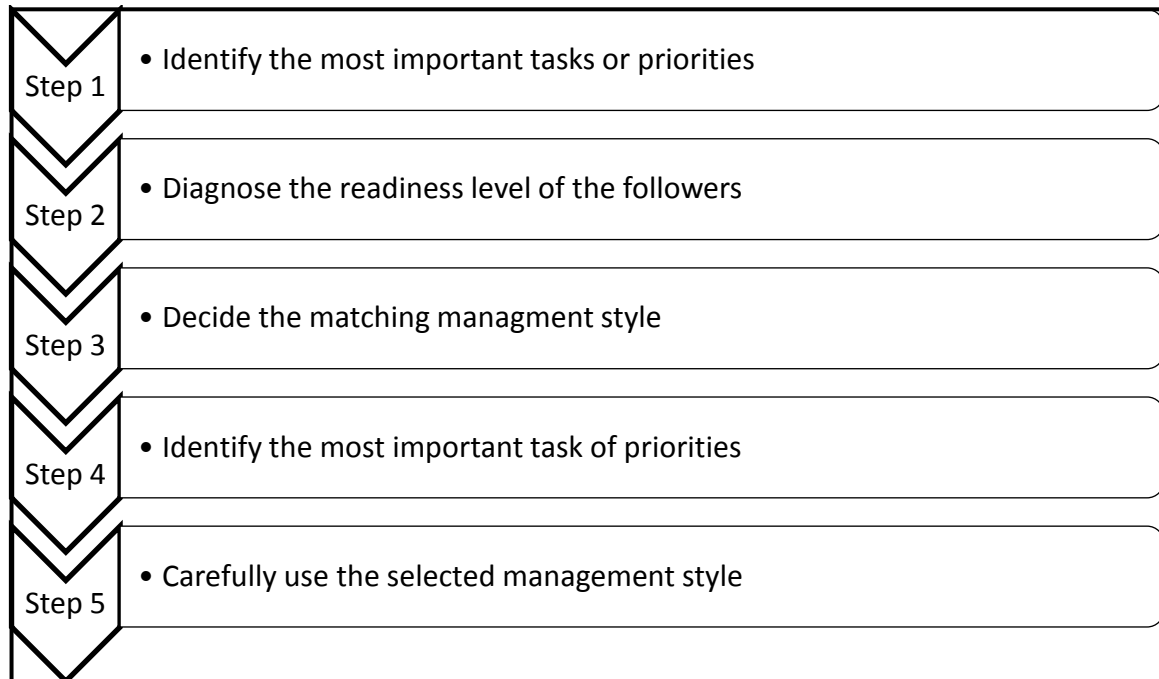


Figure 3.33. Situational Leadership Steps.

By following the simple steps given above a leader can manage any situation. The key point here is that no particular style fits all situations. Therefore, the leader must exercise flexibility in handling situations. He/she must also be willing to switch between different styles to search for solutions.

Effective managers switch between management styles at different times as the environment changes. Managers need to be sensitive to the impact they have on others and adjust their style in order to achieve the best results.



Learning Activity 12.3.8: Complete the activities given below.

1. Which style of management would you prefer if you were a manager of a business?

2. Which management style do you think is not good for an organization?

3. Which democratic style of management do you prefer for Papua New Guinean organisations, and why?

4. There is no 'one-size fits all' style of management. What does that mean?

5. List an advantage and a disadvantage of the persuasive democratic style of management.

NOW CHECK OUR ANSWERS AT THE END OF THE MODULE



Summary

In this module unit, you have learn the concept of human resource management. It is an important unit in the study of management because it concerns one of the most important resources of the organisation. The effectiveness of an organisation therefore depends on human resources and how well they are managed.

Since the Industrial Revolution began almost two hundred years ago, management in general and human resources management in particular have been the subject of many studies and intellectual debates. Many distinguished writers and theorists have put their mark on this important subject through their work. Their work has paved the way for a better understanding of the study and practice of Human Resource Management.

Managing human resources is a challenging function, yet it is crucial to the success of any organisation. Organisations have recognised this by creating human resource divisions headed by a manager whose job is to ensure that positive industrial relationship is maintained between workers and the organisation. The result of this is improved loyalty, increased productivity and the ultimate achievement of organisational goals and objectives.

The Human Resource manager is tasked to oversee the employment cycle which begins with recruitment and ends with separation or termination. In between there are important management tasks such as motivation, rewarding, maintenance, training and development, job appraisal, job enrichment and job enlargement. By properly undertaking these functions workers are kept satisfied and motivated on the job.

