People in organisations

Unit 2.
Management & Leadership;
Motivation;
HRM

Management and leadership

It is not always easy to distinguish between a **leader** and a **manager**.

- A leader might be able to inspire people to goals that they would not have thought possible, but the leader might rely on a good manager to organise the day-to-day activities that make the achievement of those goals possible.
- A leader might have a vision of where the business could be at some time in the future. Once that overall strategic aim has been determined, the managers of the business make the tactical decisions (short-term strategies) designed to move the business in the desired direction.
- The leader might be the originator of overall business objectives but managers will implement decisions on a day-to-day basis in order to make the 'vision' of the leader a reality.
- Managers will use the resources of the business as efficiently and effectively as possible in order to achieve the leader's goal.
- Good leaders are sometimes also good managers but not necessarily. Some good managers do not have the personal characteristics of a good leader but they can manage resources effectively and efficiently. Similarly, a good leader might be able to inspire their managers and workforce and might also be able to develop excellent long-term goals for the business, but they might be less able to implement decisions and manage resources on a day-to-day basis.

Leader: someone who can inspire and drive other people to achieve a goal or target.

Manager: someone who can control and direct within a business. A manager can develop and implement tactical decisions to enable a business to achieve the overall corporate objectives.

1 Explain three of the functions of management.

The functions of management

Fayol

The functions of management as described by Henry Fayol are:

- **Planning** — to outline tactical strategies and to set and implement short-term objectives.
- **Organising** — allocating resources as efficiently as possible. Make sure that the business has the resources that it needs, at the right time and in the right place.
- **Commanding** — give clear direction to ensure that workers know what is expected of them.
- **Coordinating** — prevent duplication of effort and ensure that all departments within a business are working to achieve stated objectives within an agreed timescale.
- **Controlling and monitoring** — check progress towards agreed targets. This could require a reassessment of the resources being used and perhaps a change to motivational techniques being applied.

Revision activities

1 Write down an example of actions that might be taken by a manager/owner when undertaking each of the functions outlined by Fayol.

2 Make brief notes about why it might be seen as essential to be constantly 'controlling and monitoring' in a food processing factory.

Mintzberg

Mintzberg identified three distinct roles of management: the interpersonal role, the informational role and the decision role.

Table 1 Mintzberg's management functions

Interpersonal role involves:	Informational role involves:	Decisional role includes the role of:
• Being a figurehead — people expect managers to guide, lead and inspire them. • Being a leader — make it clear to everyone what is expected of them. • Liaison — ensure that effective communication can occur within the business and with outside agencies.	• Being a monitor of information — decide which information is important (both internal and external information). • Disseminating information — make sure that relevant information is passed to the appropriate people in a suitable way. • Being a spokesperson — passing relevant information to the appropriate agency, for example, when dealing with local authorities or trade unions.	• Entrepreneur — change managing. Introducing new ideas. Encouraging and managing innovation. • Disturbance handler — resolving any actual or potential disagreements within the business or with outside agencies. • Resource allocator — ensuring efficient and effective allocation of all resources (finance, people and/or equipment). • Negotiator — in disputes between departments or individual workers or with other businesses or customers. Negotiate with trade unions.

Leadership

The purpose of leadership

Leaders are those individuals that drive and inspire the people around them towards a specific objective. They inspire others to trust them and to support them in their pursuit of targets or goals.

Leadership roles within a business

Within a business the leaders might be the directors, managers, supervisors or worker representatives, each of them interacting with the people around them as described above by Fayol and Mintzberg.

The success of any business can depend on the ability of the leaders within it to communicate with and to drive their teams to work as a cohesive unit towards achieving the overall business objectives. This is true whether a leader is guiding 100 people or 10.

Table 2 The qualities of a good leader

Quality	Definition
Self-confidence and self-belief	Leaders need to believe in their ability to make the right decision and to drive a business in the right direction.
Intelligence	They must have sufficient intelligence to be able to determine when their ideas are realistic and achievable. They must also have some idea how their goals might be achieved.
Creativity	They might need to be able to find new solutions to old problems and be able to create innovative ways of improving and presenting an existing product. They need to be able to set their business apart from others in the same industry by devising something to make it different.
Charisma	They need to be able to inspire the workforce and to make them want to follow the leader because they believe in the leader and what he or she believes the business can achieve.
Multi-skilled	Leaders need to know and understand the tasks within a business. Some leaders cannot perform all of the tasks but they need to be able to hire the people who can.

2 Explain two of the characteristics of a successful leader.

Choice of leadership style

Leadership styles

The chosen style of leadership can influence the efficiency of a business and the level of motivation of the workforce. Different styles of leadership can be appropriate for different business situations. For example, an authoritarian style is appropriate in an emergency situation when decisions need to be made quickly. Tables 3 to 5 outline the characteristics plus advantages and disadvantages of the **autocratic**, **democratic** and **laissez-faire** styles of leadership.

