

# The utilization of the labor power business essay

[Business](#)



**ASSIGN  
BUSTER**

When the enterprise meets with some circumstance and made some decision on HRM, it will face with the law issues then. In the article, CGMS experienced a financial crisis and the senior management members had to take the measure to lay off the employees. From the analysis on the law and this HRM decision, much more understanding on the mutual relationship is expected. Moreover, the job design will also be mentioned in the article as it is one significant aspect of HRM.

## **Table of Contents**

### **1. 0 Introduction**

Human resources management (HRM) governs the relationship and defines the policies between the employees and the employers, existing in the domain of the enterprise. However, the field of HRM is also greatly influenced by the local law and legislation system, which manages all the social relationship in the country. In fact, every aspect of HRM including recruitment, salary and wages, employment and dismissal, etc. has been shaped by the law and regulation concerned. The main purpose of this report is to explore the relationship between HRM and law in Australia through the case study analysis, in the meanwhile, the job design will also be mentioned to explore the reasons of enterprise crisis.

### **2. 0 Background and Theories**

In the context of designing effective HRM policies and practices relating to firm performance has gained momentum and reveals that not only should organizational differences be taken into account but the role of cultural, economic and legislation system differences might be useful in understanding and designing effective HRM policies and practices (Lengnick-  
<https://assignbuster.com/the-utilization-of-the-labor-power-business-essay/>

Hall et al. 2009). That means HRM must adopt itself with the outer environments of the country, of which the legislation system is very important. HRM only works inside the specific enterprise while the employment law administrates all the enterprises' behavior. Australia is a sound legal system country. In its employment law, there are two main problems that it contributes to solve: discrimination and equal opportunity. Discrimination on a number of grounds like gender, age, ethnicity appears to be prevalent (Drury, 1993; Jackson and Taylor, 1994; Perry and Bourhis, 1998; Walker, 1997) in both eastern and western societies(Bendick et al., 1996; Crow et al., 1998; Hui, 1993; Stone, 1995; Taylor and Walker, 1998), which can lead to unemployment or other forms of under-utilisation of human resources. Australian anti-discrimination legislation prohibits the use a wide range of criteria in any and aspects of employment decision-making including selection, training, compensation, recruitment and dismissal( Bennington and Robers-Calvert, 1998). In the other side, the Federal Government set up the Human Rights and Equal Opportunity Commission to promote and protect human rights especially for the employees in Australia. It works according to the Commonwealth legislation such as Human Rights and Equal Opportunity Commission Act 1986, the Racial Discrimination Act 1975, and the Sex Discrimination Act 1984(Sharon, 1989). The laws cover the right of all people, as well as specific groups such as children, intellectually and physically handicapped, and women... All to all, Australian laws have developed a complete system to regulates a scope for HRM activities.

### **3. 0 Case Introduction**

Consolidated Global Mining Services (CGMS), the leading mining engineering company in Australia, faced the crisis of fund shortage led by the global financial turmoil. The senior management members met together to discuss the solution to the crisis. HR director, Stacey Stavrou just stayed in the company for 3 months. She only had a rough idea of what CGMS was and its position in the market, unfamiliar with the work assignment. She even didn't know the function of her position, workforce builder or the toe cutter. But she still pointed out that one main problem was overstaffing which increased the burden on the cost as she felt that no one in the company knew what the people were doing. After discussing with other members, CEO George confirmed that the company used too many people in some areas but not enough in others. But he didn't want to lose some human capital and worried about his men would go to the competitors if they lost the jobs in CGMS. However, in fact, the workforce in CGMS was probably to be downsized to ease the financial pressure. And the employment arrangement must be changed to reduce the expense on the labor remuneration. Thus, the corresponding measures such as redundancies and layoffs would involve the legal issues.

### **3. 1 Company's Dilemma**

Legge (1989, 1995) and Storey (1995) pointed out that most descriptions of HRM also include what they refer to as a "soft side" which emphasizes the need to build up employee commitment, flexibility and dedication to quality. Thus, as for the employer, he always thought about how to make the employees work hard for the enterprise and how to keep the enterprise.

CGMS took the existence and development of the company as the first place so it would adopt some serious HRM strategies to go through the difficulty. As was mentioned in the case description, the labor structure was not reasonable in CGMS. Developed from a small scale country, leading members were used to looking after the workers by themselves. Such old fashioned working style obviously didn't fit the 1000-worker size enterprise. The management team became unfamiliar with the working condition of the basic employees. Therefore, the current biggest problem was the imbalance of man power allocation. Some areas gathered too many workers while others had no enough labors. Though CEO didn't want to lose any human capital, it couldn't be avoided that some people will be dismissed to ease the pressure and other may be changed from high-paid position to low paid in order to save the cost. As for the management of CGMS, it is a reasonable choice to keep the energy and sustainability of the enterprise. As for the employees who felt happy to work in CGMS, the HRM decision will violate their benefits.

