

Human resource management

Measures of employee performance

Staff appraisal

Staff appraisal plays a key role in measuring the performance of employees. The appraisal is usually carried out by the line manager. Performance is assessed, targets can be set and training needs and the potential for career progression identified. The HRM department is where all records of such appraisals are kept.

Appraisals are carried out at agreed intervals — quarterly, half-yearly or annually — and measure:

- the extent to which pre-set targets have been met
- the achievement of key competencies
- the successful undertaking of identified training needs

The benefits of staff appraisal

- Training needs or a need for new equipment might be identified.
- Possible ambitions of employees, for example for promotion, might be identified and perhaps appropriate actions can be taken to help the employee to progress.
- Pay levels and incentives can be adjusted appropriately.
- Bonus payments can be determined based on the extent to which targets have been met or exceeded.
- The causes and consequences of poor employee performance can be set out (see Figure 1).

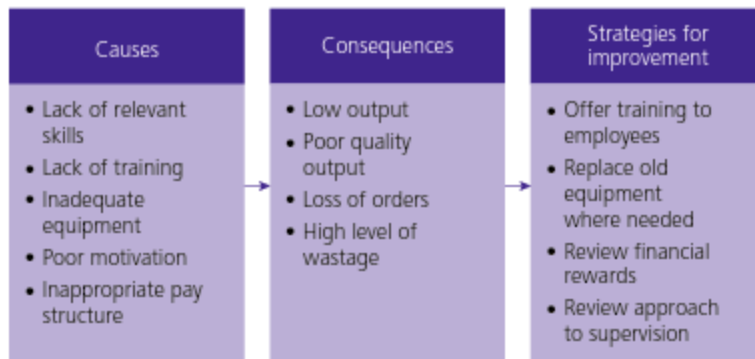


Figure 1 Causes and consequences of poor employee performance

Management by objectives:

an approach used to ensure that employees are all working towards the overall business objective. Objectives for individuals are either agreed or imposed by managers.

Management by objectives (MBO)

Implementation of MBO

Staff appraisal is usually part of the **management by objectives** process. The appraisal session is when future objectives will be agreed. The objectives can be:

- agreed between the employee and their manager or set by management without discussion with the employee
- individual or for a whole department
- direct from senior management or as part of a departmental target

The objectives should be achievable and realistic if they are expected to motivate. There is a view that objectives are more likely to be met when they have been agreed rather than imposed. Generally, all objectives should be:

- SMART if they are to be an effective management tool
- in line with the overall business objectives
- able to be monitored and measured so that immediate action can be taken if targets are likely to be missed
- recognised when met so that appropriate reward or recognition can be given. This is an encouragement to all other employees to meet or exceed their targets too

The usefulness of MBO

- Employees feel involved when objectives are discussed and agreed.
- Having specific objectives to achieve can be motivating.
- Employees are more likely to be committed to objectives/targets that they have been involved in agreeing.
- Employees know exactly what is expected of them and how they are contributing to the overall business objectives.
- Employees are likely to be motivated by having their training needs and potential for promotion recognised.

Possible disadvantages of using MBO

- It is time consuming.
- A business might not want to discuss some of its overall objectives with all employees.
- Employees might suggest and agree very easy targets to ensure that financial rewards will be achievable.
- Targets that are too difficult to achieve can be demotivating. Any forecast of what is to be achieved must be as accurate and reasonable as possible.
- It can be inflexible because any change in the business environment might require agreed targets to be changed, e.g. the recent worldwide financial crisis.
- Any discussion of training needs might make employees feel inadequate or might give them unrealistic expectations of future promotion.

2 Explain what is meant by the term 'management by objectives'.

3 Outline two ways in which MBO might help a business to achieve its objectives.

The need for labour legislation

Labour legislation governs how employees are to be treated. Workers are given some protection against exploitation and employers are given some form of legal support if employees fail to meet their contractual terms. The adherence to labour legislation is monitored by the HRM department, who will also deal with issues arising when laws may have been broken.

Without legislation, some businesses might expect workers to work in an unsafe environment that could put their health and physical safety at risk.

- 4 Briefly outline two reasons why labour legislation is necessary.
- 5 Explain what is meant by anti-discrimination legislation.

Broad principles underlying labour legislation

The broad principles for labour legislation are shown in Table 1.

