

CAREER and Enterprise

Career and Enterprise - ATAR 12

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PDS - Senior 2ed 2016	_____ @ \$35	_____ @ \$27.50	_____ @ \$165	_____ @ \$77	or _____ @ \$220	nya
WRS - Foundation 2014	_____ @ \$35	_____ @ \$27.50	_____ @ \$165	_____ @ \$77	or _____ @ \$220	nya
WRS - Intermediate 3ed. 2016	_____ @ \$35	_____ @ \$27.50	_____ @ \$165	_____ @ \$77	or _____ @ \$220	nya
WRS - Senior 2ed. 2014	_____ @ \$35	_____ @ \$27.50	_____ @ \$165	_____ @ \$77	or _____ @ \$220	nya
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3. workplace performance

Workplace Performance

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1. Quality

Quality can be described as an evaluation of the condition of a product, such as good quality or poor quality. Often the word quality is used by itself and we assume it to mean high quality as in, “That really was a quality meal!”

Quality management emphasises the importance of organisations to seek never-ending improvements in quality outcomes. Quality can be measured using various **key performance indicators**. However, the achievement of quality outcomes doesn't just occur automatically. Organisations have to strive to achieve quality outcomes. To support this goal they will utilise various **performance management processes** in the workplace.

Quality outcomes are the hallmarks of an **enterprise culture**. Employees who are enterprising are more likely to be **proactive** and to be able to take **responsibility** for the management of quality.

Total Quality Management

Total Quality Management (TQM) is a process whereby organisations (of all sizes) aim to eliminate errors, waste and inefficiency in their production processes. TQM focuses on the concept of **internal stakeholders**.

Internal stakeholders are individuals, work teams, departments and units within an organisation that rely on some other individual, work team, department or unit within that same organisation to supply a product. So basically, internal customers are providing **intermediate** products to the organisation.

External stakeholders are the suppliers for clients of the organisation; those who receive the finished product.

TQM sees an organisation as being made up of a number of interdependent internal stakeholders who work together to produce a product. It is the role of these stakeholders to improve quality throughout all work tasks and work processes. If quality standards are maintained, and even exceeded, then employees will produce a better quality intermediate product for each other, and subsequently a better finished product for their external customers. The continuous improvement and feedback related to workplace performance is a key concept of TQM.

The management of quality

The management of quality might involve hundreds of different **quality processes** depending on the complexity of the organisation, the work settings, the workplace and the associated work tasks.

Some organisations use the generic term Total Quality Management to refer to all of processes they use to manage quality, while others refer to their quality processes by an internal moniker, such as C.A.R.E. Others focus on a specific quality management process such as **quality control** and **quality assurance** as part of their management of quality.

So now it's time to investigate how workplaces both monitor and improve workplace performance.

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2. Measuring performance

When measuring performance the only true way to evaluate whether something has been successful is to compare the **outcome** to the **objectives**. If the outcome equals or exceeds the objectives then it is successful. But if the outcome fails to meet the objectives, then the endeavour is unsuccessful.

Organisations set broad objectives such as profit levels, sales turnover (or revenue), growth and expansion, market share and other **quantitative** methods. However other more **qualitative** methods may be used to judge success including such things as public relations profile, corporate image, environmental concern and benefit to the community.

An organisation may set **internal objectives** focusing on internal stakeholders such as employees, managers and departments or business units. Performative measures such as productivity, labour turnover, job satisfaction, participation in training programs and reduction in waste levels may be used to measure whether objectives are being achieved.

An organisation may also measure the achievement of **external objectives** such as customer satisfaction, delivery time, export sales and other broad concepts.

In essence, workplace performance is a worker or a work-team meeting their own objectives. These objectives will align and coalesce with the broader objectives of the organisation. For example, a

department store has set an objective of 10% sales growth over the year, then a smaller work-team objective might be the expectation that its department also achieves 10% sales growth with - thereby contributing to and sharing in the overall success of the organisation.

In essence, measuring employee performance focuses on both the **efficiency** and the **effectiveness** of employees in achieving their goals and objectives.

Key performance indicators can then be used to set and measure performance against specific **productivity** targets. When assessed in combination, these KPIs can then be used to determine **multi-factor productivity**.

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Efficiency (and effectiveness)

Efficiency is a broad term that relates to how productively an enterprise uses its resources to achieve its objectives. That is, "What is the maximum amount of outputs from the minimum amount of resource inputs?" (i.e. Multi-factor productivity.)

Efficiency is an organisation setting and achieving appropriate goals and objectives. That is; "Are its objectives the most appropriate objectives, and is it achieving these objectives?"

e.g. A shoe retailer might be very efficient with two staff members servicing its 20 customers a day. But what if its closest like-for-like competitor services 50 customers a day with its two staff members? In this scenario the first retailer is not very effective. Perhaps it should revise its objective to try and gain more customers!

measuring performance

Productivity

- Productivity is a measure of the ratio of inputs required to generate a given amount of outputs.
- Productivity is commonly measured in: time/units, worker per units or units/dollar (expressed as an input ratio) or in units/time, units/worker or units/dollar (expressed as an output ratio).

e.g. A carpenter might take 25 hours (inputs) to complete the vertical frame on a 100 square metre unit (outputs). $25 \text{ hrs}/100\text{m}^2 = 0.25\text{hr}/\text{m}^2$ (or $15\text{min}/\text{m}^2$).

- If more products are being made with fewer employees and/or employee-hours and/or less dollars, then productivity is likely to be rising (and vice versa)!
- Productivity growth (or decline) from one period of time to another can be measured as a percentage change.

e.g. A nailgun might save the carpenter 60 minutes out of a 10-hour day, each day. All else being equal, the carpenter's productivity (time) has increased by 10%; (60 min/600 min).



Multi-factor productivity

- The factors of production are those that are used in the production process; land (natural resources), labour, capital and enterprise. Multi-factor productivity aims to improve efficiency in the use of each of these productive resources.
- This might mean reducing or eliminating waste in the use of natural resources in the production of goods and services for both cost and sustainability reasons.
- This might also mean improving the efficiency in the use of labour of employees in the production process.
- This might also mean ensuring that capital invested into the organisation is used in the most efficient way.
- This might also mean ensuring that management structures, style and processes are developed in the most enterprising way in order to make best use of the other three factors of production.

e.g. In order to measure multi-factor productivity, the carpenter will need to assess whether the saving in labour time by using the nailgun. The carpenter should also take into account other issues associated with the use of the new nailgun such as safety, quality, waste, accuracy and so on.

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Measuring performance

A

Reflect on your own work-related experiences. When your supervisor or manager talks with you about your performance what aspects do they mention or focus on?

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Key performance indicators

Key performance indicators (**KPIs**) are used as an assessment tool in order to measure whether objectives are being met. KPIs include **quantitative** measures such as **financial** and **non-financial** indicators, as well as **qualitative** measures.

As a personal KPI example, your teacher could use a set of criteria to measure performance on the internal assessment tasks. This will give an indication of your ongoing performance level. If you are organising, using and managing resources effectively, hopefully you will get high marks.

In the exam at the end of the year, an exam assessor will measure your performance based on your written answers and you will be graded compared to the performance of everyone else in the state. If you have been able to solve-problems effectively then you will be more likely to gain a good mark by answering the exam questions appropriately.

In December, your performance across all subjects will then be compared and ranked against everyone else in the State in order to determine your ATAR score.

If you have been able to solve-problems effectively for your actions during the year, you are likely to be happy with your final ATAR score.

Financial KPIs

Financial KPIs are those that can easily be quantified (or expressed in numbers) and which directly measure financial aspects of an organisation's performance such as:

- ✓ net profit
- ✓ gross profit
- ✓ sales revenue/turnover
- ✓ sales by product
- ✓ profit margin
- ✓ profitability
- ✓ industry benchmarks
- ✓ financial ratios e.g. debt, asset
- ✓ earnings per share
- ✓ share price
- ✓ market capitalisation
- ✓ budget variance
- ✓ cost per worker
- ✓ cost per dollar of investment
- ✓ cost per unit of input
- ✓ fixed costs
- ✓ variable costs
- ✓ overheads/expenses

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Non-financial KPIs

Non-financial KPIs are those that cannot be easily quantified (or expressed in numbers) but which indirectly influence an organisation's financial performance such as:

Quantitative

- ✓ market share
- ✓ customer satisfaction surveys
- ✓ employee morale surveys
- ✓ labour/staff turnover
- ✓ employee absenteeism
- ✓ number of rejects
- ✓ customer complaints
- ✓ % of employees in training
- ✓ achievement against timeframe
- ✓ productivity per worker
- ✓ productivity per unit of input
- ✓ industry ratios
- ✓ industry benchmarks
- ✓ measurable quality standards
- ✓ number of accidents

Qualitative

- ✓ employee morale
- ✓ customer satisfaction
- ✓ employee engagement
- ✓ adherence to policies
- ✓ employee involvement
- ✓ message retention
- ✓ community involvement
- ✓ environmental involvement
- ✓ commitment to education
- ✓ quality of packaging
- ✓ employer of choice
- ✓ achievement of objectives

Key performance indicators

B

1. You have been contracted to help some organisations come up with suitable KPIs in order to measure performance. For each of the following scenarios:
 - a. Identify a major KPI that they should use.
 - b. Outline whether this is a financial or non-financial KPI.
 - c. Explain why this KPI would be a useful measure.
 - d. Suggest another KPI that they could use, stating why.

1. A soft-drink manufacturer wants to become the market leader in fruit juice drinks.	2. An airline changes its name in order to reflect a more modern corporate image.
3. A mining company aims to decrease the number of workplace accidents.	4. A hospital is aiming to improve the ratio of nurses to patients.
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5. A fast-food chain wants to increase customer satisfaction.	6. A manufacturer is trying to improve its environmental image.
7. A local café wants to increase profit.	8. A pizza chain wants to reduce home delivery times.

3. Self-assessment

An important part of performance management is self-assessment. It's one thing to have your performance reviewed by managers, colleagues and even customers. But it's an altogether different thing to undertake regular and honest self-assessment. Self-assessment as part of **reflection** and **review** is an enterprising approach to improving work performance.

Enterprising workers who are able to self-assess demonstrate **initiative**, **problem-solving** and **adaptability**. They show that they can accept **responsibility** for their own performance and then make decisions so as to better achieve their goals and objectives.

Throughout your studies of Career and Enterprise you have been encouraged and expected to self-assess. So let's just get you to undertake some self-assessment right at this moment by answering a number of questions related to your success in developing your career pathway and in relation to your work-related performance.



C Self-assessment



How well am I doing in respect to achieving my career pathway goals?

How well have I performed in work-related situations?

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What have been my strengths? What have been my weaknesses? Why so?

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What have I done to improve my performance? What do I still need to do?

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What steps will I need to take, as part of an action plan, to better achieve my goals?

When organisations assess and review employee performance they often ask their employees to self-assess as part of the review process. This self-assessment might relate to the extent to which the employee believes they are achieving the KPIs associated with the goals and objectives they have been set. If employees either significantly overstate or understate their own performance in relation to KPIs, it can indicate that an employee is not very self-aware, and that they may need guidance, support and training.

At times, an even more instructive type of employee self-assessment, occurs when employees review their own performance in relation to qualitative key performance indicators (that might indicate levels of emotional intelligence). Key areas include effective working in teams, showing initiative, problem-solving and developing one's own career.

KPIs: Self-assessment

D

1. Why is self-assessment an important part of measuring workplace performance?

2. Provide examples of both quantitative and qualitative KPIs that could be used for self-assessment for an occupation in a workplace you are familiar with. Use these KPIs to self-assess your own performance in this role.
3. Switch your point-of-view to that of a manager. Outline 3 other suitable KPIs that the manager might expect employees to use for their own self-assessment. Use these to assess your own performance.



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Workplace:		
Employee: Self-assessment KPI	Employee: Self-assessment KPI	Employee: Self-assessment KPI
Self-assessment KPI set by manager	Self-assessment KPI set by manager	Self-assessment KPI set by manager

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4. Performance management

Workers are employed by organisations to fulfil the **roles** and **responsibilities** associated with their **job description** and **job specifications**. All workers are expected to work both efficiently and effectively in order to achieve their work-related goals and objectives. Individual workers, work teams, work units or departments are monitored and evaluated as to their success in meeting goals and objectives. The whole process is called performance management. Effective performance management is achieved by using a clearly structured and communicated **performance appraisal system**.