Factors from both the internal and the external environments are at play to constantly shape the functions of the human resource division. By mitigating these factors the Human Resource manager keeps the Human Resource function steady and conducive for both the workers and the organisation. Changes are a constant feature of every organisation. Managing these changes is vital to organisational change, and Human Resource managers play a vital role in the change management process.

Maintaining employees in the organization is crucial to organizational success. Employees are interested in their pay as well as other rewards such as promotion, bonus, job satisfaction, healthy work environment and a closer association with the organization. By understanding the various needs and demands of employees the Human Resource manager can put in place proper practices and policies to keep them in the organization.

Industrial relations is an important part of the subject of human resources management. The government has established councils, boards, committees and even passed important laws over time to keep the workers and employers in a harmonious relationship. Disputes, whenever they arise, can be settled through the various mechanisms in place, primarily at



the workplace. There are arbitration and conciliation processes in place to cater for industrial disputes.

The role of the manager is crucial to the Human Resource function as well as other functions in the organization. Understanding the different styles of management is important as it enables managers to pick the style which promotes the interest of all stakeholders such as employees, shareholders, the wider community, the government and of course, the organization itself.

Modern managers today are increasingly using the democratic style of management. There are distinct advantages derived from this style of management. A notable one is worker motivation. Modern workers demand more than their pay. They would like to be seen as integral or important members of their organisations. They want to have a say in the running of the organisations they work in. With such changed worker attitudes democratic managers are preferred by many modern organisations.



Answers to Learning Activities

Activity 12.3.1

1. Do you think all large organisations should employ a 'psychologist' to provide advice on how to handle workers? Explain your answer.

It depends on the needs of the organisation. Also, an organisation can either outsource it to external psychologists or it can employ a specialist person for its needs.

2. Who was responsible for developing and popularising the 'scientific' management theory?

Frederic W. Taylor of the United States is considered the father of Scientific Management.

3. What is bureaucratic management and who was responsible for developing it?

Max Weber of Germany developed the bureaucratic management theory. His theory was about developing an organisation into a hierarchy with strong lines of authority, control and communication.

4. Why is it that those people who developed the 'human relations movement' were mostly psychologists?

Psychologists study human behaviour and how people in societies organise their resources to fulfil their needs. Given that background they were able to study workers, their behaviour and how their needs were met by organisations.

5. Explain the differences between 'job enrichment' and 'job enlargement'. Provide examples for each of them.

Job enrichment: A worker is given added duties and responsibilities that will enable him or her to utilise a variety of skills and exercise some freedom or autonomy in performing the

allocated job. It is a way of enriching the worker's job vertically. In a way it is a show of trust and confidence on the worker by the manager or supervisor. For example, a company driver being given the permission to take the vehicle home every afternoon.

Job enlargement: This is sometimes called horizontal job loading. The worker is given extended duties outside of his/her core job. It could also mean adding someone else's tasks or even some difficult tasks from time to time. In a way it reduces monotony and dissatisfaction that results from performing the same job every day. For example, an accounts clerk is allowed to perform extra tasks that are usually performed by the accountant.

6. What do you understand from Maslow's hierarchy of needs theory?

- *Firstly, all humans have five basic needs.*
- *Secondly, these needs exist on a hierarchy where lower needs have to be met first before progressing on to the next need. One cannot move to higher need until he/she fulfils the current or prevailing need.*



- *Thirdly, this theory can be used by HR managers to motivate their workers by enabling them to fulfil their various needs until they reach the top which is self-actualisation.*

7. Why is the HRM function important to every organisation?

Human beings/workers represent the most valuable asset in any organisation. These valuable assets also have feelings, needs, emotions, and cultures which they bring with to the workplace. Through the HR function, human needs, emotions, cultures, etc. are taken care of so that they stay positively motivated and help the organisation achieve its stated aims and objectives in the long run.