Table 1 Areas for labour legislation

Issue	Content
Hours of work	Maximum hours work allowable per week or averaged over a given time period. Age restrictions also apply to hours worked in some instances. Legislation will also outline exemptions, e.g. armed forces.
Remuneration issues including minimum wage	Outlines the national minimum wage if there is one. Also details how and when employees should expect to be paid and the rate at which any overtime should be paid.
Discrimination issues	Designed to prevent employees experiencing discrimination for reasons of gender, race, religion, disability or sexual orientation. In some countries, employees cannot face discrimination due to trade union membership, political affiliation or being HIV positive.
Health and safety	Designed to protect employees while at work. Legislation ensures a safe and healthy working environment, outlining the steps that can be taken when a business fails to meet the legal requirements.
Employment contracts	Legislation outlines the required details of employment contracts and how and when they might be terminated.
Holiday entitlement	Some governments will dictate a minimum holiday entitlement. Employers may give more as an incentive, but must at least meet the minimum required.
Employment relations	Covers the right to be a member of a trade union. Can also include details of national collective bargaining agreements. Legislation would also outline the type of action that workers can take.
Minimum age issues	This can limit the type of work that can be done below a stated age. All work is prohibited below a certain age in some countries.

Cooperation between the management and the workforce

The benefits of cooperation

- Employees and managers might learn to respect and understand each other.
- It can produce a useful exchange of ideas.
- It helps to remove the feeling of 'them and us'.

Methods of achieving cooperation

Cooperation can be achieved:

- through the use of worker participation
- by recognising the value of input from employees that can lead to a more motivated workforce

Workforce planning

Workforce planning is the process of deciding how many workers will be needed and what skills are required to allow the business to meet its future business objectives.

Reasons for and role of workforce planning

Workforce planning:

- avoids having too many employees, resulting in a wasted human resource
- improves the potential for the business to run efficiently because the right numbers of workers with the right skills are employed

What does workforce planning involve?

- A clear idea of what is to be achieved in order to determine accurately what workforce is needed.
- An audit of the current workforce to determine if the business has too many or too few workers, and whether the employees have the skills required to meet the business objectives.

What steps can be taken if the business does not have enough employees with the right skills?

- Recruit more staff — permanent or temporary, full- or part-time.
- Retrain existing staff.

What steps can a business take if it has too many employees?

- Make some existing workers redundant.
- Perhaps do nothing. Workers might leave or retire and reduce the workforce to the desired size naturally.
- Make sure that the employees needed by the business are kept — persuade them to stay.

The role of trade unions in HRM

Purpose and value of trade unions

A trade union works on behalf of its members to protect their rights at their place of employment. It is intended to create a balance in the power between workers and their employers. Trade unions might:

- represent their members at meetings with business representatives
- seek changes if a business is requiring its employees to work outside legal guidelines, e.g. to exceed regularly the number of hours that should be worked
- work to resolve grievances between workers and their employers

Reasons for joining a trade union

- To gain the protection of a larger organisation that speaks on behalf of employees.
- To benefit from legal advice, support and representation when needed.
- To benefit from the improved conditions of employment that a trade union might negotiate with businesses.
- Trade unions will negotiate on behalf on an individual, all the employees of a particular business or the whole union membership.

Negotiation

Main processes involved in negotiation

- Deciding what is the actual issue for discussion.
- Deciding who should be involved in discussions.
- Deciding the procedures to be followed.
- Gathering information from all parties involved, perhaps including legal advice.
- Following procedures until agreement is reached.

Situations in which negotiation might be effective

- Determining wages and conditions of employment.
- Resolving grievance issues.
- Determining redundancy strategies.
- Discussing proposed changes in company policy.

Collective bargaining

Collective bargaining means that discussion takes place between trade unions, on behalf of employees, and management. This means that discussions with individual employees are not required.

Benefits of collective bargaining

- The business deals with one party rather than individual employees.
- The trade union can intervene to resolve problems with employees.
- Employees can benefit from having a representative to present their views to management because the trade union representatives would be more skilled in such situations and might therefore achieve a better outcome.
- Sometimes a good working relationship can build up between the business and the trade unions enabling some issues to be discussed and resolved amicably and not always requiring a formal approach.

Collective bargaining: where discussions take place between businesses and trade unions on behalf of a whole group of workers.

The processes involved in conciliation and arbitration

An impartial outside view can sometimes help towards a speedier resolution of problems between a business and its employees. **Conciliation** is where an independent outside body enters the discussion in an attempt to help negotiations and suggest a way in which a satisfactory outcome can be reached. Solutions reached through conciliation are not binding and are merely suggestions.