Performance appraisal

Employee performance needs to be reviewed to determine whether employees are effectively and efficiently carrying out the tasks, activities and responsibilities related to their positions. Performance appraisal is a system or process that assesses whether employee performance is meeting the **goals** and **objectives** of the organisation. Performance appraisal allows an organisation to investigate employee performance in terms of its **KPIs**. Performance appraisal may consist of:

- ⇒ **quantitative appraisal** which uses numerical indicators, or
- ⇒ **qualitative appraisal**, using non-numerical or behavioural indicators.

For example, production or service staff may have to meet a daily, weekly or monthly quota. A machine operator might have to produce a certain number of products a day, or a call-centre operator might have to achieve a set number of calls per day. These are daily productivity targets, and they are measured numerically.

A sales representative may have to fill a set quota of sales a month or a production supervisor may have to organise production of a certain volume of products per month. These are monthly quotas and are also measured numerically.

A customer service supervisor might have to measure monthly sales targets and monitor working hours for her team using quantitative performance management KPIs. She may also need to evaluate how effective the team is at working together and solving problems. This introduces some qualitative aspects which are harder to judge!

Quantitative performance appraisal

Quantitative performance appraisal focuses on evaluating the performance of employees based on numerical key performance indicators that can easily be measured such as:

- ✓ productivity measures per unit
- ✓ meeting production targets
- ✓ minimising faults and rejects
- ✓ meeting deadlines
- ✓ achieving quotas
- ✓ meeting set internal benchmarks
- ✓ employee absenteeism
- ✓ labour turnover
- ✓ minimising costs
- ✓ maximising revenue
- ✓ measurement against external or industry-wide standards or benchmarks.

Qualitative performance appraisal

Qualitative performance appraisal focuses on evaluating the performance of employees based on non-numerical key performance indicators that reflect quality of workplace relationships. For example:

- ✓ effective teamwork
- ✓ interpersonal communication
- ✓ appropriate customer contact
- ✓ participation in training
- ✓ professional development
- ✓ contribution to organisational planning and policy
- ✓ use of problem-solving
- ✓ demonstrated initiative
- ✓ sustainability initiatives
- and many other 'behavioural' aspects.

Performance Appraisal Process

1. Establish the key goals and key objectives

Clearly know what it is you are trying to measure and ensure that this matches the goals and objectives of the organisation, department, unit or level being appraised.

e.g. A ??? sets the objective of a 10% increase in sales across the board over the next 12 months, with no extra spend on staffing or advertising.

2. Allocate appropriate objectives and targets to the employees.

Assign achievable goals to the appropriate department or task, or job description. Strongly consider including employees in the process of assigning their objectives.

e.g. Department managers are then asked to communicate these targets to employees at a sales meeting. Employees are asked for input into

3. Communicate to employees the required performance standards and the KPIs that will be used to assess these.

Let those employees who have the responsibility know just what is expected of them and how they will be assessed.

e.g.

4. Notify when the performance appraisal is to take place.

Determine a realistic timeframe and ensure that all relevant stakeholders are made aware of the timeframe.

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5. Include activities and opportunities within the process that allow discussion, questioning and modification.

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Reward successful employees using recognition, promotion or some other method in line with organisational policy.

e.g.

7. Provide support for non-achievement

Provide training and support for employees who don't reach the goals. Help them to reach the required level by the next review.

e.g.

5. Quality control

Quality control refers to the **monitoring** and **evaluation** of processes and products to ensure that they meet acceptable **standards** and **benchmarks**. Organisations of all types and all sizes use quality control processes to check and evaluate that their products (goods and/or services) meet acceptable quality standards. Quality control relates to the production of goods, such as meat pies, as well as to the provision of services, such as restaurant meals.

Quality control should not be an end-result or separate process occurring after the product is finished. Rather, quality control, as part of a **TQM** approach to the management of quality, should be inbuilt and incorporated 'organically' within an organisation's systems.

Quality control is used by organisations to ensure that **external stakeholders**, their customers and clients, receive **finished products** that meet the quality standards that they are expecting. Quality control also aims to ensure that **internal stakeholders**, such as other departments and divisions (both downstream or upstream) are provided with **intermediate products** that meet expected quality levels.

Some organisations achieve external **quality assurance** certification which acts as a quality control 'guarantee' that the organisation's processes and procedures meet acceptable industry practice guidelines. However, many organisations have their own internal **quality control department**, as well as having quality processes, such as **quality audits** built in to the whole production process.

Employee responsibility

Quality management processes should, as part of an enterprise culture, encourage employee responsibility for quality control. This means that employees will need to initiate ideas, make decisions and solve-problems.

Employees can be given **responsibility** for quality outcomes in their day-to-day roles and also responsibility for assessing and maintaining quality control standards. This means that they will be **self-assessing** and **self-monitoring** against quality control **KPIs**.

When employee responsibility is encouraged in a workplace's **performance management system**, the results can be higher motivation, greater involvement, and increased job satisfaction.

However, employee responsibility must be supported by proper **training** in how to manage quality control processes and **feedback**.

Many organisations use automation and technology that are responsible for meeting quality outcomes. This helps contribute to better quality outcomes.

And most smaller organisations really do place a lot of responsibility for meeting outcomes related to quality control directly on the worker, with instant feedback.

Some of you might work for organisations with well-developed quality control procedures, e.g. supermarkets and fast-food restaurants. Indeed some of you might even be responsible for quality control of the products that your employers sell to the public. If so, are you accepting responsibility as an effective quality controller, or does someone else take on that responsibility for you?

"So 'bye,'bye
in an Aussie meat pie.
Took my risk and
gnawed the brisket,
now my tail is gone, fried.
And quality control
watched extra protein slip by...,
Singing this will be the day
I won't try,
To keep the standard up
on our pies..."



Quality inspections throughout the entire production process in order to ensure all components and products produced by internal stakeholders for other internal stakeholders meet required standards.

Weighing of products to ensure that they meet minimum weight requirements, e.g. biscuits, bread and other food items.

Measurement against set **benchmarks**; these may be industry-wide or a businesses' own benchmarks.

Testing clothing so that dyes don't run, material doesn't stretch and that the quality of finish is suitable.

Specialist technical and industry-related **training** for employees about current legal requirements.

Testing electrical products to ensure that they perform as expected, e.g. ICT equipment and consumer items.

Test-runs of a product to ensure that it operates as planned, e.g. motor vehicle proving ground.

An inbuilt process of **continuous improvement** that regularly audits production processes and makes improvements.

Quality audits and appointment of **quality assurance officers** to improve quality processes throughout the entire organisation.

Visual evaluation of products to ensure that they satisfy **aesthetic** quality requirements.

Quality Control Processes

Employee feedback systems to identify quality concerns.

Sampling and testing of components and raw materials to ensure the quality standards of a supplier organisation's product meets benchmarks.

Simulation testing of products so that they conform with Australian standards or international standards in line with certified quality assurance.

Testing and **smelling** products to ensure that they satisfy the organisation's standards.

Sourcing of materials, components, contractors and so on from organisations that are **quality assured**.

Application for, and approval of a relevant QA **certification** standard.

Implementing **workplace health and safety** systems that prevent accidents.

Focus-group testing of new products among potential customers.

Government occupational safety & health regulatory **inspections**.

Over-engineering so that the product exceeds minimum requirements.

Customer complaints systems that encourage feedback about an organisation's products.

Prototype development and testing prior to large-scale production.

Customer feedback surveys

Life-simulation testing of a product to imitate potential use and misuse, as well as lifespan of a product; e.g. batteries, door handles, pens, chairs.

Safety testing to ensure that products satisfy **legal** requirements, e.g. electrical components, hydraulic equipment, clothing, food and hygiene.

Offering **warranties** and **guarantees**.

Re-engineering waste.

Accepting that the **responsibility** for quality control is the responsibility of the whole organisation. Fewer errors, rejects, defects or faults throughout the whole production system will result in higher levels of customer satisfaction.

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E Quality control



1. Choose 8 of the examples of quality control processes on p.77. Describe how each applies to a workplace, or workplaces, with which you are familiar.
2. Outline the specific roles of employees in relation to these quality control processes.

QC process	Application in workplace	Role of employees
e.g. Weighing products	On the biscuit line at Crumblor's Sweets biscuit packages are randomly pulled from the conveyer and evaluated to ensure that they meet minimum weight levels as specified on the packaging.	As a part of an in-built quality control process the <u>team leader</u> performs this function on a set number of products per day. <u>Employees</u> are also encouraged to report any discrepancies they might notice for testing.
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Quality control in action

F

Discuss each of these scenarios of quality control in action and then complete the table by outlining key points and issues. Add a quality control scenario of your own.

<p>i. TBC</p> <p>Quality control issue:</p> <p>Quality control process being used:</p> <p>Role of employees in QC:</p> <p>How are KPIs being used:</p> <p>Suggest improvement to manage QC better:</p>	<p>ii. TBC</p> <p>Quality control issue:</p> <p>Quality control process being used:</p> <p>Role of employees in QC:</p> <p>How are KPIs being used:</p> <p>Suggest improvement to manage QC better:</p>
<p>iii. TBC</p> <p>Quality control issue:</p> <p>Quality control process being used:</p> <p>Role of employees in QC:</p> <p>How are KPIs being used:</p> <p>Suggest improvement to manage QC better:</p>	<p>Quality control issue:</p> <p>Quality control process being used:</p> <p>Role of employees in QC:</p> <p>How are KPIs being used:</p> <p>Suggest improvement to manage QC better:</p>

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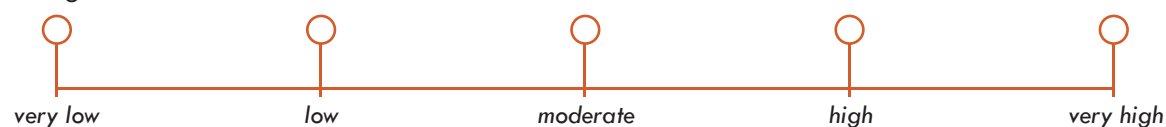
6. Rating scales

Rating scales are a useful tool that can be used to assess workplace performance as part of performance management. You have probably been exposed to rating scales yourself as part of a quality **feedback survey** process. And you yourself might actually have had your performance ranked by someone using rating scales.

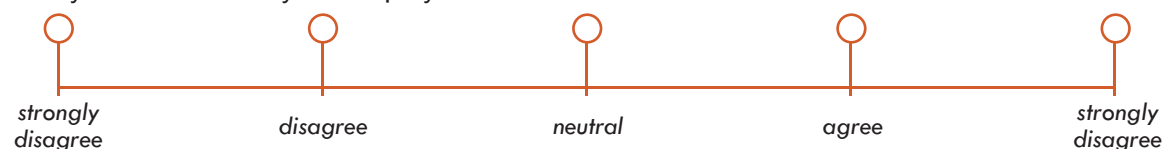
So how useful do you feel rating scales are?



Or perhaps we should ask you, what level of importance do you think managers place on rating scales?



Or it might be more appropriate to ask you to reflect on how important it is for you to get timely feedback from your employer?



But what about if you had to rank (lowest to highest) that clients or customers would give you based on your service levels?



But what if you had to rank rating scales in order of preference?

I most prefer a rating scale that:	Rank 1-6
Uses a number scale from 1 to 5.	
Uses language such as "strongly agree" or "strongly disagree".	
Uses ratings related to the degree of usefulness.	
Focuses on my level of agreement with the statement.	
Asks me to rank the scale in order of preference.	
Requires me to assign a score or level of performance.	

And finally, what about assigning a score (or a rating) to a particular item?

Assign a score from 1 (lowest) to 10 (highest) based on your importance of rating scales in relation to being able to:	Rating
Complete a survey quickly.	
Complete a survey online.	
Calculate average scores.	
Identify areas of strengths.	
Identify areas needed for improvement.	
Provide honest and timely feedback.	
Being able to add responses as examples.	

1. How might rating scales be a useful workplace performance management tool?

2. Describe the types of rating scales have you come into contact with in work-related situations.



3. Which rating scales do you prefer using and why?

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4. Justify which types of rating scales you would recommend for the following situations.

Asking fast-food customers to evaluate service.	Asking employees to evaluate their manager's	Asking shoppers to rate their preference for a brand of cola.
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7. Management by objectives

Management by objectives (Peter Drucker) refers to a process whereby organisations establish and communicate key objectives that employees and work teams are expected to achieve.

These objectives, including both quantitative and qualitative **KPIs**, are clearly communicated so that employees are aware of what they expected to achieve. With management by objectives it is highly recommended that managers and employees work together to establish acceptable objectives within a more **consultative** framework.

In essence, all employees in all workplaces, are expected to achieve objectives. But in a strict definitional sense, management by objectives refers to when the prevailing approach to task achievement is aligned to setting, monitoring and evaluating workplace performance according to pre-determined (**SMART**) objectives.