> **Expert tip**
>
> Paternalistic leadership/management style is not currently assessed on the CIE syllabus.

Table 5 Laissez-faire leadership

Characteristic	Advantages	Disadvantages
Laid-back, hands-off approach by management	Workers feel trusted and therefore this approach can be a positive influence on motivation. Workers do not need constant supervision.	Workers might retain too much control over how work is to be done.
Employees work within parameters laid down by management; workers are not free to do as they please	It allows employees to have some flexibility about how their work is carried out and the structure of their working day.	Lazy managers can use this leadership style as a means of avoiding making decisions about work-related issues.
Workers are free to make their own decisions about how they work	Employees are likely to increase their self-discipline and to work as a team to achieve the desired outcome.	Managers might become remote from some decisions and become out of touch.
High level of trust given to employees	Time is saved because employees can take decisions.	Wrong choices in terms of organisation policy may be made.
Typically used with highly skilled and motivated employees such as in design or research businesses	Employees motivated because they can achieve personal goals.	Employees may pursue their own objectives using organisation resources.

Table 3 Autocratic leadership

Characteristic	Advantages	Disadvantages
One-way communication	Time is not taken waiting for feedback to information or instruction given to employees.	Workers might not feel valued or trusted. Often only given information essential to their work. Some employees would enjoy feeling more involved and knowing the overall direction of the business.
Close supervision	Workers are told what to do and are supervised to make sure that the job is completed as expected.	Workers do not 'think for themselves' as they are always told what to do. Can stifle their potential creativity.
No feedback from employees	No time is spent seeking the views of employees.	Perhaps the employees can contribute ideas that are better than those of the leader.
Leader makes all decisions	Quick decisions can be made.	Involvement in decision-making can be motivating and can provide some job satisfaction.

Table 4 Democratic leadership

Characteristic	Advantages	Disadvantages
Two-way communication	Workers get feedback and leaders will also hear what the employees believe about some decisions or information.	Sometimes a quick decision is needed and there is not the time to consult the employees.
Participation of employees in decision-making	Can be very motivating as the employees will feel valued and trusted.	Some employees might feel that it is not their job to be making decisions. Some issues cannot be discussed with employees, e.g. proposed takeover plans of another business.
Feedback taken from employees	Better ideas can sometimes come from the employees.	Getting feedback can be time-consuming.
More general information is given to employees about the business, i.e. its long-term goals	Higher levels of involvement due to understanding what the business is aiming to achieve.	Employees might not like or agree with the long-term aims of the business. This might affect their motivation or the labour turnover.

Douglas McGregor: Theory X and Y

The way that managers view their workers' attitudes to their work can determine or influence how managers treat those workers. McGregor divided workers into Theory X and Theory Y workers.

A manager who sees his or her employees as Theory X workers is likely to believe the workers to have a negative attitude to their work and might choose to use an autocratic leadership style to manage them. A manager who believes his or her workers to be Theory Y workers might place more trust in them and adopt a democratic style of leadership (see Table 6).

Table 6 McGregor's Theory X and Y

Theory X
• Such workers need to be given clear instructions of what to do and require close and constant supervision.   • They will avoid taking on any responsibility if at all possible.   • They do not particularly enjoy their work and will avoid doing anything more than the minimum required of them.

Theory Y
• Such workers enjoy their work and are likely to enjoy some involvement in decision-making.   • They are not afraid of responsibility and will accept it in the hope that their efforts will be recognised.   • Workers might be creative and be willing to offer ideas to the business.

Emotional intelligence (EQ)

Goleman's four competencies of emotional intelligence

Goleman's theory is based on a need for managers to know and understand their own feelings and those of their employees. Managers need to be aware of what motivates them and what are their hopes and aspirations. If managers understand this about themselves then they might be able to understand the emotions of their employees.

Goleman's theory is based around four key 'domains': self-awareness, self-management, social awareness and social skills.

- **Self-awareness.** Managers must be able to recognise and understand their own emotions if they are to understand those of others. They need to understand how they feel, when and why.
- **Self-management.** They need to be self-motivated and to appreciate how their behaviour can affect the feelings and performance of their employees. They need to be able to control their emotions and the way in which they treat their employees so that their employees are not negatively affected. An obviously angry or fearful manager is likely to convey those feelings to his or her employees. Keeping extreme emotions under control can be a positive influence on employees. Managers should be aware of what motivates them and so appreciate that their employees might share those same motivation needs.
- **Social awareness.** Managers need to understand the emotions of their workers and be sensitive to their different needs. They must be aware of the aims and ambitions of their workers because these will affect their attitude to their work. This can also apply to customers.
- **Social skills.** Managers who are aware of the emotions of others are more likely to be able to manage those people effectively because they will realise that they perhaps need to adapt their approach to some employees. Understanding the cause of certain emotions, e.g. disappointment, can enable managers to deal with situations more sympathetically and effectively.

