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# **The Structured Experiential Learning Programs And Human Resource Systems And Business Management Applications**

## **Abstract**

There has been growing interest in the degree to which management and human resource systems contribute to overall organizational effectiveness, and how contextual conditions can be utilized to moderate the efficacy of these practices. Such reflective analysis can be achieved through structured experiential learning programs, as students are provided with the practical opportunity to apply their knowledge and distinguish between theory and practice. This paper will also explore the learning contribution of an internship at a nominated accounting firm, and evidence how management characteristics affect the relative performance and value of high-efficiency work practices. Based upon these considerations, it will be shown that these following sources of competitive advantage are primarily derived from a firm's human resource systems and management styles. Recommendations based upon the completed internship experience, thus, can be made and the development of strategies to support improved practice can be drawn.

## **Introduction**

This report will examine, through the reflective analysis of a completed internship, how human resource systems and business management applications have contributed to the organizational efficiency of Platinum Accounting and Business Services. Through the application of such theory including Herzberg's Hygiene theory and Max Webbers Bureaucratic Theory, it can also be argued that success in today's hyper-competitive market is derived from a firms business structure and management type. It was clearly evidenced that competitive advantage is now less associated with access to capital and economies of scale and more focused on innovation capacities, speed, and adaptability in the market. Based on these and similar arguments (Becker, Huselid & Ulrich, 2001; Kochan & Osterman, 1994), there is strong support for firms to invest in high performance or high involvement human resource practices. This not only enables Platinum Accounting and Business Service to product differentiate but successfully establish themselves within the market.

## **The Business and Its Legal Type**

The selected practice chosen for the Internship program was Platinum Accounting and Business Services. This is a boutique accounting firm, which provides a wide range of financial services to individuals and entities. This includes, but not limited to, taxation, project management, business evaluations and planning, bookkeeping, records, and registers. After interviewing the owner, his rationale behind establishing his own business and the selected legal form was that he saw the opportunity for specialization within a niche market. The selected entity type was then based upon these considerations, as the owner measured the advantages that come from establishing a company (Appendix A). After graduating university with a Bachelor's Degree in

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Commerce, the owner worked for large accounting practice, which was heavily focused on billable hours and high production volume. The benefit of opening a private boutique accounting firm was that it facilitated the capacity of professionals to specialize in a particular area of business and provide tailored services. The owner of the firm is also a developer, so the vast majority of his business clients are fellow associates and trades employees. Moreover, it was also noted that the business structure was selected based upon the consideration that the owner wanted the capacity to raise additional funds by selling shares in the corporation at any given time.

## Ownership

Platinum Accounting and Business Services was a new business venture established by the owner in late 2010. With over 600,000 business started every year in Australia there is a strong incentive for people to start a new business, rather than to purchase an existing entity. In today's hyper-competitive market we have seen a shift away from previous drivers of success, such as economies of scale, with a change in focus towards innovative capacities and product differentiation as a consequence of high-performance practice. Buying an established business rather than starting a new company does, however, have its advantages, but it is not completely without risk. Before purchasing an existing company, it is essential that entrepreneurs conduct strict due diligence checks to gain an overview of the position of a company. Some benefits included in purchasing an existing business include the availability of immediate cash flow and a loyal existing customer base. Additionally, goodwill and financial history are also highly valuable as it gives business professionals an indication of what to expect, thus making it easier to secure loans and attract investors in the interim.

Research has shown that 51% of Australian business to not survive beyond the first four years of operation, so it is essential to ensure quality operations and high-performance practices within the first years of establishment. Despite this, some disadvantages come with the acquisition of an existing company. These include, but are not limited to, owners selling expensive and underperforming businesses, which require a large investment to make them profitable. The owner decided that taking into consideration such advantages and disadvantages that establishing a new business, consistent with industrial organization economics (icc), would result in superior performance in the market. At the time of establishment, there was a gap in the market for boutique accounting firms, which enabled the owner to capitalize on environmental demands. Wright and Snell (1998) evidence in their studies the importance of industry as a critical contextual variable for effective practice, and how increased dynamism and competition are characterizing result in conditions for superior performance in the market. Platinum Accounting achieved this, as profit margins continue to increase annually and client acquisition continues to rise.