However, **arbitration** involves an outside, independent body in making the final decision about how a dispute should be resolved. In such cases, both the management and the trade unions are bound by the agreement. The parties involved must agree to arbitration as they will be bound by the decision of the arbitrator.

In the case of a dispute between the managers or owners of a business and its employees the following stages might occur:

- The managers and workers would try to reach an agreement between them.
- If agreement is not reached they might seek the help of an intermediary (conciliation).
- The intermediary attends a meeting with representatives from both sides of the dispute present or meets with each party separately.
- If a face-to-face meeting is not appropriate, the intermediary might convey information from one group to the other.
- Conciliation aims to find some compromise and common ground that can allow agreement to be reached.
- If the dispute cannot be resolved by conciliation, arbitration might be used.
- Both sides need to agree to arbitration.
- The arbitrator will examine all of the facts of the dispute and make a judgement that can be binding if both parties have agreed to abide by the decision.
- In the UK, conciliation and arbitration is provided by ACAS (Advisory, Conciliation and Arbitration Service) which offers help and advice to prevent or resolve workplace disputes.

Conciliation: an impartial, outside body assists employers and employees, by facilitating negotiations and suggesting a solution to the problem.

Arbitration: an impartial, outside body makes a decision after hearing evidence, which will be binding between employers and employees.

Revision activity

- 1 Make a list of possible situations that can be the cause of a dispute between employers and their workers.
- 2 Draw up a table outlining the advantages and disadvantages of trade union membership for both employers and employees.

Situations in which either conciliation or arbitration might be useful

- Resolving disputes about pay issues.
- In disagreements about proposed redundancies.
- In cases where an employee believes that he or she has been dismissed unfairly.
- When a disagreement has arisen and the employer and/or the employees believe that they cannot find a solution without outside help.

Single union deals

The meaning of single union deals

A business that recognises and deals with only one trade union is said to have a single union agreement. This is usually the largest union that works on behalf of workers in that particular industry.

Why they might be used

- Discussions only need to be held with one trade union.
- It might increase the potential for reaching agreement as only two parties are involved.
- Once agreement has been reached, the deal would be binding on all employees.

However, members of trade unions that have not been included in a single union deal might feel that they are not fully represented.

Organisation structure

Relationship between business objectives, people and organisation structure

An organisation structure should be designed to meet the changing needs of the business in terms of growth and development and should allow levels of **authority** and **responsibility** throughout the organisation to be identified.

An organisation chart will give an overview of the number of levels within a business and the scope of responsibility at each level.

Purposes and attributes of an organisation structure

An organisation structure provides a framework for decision making, allowing flexibility, growth, development and a structure for meeting the needs of a business. In particular, an organisation structure:

- illustrates who is responsible for whom and who is accountable to whom within a business
- allows employees to know which task should be their priority when given work from more than one person
- shows who the decision makers are in an organisation
- shows the official **chain of command**
- illustrates the official channels of communication
- can also show the different functional departments/divisions within a large business
- gives employees some idea of their promotion or progression route within a business

Authority: the power to direct and control the actions of others.

Responsibility: being accountable for any action taken.

Chain of command: the route through which orders will be passed down from senior managers to employees on the lower levels of the hierarchy.

Types of structure

The performance of a business can be influenced by the type of organisation structure it adopts.

Factors influencing choice of organisation structure

- Some businesses organise their structure according to the functional activities taking place within the organisation, e.g. production, finance, human resource management or marketing. Each department has a clear function and its own internal hierarchy.
- Other businesses divide the organisation into product groups or geographical regions depending on the nature of the business involved. A multi-product business might have a structure for each product, whereas a business operating in several geographical regions might have a separate structure for each region, e.g. North America, Europe and southeast Asia.
- The structure must be appropriate for the size of the business. Larger businesses tend to need functional departments. An organisation structure can demonstrate the relationship between departments and the levels of authority within and across departments.
- An organisation structure must be compatible with the aims and objectives of a business. For example, if the overall aim of a business is growth, the organisation structure must allow growth to take place without sacrificing any level of efficiency. When frequent changes need to be made to an organisation structure this can be very unsettling for many employees.

Functional structure

Figure 2 shows a functional organisation structure.