Analysis and application

It can be argued that management by objectives utilises more of a task-oriented approach in that the key aim is achievement of objectives, i.e. the outcome, rather than the process used to achieve those objectives. Career and Enterprise: ATAR 12 communication of expected levels of performance. Employees understand what they are expected to do given that management reviews performance on an ongoing basis. In some cases daily reportage is used (using automated feedback systems). Employee development and career growth can be monitored and assessed against the achievement of SMART goals.

Management by objectives can also help align internal stakeholders to common objectives. It can also enable employees and work teams to understand the value of the role they play as part of a bigger picture. And of course, employees receive timely and clearly articulated review, such as feedback from rating of individual productivity measured against KPIs.

However, an exclusive focus on management by objectives can create potential problems. Employees can actually lose sight of the bigger picture in order to meet their objectives. For example, a clothing store salesperson might focus on a quota of customers per day, rather than focusing on the quality of services (which might take longer).

The process can also lead to disunity whereby employees start to privilege their own objectives over the broader team goals, or even ethical considerations. For example, a home electrical salesperson might use high-pressured sales techniques to get customers to buy big-ticket items, using credit contracts that are unlikely ever to be able to pay back.

Management by objectives can also foster a culture of over-assessment whereby each work task is timed, monitored and reported on, reducing employees to feel like they are simply 'units of work'. Management by objectives can also be inappropriate within organisations that are facing rapidly changing or evolving operating conditions. The objectives might quickly become inappropriate or outdated, resulting in workers being unable to meet their pre-determined objectives. Management by objectives can also lead to a situation whereby workers become specialised at their own tasks but unable or unwilling to problem-solve or make decisions about bigger picture or complex situations.

Management by objectives

1. Determine and set broader overall strategic objectives.
2. Break these down so as to be translatable to employees by developing SMART goals/objectives.
3. Communicate specific objectives to employees and involve employees in the process of setting these specific SMART goals/objectives.
4. Monitor progress related to achievement of these SMART objectives.
5. Evaluate progress of employees in achieving their SMART goals/objectives. Reward if appropriate and/or provide support if needed.

1. What is management by objectives?

2. Discuss 3 **strengths** of management by objectives. Use examples related to your own work-related experiences to support your discussion.



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3. Discuss 3 **weaknesses** of management by objectives. Use examples related to your own work-related experiences to support your discussion.



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8. 360° feedback

360° feedback is a multi-dimensional feedback tool that enables employees to receive feedback from key internal stakeholders within a workplace including colleagues, managers, subordinates, and at times external stakeholders such as customers or clients, contractors and even, potentially, suppliers.

Stakeholders typically complete a hard copy or digital survey that makes use of open questions, closed questions, rating scales and other performance appraisal tools. The questions and response formats will be aligned with the key goals and objectives that the organisation is aiming to achieve. For example, if the organisation is encouraging the development of self-managing work teams then the questions will be designed to reflect the assessment of key skills and attributes related to teamwork, cohesion and synergy.



Image: Kronick/
iStock/Thinkstock

Many organisations prefer to keep respondents anonymous so as to foster openness, honesty and to elicit true feedback and review without fear of repercussions. Although anonymous surveys are a good tool to encourage honesty they can also lead to skewed answers based on resentment and 'payback'.

Purpose

The most common purpose for 360° feedback assessment tool are to determine the respondents' perceived strengths and weaknesses of the person being surveyed. When a higher number of people are being surveyed the results are more reflective of the true performance situation. However, this highlights the importance of using a variety of types of surveys is better when the survey is completed by respondents.

Reporting and giving direct feedback of strengths and weaknesses and also completing self-assessment with average scores can be used to help consolidate strengths and to develop a professional learning program to help address areas of weaknesses

Career and Enterprise: ATAR 12 360° feedback

Common categories of performative assessment that might be assessed using 360° feedback include:

- ⇒ personal skills
- ⇒ intrapersonal skills
- ⇒ communication skills
- ⇒ initiative skills
- ⇒ responsibility skills
- ⇒ leadership skills
- ⇒ time management skills
- ⇒ technological skills
- ⇒ learning skills, as well as
- ⇒ many other skills in many relevant areas.

Team skills	n.a	poor	fair	good	very good	excellent
Is aware of own strengths and weaknesses.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Encourages and supports team members.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Communicates effectively with team members.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Responds positively to feedback.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Uses feedback to improve performance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Puts team goals ahead of personal agendas.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Treats co-workers fairly.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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Situation 2:

9. Digital work performance

“This call may be monitored for quality assurance purposes...”

You’ve probably heard that before when phoning for assistance from an organisation, and usually after being on hold for a long time! The monitoring and assessment of digital work performance is not a new phenomena. Nor is it necessarily effective for all stakeholders.

Many work tasks can be monitored using digital means with information fed back to employees and supervisors in **real-time**. This process can even support **remote management**. Examples include nursing (recording patient response times), driving (monitoring fatigue), transport and warehousing (using RFIDs to track movement), manufacturing (barcode monitoring of throughput in a CAM process), sales (log-on, log-off and sales call times) and many more examples of digital methods to monitor work performance. These are closely related to management by objectives.

However, as many service operations of the commercial world becomes even more digitised, with information essentially a key commodity to be traded, the use of digitised work performance methods has evolved.

As a result, digital work performance challenges methods of performance management and offers innovative solutions. In essence digital work performance management focuses on the use of performance management tools, sometimes generally called **metrics**, that are able to deliver the following characteristics and functionality.

- ⇒ **Immediate** (Usually assessed in real-time and communicated on a daily basis, with under-performance communicated immediately.)
- ⇒ **Analytical** (Most often expressed quantitatively in ratios, percentages, graph form and other methods.)
- ⇒ **Outcomes-driven** (Usually related to productivity measures on a per/basis, i.e. Per/hour, per/worker, clicks per campaign, etc.)
- ⇒ **Reportable** (Can be displayed in a numerical and visual data form, linked to KPIs and review statements, notifiable and assessed to employees in real-time.)
- ⇒ **Transparent** (Digital work performance monitoring process are clearly communicated and understood, with clearly defined performative targets and benchmarks.)
- ⇒ **Adaptable** (The tools can be easily changed and modified depending on the service or service-provider being monitored).

A key issue with digital work performance measures is that they hearken back to time-and-motion studies, breaking each task down into a numerically-driven and therefore numerically-focused output measure. This results in a skewed focus on ‘quantities of outcomes’, rather than on ‘quality of outcomes’ (such as service). It also reduces employees to a mere unit of work!

Gamification

Gamification can refer to two distinct but related digital work performance practices that are becoming more prevalent in workplace environments.

1. Designing digital work tasks, especially unpleasant or voluntary tasks, like games, thereby encouraging workers to complete these tasks as ‘fun activities’.
2. Designing and reporting performance management metrics and goals so that they resemble digital gameplay (rather than cold KPIs). The aim is to encourage productivity and foster competitiveness related to meeting objectives. Gamed-performance might even be shown against other employees or teams.

1. Outline examples of more traditional or 'non-digital' work tasks that can be monitored effectively using digital work performance tools.

2. Outline examples of contemporary or 'digital' work tasks and how they might be monitored effectively using digital work performance tools.

3. Why digital?

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4. Consider these 2 very different examples of digital work performance. Which do you agree more with, and why?

"It's cool because my job is so-o-a boring but this way I know I am doing well when I earn starpoints. I'm now at level 6 - 'Sales Fleet Crusader'. When I get to level 10 - I think there is a prize of a download voucher! Can't wait to post that!"

Image: ??? / iStock/Thinkstock

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"I'm not a child you know. I don't take so-called gummy vitamins and I don't cry if my vegetables aren't cut into funny faces for me to eat. So why turn my work output performance into a game? You can 'monitor' my performance without pretending it's all some game!"

Image: Mike Watson Images / moodboard/Thinkstock

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5. Go online and find examples of gamification being used in organisations. Share examples and discuss how you think you would respond to this type of performance monitoring.

K Workplace performance - Action plan



Determine 10 work-related actions, skills, competencies or experiences that you should develop over this year in order to enhance your career pathways opportunities.

For each one explain a performance measure (from this section as well as other measures) that could be used to review your performance. Get the appropriate stakeholder to review your performance. Self-assess as well.

[illegible]

Summary: Performance management

Quality management emphasises the importance of organisations to seek never-ending improvements in quality outcomes. **Quality** can be measured using various key performance indicators. The achievement of quality outcomes doesn't just occur automatically organisations have to strive to achieve quality outcomes. To support this goal they will utilise various **performance management processes** in the workplace.

The management of quality might involve hundreds of different **quality processes** depending on the complexity of the organisation, the work settings, the workplace and the associated work tasks.

Total Quality Management is a process whereby organisations aim to eliminate errors, waste and inefficiency in their production processes. TQM focuses on the concept of **internal** and **external** stakeholders.

When **measuring performance** the way to evaluate whether something has been successful is to compare the **outcomes** to the **objectives**. If the outcome equals or exceeds the objectives then it is successful. But if the outcome fails to meet the objectives, then the endeavour is unsuccessful.

An organisation may set **internal objectives** focusing on stakeholders such as employees, managers and department. Performance measures such as productivity, labour turnover and job satisfaction may be used. An organisation may also measure the achievement of **external objectives** such as customer satisfaction, delivery time, export sales and other broad concepts.

Measuring performance focuses on both **efficiency** and **effectiveness** of employees in achieving goals and objectives. Efficiency is a broad term that relates to how productively an organisation uses its resources to achieve its objectives. **Productivity** is a measure of the ratio of **inputs** required to generate a given amount of **outputs**.

Key performance indicators can be used to set and measure performance against specific productivity targets. When assessed correctly, these KPIs can then be used to determine **multi-factor productivity**.

KPIs are an assessment tool to measure whether objectives are being met. **Financial** KPIs are those that can easily be quantified and which directly measure financial aspects of an organisation's performance. **Non-financial** KPIs are not directly measurable in dollar terms. They may be measured **quantitatively** or **qualitatively** and indirectly influence an organisation's financial performance.

Self-assessment as part of **reflection** and **review** is an enterprising approach to improving work performance. Enterprising workers who self-assess can accept **responsibility** for their own performance and **make decisions** to better achieve goals and objectives.

Performance appraisal is a system or process that assesses whether employee performance is meeting the **goals** and **objectives** of the organisation.

Performance appraisal allows an organisation to investigate employee performance in terms of its **KPIs**. Performance appraisal may consist of **quantitative** appraisal and/or **qualitative** appraisal.

Quality control refers to monitoring and evaluation of processes and products so that they meet acceptable **standards** and **benchmarks**.

Organisations use quality control processes as part of a **TQM** approach. Ideally these processes should be inbuilt and incorporated 'organically' within an organisation's systems.

Quality control is used by organisations to ensure that **external stakeholders**, receive **finished products** that meet the quality standards that they are expecting. Quality control also aims to ensure that **internal stakeholders** are provided with **intermediate products** that meet expected quality.

Rating scales can be used to assess workplace performance as part of performance management. They are commonly used as part of quality **feedback survey** processes.

Management by objectives refers to a process whereby organisations establish and communicate key objectives that employees and work teams are expected to achieve. Both **quantitative** and **qualitative** KPIs are clearly communicated so that employees are aware of what they expected to achieve. Managers and employees work together to **establish** objectives. In a strict definitional sense,

management by objectives refers to when the prevailing approach to task achievement is aligned to the monitoring and evaluating workplace performance according to pre-determined (**SMART**)

360° feedback is a multi-dimensional feedback tool that enables employees to receive feedback from key **internal** (and at times, external) **stakeholders**. It is commonly used to determine the respondents' **strengths** and **weaknesses** of the person being reviewed. Reporting **feedback** on strengths and weaknesses can be used to consolidate

the information into a professional learning program to help address areas of weaknesses. Many work tasks can be monitored using digital means with information fed back to employees and supervisors in real-time. Closely related to management by objectives **digital work performance** management focuses on the use of performance management tools, sometimes generally called **metrics**. As service operations become more digitised the use of digitised work performance methods has evolved and in some cases has led to **gamification** of employee performance. Digital work performance measures can skew the performative measurement focus towards quantity of output rather than quality of service.

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Assessment Task 3 - Performance Management

Name: _____

Tasks	Re-quired	Due by	Done	Teacher
Part A:				
⇒	✓			
i	✓			
ii	✓			
iii	✓			
iv	✓			
vi	✓			
⇒ Present draft to your teacher for checking.	✓			

Part B:

i	✓			
ii	✓			
iii	✓			
i				
ii				
iii	✓			
⇒ Present draft to your teacher for checking.				