Activity 12.3.2

1. State some differences between a human worker and other business assets that are employed by a firm.
 - a. *A human being/worker has feelings, emotions, needs, desires, culture and thinking capacity. Machines or physical assets do not possess these human characteristics.*
 - b. *Humans come with their knowledge, skills and ability (KSA) to the workplace where machines do not possess the KSAs.*
 - c. *Machines have fixed functions and can only operate with the input of human beings. Without human intervention machines will become idle.*
 - d. *Humans are paid wages or salaries for their work; machines do not receive such incentives.*
 - e. *The cost of a machine is fixed. Workers' pay is subject to reviews and changes.*
2. What outcomes are likely to occur if the Human Resource Management function is not performed properly?
 - a. *The organisation will find it hard to organise, control, lead and direct the workers.*
 - b. *Industrial relations will be poor, leading to disputes and strikes.*
 - c. *There will not be any evaluation of the workers for promotion and pay rise purposes.*
 - d. *Lack of evaluation will mean that unproductive workers will still remain in the organisation and continue to drain the resources without much input.*
 - e. *Workers will not have their retirement and social benefits without the input from the Human Resource section.*
3. How can HRM contribute towards organisational competitiveness?
By taking care of the workers/employees of the organisation. When workers' needs are met and when they become highly motivated, they will perform very well and aim to make the organisation the best in the industry. Their productivity will also increase, leading to financial gains for the organisation. All these inputs will make the organisation successful and remain competitive in the industry.
4. Define the term 'motivation' in your own words.
Motivation simply means a reason or reasons for acting or behaving in a particular way. This could be in the form of incentives, inspiration, inducements, incitements, provocation or stimulus.
For example, pay could be a strong motivation for working in an organisation.
5. List some ways in which an employer can motivate the workers. You can think of some more and add to this list above.
 - a. *Better pay*
 - b. *Work place training*
 - c. *Contribution to superannuation scheme*
 - d. *Free accommodation*
 - e. *Fully paid sick leave or recreational leave at the end of the year*
 - f. *Praising a worker for a job well-done*
 - g. *Giving a bonus at the end of the year*
 - h. *Promotion*
 - i. *Free transportation and health care plan*



Activity 12.3.3

1. A shortage in the labour supply can affect an organization. How can such an effect be minimized by the organization?
 - a. *Study the current trends and forecast the labour supply for the medium to long term.*
 - b. *If a labour shortage is likely to occur in the future, plan now to keep the current workers by introducing new benefit schemes which will tie them down.*
 - c. *Develop a staff training and development plan which will enable the current workers to receive additional training in preparation for the future.*
 - d. *Develop employment contracts for key workers where they will sign to stay on for a certain period of time. That will give assurance to the organization that key workers will not leave until their contract expires.*
2. What is the difference between on-boarding and orientation in the employment life cycle (ELC)?
 - a. *On-boarding is the first stage of introducing a worker to the organization after he/she has been recruited. It is like someone boarding a plane and told by a hostess to find his seat and sit down.*
 - b. *Orientation happens after a new employee has boarded the organization. Here he/she is taken through the basic details of his/her job, and being shown around the organization before he/she commences on the job he/she was recruited for.*
3. State an advantage of promoting employees within the organization to take up higher positions.
 - a. *Employees in the organization are already well-versed with the organization. Therefore, there will never be a need for on-boarding or orientation.*
 - b. *Promoting existing employees to higher positions in the organization will certainly motivate other employees to work hard for similar promotions in the future.*
 - c. *Cost involved in advertising, recruiting, interviewing, on-boarding, orientation and accommodation will be saved.*
4. How do performance appraisals help workers?
 - a. *A performance appraisal will enable a worker to know how effective he/she has been in the organization.*
 - b. *It will provide an opportunity for a worker to be noticed and get promoted and receive a pay rise.*
 - c. *It enables workers to be alert knowing that their performance is going under review. This often brings out the best in workers.*
 - d. *The worker will be assisted by the organization to reskill or undergo training and development after skill deficiencies are exposed through the appraisal process.*
5. How does employee training help the organization?
 - a. *Employees learn new Knowledge, Skills and Attitudes (KSAs) which will be applied in the organization.*
 - b. *Workers' productivity or output will be improved after they undergo training and development.*
 - c. *Employees feel motivated after undergoing training and development.*
 - d. *It boosts the morale, status and ego of the worker. These things positively motivate a worker.*



Activity 12.3.4

1. What does the initial 'KSA' stand for?

They stand for:

K = Knowledge

S = Skills

A = Attitudes

2. What sort of person would make a good change agent during the time of organizational restructure?

Someone who is liked, trusted, respected, transparent and is seen as neutral in the change process or restructure.

