

# 1.9 Human resources and business

One of the most important changes in modern business management has been recognition that businesses must look after the needs of their employees — their human resources. All businesses, no matter how small, are required by law to provide for occupational health and safety, to fulfil contractual obligations to workers and to ensure that pay, leave and other entitlements are adhered to. All businesses need to be concerned about the wellbeing of their employees as well as creating and maintaining a positive and harmonious work environment.

Medium and large-scale businesses have a Human Resources (HR) department. HR is a service department for all parts of an organisation (e.g. manufacturing and sales, finance, marketing, IT). The **human resources** of any organisation are the people (staff and contractors). The other resources of an organisation are capital (equipment, property and money) and information (data, specialised knowledge and ways of doing things).

The HR department is responsible for **recruiting, training and retaining** the people needed to run an organisation. The HR department works out how many and what

sort of people and skills are needed (staff planning) and the best way to organise people to operate the organisation (organisation planning). It must deal with employment contracts, working conditions and 'best practices' for the organisation. There will be times when the HR department is called in to help resolve disputes between staff.

Managers, whether in business or elsewhere, need to guide, motivate and develop the employees under their control. Of all of the business management skills, people management is the most complex and important. If your staff are unhappy, the consequences are very serious, even for the most profitable firm.

## Managing conflict and stress

These days, managers are learning to handle conflicts as soon as they arise and to remain in touch with their staff to monitor stress levels. This is the story of a group of people with a problem in the workplace, and how **mediation** helped them to work it out. Such stories are replicated throughout the world every day of the working week.

The scene below takes place in a meeting room at De Lorenzo Industries, a highly successful chain of music and DVD stores. A **mediator** has been hired to settle a workplace dispute.

**Simona** Good morning, everyone. My name is Simona and my role this morning is to discuss what's happening at your company. I will be asking lots of questions that, hopefully, will assist you in reaching your own settlement to this case. Maybe we can start by you just introducing yourselves and telling me a little of what you do.

**Barbara** I'll go first. I'm Barbara Hamilton and I'm Office Manager. I also supervise stock ordering. I've been in this role for twelve years.

**Simona** Thanks, Barbara.

**Sachin** I'm Sachin. I bought a majority shareholding in the company in 2003. I'm the manager.

**Simona** And it's going well?

**Sachin** I suppose. Profits are strong, orders are at an all-time high and we're looking at expanding to other states. The fact that we're here talking to you isn't what I'd want.

**Simona** Of course. However, you do need to understand that conflict between people is a part of life and, therefore, it does enter workplace dynamics. It's only natural. It's how you deal with it that counts. Who's next?

**Lachlan** Me, I s'pose. I'm Lachlan. I started working at De Lorenzo 12 months ago. I like the work. I'm right into music and film, so Sachin lets me deal with customers and even negotiate with independent labels to stock discs from lesser-known bands. It's great.

**Simona** So, why do you think we're here today, Lachlan?

**Lachlan** Probably because I said some things to Barbara that she didn't like.

**Barbara** He called me a 'cow' in front of other staff!

**Simona** Is that correct, Lachlan?

**Lachlan** Well, yes, but I was provoked.

**Simona** Why did you do it?

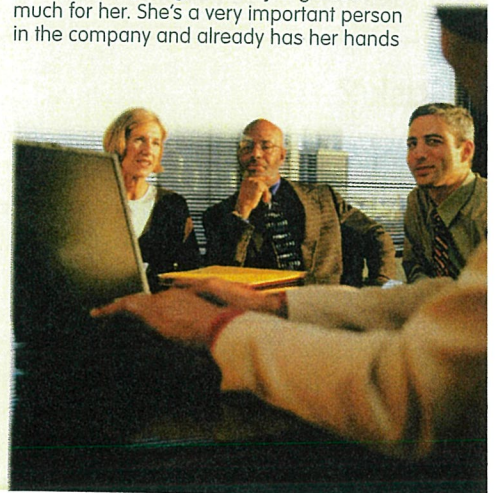
**Lachlan** She'd been treating me badly for a while and it was the last straw. She'd blasted me for not sending through a big order to BMG and then another one from Fox and it wasn't my fault.

**Barbara** Too right it was your fault! If only all the ordering was left to me.

**Simona** I'll need to stop you there, Barbara. The purpose of mediation is for me to ask questions, not to take sides or suggest solutions. We all need to respect each other's

right to be heard, otherwise you won't understand other people's views and an outcome won't be possible. Sachin, tell me about the ordering of stock.

**Sachin** Until Lachlan's arrival, Barbara handled everything, but the job got too much for her. She's a very important person in the company and already has her hands





REMEMBER

- 1 In your own words, explain the main issues of conflict in this dispute.
- 2 How long had Lachlan been working with the firm? How long had Barbara been employed in her role?
- 3 What role did Sachin play? What hopes did he have for the growth of the business?
- 4 How did Simona describe her role as a mediator? Explain in full.
- 5 Outline the solutions that were gained through the mediation session.

THINK

- 6 What is the link between the HR department and this type of mediation session?
- 7 In what ways could a conflict such as this potentially hurt a business organisation?
- 8 (a) Did Barbara, Sachin and Lachlan behave in an appropriate manner during the session? Explain.  
(b) Suggest why they may have responded this way.
- 9 Had Simona, and not Sachin, expressed the idea of hiring a new personal assistant, would this outcome have been as effective? Explain.
- 10 Give examples of where the mediation session could easily have been sidetracked. Why was it so important to retain focus?