3 Identify two benefits to a business of adopting a democratic leadership style.

4 Explain two disadvantages of using a democratic leadership style.

5 Explain two advantages of using an autocratic leadership style.

6 Explain two characteristics of workers being managed using a laissez-faire leadership style.

7 State the four key competencies of Goleman's emotional intelligence theory.

8 Explain one advantage to managers of understanding the emotions of their employees.

Motivation

Motivation as a tool of management and leadership

Motivated workers are likely to feel more involved in the workplace and can also feel as though they are an important and valued part of that business rather than 'just an employee'.

The need to motivate employees

Employers and managers spend a lot of time and money trying to ensure that their employees are as motivated as possible. Motivated employees are more likely to work as hard as possible to help the business to achieve its stated aims and objectives. These might include:

- **An increase in productivity**. Motivated workers will work harder and produce more output during each work period.
- **Improved levels of customer service** possibly leading to:
  - The ability to differentiate one business from another. This is particularly so in retail businesses but also applies to manufacturing businesses. All businesses have customers whether they are purchasing a product or receiving a service.
  - An increase in returning customers.
- **Better quality goods**.
- **Fewer mistakes** due to employees being eager to do the best possible job for their employer or manager.
- **A possible decrease in production costs** due to lower levels of faulty goods being produced and therefore less wastage of materials.
- **Reduced labour turnover**. Motivated employees are less likely to look for work elsewhere because they are happy and satisfied in their current post. This can also be described as an increase in the loyalty of employees. This can have the benefit of reducing the recruitment and selection costs caused by the need to replace employees when they leave.
- **Lower levels of absenteeism**. Employees are less likely to be absent from work if they are happy and satisfied at work.

9 Define 'motivation'.

Human needs

A simple explanation of human need

You need to understand the **human needs** that can be satisfied in the workplace and the ways in which this might be achieved.

Common needs

These include the need to:
- be able to enjoy the basic requirements for life, i.e. food, clothes and shelter
- be part of a social group
- have the respect of the people around you
- feel useful and valued at work and in life in general
- have the potential to improve yourself and also your standard of living

How human needs may or may not be satisfied at work

You need to be able to discuss how and to what extent human needs might be met by employers/managers. For example, a person might feel more valued and important at work if they are given some extra responsibility as this shows that they are trusted by their employer.

Motivation theories

The specified motivation theorists are:

- **Abraham Maslow** — the hierarchy of needs.
- **Frederick Taylor** — the notion of 'economic man'.
- **Elton Mayo** — the Hawthorne experiment.
- **Frederick Hertzberg** — the two-factor theory.
- **Douglas McClelland** — achievement, authority and affiliation.
- **Victor Vroom** — the expectancy theory.

You must be able to explain the content of the theories of each of the theorists above and be able to apply their ideas to an actual business situation. You should also be aware of any possible key differences or similarities between the ideas of each of these theorists.
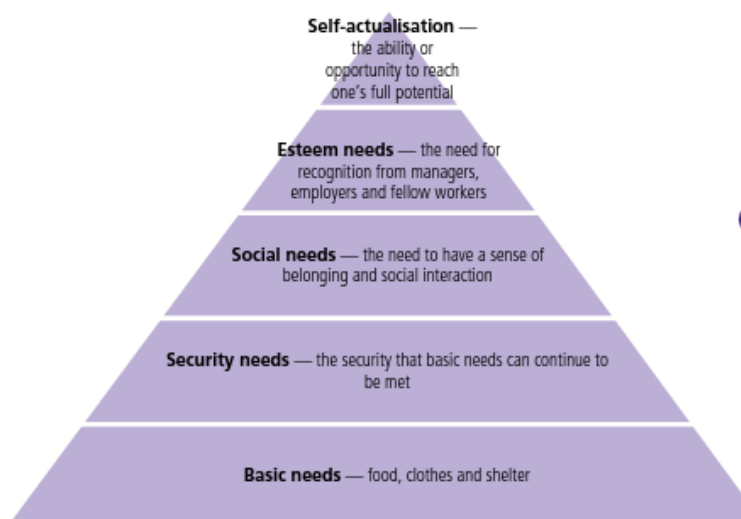

Figure 1 Maslow's hierarchy of needs

10 Explain the difference between 'social' and 'esteem' needs on Maslow's hierarchy of needs.

The ideas of motivation theorists

Abraham Maslow

Maslow's theory is based on successive human needs. He arranged these needs in the form of a pyramid with their order indicating the priority that they would take in the eyes of most employees (Figure 1). He identified a range of needs that he believed applied to employees. The basic needs must be satisfied first, then a series of needs arranged in a hierarchy. Satisfying these in turn can be used to motivate employees.