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Stage 3: Preparing your report

⇒ Finalise your information and incorporate feedback				
⇒ Prepare/submit final written report in suitable format.	✓			
⇒ Give presentation report to the class (if required).				

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Additional information:



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Managing Resources

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4

4. Managing Resources: Activities	p.	Due date/Done?	Comment
A Nature of work	99	<input type="text"/>	<input type="text"/>
B Managing information	101	<input type="text"/>	<input type="text"/>
C Managing resources	103	<input type="text"/>	<input type="text"/>
D The employment cycle	105	<input type="text"/>	<input type="text"/>
E Effective recruiting	107	<input type="text"/>	<input type="text"/>
F Effective induction	109	<input type="text"/>	<input type="text"/>
G Effective training	112	<input type="text"/>	<input type="text"/>
H Remuneration	114	<input type="text"/>	<input type="text"/>
I Fixed and variable costs	116	<input type="text"/>	<input type="text"/>
J Budgeting	118	<input type="text"/>	<input type="text"/>
K Managing financial resources	119	<input type="text"/>	<input type="text"/>
L Managing physical resources	123	<input type="text"/>	<input type="text"/>
M		<input type="text"/>	<input type="text"/>
N Glossary	129	<input type="text"/>	<input type="text"/>
O Review	131	<input type="text"/>	<input type="text"/>
AT4 Effective Resource Management	132-133	<input type="text"/>	<input type="text"/>
IPP Accessing job opportunities	134	<input type="text"/>	<input type="text"/>

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1. Nature of work

As the commercial world continues to evolve you will find that nature of work will undergo continuous change. As you embark on your future career pathway you will have to develop suites of work-related, technical, interpersonal and intrapersonal skills to be able to both fit in with existing **workplace cultures** as well as being able to adapt to more enterprising new, and evolving, workplace cultures.

Let's say you plan on doing a 3-4 degree next year (provided you achieve a suitable ATAR score and satisfy relevant course pre-requisites). This is a common step for young people wishing to embark on professional career in commerce and business, in health care and nursing, in education, in engineering, in social work, professional writing or in many other occupations.

And then what if you find that because the economy is evolving, with over 50% of the population undertaking bachelor level degrees, you might require further post-graduate qualifications of one-two years? Then you take a gap year to recover from all your study (!) and perhaps take on an unpaid internship or two.

It might be seven years hence before you even start your career (that's assuming you secure an entry-level position in your chosen vocation). Seven years! If we look at the nature of work just seven years ago things have certainly changed. Most people commuted to their workplace, sat at desktop computers and used landlines for most business calls. People tended to use their phones to send texts and make calls; (and not to pay all their bills, do their shopping, track their pizza delivery or catch a Pokemon or two, and nor to take selfie after selfie). Change is happening so fast - and this is just one area of change. What will be like in your future - and what about for your kids!

The nature of work is evolving in line with changing commercial modes of operation. Technological innovation, stakeholder convenience and global capacity are just three of the factors driving change. This is due to influence the structure of organisations as well as the management styles and skills required of contemporary 21st workers. (Refer Section 5.)

Workers, more than ever, are becoming information managers. Changes in how information is collected and communicated mean that organisations need to run their workplaces with an eye to both ethical management of information as well as meeting increasingly complex legal requirements relating to information management.

Organisations, due to enhanced competition (including global competitors), have to develop more effective human resources to fit the business. This requirement applies equally for large organisations with more than 100 employees, medium-sized organisation of 20-100 workers, small organisations up to 20 employees and even to micro enterprises of between one to five workers (but is usually just one)!

Added to this the expectation that organisations will be responsible corporate citizens and develop and follow principles of corporate social responsibility.

So let's go on an introductory journey into the nature of work in relation to these and other issues. And perhaps at the end of this journey you will be able to paint more of a picture of your own place in an evolving commercial world.

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Key concepts

In examining the nature of work we need to clarify key concepts including productivity, multi-factor productivity, efficiency (and effectiveness), labour-intensive production, capital-intensive production and sustainability. You investigated **productivity**, **multi-factor productivity** and **efficiency** (and effectiveness) in the last section. These, along with the concepts of **labour-intensive production**, **capital-intensive production** and **sustainability** will be used extensively throughout the next three sections of this book. So it is important that you:

- ⇒ have a clear understanding of their meanings
- ⇒ are able to apply these to your own work-related experiences, and
- ⇒ are able to analyse how issues surrounding these impact on the nature of work, work skills and your own potential career development.

Labour-intensive production

- ❑ Labour-intensive production refers to using a greater proportion of employee effort in the production process.
- ❑ In Western countries, the cost of modern technological innovations is falling, while at the same time, labour costs are constantly rising. This is leading to a shift away from labour-intensive production.
- ❑ However, some industry sub-sectors are still quite labour-intensive. This relates especially to high value added manufacturing where human skill and care is needed (such as with designer clothing). Also small specialised goods producers that service niche markets are often quite labour-intensive. Expertise in these crafts is still superior to mass production.
- ❑ Service industries such as education, child-care, health and community services are also quite labour-intensive.

Capital-intensive production

- ❑ Investment in new technology is a move towards a more capital-intensive method of production. Capital basically means the money invested into the business by the owners or operators of an enterprise.
- ❑ Innovation is enabling enterprises to invest more readily in technological and efficiency (rather than in labour-intensive processes). This is a shift from labour-intensive to capital-intensive production processes.
e.g. For example, a farmer may invest \$250,000 to purchase a new and more powerful tractor. A mining company might invest \$10m into a new loading truck. A construction firm might invest \$5m into new graders. A beverage company might invest \$50m on a new automated bottling plant and facility. And an electricity supplier might invest billions into a new power station!

Sustainability

- ❑ Sustainability relates to the use of finite natural resources in a more environmentally friendly and efficient manner. All physical resources are sourced from, or manufactured using, natural resources, even man-made resources such as plastics (petro-chemicals).
- ❑ Sustainable resource use not only generates positive environmental outcomes, it can also result in significantly reduced waste and costs.
- ❑ Sustainable resource use complements the use of renewable resources. e.g. If we use more solar power then we can sustain our fossil fuels as the demand for these will fall.

1. What is labour-intensive production? Give an example.

2. What is capital-intensive production? Give an example.

3. Outline examples of work practices that you think are more likely to become capital-intensive in the future. How might this impact on you?

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4. What is sustainability? Give an example.

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5. Outline examples of sustainable production practices that you are familiar with that also improve efficiency. You could research examples online or support your answer with your own workplace experiences.

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2. Managing information

As the nature of work continues to evolve it raises a myriad of **legal** and **ethical** issues surrounding how to appropriately collect, use, store, protect and share information, both internally and externally. In essence, this issue involves both the management of others' information, as well as the management of an organisation's own information. At times these two issues can and do overlap.

When collecting information you must disclose how it is going to be used. On e-platforms this is usually communicated in a **privacy** and/or **terms of use policy**. There are also restrictions on how organisations can go about collecting information including exploitation of minors and other marginalised stakeholder groups.

But be aware, some organisations are purely in the business of information and data collection so as to onsell this data - that's how they make a living!

As you know, you cannot disclose the personal information of a customer or client to a third party without explicit and clear consent (there are some legal exclusions to requests for information including requests from government agencies). This also extends to dealings with those clients and customers including **confidentiality agreements**, contract terms (including employment contracts) and **non-disclosure arrangements**.

You must store information safely. This is becoming an ongoing and challenging issue in the face of growing data hacking, as too with many remote cloud-based storage platforms. Protocols and processes for data and records deletion is also another key issue.

You also cannot use information in breach of copyright laws. This includes material that many people think lives in the 'public domain' on the internet (it doesn't - public domain has a much different legal definition). An example is information collected, compiled and written by another organisation which you cannot pass off as your own, such as product specifications or market research. Another example is the protection of **trade secrets** and policies surrounding what employees can and can not disclose about the internal operations of the organisation (usually more about 'can not').

Managing information also extends to how information is managed within an organisation. Do you make every employee privy to all the goings-on of the organisation? Internal data and financial security must be managed to limit privileges to employees according to their level of seniority and responsibility. Do you want a temp to be able to access the Penske time card file - then it could be possible that the temp might be working at Penske next week?

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Legal considerations

- ☐ Privacy laws
- ☐ Insider trading
- ☐ Legal durations for maintaining records
- ☐ Non-disclosure agreements
- ☐ Disclosures to ATO & WorkSafe
- ☐ Copyright, trademarks, patents, intellectual property and trade secrets
- ☐ Online and data security management
- ☐ Whistleblowing

Ethical considerations

- ☐ Conflicts of interests
- ☐ Exploitation of marginal stakeholders
- ☐ Publishing sensitive data
- ☐ Non-disclosure of intended use
- ☐ Pillow talk
- ☐ Social media use and policies
- ☐ Public relations campaigns
- ☐ Buying or selling information
- ☐ Workplace referees

1. Why is information management a complex issue? Give an example.

2. Use examples to distinguish between issues related to managing an organisation's own information as compared to an organisation managing others' information.

3. Research a workplace you are familiar with (or interview a relevant worker). Outline the information management issues they have to deal with. Describe any policies, processes, protocols, guidelines or even laws they follow and implement.

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Information management issues they deal with this and why?	Subject to change
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Discussion and investigation

There is a growing incidence of online 'job' portals that encourage job-seekers to sign up and access job opportunities. In actuality these are not job portals but rather an information collection enterprise that then onells this data to private course providers.

Is this illegal, unethical, both or neither? How do you feel about this? Do you reckon a firm would try to do this in Australia. Why/why not? Do some research to find out if any of these practices do happen.



3. Managing resources

Resource management refers to maximising **multi-factor productivity** in the use of inputs in order to generate the most efficient mix of outputs. Resource management focuses on managing **human, physical, financial** and **technological** resources. So let's have a bit of revision on managing productive resources as part of the transformation process.

Inputs and outputs

Inputs are the productive resources that an organisation uses to make its goods and services and can be grouped in four categories.

- ⇒ **Land:** Raw materials and physical components.
- ⇒ **Labour:** Human effort, skills and expertise.
- ⇒ **Capital:** Investment in equipment, machinery and technology.
- ⇒ **Enterprise:** The ability to combine and manage the other three factors of production.

An organisation uses these **inputs** (resources) and combines them together to produce an **output**.

Outputs may be goods, services or even a combination of a good/service. Some organisations produce goods that are sold as **final products** to consumers (e.g. a frozen chicken in a supermarket), while others make **producer goods** (e.g. bulk chickens) that are sold to other producers (e.g. a fast-food chicken franchise). Note: The same chicken 'farmer' might supply both for the retail and industrial markets.

Some organisations produce services that are sold as a **final service** to consumers (e.g. an accountant doing your tax returns), while others produce services that are sold to other producers as an **intermediate service** (e.g. an accountant preparing annual returns for a small business). Note: The same accountant might provide both personal and corporate services.

The operational set-up of different organisations greatly depending on whether they produce goods, services, or a combination of goods and services; and on whether those goods are sold as final products or as intermediate products.

Transformation process

The transformation processes that turn inputs into outputs can better be described as the organisation managing their resources efficiently so as to generate the highest return on each of these physical, human, financial and technological investments.

Production processes vary significantly from industry to industry. But in essence all organisations are involved in production. They all 'make' something, whether it be a good or a service.



managing resources

Human resource management

- ❑ People are the most important resource in any organisation.
- ❑ Effective people management relies on planning the best way to use employees' skills, experience, time, enthusiasm, quality, service and productivity.
- ❑ Some key human resource management issues relate to recruiting, training, remunerating and deploying (and re-deploying) human resources as part of any production process.

Financial resource management

- ❑ Organisations of all sizes must manage their financial resources in order to remain solvent.
- ❑ Financial resources consist of capital invested in the enterprise, loans to finance operations, revenue, expenditure and cashflow.
- ❑ Effective budgeting and forward planning is vital for all organisations regardless whether they are operating for profit or as a not-for-profit.

Physical resource management

- ❑ Physical resources include buildings, premises, grounds, equipment, fixtures and fittings used to produce goods and services (and are usually fixed costs).
- ❑ Raw materials, components and stock are also physical inputs that get used up or consumed as part of the production process (and are often variable costs).
- ❑ All physical resources must be managed both effectively and efficiently in order to achieve a return on investment.

Technological resource management

- ❑ Technological resources drive production, enable communication and may be customised to an organisation's requirements.
- ❑ Capital-intensive production represents an investment in efficiency and any expenditure must generate a suitable return.
- ❑ Increasing complexity and ongoing costs of technological resources creates management issues.

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Managing resources

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Use an examples of a goods producer and a service provider to describe the transformation process, the inputs, information and outputs that are likely to be involved.