### **3. 2 Legislation Background**

Dismissal is one important strategy of HRM. Similarly, in the employment law, there is strict regulation on the termination to protect the rights of the employees. According to the CGMS case, the dismissal belongs to the dismissal type called redundancy or retrenchment, which means the termination happens based on the employer's economic or commercial decision making. Moreover, more employees may resign from the new position on their own as the low payment according to the CGMS human resource adjustment, which is known as constructive dismissal. The law has

the responsibility to prevent the unlawful termination, focusing on the unjustified reasons especially like sex, color, religion..... Though CGMS's redundancy originated from the economy crisis, the specific employees to be laid off shall be regarded in a fair ground, not to offend the taboos in the law. In other aspect, the Australia federal act pays attention to the remedies for the unfair dismissal. The Australian Industrial Relations Commission accepted the redress seeking case for the employees who experiences the unfairly and unlawful termination. Thus CGMS shall also supply the enough remedies for the workers dismissed. The redundancy and retrenchment must have a very clear explanation to all the employees beforehand so as to eliminate the unnecessary worries and suspicion, which is emphasized in the employee's right defined by the law. And the employee to be dismissed shall be given the chance to explain the working behavior for the final decision. In the view of dismissal, the law is likely to guarantee the rights of employees. All in all, they are the disadvantaged groups when the employer exercises the power of fire.

### **3.3 Case Analysis**

It is very clear that the law forms the environments for the HRM planning and implementing, promoting and restricting the development of HRM. In this case, to implement dismissal for cost reduction, CGMS shall face directly to the pressure from the employment law. As the leading brand with a large number of employees, the employment law is just created for it. The employment law regulates the HRM into every detailed clause, highlighting "fair" during the recruitment, talent training and dismissal. The law prohibits the unreasonable dismissal and controls the reasonable dismissal in the

standardized process. The aim of HRM strategy of CGMS is to save the cost. In the other hand, because of the employment law, CGMS had to sacrifice part of the benefits to compensate the loss of the employees. To some extent, the strategy will not play 100% effects in consideration of the law. In the following days, Stacey must have a careful study on the Australian employment law to work out a practical and effective dismissal plan. For example, specific meeting shall be organized to explain the reason of dismissal to keep the labor's rights of being well informed. The dismissal would be implemented in the control of the Australian laws.

### **3. 4 Job Design**

Davis and Taylor in their major collection of writings on job design proposed three keys as follows: 'task and job rationalization', 'job content design', and 'role content design.' In the case, Stacey was puzzled about her position: a work force builder or toe cutter, which reflected that the role of HR director lacks the clear design. Luckily, through the meeting, Stacey realized what she should do. The job design of senior position was not clear, what about the basic jobs? Herzberg's model of job design (1966) emphasis on the motivational nature of the job itself, and debate concerning intrinsic and extrinsic motivation (e. g., Deci, 1971), Hackman and Oldham(1976) chose to focus exclusively on the individual in relation to his or her task. That means both motivation and task significance are the important elements in job design. In CGMS, many people had the same problem: they didn't know what they were doing. In one side, they were not given the specific task content, which results in that too many labor gathered in several areas. In the other side, though the people were proud of being one part of CGMS,

they could not find out the motivation elements in the job. They seemed hard to attach themselves closely to the position with the labor scale grows. The problem in Job design is one reason for CGMS current difficult situation.

#### **4. 0 Conclusion**

Law, especially the employment law, is the guide for the HRM, supplying the outline and principals for HRM. If HRM accords with the law and concerning regulations, the HRM strategies will become effective and efficient. If HRM fails to follow the legal framework, its strategies and policies will be hard to be carried out. The worse the enterprise could not exist in the country when being against the local contextual legislation system. Though the employers' right is always mentioned in the legislation system, Australian law has the tendency to focus more on safeguarding the rights of the employees as they are the disadvantaged groups like other developed countries. While HRM's function weighs heavily on coordinating the employees to follow the employer's will or enterprise benefit, the specific action shall pay much attention to the employment law regulation. The case in the article reminded that dismissal is one HRM strategy is restricted strictly by the law. In addition, the job design reveals its importance as one main aspect of HRM.