Key points

- The needs at the bottom of the pyramid need to be satisfied first.
- Once a need has been met that need will no longer motivate.
- Needs are likely to change throughout a working life.
- People want different things out of life, and therefore each employee is likely to be motivated by wanting to satisfy different needs.

What implications does this have for employers and managers?

- Managers might need to change the ways in which they try to motivate workers.
- Workers are unlikely to all be motivated to satisfy the same need at the same time. This implies that there might be a need for managers to employ a different method of motivation for each employee.
- Managers also need to recognise that what might motivate workers is likely to be different at various times in their working life.

Expert tip

You need to be able to discuss how employers/managers might meet the needs of their employees. For example, the basic needs of food, clothing and shelter can be met by earning a wage that is sufficient to purchase them.

Revision activity

For each of the 'needs' identified on Maslow's hierarchy suggest possible ways in which employers might try to meet them.

Frederick Taylor

The basis of Taylor's theory was that employees will give a fair day's work for a fair day's pay and that they are motivated by financial incentives. Put simply — find the best way of completing a task, train employees to employ the best method and pay them according to their output, i.e. **piece work**.

Taylor's theory assumed that people work harder in order to earn more money. Such ideas of motivation were believed to be more appropriate in a manufacturing environment where an actual measurable product was made. However, some people may strive for promotion in order to earn more money whilst at the same time they might be gaining greater job satisfaction and could be meeting their 'security needs' as identified by Maslow. Equally, whilst promotion might yield a higher rate of pay, it might also serve to satisfy the esteem needs of the employee due to being deemed suitable for a more responsible position. Success might earn the respect of his or her employees and co-workers.

As incomes rise people change their lifestyles as they aim to buy a bigger house, a better car and perhaps go on more holidays. This can then lead them to wanting to earn still more money to afford an even better lifestyle. Perhaps then, Taylor's ideas are still relevant for the increasing service sector of today.

Piece work: workers are paid a stated amount for each unit produced.

11 Explain what is mean by the term 'piece work'.

12 Explain how piece work might motivate employees.

Elton Mayo

Mayo's ideas developed out of the 'Hawthorne' experiment at the General Electric Company in Chicago. Mayo believed that the motivation levels of employees could be influenced by changes in their working conditions. However, he found that even when changes were made to the physical environment the level of output remained constant. This led him to conclude that employees were reacting to the attention being paid to them rather than to any changes in their working environment. They felt important to be part of the experiment and had also developed a team spirit that had a positive effect on their output.

Frederick Herzberg

Herzberg is known for his 'two-factor theory', the two factors being hygiene factors and motivators (see Figure 2 overleaf). He believed that hygiene factors do not motivate but that they prevent dissatisfaction, whereas the motivating factors can actually inspire people to work harder and better.

Revision activity

Draw up a table of how an owner/manager might ensure that the hygiene factors and motivators identified in Figure 2 overleaf can be satisfied.

13 Identify and explain the difference between the two factors of Herzberg's two-factor theory.

14 Explain the three key elements in the theory of Douglas McClelland.

Hygiene factors

Pay and working conditions
Company policy
Relationships: either with co-workers or with owners or managers
Supervision: the amount and type used

Motivators

The type of work
The promotion opportunities available
Being valued and appreciated by managers
Job satisfaction or feeling of achievement
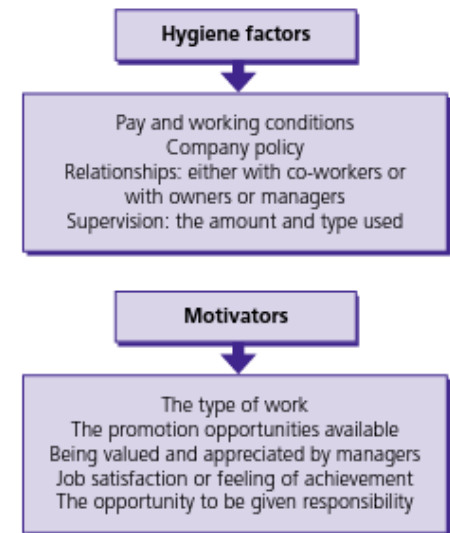The opportunity to be given responsibility

Figure 2 Herzberg's two-factor theory

Douglas McClelland

McClelland's theory is based on the idea that employees need to feel a sense of **achievement**, **authority** and **affiliation**.

- **Achievement** is wanting to meet targets and goals that have been set either by the individual or by the business.
- **Authority** for employees is the need for power or influence over other employees or having some power over the way in which they undertake their work.
- **Affiliation** is seen as being the need of most employees to work in a 'friendly' environment and to be liked and included in formal and informal groups.