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4. Human resource management

People are the most important resource in any organisation. Australian organisations spend about 55c in every dollar on wages and salaries which is more than all of the spending, on all of other resources and stock combined. Some service industries even spend up to 85% of all their expenditure on wages and salaries.

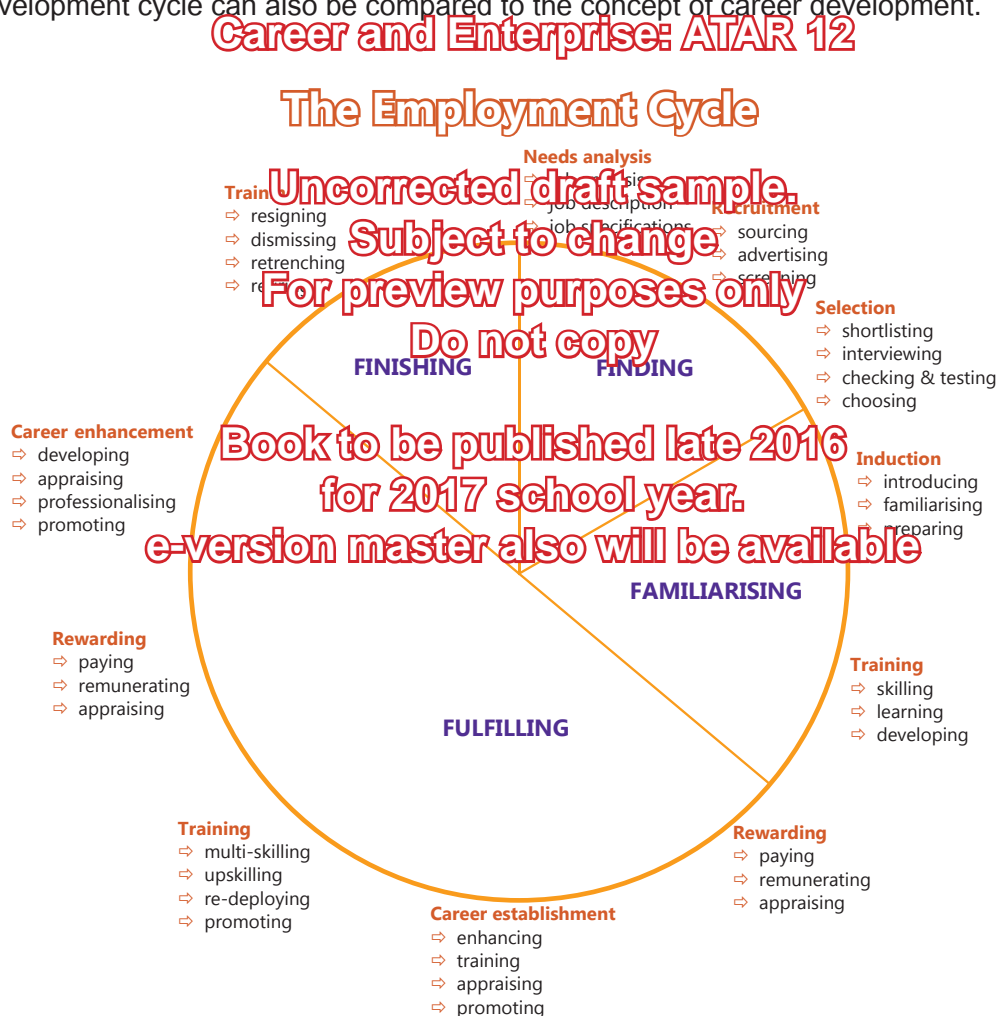
Effective human resource management relies on planning the best way to use employees' skills, experience, time and enthusiasm so as to achieve quality and efficiency.

One of the key issues related to human resource management is finding the right people. This means **recruiting** people who have the appropriate **industry-specific skills** for the job as well as suitable **interpersonal skills** to fit in with the **workplace culture**. Another issue involves **training** those people, firstly by **inducting** them into the organisation and then by supporting their growth and **development** throughout their career.

Remuneration such as appropriate **wage** and **salary** levels is a key consideration related to human resource management. Offering too much, or too little can lead to ineffective recruiting, poor performance and inefficiencies.

Organisations also have to consider **redeployment** of people in line with growing workplace flexibility, changing goals and objectives as well as the impact of ongoing evolution in the commercial trading environment.

The best way to understand recruitment as a part of effective human resource management is to consider the **employment cycle** of employees within organisations. The employment cycle reflects the stage of development of an employee within an organisation. This development cycle can also be compared to the concept of career development.



The employment cycle

D

Briefly outline 2 key issues related to each of the finding, familiarising and fulfilling phases of the employment cycle based on your own knowledge and experiences at this stage of your learning. For each issue, describe how an organisation you are familiar with deals with this issue, or how it could deal with this issue.



	Issues	Example
Finding	i	
	ii	
Familiarising	i	Career and Enterprise: ATAR 12
	ii	Uncorrected draft sample. Subject to change For preview purposes only Do not copy
Fulfilling	i	Book to be published late 2016 for 2017 school year. e-version master also will be available
	ii	

@twick/tweet?

Find 'em, make 'em familiar, fulfill them and then be respectful when they finish. That's how you manage human resources #CAEATAR12

4.04 PM Feb 1 via ??? from ???

5. Recruiting

Staff! You've got to find the right people, train them, utilise their skills and expertise, develop them to become better them and hang on to them. So how does an organisation go about this complex and vital human resource recruiting process? Read and analyse this article and consider how this process might apply in workplaces that you might come into contact with as part of your own career pathways development.

The recruitment process

Staff recruitment

Finding the right staff can be a tricky process. But just like any area of business it is just simply a matter of solving a problem. Here's how an inbound call-centre may go about sourcing some more staff.

⇒ Identify the problem.

"We need more customer service staff."

⇒ Analyse the cause.

"We are expanding rapidly - new contracts!"

⇒ What are some solutions?

"Approach a temp firm, or go through an employment agency, or advertise for some full-timers or hire some trainees."

⇒ Select the best solution

"Go to an agency, let them do the work in a hurry!"

⇒ Monitor the solution

"Check to see if the staff are performing as expected."

⇒ Adjust to make refinements.

"Give a little more training to the new buddy them up with experienced staff."

Recruitment stages

The first stage of staff recruitment involves identifying needs. "What's the problem? (lack of staff) and what do we need to fix it? (hire in some expertise).

Different staffing needs will be covered at different levels of planning. A short-term vacancy or replacement need can be filled next week. In this case it might be best to contact a temporary staffing agency.

However, a firm might want to introduce a new staff member over the longer term and train them in specific tasks for their role. This might fill a mid-term need.

Alternatively, the organisation may need skills that match a future strategic direction or change. This may require a more intensive, and expensive, longer-term labour-hunt.

Needs analysis

A needs analysis can help identify just what

the firm is after. By analysing the facts leading to the 'need' (i.e. "what do we need and why?") the process of recruitment and selection will help find recruit the "who".

Many positions have job descriptions. These are prescriptive statements that outline the key functions and roles expected of a particular employee. Job descriptions are important because they:

- ✓ outline the tasks expected of an employee for that role
- ✓ allow the organisation to target and recruit employees to fill those roles, and
- ✓ set out clearly defined responsibilities and accountability for that role.

This makes it easier to advertise for, and to select, the most appropriate candidate.

Many firms outsource the recruitment of staff to labour hire firms and employment consultants. However, some organisations, especially small firms, still like to handle their recruitment of staff themselves and meet with applicants face-to-face.

Internal recruitment requires choosing the most effective recruitment media to reach potential applicants. The organisation must choose the media that is most likely to attract relevant and suitable candidates.

e.g. A senior marketing position might be advertised online, through LinkedIn, in a print newspaper and in an industry or trade journal. Senior staff might also be asked whether they might be able to recommend any potential candidates. On the other hand, a casual vacancy might be advertised in the local paper, online or through a social media callout.

Internal recruitment sources candidates from within the organisation. It provides clear advantages in time and money and means that the organisation is already aware of the performance, skills and background of applicants.

Internal recruitment helps foster a positive work environment as employees see that

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there is scope for career development within the organisation which can boost motivation. Methods include:

- ⇒ in-house emails, memos, and intranet
- ⇒ staff development programs
- ⇒ staff recommendations
- ⇒ internship programs.

External recruiting can allow an organisation to cast a wider net, introduce new skills and expertise and bring in fresh ideas to the organisation. Recruitment methods include:

- ⇒ online websites and job boards
- ⇒ LinkedIn network portal
- ⇒ organisation's own website recruitment process/portal
- ⇒ government's jobactive network
- ⇒ social media callouts
- ⇒ print media
- ⇒ recruitment agencies
- ⇒ industry specialist recruitment agencies
- ⇒ industry and trade journals (print and digital)
- ⇒ poaching/headhunting
- ⇒ graduate training programs
- ⇒ bulk call-ups/cattle calls.

Selection process

Most organisations still rely on interviews as the key selection determinant when recruiting staff. However, there is a growing emphasis on pre-selection tests (in particular psychological testing) as well as the use of problem-solving scenarios. Testing might also occur during the interview stage and also prior to final selection. Some critics of interviews argue that firms often hire someone who is good at interviewing, not necessarily good for the job. However, a key strength of an interview is meeting a candidate face-to-face and assessing if they have the skills to suit the workplace culture.

What to look for

When selecting, you need a good understanding of the requirements and specifications of the position to be filled. This

will enable them to be able to and identify the type of person needed to fill that position.

The position

Accurately defining the position can make it easier to determine just what it is that's required of the applicant as well as the best way to discover this about the applicant. Consider:

- ⇒ the level and seniority of the position
- ⇒ remuneration level
- ⇒ the number of potential applicants
- ⇒ any necessary qualifications
- ⇒ transferable skills and competencies
- ⇒ relevant experience
- ⇒ whether skills-based and psychological testing can help in screening.

The person

Employees are people, first and foremost! Knowing what is required of the person to fill the position will effectively drive the recruitment and selection process. Consider:

- ⇒ training, qualifications and experience
- ⇒ attitudes and values
- ⇒ fit with the workplace (corporate) culture
- ⇒ people skills (i.e. emotional intelligence)
- ⇒ team skills
- ⇒ willingness to grow.

The process

The recruitment and selection process should be developed to identify the most suitable person for the job. The process will add the most value to the organisation. Considerations involve:

- ⇒ one-on-one, panel or group interviews
- ⇒ length of overall process
- ⇒ number of interviewed applicants
- ⇒ number of interviewers per applicant
- ⇒ types of interviews including remote interviews
- ⇒ suitable members of the selection panel
- ⇒ legal requirements
- ⇒ equal opportunity and anti-discrimination.

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Effective recruitment

E

In pairs or teams prepare a report and present to the class summarising the key issues and advice in this article. Use examples from relevant organisations to give clear and accurate evidence of how they have approached these issues.

Conclude by offering advice as to how young people at your stage of career development could utilise the insight gained from this article, your own research and your report to enhance their chances of securing employment and developing their career pathway.



6. Induction

Once employees have recruited and selected employees they must then train them in order to ensure that their investment in human resources pays off. The first stage of employee training as part of the familiarisation stage of the employment cycle is induction.

Organisations spend thousands of dollars and many hours carefully recruiting and selecting the most appropriate employees. An induction process can ensure that the new employee enjoys as smooth an introduction as possible to the organisation.

Induction involves **familiarising** employees with their new **work environment** and **workplace culture**. This is essentially a series of introductions. The employee is introduced to the organisation and the organisation is introduced to the employee. New employees are usually introduced to the organisation's staff, the workplace environment and the workplace culture.

All people require some settling-in time. Depending on the level of seniority of the appointee and the responsibility and complexity of the task, the settling-in time can vary from a few hours to a few months. Effective induction aims to reduce the settling-in period and create workplace efficiency as soon as possible.

Effective induction

The effectiveness of different induction techniques depends on the level and complexity of the tasks required of the employee and the support that the organisation has made or is making in the employee.

Higher level employees in management roles may undertake extensive induction programs which may last up to 18 months. This could include graduate recruitment programs that involve the recruit working through a variety of different roles to become familiar with aspects of the organisation's

On the other hand, shop floor and manual workers might get a quick tour, guided through the safety exits, first-aid station and emergency procedures and get shown the toilets and the coffee machine and that's all.