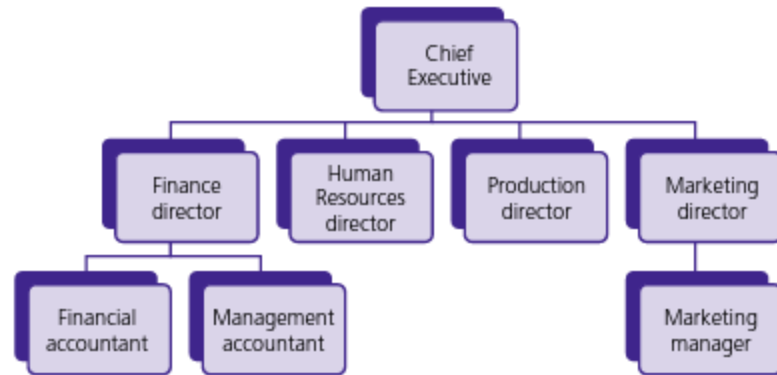


Figure 2 A functional organisation structure

Advantages and disadvantages of a functional structure

Advantages of a functional structure

- Specialists will be employed for each functional area.
- There will be a clear hierarchy and chain of command in each department.
- Employees will know how they contribute to the overall business structure.

Disadvantages of a functional structure

- Communication between departments can break down.
- A lack of communication between departments can lead to a lack of coordination and a duplication of effort.
- It is possible that employees focus only on their department, meaning that an understanding of the whole business is not developed. In some cases, actions taken by one department can have a detrimental effect on another department without the consequences having been considered.
- Competition between departments can develop which might not be in the best interests of the business as a whole.

Organisations structured by product

Many multi-product businesses create cost and profit centres for each product, with each product having its own organisation structure and specialist teams to support it.

Advantages of structure by product

- Employees become specialised in one product.
- It is straightforward to allocate costs and revenues to a particular product.

Disadvantage of structure by product

There is duplication of effort if each product or area has its own specialist finance or marketing department. These specialist departments could work across different products or could serve more than one geographical region.

Organisations structured by geographical region

Advantage of structure by geographical region

A business with a division dedicated to one geographical region is more likely to understand the needs of the local customers.

Disadvantages of structure by geographical region

- The business might not gain the maximum possible benefit from economies of scale if business activity is divided between different regions.
- Local influences might cause geographically remote divisions to move away from the intended image for the business as a whole.

Hierarchical structure

A hierarchical structure demonstrates the levels of authority in a business, with those with the most authority at the top of the structure and those employees with the least authority and responsibility placed at the bottom. It can be either narrow (tall) or flat.

Narrow (tall) organisation structure

This structure is associated with bureaucratic organisations and has many levels, typically with a small number of personnel reporting to each line manager (see Figure 3). Examples might include organisations such as the armed forces.

Advantages of a narrow (tall) organisation structure

- There are several levels with delegated decision making.
- Several levels in the structure mean that employees can progress in small steps towards higher levels of responsibility.
- There is usually a narrow **span of control** for each manager/supervisor. The ideal span of control depends on the skill of the employees and the type of work being undertaken. Highly skilled workers tend to need less supervision than unskilled workers and therefore could work under a wide span of control.
- Senior management has some of the burden of decision making taken on by managers below them in the hierarchy.

Disadvantages of a narrow (tall) organisation structure

- Some loss of control by senior managers.
- Poorer decisions may be made at lower levels.
- The bureaucratic nature of tall structures requires communication through several levels, which can be very slow and time consuming.
- Higher levels of management can become distanced from lower levels and might be unaware of issues concerning employees on the lower levels of the hierarchy.
- Due to the many layers through which communication must pass, there is a danger that some communication is ineffective, leading to lack of contact and/or some duplication of effort or lack of coordination.

Span of control: the number of people directly reporting to one person.



Figure 3 Example of a narrow (tall) organisation structure

Flat organisation structure

A flat structure is frequently found in new businesses, which have small numbers of employees (see Figure 4). Alternatively, delayering might have produced a flat structure due to the removal of some management levels.

Advantages of a flat organisation structure

- A flat organisation can aid fast decision making because communication has to pass through fewer levels.
- The feeling of 'them and us' can be reduced because there is a closer link between senior managers and the lower levels.

Disadvantages of a flat organisation structure

- There are limited opportunities for promotion.
- Usually a flat organisation structure means a much wider span of control. Managers might find it difficult to communicate directly with a large number of staff without holding frequent meetings.
- The decision-making responsibility rests with a smaller number of managers, which might prove to be a great burden.