Victor Vroom

Vroom's thesis was that employees would be prepared to work hard if they received suitable reward — hence the name of his **expectancy theory**. The three key factors in this theory are **valance**, **expectancy** and **instrumentality**.

Table 7 Vroom's factors

Valance	Expectancy	Instrumentality
Relates to how much employees feel the need for reward.	The extent to which employees believe that a better performance can be achieved if they increase their efforts.	The level of belief by employees that if their efforts are increased and their performance improves they will be rewarded appropriately.

Certain conditions are required in order for Vroom's theory to be used effectively:

- The employees must be capable of increasing or improving their performance. They might lack the required skills or they might already be working as hard as they possibly can.
- It must be possible to assess the performance of the workers in order that any increase in effort and performance can be rewarded.
- The rewards offered must be such that the employees want to obtain them.
- Finally, it is essential that the rewards offered are actually given when performance improves as expected. A failure to deliver expected rewards will undermine the motivational benefits of this approach.

15 Explain why an effective appraisal system is essential if Vroom's motivation theory is to be successful.

Motivation methods in practice: financial and non-financial

Different payment methods

- **Piece work** — employees will strive to produce more units in order to receive more pay.
- **Commission** — paid to sales staff to encourage higher sales, usually giving a stated amount or percentage of the sale price for each sale made.
- **Bonuses** — often paid for hitting targets for levels of output or for meeting completion dates.
- **Salaries** — monthly payments for work done can give employees a feeling of security about their level of earnings.
- **Performance-related pay** — payments made for meeting or exceeding expected performance.
- **Profit-related pay** and **share ownership schemes** — both of these are based on unifying the aims of the business with those of the employees. If the business is profitable, the employees receive a share of the profit or receive shares in the business as a reward for their efforts.
- **Fringe benefits** such as the use of a company car. This reduces the costs to the employee of running a car.

Revision activity

Draw up two tables, one for financial motivators and one for non-financial motivators. Using one column for each type of motivator write in as many work situations as you can think of where each motivator might be appropriate. For example, teamworking might be effective in a production facility or in a retail store where different departments can work together as one team.

Piece work: where payment is made to workers based on the number of units produced, i.e. payment per unit produced.

Commission: a payment made according to the number of sales achieved. This is usually a percentage of the selling price of a product.

Salary: a monthly payment made to employees as a reward for their work. It is usually a fixed and agreed amount.

Performance-related pay: a payment made to employees, usually half-yearly or annually, that rewards them for achieving or exceeding expectations in their performance at work.

Different types of non-financial motivators

These can be used as well as or instead of financial motivators.

- **Training** — induction training or in-service training that might be on-the-job or off-the-job.
- **Promotion opportunities** — the possibility of future promotion can encourage employees to work with more effort in order to be noticed and hopefully rewarded.
- **Staff development** — opportunities to obtain new skills and experience that can improve job satisfaction and can also increase the status of the employee as well as improving their chance of promotion in the future.
- **Status** — this appeals to the 'esteem needs' of employees and can be achieved by giving an employee a job title, e.g. team leader. This can also be achieved by giving an employee more responsibility. This is not a promotion but gives the employee a feeling of higher status and importance.
- **Job re-design** — restructuring a job or changing some of the tasks involved. This can include job rotation where a team of workers periodically change the task they perform within the group. This can help to prevent boredom and can include job enlargement (job widening) where an employee is given other, different tasks to complete.
- **Job enrichment** — an employee is given a wider range of tasks that are more complex and therefore more challenging (job deepening). Being asked to perform tasks requiring higher-level skills is likely to raise an employee's sense of importance.
- **Teamworking** — encouraging groups of employees to work together towards a common goal, e.g. cell production and quality circles.
- **Empowerment** — allowing employees to make some of the decisions regarding their tasks, e.g. let them decide how a particular task should be carried out or who, within a group, will carry out which task. 'Empowered' teams are also expected to solve any problems that they encounter by discussing the issue within the group and agreeing on an appropriate solution.
- **Participation** — involvement in decision-making, e.g. by inviting some employees to management meetings or through the use of regular departmental meetings and works councils.
- **Perks**, e.g. giving some extra days holiday to employees, improving the canteen facilities or by offering them subsidised meals.

Ways in which employees can participate in the management and control of business activity

These are outlined under 'participation' above and can also include worker directors. Whether using financial or non-financial motivators, it is important that the method used is appropriate to the employee and to the type of work being undertaken.

16 Explain two financial motivators that might be used by a retail business.

17 Explain two non-financial motivators that might be used by a manufacturer of plastic buckets.

Human resource management

Purpose and roles of human resource management

Human resource management (HRM) aims to ensure that a business has the appropriate number of employees with the appropriate skills at the time and place that they are required.