Staff induction

This type of induction should involve introductions to:

- ⇒ senior managers
- ⇒ direct managers
- ⇒ WHS safety reps
- ⇒ fellow workers
- ⇒ other work units
- ⇒ subordinates
- ⇒ buddies/mentors
- ⇒ suppliers/contractors
- ⇒ customers

Environmental induction

This type of induction should involve:

- ⇒ the immediate work environment
- ⇒ WHS safety issues and processes
- ⇒ staff facilities and amenities
- ⇒ emergency procedures and exits
- ⇒ other departments
- ⇒ factory-floor tours
- ⇒ tours of other locations

Cultural induction

Workers need to be introduced to the workplace culture through:

- ⇒ formal induction programs
- ⇒ corporate videos
- ⇒ company literature
- ⇒ policies and protocols
- ⇒ social media policy
- ⇒ advice (both formal & informal)
- ⇒ meet & greets
- ⇒ staff functions

7. Training

Workers don't arrive at their job as fully functioning units of excellence! They have to be trained in how to apply their existing skill-sets to the job. They also have to be trained and developed as part of career growth, functional flexibility and career development. These of course form part of ongoing professional development (refer p.???) Employees may be given a chance to request areas of specific professional development training or these may be chosen by supervisors or managers according to needs identified by them.

We can classify training (formal or informal depending on the type of training) and workplace learning as either taking place directly on-the-job or off-the-job.

On-the-job training and workplace learning usually happens at an employee's worksite and might be built into the day-to-day tasks that the employee has to perform. e.g. An office assistant might be expected to use the 'help' or an online tutorial to work out key functions of word-processing software. Alternatively they may be instructed by a more knowledgeable staff-member.

Off-the-job training and workplace learning usually happens away from the worksite and may involve study for a formal qualification. e.g. The office assistant might undertake a short course in the use of Microsoft Word. Alternatively they may be undertaking a TAFE certificate in a related field such as Business -Office Administration.

Flexible learning

Increasingly many training courses are being designed to be flexible so as to better suit the needs of trainees and employers to help foster a workplace culture.

Flexible training methods also allow for varied topic choices, completion timeframes, learning styles and training approaches. This can involve customising learning and training programs as well as customised delivery methods to suit an individual's needs.

Flexible methods of delivery such as eLearning, distance education and open learning, increase employment opportunities. Australian Apprenticeships and other competency-based training can (within certain guidelines) operate within a flexible timeframe.

Self-paced learning

Self-paced learning is a form of training where the trainee works through the learning activities at their own pace. e.g. Working through a workbook, a manual or online modules and units.

Although self-paced learning doesn't necessarily follow a structured completion timeline there is still usually a set end-date. The trainee has to plan and organise their study times according to their own work/life schedule.

Due to technological advancements self-paced learning is evolving into eLearning using online portals and cloud-based applications supported by remote tutoring support and sophisticated ICT systems.

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Competency-based training

Competency-based training (CBT) refers to learning based on demonstrating achievement of learning outcomes by performing specified tasks. Competency-based training is used in qualifications offered through vocational training, apprenticeships and traineeships via the **Australian Apprenticeship** system as well as other forms of both on-the-job and off-the-job training.

In order to successfully complete a competency-based training package, a trainee must satisfy the **learning outcomes** of that training package. Each qualification under a training package consist of a number of **units of competence**. Under competency-based training there is no fixed or set time for completion. Competency-based training is in essence, self-paced. As the trainee completes a unit of competence this is 'ticked-off' on the job by a **workplace assessor** or off the job by an instructor/assessor at an RTO.

Re-deploying

Re-deployment is the movement of an employee from one job task within an organisation to another. It is more effective to have employees who are able to multi-task and perform a variety of functions. There are many specific work arrangements that help support re-deployment through **Career and Enterprise: ATAR 12** an emphasis on a teams-based approach to completing work tasks. Hence functional flexibility.

Re-deployment might be desirable for a number of reasons including:

- ⇒ part of a process of **upskilling** and **multi-skilling**
- ⇒ changes in **technology**
- ⇒ deployment on specialised **work teams**
- ⇒ **replacement** of employees
- ⇒ changes in the operations of the business, including both **expansion** and **contraction** (downsizing).

Training employees in a variety of skills allows maximum flexibility of deployment across tasks, enables re-deployment into new tasks and supports synergy and teamwork. Because workers can be rotated through different tasks, this allows work to be shared in busy times since a variety of employees have been trained to be competent in a range of tasks.

Workplace learning encourages workers to be adaptable. As workers develop new skills they can be deployed to take on a wider variety of tasks by being multi-skilled. For example, a functionally flexible nurse in the Health and Community services industry can deal with a variety of patient-care issues in varied work settings. This complements learning, communication and problem-solving.

This functional flexibility aims to increase employee efficiency which is one key aspect of multi-factor productivity.

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Effective training



1. Describe an example of each of the types of training that is used in workplaces with which you are familiar. Add one of your own. Draw on examples from both formal and informal training as well as both on-the-job and off-the-job training.
2. For each example explain how this training is an example of effective human resource management for 2 different stakeholders.

Training	Example	Stakeholder 1	Stakeholder 2
Self-paced learning	e.g.		
Competency-based training			
Online learning			
Your choice:			

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8. Remuneration

One of the most challenging and complex human resource management functions involves issues related to paying employees, i.e. their remuneration package. So let's look at three key issues.

i. Whether the enterprise can afford employees. This ties into the appropriate time to recruit and select employees and whether the enterprise has the ongoing cashflow to pay regular **wages** or **salaries** and other remuneration costs.

ii. How much employees must be paid. The modern **award** system, **enterprise agreements** and the annual **national minimum wage** decisions set key rates and conditions such as penalties, casual loadings, etc., for various firms, industries and occupational classifications. These minima must be met - by law!

iii. How much should employees be paid. In this case it is about how much to **reward** employees to **attract** and **retain** the best staff to suit the organisation's needs. They may be less, but they can pay more! So should they? Will higher incomes **motivate** workers? Or is it better to run a bread shop by staffing it on Sundays with schoolkids on a lower wage?

A growing concern throughout the economy, enterprises is the trend towards engaging workers as **sub-contractors**.

(a new phenomena either!) In essence, the workers are not 'employees', but self-managing micro enterprises who provide a service for their 'employer' - such as delivery couriers delivering restaurant meals ordered by consumers using app-based aggregating tools.

Usually the workers are paid a **flat hourly rate** (lower than minimum wage) plus a **piece-rate** per delivery. The 'employer' argues that their deliverers can earn more than set minima. The workers argue that they are being underpaid.

This is a question of definition (what is an employee?), of law (what rates apply?) and of **ethics** (is exploitation occurring?) So what do you think about this? Some of these cases are currently being played out in industrial courts. Keep an eye out for the rulings by searching online.

Main types of remuneration

- ⇒ **Wages:** Income amounts paid for an employee's labour determined on an hourly basis. Commonly used for trades, para-professional, clerical and service industries.
- ⇒ **Salaries:** Income amounts paid to professionals and higher-skilled employees. Salaries are calculated (but not paid) on a yearly (annual) basis.
- ⇒ **Commission:** An incentive payment usually based on a proportion of sales, fees or revenue. Often used for people in sales roles and real estate.
- ⇒ **Fringe benefits:** Items paid in lieu of cash income. e.g. such as company cars, allowances (fuel & rent), devices, school fees, health insurance and other benefits. The employer pays fringe benefits tax on these; so the employee receives a lower 'income' to reduce their tax, but still gets the benefit!
- ⇒ **Payment in kind:** Non-monetary payments given in return for labour. e.g. a nanny might receive food and accommodation in return for a lower wage.
- ⇒ **Piece-rate:** Payment used when a person (often a sub-contractor) is paid depending on the amount of items (or units) they produce. For example, a tailor making garments might receive \$2 per garment; or someone delivering pamphlets might receive \$0.10.
- ⇒ **Allowance:** Payments given to offset the cost of workplace necessities such as uniform cleaning and meals associated with travel and overtime shifts. Allowances might also be paid for clothing, tools of the trade or other specific work-related requirements.
- ⇒ **Superannuation:** Amounts paid under law by employers (9.5% of an employee's income as at 2015/16) that become available at retirement.
- ⇒ **Dividend:** Amount earned on shares as part of a company's profit (a dividend is paid at a rate per each share held).
- ⇒ **Profit:** The net result (or gain) of a business after all expenses and costs have been accounted for. In smaller enterprises it can be extracted by the owner as drawings.

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H Remuneration

1. Discuss each of these scenarios related to appropriate remuneration. Consider the implications of each decision on affordability for the enterprise, and legal issues that might apply and how their decision might impact on the motivation levels of the workers.

Remuneration	Affordability	Legal implications	Motivation
A large supermarket chain decides to let their registered agreement lapse (EBA) and instead revert to award wages and conditions.	e.g.		
A clothing retailer decides to mainly employ younger casual workers to fill weekend shifts.			
A cut-price pizza chain engages all delivery drivers as sub-contractors rather than employees.			
A legal firm realises that to attract the best applicants to fill a vacated management role that they may have to pay more.			

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Extension: Application

9. Financial resource management

Financial resource management is the key support function that enterprises, of all sizes, need to master. It doesn't matter how good a product is, how motivated employees are, how many sales an organisation has, how big a market share it has carved out - and not even, in what might surprise you - how big a profit it makes! Although these all help an enterprise to function more efficiently and effectively, and to look good on paper, they won't make a business successful in the long-term.

Long-term financial success comes from managing financial **cashflow** so that the enterprise can, on an ongoing basis, service its expenses and debt repayments, by raising income through sales, revenue, commissions or fees. This means properly managing all the financial resources of an enterprise including the timing of collection of income and payment of expenditures.

Four key areas of financial resource management involve the following:

Capital financial management: Related to financing the enterprise such as owner's equity (contribution of their own funds), external finance such as business loans, share financing, servicing loans through interest, repayment of principal, paying dividends on shareholdings, drawings (profit extracted from the business) or retained earnings (to grow the enterprise) and more.

Trading financial management: Related to the form of sales, revenue, fees and commissions, sales ratios, gross margins (gross profit ratio), inventory (stock), materials inputs, cost of goods sold, cost of sales ratios, managing variable costs and more.

Operational financial management: Related to the expenses involved in running the enterprise such as wages and salaries, rent, insurances, utilities, admin costs, interest, advertising, allocation of fixed costs and hundreds of other potential expenses.

Legislative financial management: Related to the collection and payment of GST, income tax, income tax withholdings, licensing and registration, industry compliance, WorkCover, superannuation withholdings and many more legal financial issues, that must, by law, be dealt with according to external guidelines, and usually take priority over other financial issues.

Fixed and variable costs

The relationship between fixed and variable costs is an important element for the success of an enterprise and a key element of financial resource management.

A **fixed cost** is the cost incurred in production regardless of how many products you produce. For example:

- ⇒ factory: Rental/lease, establishment costs, research and development, legals, insurance wages and salaries for minimum staff, tools, equipment machinery for fit-out, etc.
- ⇒ milk bar: Rent/lease, cash register, fittings, insurance, legals wages for minimum staff, etc.
- ⇒ tradesperson: Rent (if applicable), motor vehicle cost, tools and equipment, licensing and registration, opening stock of materials, base wages, etc..



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A **variable cost** is a cost incurred per unit of production. For example:

- ⇒ factory: Cost of materials, supplies and stock, wages and salaries for production staff, electricity and other utilities, freight, storage and warehousing, etc.
- ⇒ milk bar: Purchase of stock, wages for extra staff at busy times, electricity for longer working hours, freight for extra stock, etc.
- ⇒ tradesperson: Materials and inputs for each job, travel expenses, extra wages, etc..

Essentially a fixed cost won't alter regardless of how many products a business sells or the amount of clients it has (unless they significantly scale up and expand). Variable costs change depending on the **volume** of production and service levels. Variable costs usually go down per unit as volume is increased due to cost savings and other **efficiencies** achieved through **economies of scale**. However, with service providers this might not necessarily be the case.

In business you have to be aware that an enterprise must cover all of its fixed costs. Regardless of how many products they sell, they will always have to first meet these fixed costs. These might include initial establishment costs and also rent, basic payments such as overheads just to stay open including wages and salaries and other expenses.

Then the enterprise has to cover its variable costs, hopefully by having an appropriate **margin** on its sales and services. Then if there is anything left over, after taxes, the owner might record a profit.

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Fixed and variable costs

- ⇒ Total fixed costs should be calculated on a weekly basis.
- ⇒ For example, a new restaurant might have \$5,000 of fixed costs including rent, equipment and other basic expenses that must be covered regardless of how well it is doing! So this equates to \$5,000 per week.
- ⇒ The restaurant might have an average variable cost of \$10 per sale which includes ingredients, extra staff, extra electricity and so on.
- ⇒ If the average spend per customer is \$20 then this means that they have an average variable margin of \$10 per sale. In order to cover their fixed costs over the year they will need to service 25,000 customers ($\$250,000 / \10). On a weekly basis that is $\$5,000 / \$10 = 500$ customers. That is a lot of customers to service every week for 50 weeks. Just to cover costs! A tough gig!