Figure 4 Example of a flat organisation structure

Formal and informal organisations

Features of a formal structure

- A formal structure is hierarchical. All relationships and levels of authority and responsibility will be illustrated by the structure. The person with the most power will be at the top of the hierarchy and the people with the least power will be at the bottom.
- The chain of command will be that which passes from one level to the level immediately below in the hierarchy. This will also be the official channel of communication.
- The organisation structure can also illustrate the route for delegated tasks. Tasks should only be delegated to those working on the level immediately below. Tasks should not usually be delegated across departmental lines.
- An organisation structure also illustrates the centralised or decentralised nature of the business. Centralised structures involve decisions being made at the top of the organisation, while a decentralised organisation has some decision-making power delegated to the lower levels.

Features of an informal structure

- Relationships may develop that do not conform to the official chain of command or channels of communication. These might be between departmental managers who meet and discuss business issues outside the organised meetings.
- Informal structures can be beneficial if a useful exchange of information takes places. However, sometimes the informal communication can be a disruptive influence and can be seen as subversive and as undermining the official structure or hierarchy of the business.

Span of control

The span of control can be narrow or wide (see Figures 5 and 6). The skill level of employees or the nature of the work being done can determine which is most appropriate.

Advantages of a narrow span of control

- A narrow span of control allows employees to be closely supervised.
- There are fewer people for each manager to communicate with.
- Each manager has fewer employees to be responsible for.

Disadvantages of a narrow span of control

- A narrow span of control is frequently used in a bureaucratic organisation and gives little opportunity for lower levels to contribute to decisions.
- Communication is frequently only one way.

Advantages of a wide span of control

- Employees often have some involvement in decision making, which makes them feel more satisfied and valued.
- Some management costs might be saved as fewer managers/supervisors are required.

Disadvantages of a wide span of control

- Large numbers of workers might be difficult to monitor and control and can lead to mistakes being overlooked.
- It can be time consuming to communicate with every individual employee so more frequent meetings might be required, which might be unpopular.

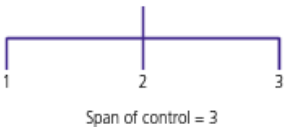


Figure 5 Example of a narrow span of control

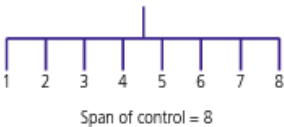


Figure 6 Example of a wide span of control

Matrix structure

A matrix structure overrides the normal chain of command. It functions within an overall formal hierarchical business structure. Matrix structures are used to carry out a specific project and will bring together expertise from a range of departments. The project leader is not always the most senior person in the team, but for the purpose of that project they will direct the team regardless of their 'normal' position in the business hierarchy.

Advantages of a matrix structure

- The best team will be chosen for a project.
- It might improve cooperation and communication between departments.
- The most effective use is made of the skills within the business as employees move from one project to another.
- This structure may improve the flexibility of a business, making it more responsive to changes in the business environment.

Disadvantages of a matrix structure

- Employees will temporarily have more than one boss — their usual line manager and the project manager.
- Employees might find it difficult to prioritise their work if they are working on more than one project at a time.

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Table 2 Illustration of a matrix structure — functional areas involved in a project

	Research & development	Production	Marketing	Finance	Human resources
Project Linus	✓	✓	✓	✓	✓
Project Relay	✗	✓	✓	✓	✓

Delegation and accountability

The relationship between delegation and accountability

Delegation is when a task is passed to an employee on a lower level of the hierarchy of a business. It can spread the workload of a business and lead to more effective and efficient use of resources.

The authority to complete a task can be delegated, but the ultimate responsibility for its successful completion remains that of the manager who delegated the task. The person undertaking the delegated task will be accountable to the manager but they do not bear the final responsibility. If the employee was not capable of completing the task, then the fault lies with the manager for delegating a task to complete that was beyond the employee's skill level. The chief executive of a business will be held accountable by the shareholders if the business does not meet its targets, regardless of who was given various tasks to complete.

Advantages of delegation

- Employees can feel more valued if they are asked to undertake a job usually done by their manager, therefore increasing their level of motivation.
- Delegation can increase the confidence and skills of workers and prepare them for promotion in the future.
- The manager has time to spend on more complex issues.
- Delegation can highlight those employees who are ready for a more responsible role.
- The tasks might be completed quicker, so increasing the efficiency of the business.

Disadvantages of delegation

- Managers might fear some loss of control.
- The manager might keep checking that the task is being done correctly, so wasting time.
- Employees might be jealous if they are not chosen.
- Some managers are afraid that their employees will complete tasks more efficiently and can feel threatened.
- When a delegated task involves an employee supervising colleagues, some tension can be caused that can negatively affect the group of workers and their output.
- Time and resources can be wasted if the chosen employee does not have the necessary skills to complete the task to the required standard.