The role of HRM in meeting organisation objectives

- Recruit and select new staff when additional personnel are required.
- Induction: arrange for new staff to be familiarised with the organisation, structure, policies and working practices.
- Organise any necessary training. This might be for new or existing personnel who might need to acquire new skills or improve existing ones.
- Record key performance indicators and conduct staff appraisal.
- Advise management and employees on issues such as staff training and development needs and opportunities, promotion routes, employment contracts and redundancy issues.
- Disciplinary and grievance procedures — provide advice to employees and managers.
- Monitor staff morale and welfare.
- Negotiate with employees, management and trade unions.
- **Workforce planning** — anticipate the future labour requirements, comparing those needs with the current workforce and making plans to correct any imbalance so that the business will have the correct number of employees when required and with the appropriate skills.
- Dismiss staff when necessary.
- Administer a redundancy procedure if required.
- Ensure that employment legislation is complied with and deal with issues arising if the legislation is breached.

Recruitment and selection

Labour turnover

The rate of **labour turnover** within a business will determine the amount of recruitment and selection that will need to be undertaken.

The possible causes of a high rate of labour turnover include:
- employees leave to work for another business
- employees retire

- dismissal
- redundancy

Methods of recruitment and selection

A business might need to recruit workers for the following reasons:
- growth of the business
- workers have left to work elsewhere
- the business has relocated or is now operating in an additional location
- changes in the business's activities mean that the business labour requirements have changed either in numbers or with regard to the knowledge and skills required

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Workforce planning: anticipating and acquiring the number of employees with the knowledge and skills that will be required by the business in the future compared to those currently employed.

18 Explain three of the functions that would be undertaken by a human resource management department.

Labour turnover: the number of people leaving a business in a specified time period as a percentage of the average number of employees. It is calculated by:

$$\frac{\text{number of employees leaving in a year}}{\text{average number of employees}} \times 100$$

Recruitment

Internal and external recruitment

Internal recruitment is filling a vacant post with a person already working within the business.

Table 8 Advantages and disadvantages of internal recruitment

Advantages	Disadvantages
The business already knows the candidate.	There might be a better candidate externally.
Saves time and advertising costs.	Prevents new ideas being brought in from outside of the business.
Faster: the selection process is likely to be much shorter due to so much already being known about the candidate.	It can be difficult for someone to have to supervise their former colleagues.
Motivating: employees see that their efforts might be rewarded by internal promotion.	It can be demotivating for unsuccessful internal applicants.

External recruitment means appointing someone from outside of the business, i.e. someone who is not currently working for the business.

Table 9 Advantages and disadvantages of external recruitment

Advantages	Disadvantages
The business can gain from new ideas being brought in and can possibly benefit from knowledge and skills acquired in other businesses.	Can be more expensive and time consuming.
Avoids the potential for line management problems that can occur when recruiting internally.	An unsuccessful internal candidate might be demotivated and might look for work elsewhere.
	The new appointee will not be familiar with the internal structure and systems of the business; an internal appointment would already have that knowledge.

19 Explain two reasons why a business might prefer to recruit internally.

20 Distinguish between internal and external recruitment.

Job descriptions, person specifications, job advertisements

Once it has been decided that there is actually a post that must be filled, the HRM department will find out exactly what tasks and responsibilities will be involved in the job. A job description and a person specification/profile will be written.

Purposes of job descriptions

A **job description** includes details such as the tasks and responsibilities that the successful candidate would be expected to undertake. It can also include the pay for the job and any holiday entitlements. It also usually explains who a person would report to and who they will be responsible for.

Purposes of person specifications

A **person specification** describes the qualities, skills and qualifications that applicants should have if they are to be considered for the advertised post. Some aspects might be declared as essential and others as desirable.

Purposes of job advertisements

A **job advertisement** must be written so that only suitable applicants are attracted to apply. There should be sufficient detail to attract appropriate candidates and to deter those who do not have the relevant qualities, skills, qualifications or experience.

Job description: outlines the tasks and responsibilities of a particular job. It also outlines who reports to the person and who they report to.

Person specification: details the personal qualities, experience and qualifications required to fill a vacant post. Essential and desirable requirements are likely to be stated.

Job advertisement: a notice placed in appropriate places, e.g. newspapers and notice boards, designed to encourage suitable applicants to apply for a vacant post. Job advertisements should give sufficient information to attract suitable candidates and to deter unsuitable ones.

21 Explain the difference between a job specification and a person specification.

22 Describe two methods of advertising that a business might use to attract applicants to a vacant post.

23 Identify three methods of reaching potential applicants for a job.

Expert tip

When answering questions on HRM make sure that you do not confuse the recruitment process with the selection process.