## The Typical Customers

The target market for Platinum Accounting and Business Services is predominately companies in the trades and construction industry. The firm also attracts individuals during tax season for the completion of yearly income tax returns. According to MYOB Australia, it is reported that most accounting firms attract clients based on word of mouth. This is no different to the firm as employed referral strategies remain as the main source of client acquisition. The firm has no dedicated marketing resources or advertisement strategies, only the company website which

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details the services provided by the firm. When applying the PESTLE analysis, it can be identified that the firm maintains its primary focus on economic and socio-cultural factors. As a result, the firm has directed their marketing strategy based on the industry's environment and provided tailored services to meet their client's needs. The firm can capitalize on the implementations of the PESTLE analysis, as they have a deep understanding of the methodologies including product specialization as it has allowed them to thrive in the market.

## **Reasons Customers Buy the Product or Service**

Financial management is considered one of the most critical aspects in ensuring the successes of a business. It enables companies to strategize better and move towards growth profits and high-performance practices. Being a service based business, Platinum Accounting and Business Services offer comprehensive quality services to both companies and individuals. One of the key factors that attract clients to the firm is innovative client-focused services and tailored business solutions. The firm specializes in the management of companies in the trades and construction industry and can provide personalized business solutions based on the client's individual needs. It is this tailored service that allows the firm to create and maintain a competitive advantage in the market. According to relevant marketing theory, it is direct experiences with the client that enables a firm to market the specific benefits that they offer over other competing firms. Such benefits that consumers can expect from the firm is discernment, high levels of professionalism, interactive training and business growth support. Availability to open communication and assistance allows customers to feel that the firm is invested in the financial success of their business. This also goes hand in hand with the firm having a detailed overview and understanding of the client's business operations. Through clients utilizing this access, they are assured that qualified and experienced business professionals remain invested and uphold their fiduciary duty towards their company.

## **Human Relations Issues**

Human resource management is regarded as one of the most important sources of competitive advantage in today's firms. In recent years, we have seen a shift away from previous indicators of competitive advantage such as economies of scale, access to capital and patents with a re-directed focus on innovation capacity, adaptability and speed. Pfeffer (1994, 1998) argues that such success is primarily derived from an organization's Human Resources practices, and actively advocates for greater firm investment in high involvement in human resource practices. Reflecting on this orientation, recent research has taken a systems-based approach in examining such relevant HR practices in organizational outcomes, which was carefully observed while completing WIL at Platinum Accounting. This included, but was not limited to, the utilization of cross-functional teams, participatory mechanisms, high levels of training and information sharing. Through an in-depth introductory training program and the utilization of a one on one mentor system, all employees are equipped with the knowledge and skills to contribute to the workplace environment positively.

This approach is strongly supported by the findings of Levine 1995, who argued that having informed and highly educated employees is an essential element in ensuring overall operational excellence in the workplace. This practice can also be linked to Herzberg's Hygiene theory, as the firm was able to successfully create optimal conditions for job satisfaction through the supportive and non-intrusive development and educational systems. This also further helps

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employees to grow and advance within their positions, resulting in higher levels of worker commitment and motivation such that they become a source of sustainable competitive advantage. Participatory mechanisms and cross-functional teams are also actively utilized at the firm. Several vital devices were recorded including the employment of a work in progress systems, which involved liaising between multiple groups within the firm to complete allocated tasks. By utilizing cross-functional teamwork and work in progress tracking, each employee is given the responsibility and opportunity for organizational improvement. Cross-functional teams and participatory mechanisms are not only useful with respect to overall productivity but also serve as a means of job enrichment and satisfaction. Maslow's Hierarchy of Needs Theory can also be applied to the firm's practices to highlight further how enabling employees to participate and positively contribute can result in meeting an employees esteem needs. It is imperative that employers endeavor to provide the conditions necessary for creating successful employee involvement as it can mean the difference between the effective operation of the company or failure.