Revision activity

Using the headings 'Retail' and 'Manufacturing', list the advantages and disadvantages of a wide and a narrow span of control, making sure that you relate each point to the particular context. This will help you to retain focus on the context in an examination question. Make a list of the type of tasks you expect might be delegated in a retail and a manufacturing situation. Make notes of the potential benefits and drawbacks of using delegation in each situation.

The impact of delegation on motivation

Delegation is one of the non-financial motivators that a business can use.

Why delegation can be motivating

- Delegation can be part of job enrichment and exposes employees to a wider range of more complex tasks.
- Employees feel trusted and might begin to believe that they could be promoted. This increases their self-esteem.
- Delegated tasks can also lead to an employee gaining the respect of their colleagues, therefore meeting their need for the esteem of co-workers.

Control, authority and trust

The relationship between span of control and levels of hierarchy

Many people in any business will be responsible for others in the organisation. Direct control is exerted over those immediately beneath a manager and indirect control is exerted over those employees in the levels below that.

The higher levels in a hierarchy usually have a narrower span of control than those closer to the bottom of the structure. This is because the higher levels generally have more complex and responsible jobs to complete. Less complicated tasks that are completed lower down the hierarchy might not need regular discussion or supervision to take place.

The difference between authority and responsibility

A manager can have the authority to require employees to perform tasks. By delegating, a manager might give an employee the authority to carry out a particular task but the final responsibility for the task being completed correctly remains with the manager.

Conflicts between control and trust in delegation

Trust is a two-way process when delegation takes place. The manager must trust the employee to complete the task satisfactorily. The worker must feel free to get on with the task without interference from the manager. It is not always easy for a manager to give up part of their work but, once the decision has been made, frequent checking on the employee is wasting time that the manager could spend on more important matters.

Line and staff management

Line management is defined by the hierarchy of a business. It is demonstrated by the chain of command and the channels of communication. A manager takes responsibility for the employees beneath them either directly or indirectly.

Staff management involves those who might offer specialist advice to any department, product group or regional division within a business. They offer advice without having any managerial responsibility for the people they are currently advising. Staff management is linked to the supporting role offered by some sections of a business, for example, the IT department or finance department.

Centralisation

Centralisation means that decision making is kept at the top of the organisation. The amount of decision making lower down the hierarchy is very limited.

Advantages of centralisation

- Faster decisions can be made without a need for discussion at lower levels.
- Clear goals will be given by those in charge, removing the possibility of departments digressing from the stated aims of the business.
- Decisions will be consistent across all departments or divisions.
- The desired image can be maintained due to the consistency of decisions.

Disadvantages of centralisation

- There is a larger decision-making burden on only a few individuals at the top of the business.
- Some better ideas might have been forthcoming from lower levels of the hierarchy.
- It does not allow less senior managers to develop their decision-making skills, so making them less well prepared for a more senior role.
- Centralised decision making can prove to be a problem if managers are later promoted to more senior decision-making roles.

Line management: follows the chain of command as indicated on an organisation structure. Managers are responsible for employees beneath them either directly or indirectly.

Staff management: when specialist support or advice is offered to departments without any managerial responsibility for the people being advised.

Business communication

Communication can be one or two way and is the transfer of information between two or more parties.

In order for communication to be effective it should be transmitted via an appropriate medium, and needs to be received and understood by the intended recipient. In a business situation it can be dangerous to assume that just because information has been sent, it has been received and understood.

Purposes of communication

The purposes of communication are to:

- give instructions
- gain information from customers about what they expect from a business
- inform customers about the products or services that the business offers
- inform employees about the goals of the business
- act as a means of involving employees in some decisions
- coordinate activities between departments

Methods of communication

The communications methods used in any business will depend on what information is being communicated, who is sending the information and who is receiving it.

What can affect the choice of methods of communication?

- The type of information that is being communicated. Is the information sensitive or for general circulation?
- Whether or not the information is being communicated within a business or between organisations. More formal methods of communication are likely to be used when information is being passed between organisations than if the communication is only internal.
- How many people are involved.
- If feedback is required.
- If a permanent record of the communication is required, e.g. confirmation of a meeting.

Standard methods of communication

Communication might be between individuals, or between an individual and a group of people.

Written

Letter: a formal means of communication, e.g. to confirm the success of a job application or to confirm a future meeting date with the representatives of another business.

Report: this is also a formal means of communication. Reports are used in schools and colleges to give information about the progress and attainment of students. In business they are used to report on business activities to the shareholders and other stakeholder groups or to report to managers on the progress of a project.