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I Fixed and variable costs

10. Budgeting

A budget is a **forward planning** tool to help an enterprise plan spending more responsibly and gain control of financial management. Budgeting on an annual, quarterly and monthly basis, and even breaking this down into weekly units can enable an enterprise to forecast when expenses are likely to fall due and when revenue is likely to cycle through the business. The size of an enterprise will influence both the responsibility and accountability for meeting budgetary outcomes. Smaller enterprises might see budgeting being the **responsibility** of the accountant or finance manager. In micro enterprises, the owner operator is likely to have full responsibility for short-term, mid-term and long-term budgeting in order to predict their operational performance and manage their cashflow.

Large organisations might allocate responsibility for strategic budgeting to a **Chief Financial Officer** (CFO). The CFO's team will prepare profit and loss and cash flow budgets for longer-term strategic goals and then communicate these throughout the organisation. The CFO's team will then break the budget into smaller departmental, functional and/or divisional components. These specific departments will then communicate their own budgetary goals related to their own **operational** timeframes (such as quarterly budgets). These departments might also allocate responsibility for budgeting further down the line to frontline managers who are responsible for meeting week-to-week operational budgetary outcomes.

Given this budgeting structure, it is expected that each of the short-term, and mid-term departmental targets will coalesce into the overall budget. For example, a baked beans manufacturer will have to source and pay for materials, inputs, running costs, wages and other expenses; as well as the fixed costs just to be in business. These beans might not be sold for six months! And then it might take even longer to be paid!

Careful and timely budgeting can indicate

- ⇒ financing issues and timing of funds
- ⇒ cash flow needs surrounding working capital (re: short-term spending vs revenue)
- ⇒ when enterprises need to source funds and how much investment they require
- ⇒ when they need to allocate funds to different work units and areas and the amounts
- ⇒ when revenue is likely to flow in according to seasonal demand patterns
- ⇒ the likelihood of longer-term projects being cost effective.

Budgeting 101

A budget is an important financial management planning tool. A budget lists all of the forecasted revenue and expenses over a period of time. A budget allows an enterprise to forecast if it expects to have more money coming in (a surplus) or more money going out (a deficit).

- ⇒ Revenue can refer to business income from sales, fees, commissions, service provision and any other income sources such as interest. Sometimes revenue might simply be called income or incomings.
- ⇒ Expenses can refer to the costs incurred by an enterprise such as wages, materials, utilities, stock, inputs, equipment and many other expenses. Sometimes expenses might simply be called costs or outgoings.
- ⇒ A surplus exists when anticipated revenues are higher than anticipated expenses. A surplus can lead to profit or retained earnings or the ability to pay off debt.
- ⇒ A deficit exists when anticipated expenses are higher than anticipated revenue. A deficit can lead to a loss and more debt.

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Effective budgeting

When budgeting it is important to be as accurate as possible and to list all of the expenditure items that are likely to be encountered. Budgets should also make provision for 'other' expenses; some of these unknowns are likely to crop up unexpectedly.

An important aspect of budget review is to compare forecasted amounts with the actual amounts to see how much variation has occurred. This helps to plan more accurately in the future. Larger than unexpected expenditure outcomes can indicate under-estimating and smaller than expected revenue inflows can indicate over-confidence. Both of these inaccuracies threaten cashflow and undermine the stability of an enterprise. Steps will need to be taken to make more conservative forecasts, otherwise the enterprise will quickly find it itself in a struggle for survival. On the other hand, smaller than expected expenses or larger revenues can indicate too much conservatism which might require a readjustment of key goals and objectives.

J Budgeting

You are required to prepare a business budget based on a new start-up; Hyip-Stah Style selling imported personal grooming kits. Travagis has given you the following information of anticipated revenue and expenses for the next year.

1. In your workbooks prepare a budget for the next 12 months.

- | | | |
|--|--------------------------|----------------------------|
| ⇒ Sales of grooming kits
2500 units @ \$40 each | ⇒ Rent \$5,000 | ⇒ Advertising \$5,000 |
| ⇒ Purchase opening stock
1,000 units @ \$20 each | ⇒ Wages \$25,000 | ⇒ Vehicle expenses \$3,000 |
| ⇒ Ongoing purchase of
stock based on orders
1,500 @ \$20 | ⇒ Taxes and fees 410,000 | |
| | ⇒ Admin expenses \$5,000 | |
| | ⇒ Electricity \$5,000 | |

2. It seems as though Travagis might not have considered all possible expenses for this type of business. List 4 other expenses categories that should be budgeted for. Estimate realistic amounts for each. **Subject to change**
3. Travagis also has not included any other potential expenses that might occur. Make sure you include this in the budget. **For preview purposes only**
4. How do you feel about Travagis's revenue estimate? How many kits does he need to sell per week to achieve this? Is this likely? How might you treat his estimates? **Do not copy**
5. What is likely to be the business's cash position at the end of the year? What could you recommend? **Book to be published late 2016 for 2017 school year.**
6. At the end of the year Travagis comes to you and presents you with the following information. Prepare the 'actual' column in the budget and calculate the variance. **e-version master also will be available**

- | | |
|--|--|
| ⇒ Sales of grooming kits: 1000@ \$40, 50@ \$50 and 776@ \$35. | ⇒ Admin expenses were \$3,000 more. |
| ⇒ Purchase of opening stock 1 units @ \$20 occurred. | ⇒ Electricity was \$2,000 more. |
| ⇒ Ongoing purchase of stock based on was 1000 @ \$15 (a discount). | ⇒ Advertising was 20% more. |
| ⇒ Rent was actually \$5,000. | ⇒ Vehicle expenses were double. |
| ⇒ Wages were \$15,000. | ⇒ All the 4 other categories you suggested were 10% higher. |
| ⇒ Insurance was 10% more. | ⇒ The 'other' category amount has not changed. |
| ⇒ Taxes and fees were 10% less. | ⇒ Also he forgot to include internet and web design fees. Did you? |

Managing financial resources

K

Financial resource management is one of the most complex areas of the commercial work environment. But it is one field in which you are likely to have responsibility for as you career progresses, even if you don't study business and commerce!

1. Discuss each of these financial management issues that careful, timely and accurate budgeting helps support. Based on your own experiences, understanding and observation explain how this might be important for enterprises.
2. Interview a business owner or manager and summarise their advice on each issue related to their own circumstances. Add one another important issue.



	Your explanation	Owner's or manager's explanation
Financing issues and timing of funds.		
Cash flow needs surrounding working capital.		
When enterprises need to source funds and how much they investment they require.	<p>Career and Enterprise: ATAR 12</p> <p>Uncorrected draft sample.</p> <p>Subject to change</p> <p>For preview purposes only</p> <p>Do not copy</p>	
When enterprises need to allocate funds to different work areas or tasks.		
When revenue is likely to flow in according to seasonal demand patterns.		
The likelihood of longer-term projects being cost effective.		

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11. Physical resource management

Organisations have to effectively manage physical resources such as their premises, buildings and grounds (which we will refer to generally as **facilities**) and their equipment. All enterprises, regardless of their size utilise facilities in order to undertake their operations (even home-based micro firms). These facilities are sometimes referred to the fixtures and fittings that exist within the physical **work environment**. Some enterprises manage extensive buildings and grounds depending on the size, scope and nature of the work that they undertake.

These facilities might include both **front-of-house** facilities such as a retail shopfront, a customer service area or a service area in a restaurant. Facilities also extend to **back-of-house** operations such as warehousing, delivery bays, storage and many more services. And of course there are also facilities requirements relating to all of the support services needed to operate an enterprise such as finance, administration, HR, ICT, marketing, legal, WHS, security and so on.

Larger organisations might have designated resource managers located in different sections of buildings or grounds. Smaller organisations might try to juggle all of these functions from smaller premises, or a 'back-office', or from even a home-office.

Facilities design, layout and management focuses on designing and establishing the organisation's facilities to best suit the needs of its users. This includes both internal **stakeholders** (such as employees) and **external stakeholders** (such as customers/clients, suppliers and the general public) - which leads to a lot of potential issues!

Career and Enterprise: ATAR 12 Physical Resource Management Issues

What products do we produce?	At what volumes do we produce?	What is the size of our workforce?
How much space do we need?	How much can we afford to invest?	How much can we afford to invest?
Where are our suppliers located?	How accessible are our suppliers?	From where do we draw our workforce?
Where should we be located?	What storage facilities do we need?	What delivery facilities do we need?
What working environment suits our employees?	What flexibility do we need in our processes?	What are the physical needs of our customers/clients?
What is our balance b/w corporate and operational functions?	What supporting infrastructure do we rely on?	What time span do we need the facilities to be operational for?
What workplace safety issues do we need to satisfy generally?	What workplace safety issues do we need to satisfy specifically?	What environmental pressures do we need to deal with?
What community concerns do we need to address?	What special needs do we have to cater for?	What are our security needs and concerns?

Managing Physical Resources

Managing space

- ⇒ Facilities require a significant investment in rental costs, insurance, maintenance and design so they need to be cost-effective
- ⇒ Facilities must be designed and set-up to best use equipment.
- ⇒ Facilities space must effectively allocate and assign employees to their roles.
- ⇒ Facilities must neither be too big, wasteful, nor too small, overcrowded.
- ⇒ Facilities such as buildings and grounds must be designed to interact appropriately with the external environment; and in a sustainable manner.

Managing workflows

- ⇒ Facilities must support the flow of materials including storage, work in progress and finished products.
- ⇒ Facilities must allow work processes to flow efficiently according to the type of layout.
- ⇒ Facilities should minimise duplication and travel distance.
- ⇒ Facilities must aim to minimise waste and to use resources efficiently
- ⇒ Facilities should accommodate information needs such as ICT networks and communication systems.
- ⇒ Facilities should allow safe passage of goods, employees and visitors.

Managing work environments

- ⇒ Facilities should provide a safe work workplace with safety hazards minimised.
- ⇒ Facilities should provide for a positive employee interaction with their physical environment.
- ⇒ Facilities should allow employees to maximise their productivity.
- ⇒ Facilities should promote employee pride and morale in their work environment.
- ⇒ Facilities should encourage appropriate interaction as per the organisation's workplace culture.

Managing customer/clients

- ⇒ Facilities should service client ends as efficiently as possible.
- ⇒ Facilities should provide a welcoming and comfortable environment for customers.
- ⇒ Facilities should cater for the needs of suppliers, contractors, repairers and other external parties.
- ⇒ Facilities need to promote safety for external parties.
- ⇒ Facilities should support effective external communication systems including digital networks and portals.

Managing flexibility and changeability

- ⇒ Facilities need to be designed to be responsive to customer and employee needs.
- ⇒ Facilities should reflect the organisation's current goals and objectives and be able to evolve to suit an organisation's future goals and objectives.
- ⇒ Facilities need to be able to be modified to suit changing product, including service, requirements.
- ⇒ Facilities need to be able to be upgraded to suit product & process enhancement.
- ⇒ Facilities need to be able to adapt to changing requirements related to sustainability.

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Equipment management

Large organisations can **invest** billions in capital-intensive production processes and smaller enterprises might devote a significant portion of their budget to buying or leasing equipment. So equipment resource management is a vital function.

It is important to analyse costs associated with the equipment, such as its **fixed cost** (or how much it costs to buy and install) as well as **variable costs** such as the cost of electricity used to power the equipment.

With equipment management the following eight points must be considered as part of planning, sourcing and using appropriate equipment in order to achieve **multi-factor productivity**.

Equipment management considerations

1. Suitability

Resource managers must need to work out just what it is that they need. Most technology and equipment is over-engineered and enterprises might pay for functions that they never use. So what is its purpose?

2. Cost

Is it better to hire or buy the equipment and how will it be financed? Consider installation costs, delivery costs, running costs and even maintenance.

Durability

Commercial-grade equipment normally costs a lot more than typical consumer items, because it is made to last. What is the usage load of the equipment?

4. Training

All employees using the equipment will need to be trained how to use it properly and effectively before they are expected to use it.

5. Safety

Everyone who uses the equipment must be trained to safely operate it. All users must also ensure that customers/clients are not put at risk. Equipment must also be maintained.

6. Availability

Appropriate users must have access to equipment when they need it, so planning in advance might be needed to share or reserve equipment and facilities.

7. Supervision

(New) users might need to be supervised when using equipment; and some equipment needs specially licensed operators.