3. Provide two examples of intrinsic rewards for workers.

a. Job satisfaction

b. Self-development

c. Career plan

d. Ego

e. Self-esteem

4. Provide some examples of unsatisfactory working conditions.

a. Low pay

b. Autocratic management style

c. Low morale in the workplace

d. No rest room in the workplace

e. Unsafe work environment

f. No proper tools and safety clothing

g. No promotion, bonus

5. What does the 'employee stability index' measure?

It is used to measure staff and labour turn-over or to show the extent to which employees with longer service are leaving the organization.



Activity 12.3.5

1. Explain the term 'industrial relations' in your own words.
Industrial relations is concerned with the relationship between the workers and their employers. Sometimes it could also involve the government because the government is part of the industrial relations system. It refers to the individual staff relations with their employer and joint consultations between workers' associations and the employer at the work place.
2. What is a trade union?
It is a workers' association that aims to address workers concerns, problems, and disputes with their employers. A union exists at a regional or national level and allows for smaller, industry-based worker associations to affiliate so that there is a greater voice or representation. The greater the numbers, the more powerful and stronger the union.
3. Which parties make up the tripartite system?
 - a. *The Employers' Associations*
 - b. *The Employees' Associations (unions and associations)*
 - c. *The Government or State.*
4. Differentiate between common law and statutes.
 - *Statutes are formal laws passed by parliament over time.*
 - *Common law is law that was developed over time through the decisions and judgments of the courts (supreme, national and district courts)*
5. Under whose leadership was the 1961 Industrial Relations Ordinance passed?
The Australian Minister for Territories at the time Mr. Paul Hasluck
6. Why is it important to have a written contract of employment?
It can be used during times such as unlawful termination. It also provides assurance to the employer that the employee will remain with the organization until the contract expires.
7. What is the role of the National Minimum Wages Board?
Its main duty is to assess the national minimum wages in consultation with other key stakeholders. If the cost of living rises significantly over time, this board convenes to recommend to the national parliament wage increases for both urban and rural wage earners in the country. If approved, wage earners receive increased wages to counter the effects of inflation and general rise in the cost of living.



Activity 12.3.6

1. What is the main reason for workers taking up strike action?

The main reason for workers' strike is over wages and salaries. Other secondary reasons such as leave pay, bonus, working conditions, retrenchment are used sometimes as reasons for strike but pay is the main reason for industrial unrest.

2. Differentiate between 'primary' and 'sit-down' strike.

A primary strike is when workers stay away from work and use their time to organise rallies and demonstrations.

A sit-down strike is when workers are physically present at the work place but refuse to perform their jobs.

3. Give an example of a counter-action taken by employers when workers go on strike.

The employer can lock the doors to the work place in retaliation over the strike action taken by workers.

The employer can also cut the pay for striking workers.

Another action is termination. The employer can terminate workers who go on strike.

4. What is the role of the National Tripartite Consultative Council?

It represents the government and brings together disputing parties – workers and employers to the round table for mediation and conciliation. This council acts as the mediator to resolve the industrial conflicts and send workers and employers back to their place of work.

5. Explain the term 'conciliation' in your own words.

Conciliation is one of the stages in the industrial dispute resolution process. Here, a mediator, usually the conciliation officer, brings the employer and representatives from the workers to try to negotiate a solution to the industrial unrest or strike. The work of the conciliator is to offer advice to both parties, make suggestions and stimulate negotiations between the disputing parties so that an amicable solution can be found.

6. When is a compulsory arbitration necessary?

Compulsory arbitration is usually called for by the government, through the National Tripartite Consultative Council, to come for mandatory or compulsory arbitration to settle an argument or dispute once and for all and return to their work place.

7. State a cost and a benefit of industrial conflict.

The costs of industrial conflict are numerous. The main ones are: financial, personal, social, international, stakeholders and violence and threats.

An industrial conflict benefits both the organization and the workers in numerous ways such as:

- *promoting open and transparent communication between workers and employer,*
- *promoting democracy at the workplace*
- *differences are settled, misunderstandings are cleared, positive relationship exists and productivity increases for the organization*



- *health and safety issues get addressed*
- *enables the government to make laws in response to issues raised by workers and employers during an industrial dispute*
- *management is kept on its toes to be a responsible employer*

8. What does the term 'collective bargaining' mean?

This is a process through which workers' grievances or issues are settled at the workplace with their employer rather than through a mediator and through conciliation and arbitration at the national level. The employers and workers settle their differences through mutual discussions and negotiations by practicing the 'give-and-take' approach to dispute settlement.