Advantages	Disadvantages
<ul style="list-style-type: none">● There is a permanent record of the communication.● Detailed information can be given because the reader will be able to reread if necessary. For example, detailed diagrams can be included in the annual report of a business.	<ul style="list-style-type: none">● The communication might take some time. Not all countries have rapid postal systems. The communication might be subject to delays.● If there is too much information, the reader might not read it all and therefore important information can be overlooked. This is particularly true of lengthy reports.● Handwritten communications are not always legible although business correspondence is usually typewritten.● It is possible that the information is misinterpreted.

Notice board

This method might be useful if the information is intended to reach many people within an organisation. It could be used to announce a staff meeting.

Advantages	Disadvantages
<ul style="list-style-type: none">• A large number of people have access to the information.• It is a cheap method of communication.	<ul style="list-style-type: none">• There is no guarantee that the intended recipients will see the information.• The way in which people react to the information cannot be gauged.

Spoken — meetings

Meetings can be small or large scale. They can be held to pass on information, to gain information or for appraisal purposes.

Advantages	Disadvantages
<ul style="list-style-type: none">• They allow interaction between those attending.• Instant feedback can be received.• The reactions of people can be seen and interpreted.	<ul style="list-style-type: none">• Can be time consuming.• Sometimes other issues are raised that divert the focus of the meeting.• Output is lost if meetings take place during normal working hours.

Spoken — by telephone

Telephones can be used to communicate with people within an organisation or between different organisations.

Advantages	Disadvantages
<ul style="list-style-type: none">• Immediate communication with an instant response.• Questions can be asked about the information; this can prevent future misunderstandings.	<ul style="list-style-type: none">• The caller cannot know if the person on the other end of the conversation is actually listening or not.• Usually a record is not kept of what was said.• The reactions of the parties involved cannot be seen. Facial movements and body language can indicate how well the information is being received.

E-mails

Advantages	Disadvantages
<ul style="list-style-type: none">• Fast and global communication both inside the business and between businesses.• Detailed information can be sent quickly, i.e. attached documents.	<ul style="list-style-type: none">• The message might be one of many others and might be overlooked.• Information overload if too many e-mails are received. Do the right ones get prioritised?• The information might be accessed by someone other than the intended recipient.• They might be seen as less formal by some businesses.• Their continual use might undermine the ability of people to hold a conversation with their colleagues.

Websites

Websites can be used to give information to stakeholders. They can be used to portray a certain image, e.g. to show that the business is an environmentally friendly and socially responsible organisation.

Advantages	Disadvantages
<ul style="list-style-type: none">● A lot of information can be passed on.● A well-designed website can help to project the image of the business.● Once a website has been established, it is low cost.● A business can reach people that it is not even aware of.	<ul style="list-style-type: none">● The business cannot control who views the website and therefore care must be taken about the information that is placed on it.● It is possible for information to be altered, which could be harmful to the reputation of the business.● Websites must be kept up to date.

Video conferencing

Advantages	Disadvantages
<ul style="list-style-type: none">● Video conferencing saves time as people do not need to travel to a meeting.● The travel costs are saved.● People from different parts of the world can participate creating better coordination between geographical divisions within a business.● The equipment is relatively inexpensive.● It allows for reactions to be seen.	<ul style="list-style-type: none">● Physical samples or demonstrations are not possible.● Can be difficult to arrange due to different time zones around the world.

Mobile phones

Advantages	Disadvantages
<ul style="list-style-type: none">● Employees can be contactable 24 hours a day, 7 days a week.● Employees can still be in contact with their office while away from their workplace.	<ul style="list-style-type: none">● Employees can feel that they are always at work.

Channels of communication

How communication works within an organisation

Channels of communication often follow the chain of command. There can be times when the usual channel of communication will not be followed, e.g. if an employee wishes to make a formal complaint about his or her line manager. Most businesses require communication to occur both vertically and horizontally.

The difference between one-way and two-way, vertical and horizontal communication

Vertical and horizontal communication can both be one or two way. One-way communication is used in the passing of orders when a response or feedback is not required. Two-way communication can also involve the passing of orders but some feedback is expected.

Horizontal communication is when information is passed between people on the same level of the hierarchy.

Vertical communication is when information is passed from one level of the hierarchy to the next level, either above or below.

Communication can be one or two way. This will depend on the culture and the leadership style in the business. Vertical downward communication might be the passing down of orders, while vertical upward communication could be giving some feedback on progress on a particular project.