TEAMWORK

- 11 In small groups, write and perform for the class a mediation scenario based on a different workplace issue of your choice.

**human resources (HR)** the people working in any organisation, permanent and casual

**mediation** a way of resolving a dispute in which a mediator helps the parties to reach agreement; mediators have no power to impose a decision on the parties

**mediator** a independent person who is trained to help the parties in dispute to reach a compromise

**recruiting** employing new workers for an organisation

**retaining** using pay and conditions such as leave, superannuation and other benefits to encourage staff to stay in an organisation

**training** building the necessary skills to work in an organisation

full with GST and WorkSafe regulations. I hired Lachlan because he has a commerce background.

**Barbara** Now that was your biggest mistake! My niece wanted that job and she would have been far more appropriate than him.

**Simona** It's important that we don't get sidetracked, Barbara. Let's just focus on the people in this room for now. Go on, Sachin.

**Sachin** The ordering of the stock is a big job. Lachlan evaluates what we need, ensures that new releases are arriving on time, and he orders speciality discs for customers. However, on the sizeable overseas orders such as the DVD release of *Return of the King*, Barbara checks everything before they're sent.

**Simona** Does Lachlan do his job well?

**Sachin** Well, yes, until we missed the DVD release of *Return of the King*.

**Barbara** And he also missed the release of *Dude, Where's My Car?*

**Simona** What happened there?

**Sachin** We had 200 customers with the Limited Edition disc on order and it never came through. It was 23 December, so people had ordered them for Christmas. They were very annoyed.

**Simona** What went wrong, Lachlan?

**Lachlan** It's true that the order for King wasn't processed on time, but I had given Barbara the documents for her to check. This was a huge overseas order — 5000 copies of the DVD package — and Barbara had to check the paperwork and then send it off.

**Simona** And did you, Barbara?

**Barbara** Yes, I certainly did.

**Lachlan** Yeah, but it was too late when you finally sent it.

**Barbara** You didn't give me enough time.

**Lachlan** You had a full week!

**Simona** I'll stop you both there. Barbara, how long do you say Lachlan gave you to check the order?

**Barbara** One day, two days — I'm not sure.

**Lachlan** I've kept copies of emails that I sent her to ask for this to be done. It says here that the order needs to be checked by the 21st. The email is dated the 14th. See, a week.

*(Lachlan gives the hard copies to Simona who reads them quietly. She then hands them to Barbara.)*

**Simona** This does appear to be correct, Barbara.

**Barbara** How can I remember! It was a busy week. We had the auditors here from the Tax Office. Dom and I were flat out.

**Lachlan** Yeah, but then you blamed me in front of Sachin. You knew that you had sent it in late after you had checked it. You should have taken responsibility.

**Barbara** You shouldn't have called me a cow. I could have you up for harassment!

**Simona** Come on! Let's get back to the email dates. Do you then accept, Barbara, that you shouldn't have accused Lachlan?

**Barbara** On this occasion, yes. But there have been other times when he hasn't been on the shop floor when needed and I've found him in the storeroom.

**Lachlan** If you responded to your emails, I'd know what I had to do.

**Barbara** Here we go again — the email made me do it!

**Simona** This seems to be a core issue.

**Barbara** What does?

**Simona** The use of the email within the company. What do you have to say on that, Sachin?

**Sachin** Well, I personally have no problem with it. Barbara is highly efficient and responds to me within an hour.

**Lachlan** Geez, I'm lucky to get a response within the week. I ask her for something and by the time she replies, it's often too late to finish the task properly and I finish up looking slack.

**Simona** Is that true, Barbara? Are you less responsive to Lachlan than to your boss?

**Barbara** Maybe sometimes, yes.

I mean, if your boss sends an email, you respond, but for Lachlan, well, he's only a shop assistant so . . .

**Lachlan** You're pathetic.

**Simona** Once again, I remind you that we need to respect each other here.

**Sachin** I must say that I'm a little disappointed with that attitude, Barbara. Every aspect of our organisation is important, whether it's Dominic doing the accounts, Georgie serving customers or Katherine doing our PR.

**Barbara** Sorry.

**Simona** Who are you saying that to, Barbara? Sachin or Lachlan?

**Barbara** Both. Lachlan mostly, I guess.

**Sachin** I've invested over three million dollars in this company and I'm not going to sit back and see this sort of nonsense bring down our morale. This will ultimately hurt our customer relations and, eventually, our turnover. Then we'll all be out of business.

**Simona** That's true, you know. I've been a mediator for seven years and I've seen some excellent businesses be torn apart by office politics.

**Sachin** So, what's the solution? Where do we go from here?

**Simona** You tell me.

**Lachlan** Okay. For a start, I'll say hello to Barbara in the morning rather than ignoring her. And I'll tell her in person that I've sent an email, not just assume that she's going to read it the moment that I send it. Perhaps we could have a scheduled meeting every morning to discuss the orders.

**Simona** Barbara?

**Barbara** To be honest, I need another person to help me with the WorkSafe paperwork. I'm sinking under the weight of a thousand files. It's probably why I'm getting so snappy.

**Sachin** That's easily fixed. We'll employ a personal assistant to help you. Lachlan can report directly to the PA and, at the meeting, indicate a time when orders need to be checked out of the office.

**Lachlan** Fine.

**Simona** Well done, you guys. A good resolution to a problem that could have really hurt your business. And Lachlan, order me a copy of *Return of the King*, would you?

**Barbara** I know! My niece could be my personal assistant!

**Sachin** Yes, well, we'll wait and see.