Activity 12.3.7

1. How can stress be reduced at the workplace?
 - *Employer providing adequate support services such as workplace counseling*
 - *Employer providing a conducive working environment that is safe and comfortable for workers*
 - *Employers allowing workers to socialize as much as possible while at work*
 - *Employer maintaining open lines of communication for workers to express their emotions, problems and disappointments at an earlier stage rather than leaving it till too late.*
2. Give an example of a family-friendly employment policy.
 - *Promoting family members to visit during specific times*
 - *Allowing workers to make calls during lunch hours to talk to their family members*
 - *Allowing workers to receive calls during working hours as long as the conversations are kept short and sharp.*
 - *Hosting end-of-the-year gatherings in which family members of workers can also attend.*
3. Why is the term 'human resources' preferred over 'personnel' today?

The word 'personnel' is an old term that often was associated with very slow personnel departments of organisations. Its usage has become outdated or redundant now. Human resources is a modern term reflecting the changes happening in the employment arena. It is also a more user-friendly term than personnel.
4. How does the Human Resource division contribute towards organizational efficiency?

Human Resource makes sure that the relationship between workers and employer is always positive. Human Resource has this vital responsibility of managing the affairs of all workers including pay, employment contracts, training and development, social and health benefits, etc. Once these things are taken care of workers concentrate on their given jobs and perform as required. Productivity also increases, allowing the organization to achieve its stated goals and objectives. The risk of industrial unrest is also minimized by the efforts of the HR division.
5. Give at least two examples of risks at the workplace.

Risks depend on the type of organisation we are looking at and the type of activity undertaken. Some industries such as manufacturing plants pose specific risks associated with machines, tools, electrical appliances, heavy equipment loading, etc. Likewise, specific risks exist in mines, wharves, transport industry, and the like. All in all, some of these risks are life threatening while others are not. It is up to the Human Resource section to identify these risks and train workers to reduce these risks while at the workplace.



Activity 12.3.8

1. Which style of management would you prefer if you were a manager of a business?

There is no one correct answer for this question. It depends on your preference. However, generally speaking, many of you would prefer the democratic styles of management because of the clear advantages they have. For example, democratic managers provide some opportunity for workers to contribute towards decisions for the organization. Workers these days prefer such management styles because it provides avenues for them to do a bit more extra than the jobs they were employed to perform. In so doing, they get job satisfaction and also get to demonstrate or utilise their knowledge, skills and attitudes and even experiences for the advancement of the organization. It boosts their morale and self-esteem when they get involved. This translates into motivation and as a result their productivity increases.

2. Which management style do you think is not good for an organization?

Again, there is no specific answer for this question which is considered to be the correct answer. It really depends on your individual preference as long as you can support your preference with valid reasons. But, generally, the autocratic style of management is not preferred by many workers though it may be preferred by managers. If workers do not like a style of management, they are likely to become unhappy and eventually leave or take part in a strike.

3. Which democratic style of management do you prefer for Papua New Guinean organisations, and why?

Your answer should be specific here because there are three types of democratic management styles explained in your reading. Your answer will specifically involve one of the three styles, supported by your reasons. Make sure that you provide valid reasons for the style which you opted to like.

4. There is no 'one-size fits all' style of management. What does that mean?

This statement describes the situational style of management explained in the readings. It means that a manager rarely uses only one style of management to deal with every situations and problems. Some problems or situations require only one type of management style. The same style may not work for other situations and problems. Therefore, it is wrong conclusion to draw that one particular management style can easily solve all situations and problems.

5. List an advantage and a disadvantage of the persuasive democratic style of management.

Advantage:

- Manager spends more time working with the workers in trying to implement his/her decisions.*
- Decisions-making process is fast since only one person makes them.*
- Manager considers the needs of the organization, develops alternative decisions and picks out the best decision for the organization and its workers.*



- d. *Manager makes decisions in response to changes, opportunities and threats from the external environment. Because the external environment always changes without warning, the manager wastes no time to decide in the best interest of the organization.*

Disadvantage:

- a. *There may be lack of support from the workers*
 - b. *Workers may become suspicious of management when they are not consulted*
 - c. *Valuable input from workers is missed out altogether when decisions are made by only one or two people*
 - d. *Communication is very poor under this management style*
 - e. *Workers' input is suppressed leading to poor motivation, low morale and reduced productivity.*
-