Barriers to effective communication

- **Inappropriate medium** — it would not be appropriate, for example, to put a message on a notice board saying that five people in the department were to be made redundant. A face-to-face meeting would be more appropriate.
- **Information overload** — important messages might be overlooked if too much information is being received. The increased use of e-mails has been recognised as a possible cause of information overload.
- **Too many communication stages** — a tall organisation structure has many levels through which information must travel. This can cause distortion of the meaning of the original message.
- **Noise** — this can consist of noise from machinery or other conversations taking place. In meetings, too many people speaking at the same time can prevent some information from being heard and received. The 'noise' might not be a physical noise but might be a distraction such as something happening elsewhere in the office, which draws your attention away from your conversation.
- **Language** — inappropriate use of technical language or jargon can prevent some people from understanding the information given. Communication between countries must be free of any words that have a different meaning in another country. Local dialects and expressions are unlikely to be understood by people outside of a particular region.
- **Attitudes, perceptions and emotions** — our interpretation of a message can depend on how we feel emotionally when we receive the message. Anger can lead us to interpret information differently from when we are calm. Anger can also cause some people to 'stop listening'.

The role of management in facilitating communication

Management must determine what form communication will take to ensure that it is effective. Points to consider will include:

- whether communication will be one way or two way, i.e. whether or not feedback is required
- how many departments are involved
- how many people will be involved in the communication

Communication networks

The different kinds of communication networks are wheel, circle, chain and connected, as outlined below.

A wheel network

A wheel network is useful if one person is in control of the information and the recipients do not need to communicate with each other. The person in the centre of the 'wheel' is usually the leader of the group and will pass information to all other people involved.

A circle network

In a circle network information is not freely exchanged between the members of the circle. Each person within the circle maintains contact with two others. Information has to be passed on to those who are not in direct contact with each other.

A chain network

The chain network follows the hierarchical structure within an organisation. Communication can be either one or two way.

A connected network

In a connected network, everyone involved has the opportunity to communicate with each other. Information passes freely between all those involved without any set pattern or official channels of communication. All ideas can be voiced and will be heard, although agreement can sometimes be difficult to reach.

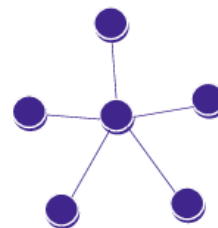


Figure 7 A wheel network

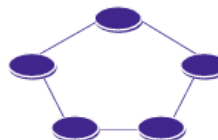


Figure 8 A circle network



Figure 9 A chain network

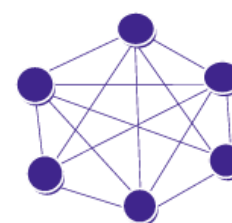


Figure 10 A connected network

Revision activity

Make sure that you know the difference between each of the communication networks mentioned above and practise relating them to different work situations.

The role of informal communications within a business

The standard methods of communication outlined above are formal means of communication. Most businesses will also experience some **informal communication**. Employees meet in various situations inside or outside of the workplace and their conversations will often involve the place of work.

Discussion can be factual or based on unsupported rumour. Informal communication can be positive or negative for a business. Sometimes managers can gain important information about the morale of the workforce by using informal communication. There may be times when management needs to act to stop incorrect and damaging rumours being communicated throughout the business.

Ways in which communication can influence the efficiency of a business

- By managers making sure that the people who need information have the correct information.
- Effective communication can minimise the time wasted in decision making.
- Time and money can be saved by ensuring that the most appropriate means of communication are used.
- Interdepartmental communication can prevent the duplication of effort and increase the level of coordination.
- Giving relevant information to employees can raise their level of motivation because they feel involved in the business.

- 19** Explain the difference between a chain network and a connected network, giving an example of a situation when each might be used.
- 20** Explain the difference between formal and informal methods of communication.

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Ways of improving communication in a given situation

Communication can be improved by carefully assessing the information to be conveyed and the people who need to receive it so that an appropriate medium can be used. Care should be taken to provide information in a written format if a lot of details or facts need to be communicated.

It should not be assumed that the same method of communication will be appropriate in all circumstances. Managers should always assess each communication need as it arises and should be prepared to change their usual methods of communication if necessary.

Revision activity

- 1** Make a list of situations when informal communication might be used in a retail situation and in a manufacturing business.
- 2** Make notes on ways in which the managers of a business might communicate information. Try to include as many business situations as you can, e.g. passing down work instructions or notifying workers of redundancies.