Details required in a job advertisement

These include:

- job title
- where the job is (some larger companies might have several branches)
- essential skills, qualifications and personal qualities (and sometimes desirable ones)
- brief details of what the job involves
- the pay and conditions package
- how to apply, i.e. by letter, by telephone or online, application form or curriculum vitae
- who to address the application to, e.g. the HR manager or to a recruitment agency

When drawing up a job advertisement the business must comply with all relevant employment legislation and should ensure that the advertisement does not imply any disadvantage to any applicants because of their religion, gender, any disability or their sexual orientation.

Methods of reaching potential applicants

- **Recruitment agencies** including online agencies.
- **Head-hunting** — poaching experienced people away from other businesses.
- **Government funded careers/job centres** — many countries have a network of offices to support job searches.
- **Internet sites** — this might be through the business's own website or others specialising in job searches.
- **Personal contacts** — the people already in the business might know of suitable friends and/or family.

Selection

Once a business has received applications for the vacant post it must decide if any of the applicants are suitable to be offered the post. After any unsuitable applicants have been rejected the process of selecting the most suitable applicant begins. This might be achieved by:

- **Interviewing all suitable applicants.** Interviews can be formal or informal. Questions can be asked by both the interviewer(s) and the applicant and the body language of the applicant can be assessed, unless a telephone interview is used. However, some people perform well in interviews and can mislead the interviewers about their ability to perform the task in question. Effective interviewing is not easy and the success of interviews depends on the skill of the interviewer(s). Interviewing can also be very time-consuming.

- **Aptitude tests** — short tests designed to test the suitability of the applicant to the actual tasks to be performed.

- **Psychometric tests** to assess, for example, how an applicant might react to a highly stressful situation or whether he or she is likely to be an effective member of a team.

- **Demonstrations or presentations** given by the applicant. For example, a person applying for a supervisory post might be asked to take part in a role play to show how he or she might deal with a difficult situation or conduct a staff meeting.

24 Explain two methods of selection giving examples of how each of them might be used.

25 State two features of an employment contract.

> **Employment contract:** a legally binding document outlining the terms and conditions of employment such as pay, holidays, tasks and responsibilities.

Employment contracts

In many countries the law requires that a new employee, or one that has had a change of position within a business, must be given an **employment contract**.

The main features of a contract of employment

- Details of the job including the job title and the main tasks and responsibilities involved.
- The agreed working hours — hours per week or month or perhaps annualised hours.
- How long the contract will be valid for if it is a short-term contract.
- Details of pay and how payment will be calculated and paid, e.g. weekly or monthly.
- Holiday entitlement.
- Details of how the contract can be ended, e.g. the notice required to terminate the contract by either the employer or the employee.

The benefits of an employment contract

The contract ensures that the employer and employee are both clear about the terms and conditions that have been agreed. In the case of a dispute arising this can be resolved by checking the details of the employment contract.

Reasons for terminating an employment contract

- Agreed changes in the contract of employment as a result of negotiation or promotion.
- Resignation of the employee.
- Breach of the terms of the contract by either the employee or the employer.
- A short-term contract might have reached the end of the time period agreed.

Disciplinary procedures

The importance of disciplinary procedures

- To avoid claims of wrongful or **unfair dismissal**. If an employee is dismissed without appropriate procedures being followed they might argue that they should not have been dismissed.
- To inform employees of the process that they and the employer must follow in the case of any failure to comply with rules and systems in place.
- To comply with employment legislation. If details of the disciplinary procedures are outlined in the contract of employment and are not then followed when disciplinary action is taken, the employee can deem that the employer is in breach of contract. This can result in the employer having to pay compensation to the employee who was a victim of unfair dismissal.

The information an employee needs to know

- What rules and regulations they must follow.
- Who they report to in the case of disciplinary action being taken or who they should appeal to if a decision is taken that they do not agree with.
- What steps will be followed during the procedure and as a result of disciplinary action being taken, e.g. the number of verbal and written warnings that will be given before dismissal becomes a possibility.
- What kind of behaviour can result in immediate dismissal.

> **Unfair dismissal:** when the employment of a worker is terminated without just cause.

Behaviour that might lead to disciplinary action being taken

- **Persistent lateness or absenteeism.** The need for punctuality and regular attendance at work is often an implied contract term and although not stated explicitly can be the subject of disciplinary action.
- **A persistent failure to meet targets for work completed.** This could be interpreted as an inability to complete the work required in a particular job. Perhaps the employee is not capable of working faster or more accurately. Further training may be needed in some cases rather than disciplinary action.
- **Unacceptable behaviour.** This can include acting in a way that might cause damage to property or injury to fellow workers or acting in a way that humiliates another worker.
- **Theft of goods or property from the business.**

Grievance procedures

- These are sometimes caused by disciplinary action being taken against an employee. A grievance can be pursued either informally or formally through the official channels available within the business.
- Employers must make the details available to employees. This might be via an employee handbook or they can be included in the contract of employment. Employers are required to ensure that employees know of the existence of such procedures and where details of them can be found.
- Employees feeling that they have a valid grievance are often advised to speak to the person or persons involved on an informal basis first. Sometimes the reason for the grievance might be seen to be unreasonable once a thorough explanation of any action has been given to the employee.
- A formal procedure is likely to involve a meeting between the employee and the manager or other involved parties to determine the facts of the grievance. Issues can often be resolved at this stage by each party recognising the facts and reaching some form of compromise.