NOW YOU MUST COMPLETE ASSIGNMENT 3. THEN SEND IT TO THE PROVINCIAL CO-ORDINATOR FOR MARKING



**GLOSSARY**

WORD	MEANING
Administrative Management Theory	The body of rules, ideas, principles, and techniques that relates to the running and controlling of the affairs of a business.
Anti-discrimination	Expressing or holding an opposing view on the unfair treatment of one person or group because of race, ethnicity, age religion or gender.
Appraising	Making or giving a formal assessment of an employee or an employee's performance following set criteria.
Arbitration	The process of resolving disputes between people or groups by referring them to a third party, either agreed on by them or provided by law, who makes a judgment
Attrition	The gradual reduction of the size of a work force that occurs when personnel lost through retirement or resignation are not replaced.
Awards	Something such as prizes or rewards that are given in recognition of somebody's merit or an achievement.
Behavioral Science	A science such as sociology, psychology, or anthropology that is concerned with the ways in which people or animals behave
Bureaucratic Management Theory	The organizing and controlling of the affairs of a business or a sector relating to the way administrative systems are organized
Career Development	A job or occupation regarded as a long-term or lifelong activity with the process of changing and becoming larger, stronger, or more impressive, successful, and advanced.
Career Planning	A job or occupation that somebody intends or has arranged to do.
Change Management	To make a change or switch and become different in the organizing and controlling of the affairs of a business.
Classical Management Theories	The skillful handling or use of something such as resources relating or belonging to the ancient Greeks or Romans cultures.
Collective Bargaining	Negotiations between management and a union about pay and conditions of employment on behalf of all the workers in the union.
Conciliation	Working with opposing parties with the goal of bringing them to an agreement or reconciliation.
Consultative	Available for consultation and involved in consultation.
CSR	Initials for Corporate Social Responsibility (CSR)
Culture	A particular set of attitudes that characterizes a group of people.
Democratic	Equal participation which is characterized by free and equal participation in government and in the decision-making processes of an organization or group.



Dispute Prevention	An action (s) taken to stop somebody from doing something or to stop something from happening.
Economic Cycle	A period of time during which one complete sequence of a recurring series of events which occurs in the production, distribution, and consumption of goods and services.
Economic Growth	The economic and business activities of a country in the process of becoming larger and more mature through natural development.
Efficiency	The ability to do something well and achieve a desired result without wasted energy or effort.
Employee Relations	A meaningful connection or association between two or more workers at their work place.
Employers Federation	An organization of employers, usually working in a similar area, that provides support for its members and negotiates in industrial disputes.
Employment Cycle	The total number of people who work for pay in a particular population for a <i>period of time</i> .
Employment Relations	A meaningful connection or association between two or more workers and their employers at their work place.
Esteem Needs	To have a high regard for somebody or something
Extrinsic	Not an essential part of something and coming or operating from outside.
Financial Management	The skillful handing of resources, especially money.
Hierarchy of Needs	This is a theory that shows a hierarchy of human needs which motivates people to work. The basic needs are food water, oxygen, sleep and survival.
HR Environment	A group or section of human resources personal
Human Resource Management	The field of business concerned with recruiting and managing employees.
Incentives	Motivating factors that encourages or motivates someone to do something.
Induction	Introducing somebody to new beliefs, knowledge, and ideas.
Industrial Conflict	Return on Capital
Industrial Harmony	A situation in which there is friendly agreement or accord amongst the workers in the various industries.
Industrial Peace	Mutual agreement and understanding amongst workers in an industry.
Industrial Relations System	The systems of relations and procedures between employers' organizations and labor unions that are institutionalized in an industrial society
Intrinsic	The value something has because of its nature before it has been processed in any way.
Job Design	Job design is the process of deciding on its duties and responsibilities, how they are carried out, the systems and procedures in place, and the relationships that should exist