8. Responsibility

Someone must be responsible for the storage and safe keeping of the equipment. This might mean maintaining an asset register and making sure that all equipment is returned to its rightful owner/place.

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Managing physical resources

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1. Outline 2 physical resources management issues for each of these 5 focus areas.
2. Describe how workplaces you are familiar with have dealt with these issues.



Managing...	Issues	Applied example
Space		
Workflows		
Work environments		
Customer/clients		
Flexibility / changeability		

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3. For a workplace you are familiar identify an item of equipment they have recently acquired for use. Research or interview someone to find out the considerations they took into account (or should have) for each of these 8 areas.



1. Suitability	2. Cost	3. Quality	4. Training
5. Safety	6. Availability	7. Supervision	8. Responsibility

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12. Technological resource management

One of the most complex specialist resources management areas is that of technological resource management. **Innovation** in production techniques and communication technologies is driving change. The switch to more **capital-intensive** production techniques, for both goods and service producing industries, continues. As a result organisations need to have specialist technology managers to manage their goods-production systems, their service-provision processes and their information and communication networks.

Technology is a tool used by humans in order to achieve a desired aim. In an industry setting we can say that technology is a **capital input** in which an organisation invests. This investment is aimed at using natural resources more effectively, improving the productivity of labour and/or developing the process of enterprise. So technology is an example of capital that is used to improve the productivity of the other three factors of production so as to achieve **multi-factor productivity**.

Consider some of the tools used by humans to improve productivity and efficiency in modern industry. You can clearly see how the appropriate use of technology can make businesses and people more enterprising. From the simplest example of a pen, hammer or screwdriver right through to advanced robotics and sophisticated information technology systems, technology is an ever-present and ever-evolving constant in our personal and working lives. Therefore effective management of technological resources is both a vital and complex set of responsibilities no matter the size of the enterprise.

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Manufacturing technologies

There are many organisations that use highly sophisticated manufacturing technology systems in order to produce their products. These systems represent a significant **capital investment** at times running into hundreds of millions of dollars or more. They are designed by engineers and rely on highly-trained staff to operate them.

However, smaller goods-producing enterprises also use manufacture technologies. And for these smaller operators the investment usually represents a significant proportion of the capital invested in their business. For example, a small local food producer making pickles, preserves for sale, etc. will need to set up an industrial kitchen that meets health department and WHS standards before they have even bottled and sold one jar!

Technology can be used directly in industrial workplaces such as factories, mines, mills, smelters and other manufacturing work environments and to produce goods. These processes can involve simple tools, equipment and machinery all the way through to advanced technological systems such as computer-aided design (CAD), computer aided manufacturing (CAM), virtual manufacturing and automated robotic systems.

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Service-producing Industries

In the evolving commercial world service-industries continue to dominate and technological use and innovation is at the heart of the growth of services. These service technologies might include information systems, database management, ICT networks, tools, equipment and testing products, transport equipment and communications technology.

Direct service technology

Direct service technology includes the tools, equipment, machinery and information and communication systems used directly to provide a particular service. These technologies are used by the service provider as essential to undertake the **core service** being provided.



Indirect service technology

Indirect service technology is used by all organisations to support their core operations and often operates relies on equipment and technology that operate as **infrastructure** in the background.

There is a growing trend by large organisations to **outsource** some of these support or 'non-core' functions to specialist service providers. The **contractors** bring in their expertise and equipment to provide this service.

Both direct and indirect service technologies are used by organisations to a lesser or greater extent. There is also an inter-relationship between the use of service technologies to support the (back-end) operations of goods producers such as manufacturers, miners, farmers and the technology supporting the front-end operations.



Workplace technology

Workplace technologies continue to evolve placing huge responsibilities on enterprises to effectively manage their technological resources. Some areas to consider include innovative production techniques, customised software and evolving communication technologies.

Goods-production

⇒ Computer-aided design (CAD)

CAD is used to design products, prepare drafting plans and design engineering processes. CAD speeds up the design process and allows designers and manufacturers to play around with design specifications without having to build a physical 'mock-up'.

CAD allows trial and error scenarios to be played out and adjustments to designs can be made immediately. CAD can be extended to 3D prototype modelling, just like a 3D printer! Almost every major manufacturer, and engineering firm such as uses CAD production techniques.

⇒ Computer-aided manufacturing (CAM)

CAM involves the use of computerised processes and systems to control the manufacturing process. Customised CAM software programs control manufacturing equipment to carry out the operations involved in manufacturing.

CAM may focus on inventory control, labour scheduling, production scheduling, use of floorspace, management of throughput systems and control of the supply-chain.

CAD/CAM combines computerised design and manufacturing processes. Large-scale manufacturers such as SPC Ardmore and CAM

⇒ Computer integrated manufacturing

Computer Integrated Manufacturing is basically the inclusion of all the relevant hardware, software and communication technological systems at all stages of the production process, to control of design, supply, production and dispatch.

⇒ Virtual manufacturing

Virtual Manufacturing involves the use of advanced CAD & CAM technologies to create a simulated or virtual manufacturing product or environment.

Virtual Manufacturing allows designers,

product developers and different engineers to create a virtual prototype of their product in order to determine design, component specifications and aesthetics.

Virtual manufacturing is a bit like CGI used in movie special effects. If the alien isn't scary enough, then make his teeth sharper. How do the headlights look on the new vehicle design? If they seem a bit too round, change the shape on the virtual design, there's no need to alter a physical prototype.

Virtual manufacturing at firms such as Bosch reduces the need for physical craftspeople to build expensive models and relies upon high level computer design and engineering skills.

Virtual manufacturing allows information to be shared via the internet, so that design teams can be located globally and all members of the supply-chain can work with the virtual model.

⇒ Robotics

Robots are used to undertake simple and repetitive tasks and usually deliver greater precision, speed, accuracy and accuracy.

Robotics might involve hydraulic machines performing repetitive tasks such as welding or carrying out hazardous and dangerous work in high temperature conditions. Manufacturers such as Boral use robotics.

⇒ Flexible manufacturing systems

Flexible Manufacturing Systems operate by using a central computer system to coordinate the manufacturing environment to produce flexible or varied outputs.

These systems can produce a range of varied customised production programs which are loaded depending on the product being

produced. The system then 'instruct' the equipment and machinery to produce a particular item.

The production environment is custom designed to cope with all possible product configurations and then the FMS is used to produce specifically what is needed, when it is needed, without the need to re-tool or reconfigure the factory. Multi-product manufacturers such as Arnott's rely on FMS.

Service-provision

Although the newest technological processes aim to improve service quality and reduce costs, in some cases they might actually reduce service.

Many day-to-day consumer services have moved their communications and customer service functions to online portals. Online banking portals are an example of a quality success, whereas online customer service departments are generally associated with declining service levels.

Many automated systems are designed to homogenise the user experience and cannot cater for varied customer needs. Process breakdowns and malfunctions cause production and service disruptions. Non-technologically literate people cannot access these services, many consumers experience long wait-times, crashes and platforms that don't work on varied devices and applications.

⇒ Outsourcing

Across industry, many non-core functions, such as ICT, have been outsourced, resulting in a shift away from permanent employment towards casual and contract employment.

As new technology becomes more specialised and complicated, organisations have adapted by using specialist contractors in the Information, Media and Telecommunications industry to advise on selection, curricula, installation and operation of this technology. However, this response can mean a lack of ICT experts that are actually employed within the work setting who can problem-solve and make decisions if something goes wrong.

Also many information communication tasks are being outsourced overseas. Call centres for processing and note transcribing are growing export services from India. "Good evening sir, would you like to switch phone carriers, and would you be so kind as to tell me how much Warner has made?"

⇒ Retail

eCommerce is still growing and evolving. High speed connections, new devices (especially mobile-integrated device) and specialised software and apps are making it easier for retailers to trade globally and offer online services, portals and e-catalogues.

eBay and online auctions changed the face of the Retail Trade industry and altered the way people shop. Some major industry players such as The Good Guys are now using online auctions to complement their normal retail operations.

Cashless transactions will continue to drive retail purchases with people now paying directly from their mobile devices. This also means that even more people are using credit to buy things they cannot afford.

Computerised self-checkouts are proving very successful and their use is maturing. But issues do occur surrounding service, quality, ethics and redundancies.

⇒ B2B

The automation of the supply-chain will continue, leading to the adoption of just-in-time ordering systems between wholesale, transport and retail industries. The back-end of most enterprises utilises B2B systems that involve customised ordering, procurement and fulfilment software supported by sophisticated real-time communication networks.

Enterprise Information Technology systems are programmed to talk to different processes allowing all parties in the supply-chain to use technology more efficiently to manage their role in the supply chain.

For example, parcel delivery-management by DHL and by transport and logistics firms such as Anson's Express allows clients to book online and track the progress of parcels. DHL provides a higher quality service.

Information

The speed of change in the information sector is growing significantly and employees will continuously update their skills. The management of information resources is challenging due to constant innovation and difficulties with the law being able to keep up with technological change. This is creating an ethical divide between 'what is legal' and 'what is right'!

Advances in global communication technologies are making it easier and even faster to collect, store and transfer huge volumes of data. However, increased tech-data complexity is opening up some firms to global hacking and information stealing.

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M Technological resource management



Use workplaces you are familiar with, or your own current research and/or interviews to complete the following tasks in the table.

1. Outline 2 specific work-related examples of each of these 3 types of technological resources.
2. For each one explain an issue that impacts on the effective management of that resource in that workplace.
3. Describe a strategy that stakeholders in that workplace use (or suggest suitable strategies) in order to deal with issues surrounding effective use of these technologies.

Managing	Examples	Issues	Strategies
Communication technologies	e.g. At Brightway supermarket extra casual shifts are communicated to everyone via SMS and the first to reply gets the shift.	Getting work is based on seeing the text. Students in class are not able to get these messages and are missing the chance to work.	Except with urgent absences texts should be sent out 48 hours in advance giving all workers ample time to access the message.
Production technologies	<p style="color: red; text-align: center;">Career and Enterprise: ATAR 12</p> <p style="color: red; text-align: center;">Uncorrected draft sample. Subject to change For preview purposes only Do not copy</p>		
Customised software technologies	<p style="color: red; text-align: center;">Book to be published late 2016 for 2017 school year. e-version master also will be available</p>		



Discussion/Problem-solving

Who works in retail? The strategy example in the table can still cause problems. What might these be? How can this process be improved? Can this e-process be made fully fair for everyone? What about an 'old-school' process for rosters?

The immediate availability of information is analogous to many of the problem in industry. Those who get first access to information get the opportunity. But does this mean they are the best person for the role or task, or are they just switched onto technology - and arguably not doing other more productive things with their time - such as working!

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1. Understanding

2. Analysis

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3. Application

AT4 Effective Resource Management



Investigation

For this task you will be required to undertake an investigation into the ways that a workplace with which you are familiar manages its resources.

Your teacher will instruct you to investigate one or more of these resource management areas depending on your own situation and your school's work and study program.

- ☐ Effective human resource management
- ☐ Effective financial resource management
- ☐ Effective physical resource management
- ☐ Effective technological resource management

Note: If you are only required to investigate a single area of resource management then you will be expected to provide a wide array of examples and significant depth of analysis. If you are required to investigate multiple areas of resource management then it is natural that the expected depth of coverage of each one will reduce.

Required

To successfully complete your investigation into resource management you are required to research, outline, summarise and evaluate how a workplace with which you are familiar deals with issues surrounding resource management.

You are required to **investigate at least one of each area of resource management** you are investigating.

- i. Describe at least 2 issues related to effective resource management in industry generally.
- ii. Explain why/how this area of resource management is an issue for the workplace that you are investigating. Use specific evidence to support your explanation.
- iii. Outline the strategies for managing this area of resource management undertaken in this workplace in order to effectively manage this area.
- iv. Summarise the role of key stakeholders in managing these resources.
- v. Use evidence from your research to evaluate the effectiveness of this workplace (and/or its stakeholders) in managing these resources.

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Assessment Task 4 - Investigation: Effective Resource Management

Name:

Final date:

Tasks	Re- quired	Due by	Done	Teacher
Effective human resource management				
i	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
ii	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
iii	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
iv	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
v	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Effective financial resource management				
i	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
ii	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
iii	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
iv	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
v	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Effective physical resource management				
i	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
ii	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
iii	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
iv	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
v	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Effective technological resource management				
i	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
ii	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
iii	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
iv	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
v	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Preparing my report				
⇒ Present drafts to teacher for checking.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
⇒ Finalise information and incorporate feedback	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
⇒ Prepare/submit final written report in suitable format.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
⇒ Present report to the class.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Additional information:

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