- If an initial meeting cannot resolve the issue, the manager(s) must investigate the problem and make a decision about any action that might need to be taken.
- Employees should be made aware of how they can appeal if they do not agree with the decision made.
- The rules affecting grievance procedures can vary from one country to another.

Redundancy and dismissal

Difference between redundancy and dismissal

Redundancy is when the business no longer requires a particular job to be done. It is important to remember that it is the job that is no longer needed not the person doing the job.

Dismissal is when the employment contract of a worker is terminated by the employer.

Reasons for dismissal

These include:

- failing to work to a required standard
- persistent absenteeism if absence was unauthorised
- persistent late arrival for work
- using violent or threatening behaviour
- being dishonest during the recruitment and selection process
- damaging the goods or the property of the business
- stealing goods or property from the business

The last four reasons in this list would justify instant dismissal without the payment of any monies in lieu of notice being given.

> **Redundancy:** when a business no longer requires a particular job to be done, which means that the worker doing that job is no longer required by the business.
>
> **Dismissal:** when the employment contract of a worker is terminated by the employer.

> **Expert tip**
>
> For the purpose of analysis, staff morale and welfare can often be developed in the context of motivation. But do not write all you know about motivation — keep the focus on the precise question set — HRM in this case.

26 Briefly explain the difference between redundancy and dismissal.

Staff morale and welfare

The human resource management department aims to ensure high levels of staff morale and welfare. Low levels of staff morale and welfare can result in a poorer standard of work and can also cause an increase in absenteeism and labour turnover as well as poor punctuality. The welfare of workers is also important because if, for example, an employee is experiencing problems in their private life this can negatively affect their ability to work well.

The relationship between HRM and staff morale and welfare

The HRM department should do the following:

- Ensure that health and safety legislation is followed. The department should also deal with any problems that arise if there is a breach of health and safety laws.
- Offer help and guidance to employees who are being affected by problems outside work such as housing or personal issues, e.g. a serious illness in the family.
- Encourage and monitor the provision of some level of health care within the business.
- Monitor the levels of motivation in the business and encourage appropriate action when necessary.

Staff training

The purpose of staff training and development

Training and development takes place in order to ensure that employees have the required knowledge and skills to perform their tasks to the best of their ability. Training needs can arise for a variety of reasons:

- When a person is newly appointed to work for a business they will need to be made familiar with the structure and systems in the business.
- When an employee takes on a new role if the business diversifies either into new products or into totally new business activities. For example, a food manufacturing business might begin to produce cooking utensils and therefore existing staff might need to acquire new skills and knowledge.
- If an employee is under-performing and it is believed that additional training might resolve the problem.
- The promotion of an employee to a more senior post. It could be that the employee will need to acquire some supervisory skills and to understand some management issues that he or she did not have to deal with in the previous post.

Types of training

Training can take various forms:

- **Induction training** — given to new employees to help them to familiarise themselves with all aspects of the business and their role in it.
- **On-the-job training** — carried out at the place of work and involves learning by watching an experienced worker or by being given instructions about how to perform the required tasks.
- **Off-the-job training** — carried out away from the place of work, for example, at a local training centre or college.

Table 10 Training methods: advantages and disadvantages

Type of training	Advantages	Disadvantages
On-the-job	• Training will be directly relevant to the work to be done and to the business. • It can be motivating for the worker chosen to train the new worker. • Employees are contributing to production while training. • Generally cheaper than off-the-job training.	• The 'trainer' is being drawn away from his or her own work, resulting in lower output. • The trainee learns how to perform specific tasks but may lack any understanding of what else the business does. • Costly production errors can be made during training.
Off-the-job	• Employees are not taken away from their work to train new people. • Trainers are likely to be more experienced in teaching. • Employees might acquire a broader skills and knowledge base than on on-the-job training.	• The employees are not producing anything for the business while away being trained. • Not all of the skills and knowledge might be relevant to the business. • It can be expensive.

A disadvantage of any type of training is that more highly trained employees become more attractive to other employers, so they are more likely to leave. In addition, the employees might judge themselves to be worthy of a higher level of pay.

An advantage is the increased level of motivation that employees might feel because they are likely to feel more valued and important if their employer is willing to spend money on training them. They might also feel more able to apply for higher level posts and therefore feel more fulfilled in their working life.

27 Briefly explain two benefits to a business of training its employees.

28 Distinguish between on-the-job training and off-the-job training.