	between the job holder and his superiors, assistants and colleagues.
Job Enlargement	The act of carrying out other jobs as well, and not only the job one is entrusted with.
Job Enrichment	Motivating employees through expanding job responsibilities and giving increased control over the total production process
Legislation	Law making by Acts, bills and resolution by Parliament.
Liquidity	Characteristics of a security or commodity with sufficient trading and adequate supply to allow large transactions without a substantial drop in price.
Management Consultant	Individual or organization acting in a professional management advisory capacity for the purpose of assisting managers in analyzing management problems
Mediation	Process of bringing conflicting parties together using a third party.
Minimum Wages Board	A body mandated by Parliament that sets the lowest allowable hourly wage for an employee doing a particular job.
Monotonous Work	Uninteresting or boring as a result of being repetitive and unvaried
Motivation	A feeling of enthusiasm, interest, and commitment that makes somebody want to do something, or something that causes such a feeling
On-the-job Training	A short hands on experience work attachment done by an apprentice or casual to gain experience or exposure.
Organisational Behaviour	The study of the way in which people behave, their attitude and their performance when working together in an organization.
Organisational Theory	The branch of sociology that deals with the structure of organizations and with the systems and processes that operate within them
Orientation	A meeting or series of events at which introductory information or training is provided to somebody embarking on something new such as a course of study.
Participative	Taking part in an activity or event.
PEA	Initials for Public Employees Association
Performance Appraisal	The assessment of an employee's effectiveness, usually as undertaken at regular intervals
Philosophy of HRM	A set of basic principles or concepts underlying the knowledge of Human Resources Management
Physiological Needs	Relating to the way that living things function, rather than to their shape or structure
Planning	To make a plan
PNGTUC	Initials for Papua New Guinea Trade Union Congress
Reward System	A system created to benefit someone as a result of an action taken or a job done.



Profitability	The capacity or potential of a project or an organization to make a profit. Measures of profitability include return on capital employed, positive net cash flows and the ratio of net profit to sales.
Risk	The danger that injury, damage, or loss will occur.
Recruitment	To get somebody as a worker.
Redundancy	Person deprived of ones job as being no longer necessary.
Regulations	Rule used to carry out a law.
Retrenchment	Reduce staff
Scientific Management Theories	Management based on rational criteria
Selection	The act of choosing somebody or something from a wide variety of others.
Self - Actualisation	Higher order need with total satisfaction to the fullest.
Social	Relating to human society and how it is organized.
Statute	A permanent established rule or law, especially one involved in the running of a company or another organization.
Stress	The mental, emotional, and physical strain caused, by anxiety or overwork. It may cause such symptoms as raised blood pressure or depression
Strike	An organised work stoppage by labour for the purpose of exerting pressure on the management, with regard to agreeing on better terms and working conditions
Termination	Coming to an end or conclusion.
Theory X and Theory Y	Two conflicting theories regarding the human motivation of work put forward by the US psychologist Douglas McGregor. Theory X is based on the premise that people are inherently lazy, dislike work, and will avoid it if they can. They are motivated to work only by money and they must require tight control to make them function adequately. Theory Y on the other hand assumes the people wish that people wish to be interested in their work and given the right condition will enjoy it. The generally accepted view is that if management follows Theory Y they will achieve better operational performance.
Time and Motion Studies	A method of finding the best way of performing a complex task by breaking the task into small steps and measuring the time taken to perform each step.
Trade Union	An association of workers to promote and protect the welfare, interests and rights of its members.
Training	This is necessary when an employee has to under a new task which cannot be done without increased information, skill and experience.
Tripartite System	The three parties to an industrial relations. (Government, Employers Federation and Workers Unions)



Workplace Agreement	A legal document that states the mutual understanding between two or more legally competent parties, ordinarily leading to a contract.
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STUDENT'S AND MARKER'S COMMENTS

STUDENT'S COMMENTS:

[illegible]

Sign:

Date: /...../.....

MARKER'S COMMENTS:

This image shows a full page of white paper with horizontal dotted lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting practice. There are no margins, text, or other markings on the page.

Student's Mark:

Student's Percentage:

Marker's Name:

Marker's Signature :

Date :