## **Management Styles and Issues**

In today's hyper-competitive market, the application of relevant management theory can be used to help businesses interpret the rapidly changing nature of organizational environments and increase efficiency and firm productivity. While completing WIL at Platinum Accounting several important management styles were observed, and how these practices allowed for product specialization within the market. The owner of the firm has taken on a democratic style of management leadership, allowing employees of the firm to have a participatory role in the decision-making process. This was noticeably evidenced through the utilization of cross-functional teams to complete allocated tasks, which further allowed for the opportunity for participation, discussion and the exchange of information. From a practical perspective, this allowed for procedural excellence and product assurance that all work was completed without any error. The work in progress system which allocates tasks and clients to employees at the firm best highlighted this, as team members would cross reference or employ the assistance of someone from the relevant department to provide specialized advice and assistance in the completion of a financial statement.

Researches have found that a democratic approach to leadership is one of the most effective methodologies when working with high-efficiency work practices as it led to higher productivity and increased morale. This style has a close link with Herzberg's Motivation Theory, which forms the bedrock of motivational practices. By eliminating hygiene factors at the firm such as company rules and strict supervision, the owner was able to create the optimum working environment to motivate his employees. Removing demotivating factors, as we know is an integral factor in Herzberg's theory, but creating the conditions for job satisfaction is what provides job enrichment for the worker. As aforementioned, the firm has an in-depth educational training program, which offers ongoing development and support for its employees. This not only helps individuals grow into their role but supports career progression and advancement. A direct flow on effect from having highly trained staff also means that the services provided could be tailored towards each client's specific needs. This then further ties in with the firm's ability to offer specialized services and differentiate themselves within the market.

## **Discussion and Findings**

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Through completing WIL at Platinum Accounting, I was given the opportunity to gain professional industry experience and undertake a variety of activities specific to the accounting profession. Structured learning programs provide a forum for not only practical learning, but also the chance to reflect on your journey. Through the process of on-going reflection, several key areas for improvement were identified at Platinum Accounting. The area for improvement I noted while completing my placement was that despite the benefits that come from utilizing a democratic approach to management as highlighted in Herzberg's Motivation Theory, the decision making process on selected assignments were too lengthy and at times involved too many team members.

One of my weaknesses during placement was lacking the courage to propose ideas or contributions in large group discussions, as I feared my point would be dismissed. This is a common disadvantage of democratic structures as at times too many voices would delay the decision-making process. Through selecting team leader roles and allocating single management consultations, this would reduce the amount of wasted time spent on addressing assignments and issues. Another area I noted while completing placement was the lacking opportunity for innovative capacities. Despite the utilization of cross-functional teams and ideas sharing, there are strict structures and operational procedures in place for all allocated tasks. Max Weber's bureaucratic theory best highlights this, as he believed in standardized processes so that employees know exactly what is expected of them and so that process stay uniform.

One of my key strengths displayed throughout placement was my technical skills and problem-solving abilities, as I was able to find a simpler solution to the lodgement of GST reporting forms by generating an ATO accepted report instead of a handwritten application. To promote innovation and the simplification of processes, managers could offer rewards for ideation and innovation. Additionally, encouraging employees to think outside of the box and to keep looking at a new way to approach their work could result in higher efficiency and quality outcomes. In contemporary management theory, innovation is now considered a key driver to competitive advantage as it allows firms to product differentiate and offer high-quality services (Harvard). The last area that I noted for improvement was that the firm failed to define any organizational goals. According to Bertram M. Gross having clear organizational goals denotes the fundamental purpose for the business's existence and serves as a motivation for employees. The company can establish their goals and mission by setting up SMART goals, in turn, promoting a strong sense of purpose and culture.

## Reflection

After completing my internship at Platinum Accounting, I was able to gain industry-specific experience and develop key skills to be later transferred into the workplace. My internship helped to prepare me for the challenges of the workforce, and gain lifelong lessons through the process of practice and reflection. The experience also further enabled me to gain another perspective in regards to my competency levels in the accounting profession, and build upon areas of improvement. Reflective learning also emphasized the development of communication skills and critical thinking, as these skills were essential in completing all assigned tasks. Critical thinking, in particular, is an essential skill for graduates to develop, as it gives students the skills to move away from process driven techniques and move towards more interpretive approaches of accounting. Creative and innovative thinking is what allows graduates to provide solutions to business dilemmas and add greater value to their organization, which was evidenced earlier in

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the report. This level of self-awareness is what allows graduates to focus this new information and transferable skills into a direction for future career decisions and contributions toward society.

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