**FODE PROVINCIAL CENTRES CONTACTS**

PC NO.	FODE PROVINCIAL CENTRE	ADDRESS	PHONE/FAX	CUG PHONES	CONTACT PERSON		CUG PHONE
1	DARU	P. O. Box 68, Daru	6459033	72228146	The Coordinator	Senior Clerk	72229047
2	KEREMA	P. O. Box 86, Kerema	6481303	72228124	The Coordinator	Senior Clerk	72229049
3	CENTRAL	C/- FODE HQ	3419228	72228110	The Coordinator	Senior Clerk	72229050
4	ALOTAU	P. O. Box 822, Alotau	6411343 / 6419195	72228130	The Coordinator	Senior Clerk	72229051
5	POPONDETTA	P. O. Box 71, Popondetta	6297160 / 6297678	72228138	The Coordinator	Senior Clerk	72229052
6	MENDI	P. O. Box 237, Mendi	5491264 / 72895095	72228142	The Coordinator	Senior Clerk	72229053
7	GOROKA	P. O. Box 990, Goroka	5322085 / 5322321	72228116	The Coordinator	Senior Clerk	72229054
8	KUNDIAWA	P. O. Box 95, Kundiawa	5351612	72228144	The Coordinator	Senior Clerk	72229056
9	MT HAGEN	P. O. Box 418, Mt. Hagen	5421194 / 5423332	72228148	The Coordinator	Senior Clerk	72229057
10	VANIMO	P. O. Box 38, Vanimo	4571175 / 4571438	72228140	The Coordinator	Senior Clerk	72229060
11	WEWAK	P. O. Box 583, Wewak	4562231/ 4561114	72228122	The Coordinator	Senior Clerk	72229062
12	MADANG	P. O. Box 2071, Madang	4222418	72228126	The Coordinator	Senior Clerk	72229063
13	LAKE	P. O. Box 4969, Lae	4725508 / 4721162	72228132	The Coordinator	Senior Clerk	72229064
14	KIMBE	P. O. Box 328, Kimbe	9835110	72228150	The Coordinator	Senior Clerk	72229065
15	RABAUL	P. O. Box 83, Kokopo	9400314	72228118	The Coordinator	Senior Clerk	72229067
16	KAVIENG	P. O. Box 284, Kavieng	9842183	72228136	The Coordinator	Senior Clerk	72229069
17	BUKA	P. O. Box 154, Buka	9739838	72228108	The Coordinator	Senior Clerk	72229073
18	MANUS	P. O. Box 41, Lorengau	9709251	72228128	The Coordinator	Senior Clerk	72229080
19	NCD	C/- FODE HQ	3230299 Ext 26	72228134	The Coordinator	Senior Clerk	72229081
20	WABAG	P. O. Box 259, Wabag	5471114	72228120	The Coordinator	Senior Clerk	72229082
21	HELA	P. O. Box 63, Tari	73197115	72228141	The Coordinator	Senior Clerk	72229083
22	JIWAKA	c/- FODE Hagen		72228143	The Coordinator	Senior Clerk	72229085

**SUBJECT AND GRADE TO STUDY**

GRADE LEVELS	SUBJECTS/COURSES
Grades 7 and 8	1. English
	2. Mathematics
	3. Personal Development
	4. Social Science
	5. Science
	6. Making a Living
Grades 9 and 10	1. English
	2. Mathematics
	3. Personal Development
	4. Science
	5. Social Science
	6. Business Studies
	7. Design and Technology- Computing
Grades 11 and 12	1. English – Applied English/Language & Literature
	2. Mathematics - Mathematics A / Mathematics B
	3. Science – Biology/Chemistry/Physics
	4. Social Science – History/Geography/Economics
	5. Personal Development
	6. Business Studies
	7. Information & Communication Technology

REMEMBER:

- For Grades 7 and 8, you are required to do all six (6) courses.
- For Grades 9 and 10, you must study English, Mathematics, Science, Personal Development, Social Science and Commerce. Design and Technology-Computing is optional.
- For Grades 11 and 12, you are required to complete seven (7) out of thirteen (13) courses to be certified.

Your Provincial Coordinator or Supervisor will give you more information regarding each subject.

**GRADES 11 & 12 COURSE PROGRAMMES**

No	Science	Humanities	Business
1	Applied English	Language & Literature	Language & Literature/Applied English
2	Mathematics A/B	Mathematics A/B	Mathematics A/B
3	Personal Development	Personal Development	Personal Development
4	Biology	Biology/Physics/Chemistry	Biology/Physics/Chemistry
5	Chemistry/ Physics	Geography	Economics/Geography/History
6	Geography/History/Economics	History / Economics	Business Studies
7	ICT	ICT	ICT

Notes: You must seek advice from your Provincial Coordinator regarding the recommended courses in each stream. Options should be discussed carefully before choosing the stream when enrolling into Grade 11. FODE will certify for the successful completion of seven subjects in Grade 12.

CERTIFICATE IN MATRICULATION STUDIES

No	Compulsory Courses	Optional Courses
1	English 1	Science Stream: Biology, Chemistry, Physics
2	English 2	Social Science Stream: Geography, Intro to Economics and Asia and the Modern World
3	Mathematics 1	
4	Mathematics 2	
5	History of Science & Technology	

REMEMBER:

You must successfully complete 8 courses: 5 compulsory and 3 optional.